Course Introduction

Welcome to the Introduction to Accounting Training for Entrepreneurs

The SBA Learning Center presents: Introduction to Accounting.

Produced by the SBA's Office of Entrepreneurship Education, this self-paced course will demystify accounting concepts and terminology.

This training course takes approximately 30 minutes to complete. Additional time will be needed to review the provided resources and to complete the next step exercises at the end of the course. After you complete the course, you will have the option to receive a printed Certificate of Completion from SBA.

Select next to get started.

Course Overview

Did you know that about fifty percent of small businesses fail in the first four years? (Source: http://www.bls.gov/bdm/entrepreneurship/entrepreneurship.htm)

Accounting skills are essential when starting and operating a new business, so it is important that you understand basic accounting concepts and terminology to ensure you do not fall in that fifty percentile. This course introduces key concepts and principles for accounting and provides an overview of the different types of financial statements available for entrepreneurs to make [good business] decisions.

In lesson one, we will define accounting and describe basic accounting concepts such as the importance of accounting, the uses and users of accounting, as well as types of accounting.

Next, in lesson two, we will explain the basics of bookkeeping, the importance of keeping accurate books, the accounting life cycle, and the types of bookkeeping systems available.

In lesson three, we will describe the differences between income and expenses.

Then for lessons four, five, and six, we will define and describe the components for the balance sheet, the income statement, and the cash flow statement.

Finally, in lesson seven, we will explain the importance of hiring a professional and provide tips for finding the right accounting software.

You can quickly navigate to any of these lessons by selecting the dropdown menu. Select the lesson title to jump to the desired lesson.

Select next to go over the course objectives.

Course Objectives

This course has four main objectives. Upon completion of this course, you should be able to describe basic accounting concepts, identify the important bookkeeping principles, differentiate between the three main types of financial statements, and explain the importance for finding the right accounting resources for your business.

Select next to begin lesson one, what is accounting.

Lesson 1: What is Accounting?

Lesson Overview

Welcome to lesson one, what is accounting. This lesson introduces you to basic accounting concepts and discusses the importance of accounting for your business.

In this lesson, you will:

- Define accounting, and
- Describe basic accounting concepts

Select next to begin lesson one.

What is Accounting?

How do we define accounting? Accounting is the language of business because it can communicate the financial information of a business to all interested parties. In terms of a formal definition, accounting is the art of recording, classifying, summarizing, and analyzing the financial events of a business.

Why is it Important?

Accounting is called the language of business because it deals with understanding and communicating information about a company's operations and finances.

Accounting is important to any business because the financial information allows entrepreneurs to make informed business decisions. Economic events are measured and described by financial processes. We all work with and use accounting principles, whether we are managing a business, investing money, or just deciding how to spend our paycheck.

It's easy to just say, "I'm a craftsperson and I know my craft and that's all I need to know. I'll just hire someone to take care of the numbers for me."

The bottom line is this: Whoever is making the decisions for the business needs to understand the basics of accounting, what each of the financial reporting statements mean, and how to choose the right accounting resources for your business.

Therefore, as a business owner, you need to at least understand the numbers even if you let someone else keep the books for you.

Uses and Users of Accounting

There are many uses and users of accounting and as an entrepreneur, it is important to understand how each one can affect your business.

Uses

Accounting provides you with various pieces of information regarding your business operations.

Here are some accounting use examples:

- Tax planning should not be a once-a-year task. It needs to be an ongoing process. Business owners should look at various tax options to help decide when and how to conduct business transactions to reduce or eliminate taxes.
- Performance management measures the performance of different business operations. Using financial statements is a good way to assess business operations and performance. The accounting information

reported on financial statements can be broken down into segments and then these segments can be compared to other companies in the business environment. This helps business owners understand how well their business operates compared to other established businesses.

- Accounting information from financial statements can help with making business decisions. Some business decisions include, purchasing new equipment, expanding current operations, estimating future sales, etc. Opportunities with low income potential and high costs are often rejected by business owners.
- Accounting data helps those who need to make investment decisions, such as small businesses that rely on external financing to start up or grow. External business stakeholders often review the accounting information to assess the small business' financial health and operational profitability. This informs them if investing in the small business is a good investment decision or not.

Users

There are two (2) types of users of accounting information: internal and external.

Internal users include management, employees, and owners.

Management analyzes the organization's performance and take appropriate measures to improve the company results. They forecast revenue growth and cash flows, and create, execute, and manage budgets. The employees assess the company's profitability and consider future wages and job security. The owners analyze the capability and profitability of the business and determine bonuses, incentives, and rewards.

External users include creditors, who determine the credit worthiness of the organization; tax authorities, who determine the credibility of the organization's tax returns filed; investors, who analyze the possibility of investing in the company; customers, who assess the financial position of its suppliers, which is necessary for them to maintain a stable source of supply in the long term; and regulatory authorities who ensure that the company's disclosure of accounting information is in accordance with the rules and regulations set.

Types of Accounting

There are two (2) standard accounting methods for keeping track of your business's income and expenses: cash and accrual.

Cash Accounting

Cash Accounting is the more commonly used method of accounting for small businesses. In cash accounting, income is not counted until the cash is actually received, and expenses are not counted until they are actually paid.

Accrual Accounting

Accrual Accounting occurs when the transactions are counted when the order is actually made or the services occur regardless of when the money for them is actually received. You don't wait until you have the money or pay out the money to record a transaction.

Example

Let's say that you purchased a printer on credit in February and paid five hundred dollars ($500.00) for it in May. Using cash accounting, you would record five hundred dollars ($500.00) for the month of May, when the money was actually paid. However, using accrual accounting, you would record the five hundred dollars ($500.00) for the month of February, when you purchased the printer.

Select next for a knowledge check on accounting basics.

Lesson 2: Bookkeeping

Lesson Overview

Welcome to lesson two, bookkeeping. According to small business owners polled by the SCORE association, 40 percent (40%) say bookkeeping and taxes are the worst part of owning a business.

Bookkeeping refers to the recording of financial records. This lesson describes the bookkeeping basics, the accounting life cycle, and the different bookkeeping systems.

In this lesson, you will:

- Describe the importance of bookkeeping,
- Identify the steps in the accounting life cycle, and
- Differentiate between the two basic bookkeeping systems.

Select next to begin lesson two.

Bookkeeping Basics

What do you use to keep track of your personal bank transactions? Whether you balance your checkbook by writing down each transaction you make or use an online service provided by your bank, it is vital that you manage your bank account so you don’t end up with a zero balance.

Similarly, good bookkeeping helps to properly manage your business resources. As mentioned earlier in this course, even if you are not planning to do the bookkeeping yourself, you still need to understand the basics so you know where your money is coming and going.

Below are some of the most common bookkeeping basics for a small business:

- Revenue and expenses
- Cash
- Inventory
- Accounts receivable and payable
- Sales
- Purchases
- Employees
- Owners’ equity
- Retained earnings

Keeping Accurate Books

Keeping accurate books should be a business priority because it will help your business in many ways, such as helping you price your products accurately, showing whether you're making or losing money, knowing your cash flow, both in short and long term, working with bankers and investors, and letting the tax agencies know how you're doing.

Accounting Life Cycle

An accounting period reflects all the financial activity within a given period, such as quarterly and yearly. At the end of each accounting period, the organization must prepare all financial statements so that investors can compare the results of successive time periods. This section describes the accounting life cycle and how to use it to ensure the accuracy of the financial statements.

Step one of the accounting lifecycle is analyzing business transactions. Here, you begin with business transactions, which can include the sale of a product, the purchase of supplies, and rent.

Next, the business transactions are recorded in the appropriate journal in chronological order.

The business transactions are then posted to the general ledger account that it impacts. A general ledger is a moment by moment record of everything that happens in the business.

At the end of the accounting period, monthly, quarterly, or yearly, you should calculate a trial balance. The trial balance assesses the equality of debits and credits as they are recorded in the general ledger. Today, most small businesses use financial software that runs on a computer to keep track of their general ledger.

Sometimes the first trial balance calculation may show that the books are not balanced, so you will need to look for errors and then make adjustments. This may include making adjustments to record an expense that may have been incurred but not yet recorded.

After adjustments are made, you will need to recalculate the trial balance to include any adjustments made to ensure the accounts are balanced.

Once the balances are corrected from the adjusted trial balance, you will then need to prepare the balance sheet and income statement.

Next, the accounts need to be closed out to avoid having revenue or expenses of another period added to current period.

The last step is to prepare a post-closing trial balance to ensure that all accounts have been closed properly and to test the equality of debit and credit balances of all the balance sheet accounts.

The cycle begins again with all the accounts having zero balances.

Bookkeeping Systems

Bookkeeping systems are used to record your financial transactions and can range from simple to complex as needed depending on your business needs. The two (2) basic bookkeeping systems are single-entry and double-entry.

Single-entry Accounting System

A single-entry accounting system is the simpler of the two. Similar to a personal checking account, it keeps track of what goes in and what goes out of the account. You should only use this system if your business is very small, simple, and with a low volume of activity.

Double-entry Accounting System

A double-entry accounting system is a little more complex than a single-entry system. It tracks the debit and credit for each transaction the business makes. Every debit that is recorded must be matched with a credit. Most businesses use the double-entry accounting system for their accounting needs. Some advantages of using double-entry accounting are that it allows accounting departments to prepare financial statements easily, allows for the recording of assets and liabilities, prevents fraudulent activity by providing checks and balances, and allows you to take advantage of the matching principle.

Select the link for more information on double-entry accounting.

Select next for a knowledge check on bookkeeping basics.

Lesson 3: Income and Expenses

Lesson Overview

Welcome to lesson three, income and expenses. This lesson describes the different ways that money flows through a business.

In this lesson, you will:

- Differentiate between income and expenses
- Identify reasons for money flowing through a business

Select next to begin lesson three.

Money Flowing Through a Business

When you think about it, there are really only a few different ways that money flows through a business. There is money coming in, referred to as income, and money going out, referred to as expenses. Money may flow into a business as cash sales, credit card sales, or other methods. Money may go out of a business when inventory is purchased, bills are paid, etc.

Let's review each of these scenarios.

Income vs. Expenses

Income
Income refers to money received for work or through investments. Money can come into your business in several ways.

Some examples include selling products or services, receiving money from the proceeds of a loan, or receiving money from a new investor or current owner.

In certain instances, you may decide to offer credit to your customers. Basically, this means that the customer receives your product or service now but agrees to pay you at a later date.

Why would you do such a thing? One reason is simple: giving your customer flexibility in making payments can increase the sale of your products and services.

Certain kinds of customers, such as businesses usually request such payment terms to help them balance the flow of money coming into and going out of their businesses.

Expenses
Expenses are the costs that occur as part of a business' operating activities.

Some examples of money exited a business include purchasing assets such as equipment or inventory, paying expenses incurred from being in business, making payments to satisfy a loan or liability, or distributing some of the business earnings to the owners.

In certain instances, you might be able to purchase merchandise from your supplier on account, also called on credit. This means that you would receive the product or service now, but agree to pay at a later date.

Buying and receiving products or services which are to be paid at a later date is called accounts payable. Such accounts represent money you owe to someone else.

Select next for a knowledge check on income and expenses.

Lesson 4: Balance Sheet

Lesson Overview

Welcome to lesson 4, balance sheet. There are three main financial statements used for accounting. This lesson introduces you to the balance sheet and how it can be used for your accounting needs.

In this lesson, you will:

- Define balance sheet, and
- Identify the components of a balance sheet.

What is a Balance Sheet?

The Balance Sheet is a snapshot of your business. It outlines the financial condition of your business at a specific point in time. The balance sheet provides a financial perspective by highlighting what you own, and what you owe to other parties.

Current Assets vs. Fixed Assets

Assets are what your business owns. They are bought to increase the business' value and can generate cash flow.

Accountants like to categorize things, so we will describe two categories for assets: current assets and fixed assets.

Current Assets

In accounting terms, current assets are cash or other assets that can be converted into cash within one year. This includes accounts receivable, inventory, and prepaid expenses.

Fixed Assets

Fixed assets are property and equipment owned by your business—things not normally intended for sale, which are used repeatedly, such as buildings and machines.

Liabilities and Equity

There are also two categories for the "what you owe to other parties'" section: liabilities and equity.

Liabilities

When you owe someone else, you could say that you are liable to that person or company. Therefore, we call these amounts liabilities. Liabilities are the company's debts or obligations that arise during the course of business operations. Bank debt, loans, and accounts payable are examples of liabilities.

Equity

For the share of the business that you or other partners own, we'll call this category, Owner's Equity, which is the part of the assets that the owner or owners have claims to after all the liabilities are paid.

Sample Balance Sheet

Here is a sample balance sheet. You will notice that it has broken down the assets using the two categories described earlier--current assets and fixed assets. It also includes the liabilities and equity categories.

Accounting Equation

Using the new accounting labels with what you know about your balance sheet scorecard, it should be easy to see that the assets always equal the liabilities plus equity.

This is called the "accounting equation." It's what makes your balance sheet always equal on both sides.

An important rule for accounting is that the left side will always equal the right side. If they do not equal, then you have made a mistake. It is that simple.

Select next to answer some questions regarding the balance sheet.

Lesson 5: Income Statement

Lesson Overview

Welcome to lesson five, income statement. How do you know how profitable your business has been over a period of time? This lesson introduces you to the income statement and how it can be used for your accounting needs.

In this lesson, you will:

- Define the income statement, and
- Identify the components of an income statement.

What is an Income Statement?

The income statement is another important financial statement and is used to track sales and expenses during a particular period. It is sometimes called a Profit and Loss, or P & L statement, and tells you if your business is profitable or not. It shows your income earned and expenses incurred. The resulting difference between your income and your expenses is called your net profit—what is often referred to as the bottom line.

The income statement format breaks down as follows:

Income minus cost of sales equals gross margin, gross margin minus fixed operating expenses equals net profit. Let's break each of these sections down.

Income

An income statement begins with money that you have earned from selling something. There are several different names given to the money you make selling products or services. Some companies call it revenue, sales, or income. It's important to remember that it is not cash in hand in all cases. Sales are monies you have earned but not necessarily collected if you offer any kind of credit to your customer.

Let's look at an example for this. Jennifer Williams owns a small boutique. She is preparing the Income Statement for the accounting period. She begins by calculating the revenue earned from the sales of her shop. For this accounting period she sold $51.00 worth of goods, so she enters $51.00 under the Sales section.

Cost of Sales

The next section on the income statement details the cost of those sales. These costs are called variable expenses. Variable expenses represent the costs of doing business and might include direct labor, materials, and shipping. They usually increase with sales since they are the direct costs of delivering your products and services.

Using the example from the previous page, Jennifer Williams' boutique spent $20.20 on materials, so she enters $20.20 under the Cost of Sales section

Gross Margin

The next number your income statement produces is the gross margin, which is sometimes called gross profit. This is the number you get when you take your sales for a given period and then subtract your cost of sales. The gross margin is important for any business because it's the money you have left over to pay for any expenses of being in business and for making a profit. Many accountants look at this number as a percent of sales.

From our example, Jennifer Williams subtracts the Cost of Sales amount from the Sales amount. She deducts $20.20 from $51.00 and gets $30.80 for the Gross Margin.

Expenses

The next item on the income statement is the business expenses, sometimes called fixed expenses. Business expenses are the costs of being in business. These might include salaries, insurance, rent, advertising, utilities, and interest payments. They usually do not vary with the sales level of your business. This is why they are called fixed expenses.

Using the example, Jennifer Williams needs to calculate her business expenses. She spent $5.00 on rent, $1.00 on depreciation, $0.20 on interest, and $0.60 on owner distributions for a total of $6.80 on expenses.

Net Profit

Once you total all of your fixed business expenses, they are subtracted on your income statement to produce your net profit. Your net profit is the money left over after all expenses are accounted for and subtracted from the sales of your business. By aligning the sales of a business with its related expenses, it shows the profitability of a business and the amount of earnings made over a period of time.

Now, Jennifer Williams figures out her net profit. She subtracts her total expenses of $6.80 from the gross margin of $30.80 and gets a net profit of $24.00.

Figuring Depreciation

Sometimes you make an investment in a large asset, such as a building or piece of equipment that costs a lot of money. If you would subtract the cost of this asset all at once, it would be impossible to tell if you are profitable or not. The reason for this is simple, these large assets produce value across a long period of time. This period of time is known as the useful life of the asset.

Taking a large cost, such as that of a piece of expensive equipment and expensing it across its useful life is called depreciation. Depreciation is the reduction in the value of your equipment due to wear and tear over the passage of time.

There are several ways to depreciate a piece of equipment. Some of the most common methods used to calculate depreciation are:

- Straight-line,
- Units-of-production,
- Sum-of-years digits, and
- Double-declining balance, which is an accelerated depreciation method.

As the equipment ages, you will expense depreciation on your income statement, which reduces the value of the asset over time.

Sample Income Statement

Let's take a look at a very basic example.

Sales are represented in the money you earned. This equals fifty-one dollars ($51.00). You will then subtract the Cost of Sales, which is twenty dollars and twenty cents ($20.20) in this example. The result represents a Gross Profit of thirty dollars and eighty cents ($30.80). Next, add up the expenses of the business and subtract the number from the Gross Profit. This represents a Net Profit of twenty-four dollars ($24.00).

Profitability over Time

It is important to remember that your income statement presents sales and expense activities over a *period* of time as opposed to your balance sheet which shows your financial condition at a *point* in time.

Select next for a knowledge check on the income statement.

Lesson 6: Cash Flow Statement

Lesson Overview

Welcome to lesson six, cash flow statement. Probably the most important financial statement for a small business is the cash flow statement. This lesson introduces you to the cash flow statement and how to use it for your accounting needs.

In this lesson, you will:

- Define the cash flow statement, and
- Identify the components of a cash flow statement.

What is the Cash Flow Statement?

Until you start offering credit to your customers and using credit with your suppliers, things are pretty simple. Cash comes in. Cash goes out.

Credit changes everything! The timing between your sales and purchases and your cash are different. Sales are flowing through your business at one rate and cash is flowing through the business at another.

In order to keep track of your cash, you need a scorecard that keeps track of the cash flowing through your business.

In accounting, this is called the Cash Flow Statement, or the Statement of Cash Flows. A cash flow statement is the financial document that presents where the money is coming from and how it is being spent.

Some Basic Rules

While the income statement may have a negative net profit or bottom line number, a Cash Flow Statement should ***never*** have a negative ending cash balance.

If you have a negative ending cash balance it means you are bankrupt or out of cash.

More than fifty-one percent of all businesses that file for bankruptcy protection in the United States are profitable on their income statements, but because they could not collect on their sales through accounts receivable or because they didn't plan their cash needs, they find themselves without any cash and out of business.

For these reasons, the cash flow statement is one of the most important documents in managing a small business and should be used as the primary financial statement.

Format

In its simplest form, a cash flow statement is presented as follows: beginning cash balance, plus cash inflows, minus cash outflows, equals ending cash balance.

Cash Inflow

The cash flow statement details any sources of cash coming into the business.

there are only a few primary sources of cash inflow, such as cash collected from selling products or services, cash collected that was owed on account, loans made to the business, or new ownership equity placed into the business by a partner or investor.

These cash inflows are added together to produce the total sources of cash for the time period the statement covers.

Cash Outflow

The cash flow statement also lists any uses of cash by your business. This is cash leaving the business.

There are a few ways in which cash flows out of a business, such as purchasing assets, buying inventory, paying for expenses generated by the business, making payments to satisfy any liabilities of the business, or distributing earnings to the owners of the business.

These cash outflows are added together to produce the total uses of cash for the time period the statement covers.

The Ending Cash Balance

The ending cash balance on any cash flow statement is carried over as the cash balance to your balance sheet. This number is calculated by taking the beginning cash balance for the accounting period, adding any sources of cash, and then subtracting any uses of cash. This statement is simply the difference between your cash inflows and your cash outflows for the period.

Sample Cash Flow Statement

Let's take a look at an example of a cash flow statement.

For this example, the beginning cash balance is zero since you just started your business. You will then add in all the cash inflows, which will equal ninety-six dollars ($96.00). We will then subtract all the cash outflows, which equal eighty-four dollars and eighty cents ($84.80). This will bring a total to your ending cash balance of eleven dollars and twenty cents ($11.20).

Other Formats

Sometimes the cash flow statement is presented in a format a little different from the one we just reviewed.

Some statements begin with the earnings of the business, or profits, and then add and subtract any changes in cash not figured in on the income statement. This format breaks down cash provided by operating, financing, and investing activities.

Here is an example of a cash flow statement presented differently. You will notice that the beginning cash balance is now at the bottom of the statement. In its place is the cash flows divided into the three categories of operating, financing, and investing activities.

Look carefully at each category. The numbers in parentheses are those being subtracted. Again, the total cash flow will always be the same as the ending cash balance.

Select next for a knowledge check on the cash flow statement.

Lesson 7: Finding the Right Accounting Resources

Lesson Overview

Welcome to lesson seven, finding the right accounting resources. As discussed earlier, bookkeeping is one of the most important aspects of accounting. It can make or break your business, so finding the right accounting resources is critical to your business success.

Bookkeeping tasks are often pushed aside and pile up as the business owner procrastinates. Without bookkeeping, your accountant cannot do their job. Therefore, either you will pay expensive hourly rates to have an accountant do bookkeeping work or you will go without financial statements. Neither is a good idea.

In this lesson, you will:

- Identify different options for professional accounting support, and
- Explain what to consider when choosing accounting software.

Getting Professional Support

As a small business, there are several options for handling your accounting responsibilities:

1. Do it yourself
2. Hire an accountant or bookkeeper
3. Outsourcing

Each option has pros and cons that you should consider carefully.

Do It Yourself

When first starting out with limited resources, many business owners choose to do their own bookkeeping using a software package, such as QuickBooks. Determining whether the do-it-yourself approach is right for you depends on a number of factors. Ask yourself the following questions:

1. Do you have a business background or basic understanding of accounting?
2. Do you have the time to do the bookkeeping yourself?
3. Could your time spent doing bookkeeping be better spent on business development activities?

Hire an Accountant/Bookkeeper

Bookkeeping is one of the least popular administrative tasks for small business owners. Many would rather go to the dentist for a root canal rather than make journal entries. So, one option is to hire a bookkeeper.

Many responsibilities come with hiring employees and it is an important decision that shouldn't be taken lightly. If your business is complex and revenue is sufficient to justify hiring an employee to handle your bookkeeping, then consider starting off with a part-time employee until revenue and complexity justify the need for a full-time bookkeeper.

Advertising job openings with your local workforce commission or free internet sites is one way to quickly find potential candidates. Likewise, most accounting software providers have communities of certified consultants, accountants, and bookkeepers that may be looking for part time work.

Outsourcing

If you're focused on growing your business and don't have the time or expertise to handle the bookkeeping duties, or don't want the liabilities that come with hiring employees, then outsource the number crunching and pay someone else to do it so you can focus on what's really important for your business.

Outsourcing involves hiring a professional services firm to handle the bookkeeping and accounting for you. Typically, the bookkeeper will come into your office once a week to handle data entry, accounts payable, and accounts receivables.

Nowadays, because of improved technology and Internet connections, some businesses use bookkeepers in other cities, states, or even countries to handle their bookkeeping and accounting.

Outsourcing is a viable option that allows you to pay for only the level of support that you need and could suffice until you grow large enough to justify a full-time employee to handle the bookkeeping and accounting tasks.

Regardless which option you choose, always remember that it's your business and staying intimately familiar with your finances is critical to your long-term success.

Accounting Software

Another reason to hire a professional is to help you with finding the right accounting system for your business.

Accounting software is available in many forms and across broad spectrum of pricing. Given that there are many inexpensive accounting software options available for a start-up, there isn't any reason to use a manual bookkeeping system. Using accounting software is the most efficient choice for your business. Accounting software is available as a desktop or cloud-based option and can be purchased from a third party.

Some of the most common accounting software products for start-ups are QuickBooks, Sage 50, and FreshBooks; There are many others and you should conduct research to find the software that best fits your business requirements.

Good sources of information about accounting, bookkeeping, and accounting software can be found at the following organizations:

- OPEN Forum: American Express
- Procurement Technical Assistance Centers
- SCORE.org

Select next for a knowledge check on finding the right accounting resources.

Course Summary

You've reached the end of the SBA's Introduction to Accounting training course.

The important thing to remember in accounting is to not let the terms and formatting of the financial information scare you.

All you need to remember is that you have three basic financial statements for keeping track of your money.

The balance sheet shows your business at a particular point in time. It gets its cash and earnings balances from the other two statements. The income statement shows your net earnings over a period of time. And the cash flow statement shows cash coming in and going out and what the net result is over a period of time.

You can now describe basic accounting concepts, identify the important bookkeeping principles, differentiate between the three main types of financial statements, and explain the importance for finding the right accounting resources for your business.

Next Steps

Now that you have completed the course, take the next steps. Put what you have learned into action.

Step 1) Use the automated financial statement templates at the end of this course to prepare or update financial statements for your business.

Step 2) Discuss your financial statements and any accounting questions you have with a business mentor, coach, banker or other business advisor.

Resources

SBA has a broad network of skilled counselors and business development specialists. Below is a short description of our resource partners:

- **Small Business Development Centers (SBDCs)** are associated with institutions of higher education—universities, colleges, and community colleges. More than 900 SBDCs offer no-cost, extensive, one-on-one long-term professional business advising, low-cost training, and other specialized services, such as procurement, manufacturing, and technology assistance, which are critical to small business growth.
- **SCORE** offers free, confidential small business advice from successful entrepreneurs. SCORE is a nationwide program and boasts more than 12,000 volunteers to give you guidance to grow your business.
- **Women's Business Centers (WBCs)** provide free management and technical assistance to help women and men start and grow small businesses. There are over 100 WBCs located throughout the U.S. and Puerto Rico.
- SBA's **84 District and Branch offices** connect entrepreneurs to resources, products, and services that can help them start, manage, and grow their business. These offices are located in all 50 states, Puerto Rico, the U.S. Virgin Islands, and Guam.
- **The SBA Learning Center** is an online portal that hosts a variety of self-paced online training courses to help small business owners explore and learn about the many aspects of business ownership. Content is filtered by topic, so no matter the stage of your business, or the kind of insight you need, you can quickly get answers.

Find your local resource using our handy zip-code tool.

Other Resources

[Automated financial statement templates]
[Balance Sheet]
[Income Statement]
[Cash Flow Statement]

Have a Question?

This course has covered a great deal of material. And there is much to learn and understand about preparing accounting. If you have questions about the financial aspects of running your business or another business issue, contact an SBA business development specialist or resource partners for assistance.

- SBA works with a number of local partners to counsel, mentor, and train small businesses. Find an SBA district office or other resources near you at: https://www.sba.gov/tools/local-assistance
- To provide feedback, comments, or suggestions for this or other SBA course content, please use the following email: learning@sba.gov
- For general questions about SBA products and services, call SBA at 1-800 U ASK SBA (1-800 827-5722) or email SBA at answerdesk@sba.gov

Training Acknowledgement

Congratulations on completing this course. We hope it was helpful and provided a good working knowledge of basic accounting concepts and the different types of accounting and financial statements available for small businesses. Select the certificate to receive a course completion confirmation from the U.S. Small Business Administration.

Recommendations

A.C.T. NOW!

The Article, Course and the Tools below are related to the course you just completed. They are provided to help you take action on your path to entrepreneurial success. You can also get in-person assistance for all of your business needs through a local resource center. And if you liked the course, please help spread the word by sharing it with your friends!

Read an SBA Article.

This helpful article, *Bookkeeping Basics for Small Business*, offers a quick overview of proper bookkeeping practices.

OR

Sometimes you need help to understand and manage your finances. This article was written to show you *How to Find an Accountant Who Can Help Your Small Business over the Long Haul*.

Take Another Course.

As a small business owner, do you know what your federal, state and local legal obligations are? The *Legal Requirements for Small Business* course will give you an overview of the legal requirements of small business owners.

Try a Tool.

SBA's partner, SCORE, has created a Business Planning & Financial Statements Template Gallery that may help you get started.

Find local assistance!

SBA has a broad network of skilled counselors and business development specialists that can be located using our zip-code tool.