

#1 Rule Safety First

Goal of Level I Session 10b – Making More Connections

FINANCIAL LITERACY

There is an important association between Financial Literacy and Accounting properties/activities which must be acknowledged –

- Accounting is about the *past* (the activities you are accounting for),
- Budget is about the *present*,
- Funding is in regards to time, effort, and Income set aside for the *future*,
- Income is revenue dedicated to planning your Budget, and,
- Investing is taking a position in preparation for the future

The general purpose of the financial statements is to provide information about the results of operations, financial position, and cash flows of an organization. This information is used by the readers of financial statements to make decisions regarding the allocation of resources. Cite for this statement (on pdf):

<https://www.accountingtools.com/articles/what-is-the-purpose-of-financial-statements.html#:~:text=The%20general%20purpose%20of%20the,regarding%20the%20allocation%20of%20resources.>

Examples of the 3 Basic Financial Statements:

Balance Sheet: [Also referred to as the statement of financial position] – a company's Balance Sheet provides information on what the company is worth from a book value perspective. The balance sheet is broken into three categories and provides summations of the company's assets, liabilities, and shareholders' equity on a specific date. Cite:

<https://www.investopedia.com/ask/answers/031815/how-are-three-major-financial-statements-related-each-other.asp>



BALANCE SHEET

A. DATUM CORPORATION

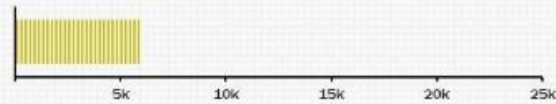
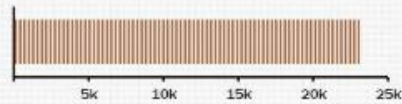
DATE

CURRENT RATIO 3.38

CASH RATIO 0.24

QUICK RATIO 2.91

WORKING CAPITAL \$3,761.00



ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$373.00
Short-term investments	\$1,517.00
Accounts receivable	\$1,918.00
Inventories	\$743.00
Deferred income taxes	\$445.00
Prepaid expenses and other current assets	\$345.00
Total current assets	\$5,341.00

OTHER ASSETS

Property, plant, and equipment at cost	\$10,963.00
Less accumulated depreciation	-\$3,098.00
Property, plant, and equipment (net)	\$6,495.00
Long-term cash investments	\$472.00
Equity investments	\$1,972.00
Deferred income taxes	\$437.00
Other assets	\$634.00
Total other assets	\$17,875.00

TOTAL ASSETS \$23,216.00

LIABILITIES

CURRENT LIABILITIES

Loans payable and current portion long-term debt	\$38.00
Accounts payable and accrued expenses	\$1,205.00
Income taxes payable	\$327.00
Accrued retirement and profit-sharing contributions	\$10.00
TOTAL CURRENT LIABILITIES	\$1,580.00

OTHER LIABILITIES

Long-term debt	\$2,345.00
Accrued retirement costs	\$1,211.00
Deferred income taxes	\$485.00
Deferred credits and other liabilities	\$331.00
TOTAL OTHER LIABILITIES	\$4,372.00

TOTAL LIABILITIES \$5,952.00

Income Statement: A company's income statement provides details on the *Income* (revenue) a company earns, and the *Expenses* involved in its operating activities. Overall, it provides more granular detail on the holistic operating activities of a company. Broadly, the income statement shows the direct, indirect, and capital expenses a company incurs. Cite (on pdf):

<https://www.investopedia.com/ask/answers/031815/how-are-three-major-financial-statements-related-each-other.asp>

[Company Name] **Income Statement**
 Address: 123 Street Avenue, Cityville, State, 12333

Date Created:	Date Issued:			
11 Jan, 2020	11 Jan, 2020			

Income Statement

Revenue	Year 1	Year 2	Year 3
Sales	\$78,000.00	\$78,000.00	\$78,000.00
<i>Less: Sales Return</i>	\$3,000.00	\$3,000.00	\$3,000.00
<i>Less: Discounts and Allowances</i>	\$1,000.00	\$1,000.00	\$1,000.00
Net Sales	\$74,000.00	\$74,000.00	\$74,000.00
Cost of Goods Sold			
Materials	\$8,000.00	\$8,000.00	\$8,000.00
Labor	\$9,000.00	\$9,000.00	\$9,000.00
Overhead	\$2,000.00	\$2,000.00	\$2,000.00
Total Cost of Goods Sold	\$19,000.00	\$19,000.00	\$19,000.00
Gross Profit	\$55,000.00	\$55,000.00	\$55,000.00
Operating Expenses			
Wages	\$10,000.00	\$10,000.00	\$10,000.00
Advertising	\$500.00	\$500.00	\$500.00
Repairs & Maintenance	\$100.00	\$100.00	\$100.00
Travel	\$50.00	\$50.00	\$50.00
Rent/Lease	\$5,000.00	\$5,000.00	\$5,000.00
Delivery/Freight Expense	\$1,000.00	\$1,000.00	\$1,000.00
Utilities/Telephone Expenses	\$1,000.00	\$1,000.00	\$1,000.00
Insurance	\$500.00	\$500.00	\$500.00
Mileage	\$1,500.00	\$1,500.00	\$1,500.00
Office Supplies	\$1,000.00	\$1,000.00	\$1,000.00
Depreciation	\$8,000.00	\$8,000.00	\$8,000.00
Interest	\$2,000.00	\$2,000.00	\$2,000.00
Other Expenses	\$100.00	\$100.00	\$100.00
Total Operating Expenses	\$30,750.00	\$30,750.00	\$30,750.00
Operating Profit (Loss)	\$24,250.00	\$24,250.00	\$24,250.00
<i>Add: Other Income</i>			
Interest Income	\$2,000.00	\$2,000.00	\$2,000.00
Other Income	\$1,000.00	\$1,000.00	\$1,000.00
Profit (Loss) Before Taxes	\$27,250.00	\$27,250.00	\$27,250.00
<i>Less: Tax Expense</i>	\$4,000.00	\$4,000.00	\$4,000.00
Net Profit (Loss)	\$23,250.00	\$23,250.00	\$23,250.00

Cash Flow Statement: The cash flow statement provides a view of a company's *overall liquidity* by showing cash transaction activities. It reports all cash inflows and outflows over the course of an accounting period with a summation of the total cash available. Cite:

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YOUR COMPANY NAME



CASH FLOW STATEMENT

CASH FLOW STATEMENT AS ON 12/31/2015

OPENING BALANCE OF CASH AT BEGINNING OF THE YEAR ₹ 15,700

CASH FLOW OPERATIONS

CASH RECEIVED FROM

CLIENTS OR CUSTOMERS	₹ 925,000	
OTHER MISCELLANEOUS OPERATION	₹ 123,000	₹ 1,048,000

CASH PAID FOR

PURCHASE OF INVENTORY	₹ 300,000	
GENERAL AND ADMINISTRATIVE EXPENSE	₹ 75,000	
SALARY/WAGES EXPENSES	₹ 150,000	
INTEREST PAID BORROWINGS	₹ 12,000	
INCOME TAX PAID	₹ 15,500	₹ 552,500

NET CASH FLOW OPERATIONS ₹ 495,500

VIZUALIZING

Direct Association with **Achieving Goals and Emotional Properties** [Self-Esteem, Self-Confidence, etc.] – connecting Meditation to manifesting a reality, etc.

- The Power of Visualization is to help you tap into your creative imagination
- Visualization Activities can focus on the major areas of your life, such as
 - Friendship
 - Family
 - Health
 - Travel
 - Spirituality
 - Financial Abundance
 - & Happiness

- The Activities are designed to help you get clear on what you really want in each of those areas, so that with a clear vision in mind you can begin moving toward each goal.
- After you have gone through higher levels of Skills-Fare, you will acquire a
 - deeper understanding of Visualization and your own Creative Power
 - a clearer understanding of what you want in all the major areas of your life
 - the ability to tap into a simple visualization practice that takes only 5 minutes a day
 - Actionable Steps to help you move closer to your visualizations in real life

CITE: www.tut.com (Mike Dooley – for the above information)

Now I'd like to take you through a quick visualization practice...

COMMUNITY SKILLS

Another direct association with **Achieving Goals and Emotional Properties** [Self-Esteem, Self-Confidence, etc.] – connecting Activities to manifesting a presence and driving a Social Connection, etc....

- Picking Up Litter in a Park or at the Beach,
- Volunteering [Habitat for Humanity building houses, Grid Alternatives Solar installations, etc.]
- Setting up a Booth (planning, logistics, presentation),
- Introductions to Strangers (who I am, what I'm about, how my service can improve your life, etc.), etc.