

How's Business? Really.

Numbers Don't Lie Organizing the Numbers

Session 2 of 3

Show Me the Paper Trail!

Identifying the “Important” Financial Data

March 1st – Recording Available

Video: https://www.youtube.com/watch?v=3eki_laSK8g

Slides: <https://www.tenatthetop.org/wp-content/uploads/2022/03/UEE-Partner-Series-Workshop-Presentation-3.1.22.pdf>

The Story Behind the Numbers

Translating Numbers into Financial Goals

May 3rd – Registration Open

WHO WE ARE



The SC SBDC is part of a national network of Small Business Development Centers established by the U.S. Congress in 1979. The program is operated by the **U.S. Small Business Administration** in partnership with **State and Local Governments** and **Institutes of Higher Education**.

There are nearly 1,000 SBDC's throughout the U.S. and its territories.

Our Mission is to advance South Carolina's economic development by helping entrepreneurs grow successful businesses.



WHAT WE DO



CONSULTING, EDUCATION, and ACCESS TO **RESOURCES** for SOUTH CAROLINA FOR-PROFIT SMALL BUSINESS INCLUDING:



- Business Planning
- Fiscal & Operations Management
- Marketing Strategy
- Human Resources
- Government Contracting
- Export Strategy
- Technology Commercialization
- Manufacturing
- Cybersecurity Awareness and more...



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Meet Chris (short for Christina) Cross!



- Chris is a 36-year-old entrepreneur who owns Apex Services, LLC.
- Apex Services is a consulting firm with one employee (for now).
- Start-up phase with no bookkeeping or accounting system.
- Needs to hire or contract a PT graphics person.

Can Chris afford to hire someone AND get paid?

- Minimum 3 months of billing & bank records (Biz/Personal)
- Client, Vendor, & Supplier Lists
- ➔ **Financial Statements & Cash Flow Projections (Income Statement, Balance Sheet, AR Aging, AP, Inventory Report, Payroll Reports, etc.)**
- State & Federal Tax Returns w/W2s
- Verification of Personal Income & Credit Report (paystub, annual benefits letter, etc.)
- Benefits Documentation – Personnel Contact List



The Process



NOTE: The data you maintain will be viewed differently by the audience (Internal, Bankers, Investors). Make sure you keep what your audience needs!

Financial Organization = Good Decisions

- Why Numbers are Important
- Daily Operations, Decision Making, Funding – Income Statement, Balance Sheet, Cash Flow, Break Even
- Accounting vs. Bookkeeping
- Quickbooks vs. Other Options
- Quickbooks Online (QBO) or Desktop?

Accounting Keeps Track of...

- Sales
- Expenses
- Profit
- What the business owns
- What the business owes
- What the business is worth
- Cash flow

Primary Reports

Balance Sheet

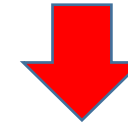
- What the business OWNS
- What the business OWES
- What the business is WORTH
- Financial Ratios focus on Balance Sheet data

Income Statement

- Sales
- Cost of Sales
- Gross Margin
- Expenses (Marketing, Payroll, Gen. & Admin.)
- Profit

Break Even

- Minimum sales needed to break even
- No profit and no loss



Cash Flow

- Monthly Cash-in & Cash-out
- Cash balances at beginning and ending of each month
- Short-Term Planning and What-if Scenarios
- Impact Assessments
- Closest thing to a Crystal Ball

Demo – Apex Services

Excel UEEExampleFP - Saved

File Home Insert Draw Page Layout Formulas Data Review View Automate Help

Gill Sans MT 9 A B I ... Accounting \$

	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Prepared By:	Company Name:												
Chris Cross	Apex Services LLC												
Beginning Balance	\$ 10,000	\$ 8,673	\$ 10,187	\$ 10,552	\$ 13,350	\$ 16,096	\$ 17,318	\$ 16,661	\$ 16,367	\$ 14,373	\$ 14,531	\$ 13,699	
Cash Inflows													
Cash Sales	8,813	8,813	9,413	8,813	8,813	9,413	8,813	8,813	9,413	8,813	8,813	9,413	\$ 108,150
Accounts Receivable	-	2,350	2,820	2,980	2,852	2,820	2,980	2,852	2,820	2,980	2,852	2,820	\$ 31,126
Total Cash Inflows	\$ 8,813	\$ 11,163	\$ 12,233	\$ 11,793	\$ 11,665	\$ 12,233	\$ 11,793	\$ 11,665	\$ 12,233	\$ 11,793	\$ 11,665	\$ 12,233	\$ 139,276
Cash Outflows													
Investing Activities													
New Fixed Asset Purchases	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Additional Inventory													\$ -
Cost of Goods Sold	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	2,250	\$ 27,000
Operating Activities													
Operating Expenses	3,935	3,445	5,107	2,790	2,715	3,765	3,245	2,755	4,105	2,430	3,292	3,380	\$ 40,964
Payroll	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	3,516	\$ 42,190
Taxes	-	-	556	-	-	1,041	-	-	918	-	-	1,070	\$ 3,585
Financing Activities													
Loan Payments	438	438	438	438	438	438	438	438	438	438	438	438	\$ 5,259
Owners Distribution							3,000	3,000	3,000	3,000	3,000	3,000	\$ 18,000
Line of Credit Interest													\$ -
Line of Credit Repayments													\$ -
Dividends Paid													\$ -
Total Cash Outflows	\$ 10,139	\$ 9,649	\$ 11,867	\$ 8,994	\$ 8,919	\$ 11,010	\$ 12,449	\$ 11,959	\$ 14,227	\$ 11,634	\$ 12,496	\$ 13,654	\$ 136,998
Net Cash Flows	\$ (1,327)	\$ 1,513	\$ 365	\$ 2,798	\$ 2,745	\$ 1,222	\$ (657)	\$ (295)	\$ (1,994)	\$ 158	\$ (832)	\$ (1,422)	\$ 2,278
Operating Cash Balance	\$ 8,673	\$ 10,187	\$ 10,552	\$ 13,350	\$ 16,096	\$ 17,318	\$ 16,661	\$ 16,367	\$ 14,373	\$ 14,531	\$ 13,699	\$ 12,278	
Line of Credit Drawdown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending Cash Balance	\$ 8,673	\$ 10,187	\$ 10,552	\$ 13,350	\$ 16,096	\$ 17,318	\$ 16,661	\$ 16,367	\$ 14,373	\$ 14,531	\$ 13,699	\$ 12,278	
Line of Credit Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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After the Organization...

- Reconcile Monthly
 - Work with an Accountant
 - Apply in Decision Making
 - Update the “Notebook” Quarterly
 - Graduate to an Accounting System
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- **SECURE THIS DATA!**
(Backups, Thumb-drives, Policies, etc.)

The Right Combination



Questions?

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