
PROPEL BUSINESS LAB

SESSION VIII

MANAGING YOUR MONEY: BUILDING THE BUDGET & PREPARING FINANCIALS



ALLENDALE COHORT

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AGENDA

SESSION VIII

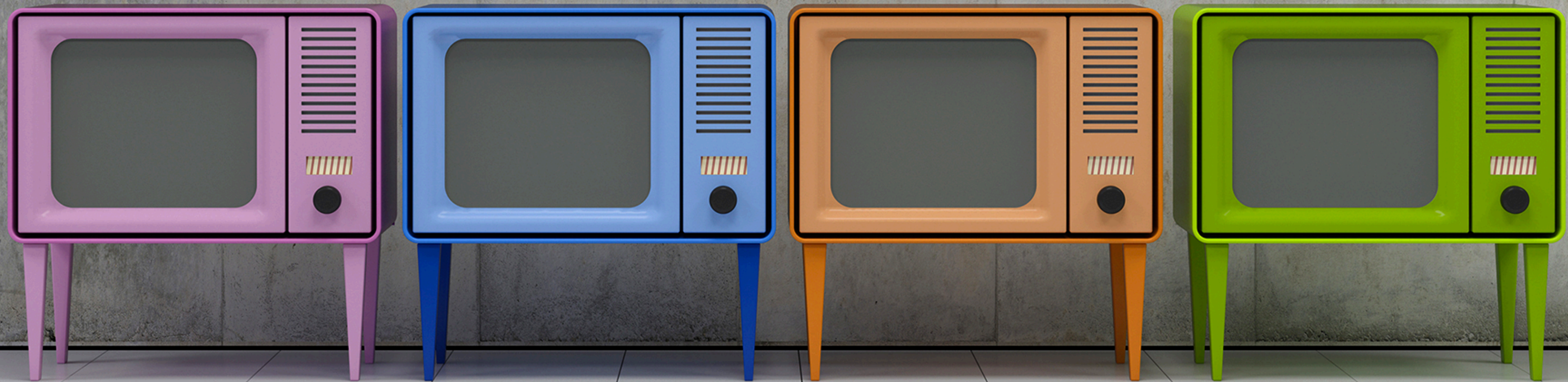
6:00p.m. - 6:10p.m.: CEO and/or Program Manager Opening Comments (If Applicable)

6:15p.m. - 7:15p.m.: Building a Budget, Financial Statements, & KPIs

8:55p.m. - 9:00p.m.: CEO and/or Program Manager Comments (If Applicable)

“What do you need to start a business? Three simple things: know your product better than anyone, know your customer, and have a burning desire to succeed.”

(Dave Thomas)



BUILDING A BUDGET, FINANCIAL STATEMENTS, & KPI'S



BUILDING A BUDGET: PURPOSE

1. Helps company to achieve short-term and long-term goals.
2. Helps companies to prevent overspending.
3. Reveals spending habits over time.
4. Helps companies to identify revenue sources.



BUILDING A BUDGET: HOW DO I START

1. QUESTIONS TO PONDER:

- 1. How much do I need to get started?**
- 2. What equipment do I need?**
- 3. What supplies do I need?**
- 4. What licenses and/or certifications do I need?**
- 5. Do I need a building or can I start from home?**
- 6. Do I need to hire additional help? If so, how much do I need to pay them?**

Once you have answered these questions, assign a value to each of your needs. When you total your overall values, this number represents the amount of funding you need to get started.

BUILDING A BUDGET: STEPS

- 1. Assess your financial resources. How much money do you have coming in? This includes funding from sales, donations, etc. This is only an estimate.**
- 2. Estimate your expenses. This includes all recurring monthly expenses such as utilities, payroll, travel, etc.**
- 3. Set your goals. This could consist of monthly, quarterly, and/or annual goals.**
- 4. Create a plan. How will you get there? What do you need to do to reach your goals? Think about your pricing strategy.**
- 5. Pay yourself first when you can afford to do so. When you pay yourself first you simply set aside a certain amount of money each month to go into an account that you will not touch.**
- 6. Track your progress, monthly, quarterly, or annually.**

FINANCIAL STATEMENTS

● INCOME STATEMENT (P&L Statement):

- Reflects all revenues and expenses (How much money was made vs. how much money was spent.)

● STATEMENT OF OWNER'S EQUITY:

- Reports the changes in equity over a period of time. How much money is leftover and retained within the company.

● BALANCE SHEET:

- Reports the assets, liabilities, and owner's equity for a company over the life of the company.

● STATEMENT OF CASH FLOWS:

- Reports the inflows and outflows of cash for operating, investing, and financing activities.



INCOME STATEMENT

Provides a snapshot of revenues and expenses.

Revenues > Expenses = Net Income/Profit

Revenues < Expenses = Loss

| PROPEL LAB INDUSTRIES INCOME STATEMENT FOR THE PERIOD ENDING DECEMBER 31, 2023 | | |
|--|----------|-----------------|
| REVENUES | | |
| SALES | \$10,000 | |
| OTHER INCOME | \$5,000 | |
| TOTAL REVENUE | | \$15,000 |
| EXPENSES | | |
| SUPPLIES EXPENSES | \$1,500 | |
| ADVERTISING EXPENSE | \$1,000 | |
| MISCELLANEOUS EXPENSE | \$500 | |
| TOTAL EXPENSES | | \$3,000 |
| NET INCOME | | \$12,000 |

STATEMENT OF OWNER'S EQUITY

Provides a snapshot of changes in the owner's equity account during a fiscal period (12 month accounting period).

| PROPEL LAB INDUSTRIES STATEMENT OF OWNER'S EQUITY FOR THE PERIOD ENDING DECEMBER 31, 2023 | | |
|---|-----------|----------------|
| OWNER'S EQUITY, JANUARY 1, 2023 | | \$0 |
| PLUS NET INCOME | \$12,000 | |
| LESS: WITHDRAWALS | (\$5,000) | |
| INCREASE IN OWNER'S EQUITY | | \$7,000 |
| OWNER'S EQUITY, DECEMBER 31, 2023 | | \$7,000 |

BALANCE SHEET

ASSETS = LIABILITIES + OWNER'S EQUITY

**ASSETS = WHAT THE COMPANY OWNS LIABILITIES=WHAT THE COMPANY OWES
EQUITY=WHAT THE COMPANY HAS LEFT OVER**

**PROPEL LAB INDUSTRIES
BALANCE SHEET
DECEMBER 31, 2023**

| ASSETS | | LIABILITIES | |
|---------------------|-----------------|---|-----------------|
| CASH | \$25,000 | ACCOUNTS PAYABLE | 25,000 |
| ACCOUNTS RECEIVABLE | 3,000 | NOTES PAYABLE | 60,000 |
| SUPPLIES | 2,500 | TOTAL LIABILITIES | \$85,000 |
| INVENTORY | 1,500 | | |
| LAND | 30,000 | OWNER'S EQUITY | |
| BUILDING | 20,000 | OWNER'S EQUITY | 7,000 |
| VEHICLE | 10,000 | TOTAL OWNER'S EQUITY | \$7,000 |
| TOTAL ASSETS | \$92,000 | TOTAL LIABILITIES & OWNER'S EQUITY | \$92,000 |

STATEMENT OF CASH FLOWS

BASIC ACCOUNTING EQUATION

$$\text{ASSETS} = \text{LIABILITIES} + \text{OWNER'S EQUITY}$$

ASSETS = WHAT THE COMPANY OWNS LIABILITIES=WHAT THE COMPANY OWES
EQUITY=WHAT THE COMPANY HAS LEFT OVER

PROPEL LAB INDUSTRIES STATEMENT OF CASH FLOWS FOR THE PERIOD ENDING DECEMBER 31, 2023

| | | |
|--------------------------------------|--|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | \$50,000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | (35,000) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | 5,000 |
| NET INCREASE (DECREASE) IN CASH | | \$20,000 |
| CASH AT THE BEGINNING OF THE YEAR | | \$5,000 |
| CASH AT THE END OF THE YEAR | | \$25,000 |

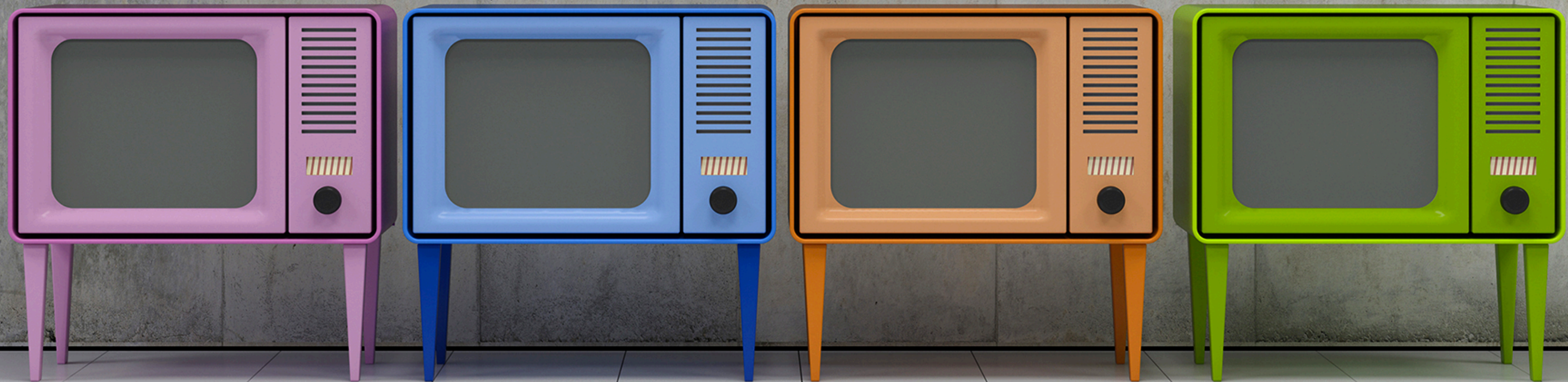
KEY PERFORMANCE INDICATORS

(KPI'S)

- **Used to evaluate the success of the company. What does success look like for your company?**
 - **Examples:**
 - **Total Sales**
 - **Total Expenses**
 - **Gross Profit**
 - **Net Income** (*Total Revenues - Total Expenses = Net Income*)
 - **Targeted New Customers per Month**
 - **Working Capital** (*Current Assets - Current Liabilities = Working Capital*)
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LET'S REFLECT...

Which financial statement do you feel is most important when analyzing the financial stability of the company? Please explain.



PRE-WORK FOR SESSION IX



ASSIGNMENTS

SESSION VIII

1. Read through the Session IX Presentation.
2. Read the additional resources provided in the program outline for Week #11.

CONTACT INFORMATION

LET'S
PROPEL



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