



Start Module 4:

# Understanding the numbers

**Directions:** Using this outline, take notes throughout the presentation on anything you found useful, interesting, or informative. Afterwards, you can complete the rest of this exercise guide at your own pace.

**Estimated time of completion:** 1 hour

## Note Taking Template

### 1. Financial statements

### 2. Cash flow management and scaling

### 3. Product lifecycle

### 4. Compensation



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**Directions:** Use this page as an example. Use the next page to complete your own. **Estimated time of completion:** 2 minutes

## Income statement (example)

Adventurous Art Shop Income Statement		
Revenue	Merchandise Sale	25,800
	Revenue from classes	5,000
	<b>Total Revenue</b>	<b>30,800</b>
Expenses	Procurement Costs	8,000
	Wages	700
	Rent	2,000
	Interest Paid	500
	Transportation & Shipping	300
	Utilities	150
	<b>Total Expenses</b>	<b>11,650</b>
Gains	Income of sale of car	800
Losses	Settlement costs of consumer lawsuit	800
Net Income	<b>(Revenue + Gains) – (Expenses + Losses)</b> <b>(30,800 + 800) – (11,650 – 800)</b>	<b>19,150</b>



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**Directions:** An income statement is a document that shares a company's financial performance during a specific period of time. Use this template to create yours.

**Estimated time of completion:** 20 minutes

## Income statement

Business Name		
Revenue		
	Total Revenue	
Expenses	Procurement Costs	
	Wages	
	Rent	
	Interest Paid	
	Transportation	
	Utilities	
	Other Costs	
	Total Expenses	
Gains		
Losses		
Net Income	(Revenue + Gains) – (Expenses + Losses)	



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**Directions:** A balance sheet is a financial statement that reports a company's assets, liabilities, and shareholder equity at a specific point in time. Review this template before you create your own.

**Estimated time of completion:** 2 minutes

## Balance sheet: Al's Adventurous Art Shop (example)

<b>Assets</b> <i>cash, inventory and buildings/ other property, brand value, trademark</i>	<b>Current assets</b> <i>Cash</i>	2000
	<b>Long-term investments &amp; funds</b> <i>Stocks and investments</i>	2000
	<b>Property, plant, and equipment</b> <i>Company car, Art supplies, materials</i>	3000
	<b>Other assets</b> <i>Brand Name Value</i>	1000
<b>Liabilities</b> <i>Taxes or loans, utility cost, rent and employee wages</i>	<b>Current liabilities</b> <i>Employee wages, rent, utilities</i>	2000
	<b>Long-term liabilities (not due within 12 months)</b> <i>Loans on machines</i>	2000
<b>Equity</b> <i>How much money the owner contributed and earned</i>	<b>Contributed capital</b> <i>Owners capital</i>	3000
	<b>Retained earnings</b> <i>Earnings from classes and retail</i>	1000

**Total Assets = Total Liabilities + Total Equity**



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**Directions:** A balance sheet is a financial statement that reports a company's assets, liabilities, and shareholder equity at a specific point in time. Create yours here.

**Estimated time of completion:** 30 minutes

## Balance sheet

<b>Assets</b> <i>cash, inventory and buildings/ other property, brand value, trademark</i>	<b>Current Assets</b> <i>Cash</i>	
	<b>Long-term investments &amp; funds</b>	
	<b>Property, plant, and equipment</b>	
	<b>Other assets</b>	
<b>Liabilities</b> <i>Taxes or loans, utility cost, rent and employee wages</i>	<b>Current liabilities</b>	
	<b>Long-term liabilities (not due within 12 months)</b>	
<b>Equity</b> <i>How much money the owner contributed and earned</i>	<b>Contributed capital</b>	
	<b>Retained earnings</b>	

**Total Assets = Total Liabilities + Total Equity**



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**Directions:** Your cash flow statement will give you insight into the flow of cash; highlighting specifically where each dollar is going. Within your cash flow there are three main sections: Operating Activities, Investing Activities, Financing Activities. View the example below before you complete your own.

**Estimated time of completion:** 2 minutes

## Statement of cash flow: Sally's Sandals (example)

<b>Operating activities</b> <i>Detail the cash flow for your revenue and expenses; this might include rent payments, interest payments, receipt of sale</i>	Income from Customers	10,000
	Rent, Utilities, Wages Payments	-2000
	Interest Payments	-1000
	Taxes	-1000
	<b>Net Earnings</b>	<b>6,000</b>
<b>Investing activities</b> <i>Activities involving purchasing or selling assets; such as the sale of real estate, or creation of a patents</i>	Sale of Property and Equipment	2000
	Purchase of Property and Equipment	-2000
	<b>Net Earnings</b>	<b>0</b>
<b>Financing activities</b> <i>Debt and equity financing; such as dividends paid out</i>	Debt and Loans Paid	-1000
	Cash Dividends Paid	500
	<b>Net Earnings</b>	<b>-500</b>
<b>Total</b>	<b>Cash Flow for Year</b>	<b>5,500</b>



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**Directions:** Your cash flow statement will give you insight into the flow of cash; highlighting specifically where each dollar is going. Within your cash flow there are three main sections: Operating Activities, Investing Activities, Financing Activities. Use this template to complete your statement of Cash Flow

**Estimated time of completion:** 2 minutes

## Statement of cash flow

<b>Operating activities</b> <i>Detail the cash flow for your revenue and expenses; this might include rent payments, interest payments, receipt of sale</i>	Income from Customers	
	Rent, Utilities, Wages Payments	
	Interest Payments	
	Taxes	
	Net Earnings	
<b>Investing activities</b> <i>Activities involving purchasing or selling assets; such as the sale of real estate, or creation of a patents</i>	Sale of Property and Equipment	
	Purchase of Property and Equipment	
	Net Earnings	
<b>Financing activities</b> <i>Debt and equity financing; such as dividends paid out</i>	Debt and Loans Paid	
	Cash Dividends Paid	
	Net Earnings	
<b>Total</b>	<b>Cash Flow for Year</b>	



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**Directions:** Cash flow forecasting involves estimating your future sales and expenses. A cash flow forecast is an important tool for your business because it will tell you if you'll have enough cash to run the business or expand it. Review this sample before you begin your own.

**Estimated time of completion:** 2 minutes

## Cash flow forecast (simplified): Bert's Beans (example)

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
<b>Cash Inflow</b>	Revenue	5000	6000	5000	7000	8000	8500
	Grants	0	0	0	0	0	0
	<b>Total Inflows</b>	<b>5000</b>	<b>6000</b>	<b>5000</b>	<b>7000</b>	<b>8000</b>	<b>8500</b>
<b>Cash Outflow</b>	General Operations	-2000	-2000	-2000	-2000	-2000	-2000
	Wages	-500	-500	-500	-500	-1000	-1000
	<b>Total Outflows</b>	<b>-2500</b>	<b>-2500</b>	<b>-2500</b>	<b>-2500</b>	<b>-3000</b>	<b>-3000</b>
<b>Net Cashflow</b>	Closing Balance	2500	3500	2500	4500	5000	5500

\*This is a *short term* forecast, meaning it should show the amount of cash required to fund working capital.





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**Directions:** Cash flow forecasting involves estimating your future sales and expenses. A cash flow forecast is an important tool for your business because it will tell you if you'll have enough cash to run the business or expand it.

**Estimated time of completion:** 30 minutes

## Cash flow forecast (simplified): Short term

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
<b>Cash Inflow</b>	Revenue						
	Grants						
	<b>Total Inflows</b>						
<b>Cash Outflow</b>	General Operations						
	Wages						
	<b>Total Outflows</b>						
<b>Net Cashflow</b>	Closing Balance						

\*This is a *short term* forecast, meaning it should show the amount of cash required to fund working capital.



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**Directions:** Studies show that summarizing builds comprehension by helping to reduce confusion. Now that you have completed the webinar, complete this 3-2-1 exercise to the best of your ability.

**Estimated time of completion:** 10 minutes

## 3-2-1 Exercise

What are 3 things I've learned?

- 1.
- 2.
- 3.

What are 2 things I want to learn?

- 1.
- 2.

What is 1 question I still have?

- 1.



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## Resource Guide

Immersing yourself in entrepreneurial culture can help you learn more about how to build your small business. Here are some resources to help further your education.

### Resources

- [Amazon's Black Business Accelerator](#)
- [Minority Business Development Agency](#)
- [Women's Business Centers](#)
- [Local Small Business Development Centers](#)
- [Hello Alice](#)

### Podcasts to follow:

- [This is Small Business](#)

### Newsletters to subscribe to:

- [The Amazon Business Pulse](#)
- [Forbes – Daily Dozen](#)
- [Entrepreneur – official newsletter](#)
- [Inc. – newsletter options](#)

### Business Plan Templates:

- [Business School at the University of Colorado](#)
- [US Small Business Administration](#)

### Amazon Specialty Program Links:

- [Amazon Handmade](#)
- [Amazon's Black Business Accelerator](#)
- [Amazon Merch on Demand](#)

For more information on upcoming and on-demand Webinars, visit our website:

[www.smallbusiness.amazon](http://www.smallbusiness.amazon)



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## References used in webinar

These references have been used to develop our webinars. If you would like to learn more about any particular topic discussed in the webinars, you may find some of these references helpful.

1. Moyer, Mike, and Noam Wasserman. *Slicing Pie Handbook: Perfect Equity Splits for Startups*. Lake Shark, 2016.
2. Marshall, Greg W., and Mark W. Johnston. *Marketing Management*. McGraw-Hill Education, 2023.
3. Dolan, Robert J. "Note on Low-Tech Marketing Math" Harvard Business School 9-599-011, December 1998
4. Rogers, Steven, 2014. *Entrepreneurial Finance: Finance and Business Strategies for the Serious Entrepreneur*, 3rd Edition. McGraw-Hill Education, Chicago
5. Chen, James. "Income Statement: How to Read and Use It." *Investopedia*, Investopedia, 9 Nov. 2022, <https://www.investopedia.com/terms/i/incomestatement.asp>.
6. Business Victoria. "Cash Flow Forecasting." *Business Victoria*, Business Victoria, 21 Sept. 2022, <https://business.vic.gov.au/business-information/finance/cash-flow/cash-flow-forecasting#:~:text=Cash%20flow%20forecasting%20involves%20estimating,of%20the%20business%20than%20in>.