



Financial Statement Preparation Webinar

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Objectives:

- Review elements of your Budget
- VEI Cash Budget
- Sources of Cash to Support Operations
- Review the Balance Sheet
- Making Sales Projections
- Preparing a Break-Even Analysis
- Preparing the VEI Income Statement
- Tying it all in to the VEI Balance Sheet

Your Budget

Salaries

(and Payroll Taxes)

Rent

Insurance

Utilities

Misc

Advertising & Promotion

Office Equipment:

Computers
Printers, Projectors, other equip.
Office Furniture
(desks, chairs, tables)

Inventory

Inventory

Inventory

Inventory

Inventory

(****)



(****)



Cash Budget

Description	Monthly	Annually
Cash balance at beginning of period:		
Receipts of cash:		
Sales		
Receipts of accounts receivable		
Loan proceeds		
Other		
Total receipts		0
Beginning balance + cash receipts		0
Payments:		
Cost of merchandise	(wholesale marketplace)	
Salaries	(net pay on payroll register)	
Accounts payable		
Rent	(regional office)	
Advertising/ promotion	(other VEI firms)	
Payroll tax	(from payroll register & 941 form)	
Insurance	(other VEI firms or regional office)	
Accounting and legal fees	(other VEI firms or regional office)	
Utilities	(other VEI firms or regional office)	
Loan Payment	(loan payment table)	
Pension, 401(k)	(from payroll register + emp. cont.)	
Freight out	(have you researched shipping fees?)	
Sales tax	VEI Sales Tax is 7% of sales (Nationally)	
Other or miscellaneous		
Corporate tax	(paid at the end of the year)	
Total payments		0
Cash balance at end of period		0
Net increase or decrease in cash		0

Initial Sources of Cash to Support Operations

- **Seed Money (Equity financing)**
 - VEI invests in your company in exchange for shares of stock
 - An ownership stake in your company
 - You do not pay this money back
- **Loan Request (Debt financing)**
 - Complete the loan application
 - Paid back with interest (variable or fixed rate)
- **Non-VE Sales**
 - Sales can be made to non-virtual entities to support payroll
 - i.e. Business Partners, School Principal, parents, non-VE students

Review of the Balance Sheet:

http://prezi.com/4b0mpbgw-ccx/the-balance-sheet/?utm_campaign=share&utm_medium=copy

Sales Projections

- **What are you selling?**
 - Product A
 - Product B
 - Product C
- **Sources of sales:**
 - Online Sales
 - Direct Sales
 - Trade Shows
 - Contract Sales
 - Special Events
- **Project by month**
 - Anticipate “peak” months

Go to the Reference Files Page on the VEI
Website for templates:
www.veinternational.org/resources

Sales Projections

Sources of Revenues	Month 1	Month 2	Month 3	...
Online Sales	\$2,000	\$4,000	\$6,000	
Direct Sales	\$10,000	\$10,000	\$10,000	
Trade Shows			\$150,000	
Contract Sales	\$300,000			
Special Events		\$75,000		
TOTALS	\$312,000	\$89,000	\$166,000	

Break Even Analysis

- http://prezi.com/nj9w9lplzemi/the-break-even-analysis/?utm_campaign=share&utm_medium=copy

Cash vs. Accrual

When the money is received or paid

When the transaction takes place or when a service is used

Cash – Cash Budget

	Month 1	2	3
Receipts			
Cash Receipts	1,500	0	3,500
Payments			
Insurance	1,000	0	0
Utilities	4,750/8	4,750/8	...

Accrual – Income Statement

	Month 1	2	3
Revenues			
Internet Sales	2,000	2,000	2,000
Expenses			
Insurance	1,000/12	1,000/12	...
Utilities	4,750/12	4,750/12	...

Utilities= \$4,750 for 12 months of use, payable in 8 monthly installments

•For another explanation, visit the Khan Academy:

<https://www.khanacademy.org/economics-finance-domain/core-finance/accounting-and-financial-stateme>

Income Statement

For the period May 1, 2013 – April 30, 2014

Revenue

- Cost of Goods Sold

Gross Profit

- Total Operating Expenses

- Provide details

Income from Operations

- Corporate Tax

Net Income After tax

“Statement of Earnings”

- What is your projected revenue?
- Projected operating expenses?
- How much profit or loss does your firm project to have this year?

GROSS MARGIN %:

Gross Profit/ Revenue = **Gross Margin**

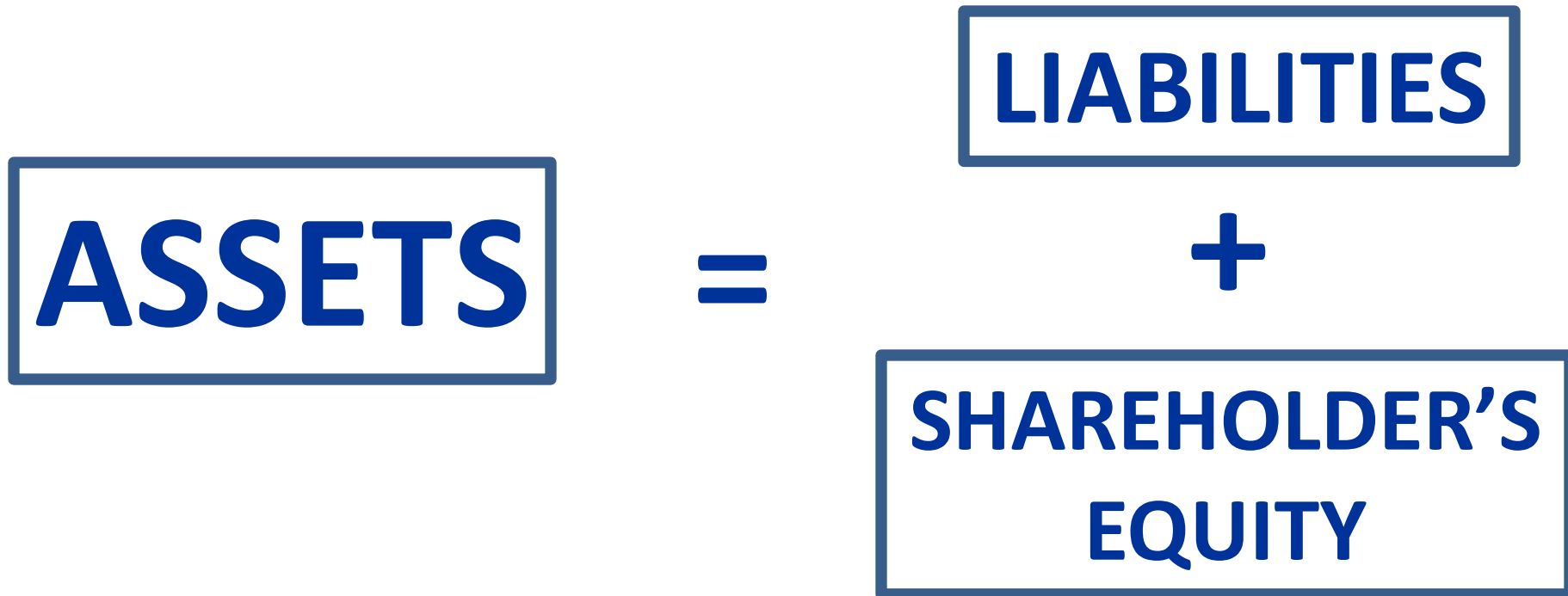
- The % of revenue that you keep after COGS.

PROFIT MARGIN %:

Net Income/Revenue = **Profit Margin**

- The % of revenue that you keep after all expenses and taxes.

Balance Sheet



The Balance Sheet

Assets

Current Assets

Cash	
Investments in stocks	
Accounts receivable	
Merchandise inventory	
Supplies	

Total Current Assets -

Fixed Assets

Computers	
Less: accumulated depreciation	
Furniture and fixtures	
Less: accumulated depreciation	
Office equipment	
Less: accumulated depreciation	

Total Fixed Assets 0

Total Assets 0

=

Liabilities and Stockholders' Equity

Current Liabilities

Accounts payable	
Sales tax payable	
Salaries payable	
Payroll tax payable	
401(k) payable	
Other payable	
Corporate tax payable	

Total Current Liabilities 0

Long Term Liabilities

Loan payable	
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Total Liabilities

Stockholders' Equity

Paid-in capital	
Common stock, \$10 par value, * # shares issued	
Additional paid-in-capital In excess of par value	
Retained earnings	

Total Stockholders' Equity 0

Total Liabilities and Stockholders' Equity



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THANKS FOR WATCHING!

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