

# Friday Fundamentals Webinar #1

## *Financial Fundamentals*

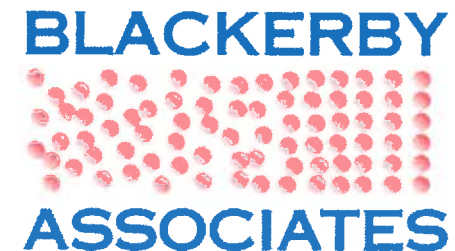
---



### **Welcome!**

We recommend you use the “Telephone” option.  
Dial +1 (312) 878-3081. Access code: 911-776-794#.  
Password is friday2. Enter your Audio PIN as shown.

If you select the “Mic & Speakers” option, you will  
download and install the safe Citrix desktop program.



*Transforming Organizations*

16858 E. Ave. of the Fountains  
Fountain Hills, AZ 85268  
Tel. (602) 908-1082  
info@BlackerbyAssoc.com  
www.BlackerbyAssoc.com

# Your Host



Phillip Blackerby

**BLACKERBY ASSOCIATES, INC.**

Consultant with ADOT  
Business Engagement and  
Compliance Office

DBEs: Financial management,  
strategic planning, marketing

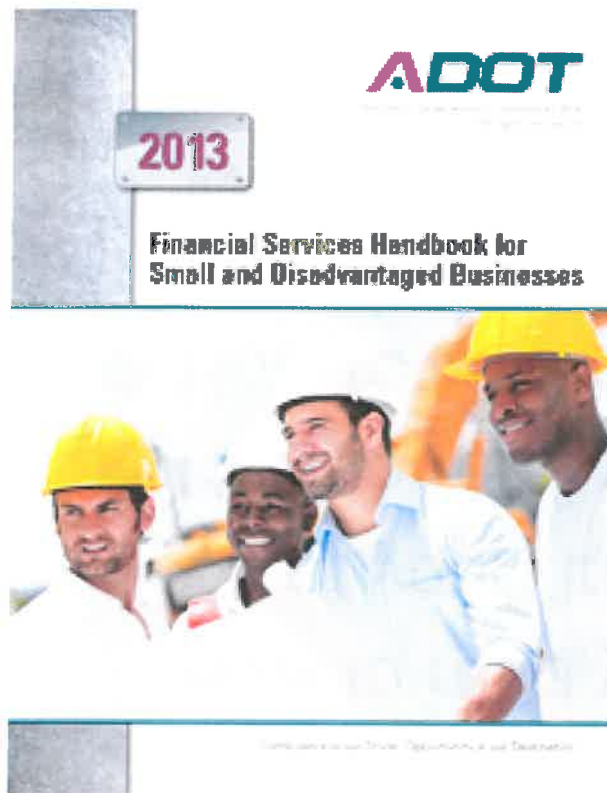
Trained 800 entrepreneurs

Master's Degree: **Univ. of Texas**

Bachelor's Degree: **Brown Univ.**



# Financial Services Handbook



- *Financing:* Lenders and Borrowing
- *Insurance:* Liability, Errors & Omissions, Workers Compensation, Health
- *Bonding:* License Bonds, Performance Bonds, Bid Bonds
- English & Spanish: FREE!

<http://www.adotdbe.com/adot-dbess-provides-financial-handbook-free-to-dbes-sbcs/>

<http://bit.ly/FinSvcS>

# Would you want to know...?



- How to read your Balance Sheet?
- What your “intangible assets” might be?
- How to read your Profit & Loss Statement?
- How to calculate your gross margin, operating margin and net margin?
- What “EBITDA” means?

# Rules to Live By



- CIK – *Cash Is King*
- DROOM – *Don't Run Out Of Money!*

*“Incur no overhead before its time”*

***DROOM:***

*One of three jobs a CEO cannot delegate!*

# Basic Financial Statements



- Balance Sheet
- Profit & Loss (“P&L” or Income Statement)

*But wait, there’s more!*

- Cash Flow Statement  
(only for Accrual-Based Accounting)

# Balance Sheet

As of: \_/ \_/ \_



## Assets – What I OWN

- + Cash & equivalents
- + Accounts receivable
- + Other short term
- + Inventory
- + Plant & equipment
- Accum. depreciation
- + Other long term

**= Total Assets**

## Liabilities – What I OWE

- + Accounts payable
- + Short term debts
- + Long term debts
- = **Total Liabilities**

## Equity

- + Investors' capital
- + Retained earnings
- = **Total Equity**

**= Liabilities + Equity**



$$A = L + E$$

# Intangible Assets



- ① Intellectual property (know-how)
- ② Brand value; good will (know-who, reputation)
  
- Do not show as Balance Sheet asset
- Or balance with equity:  $A = L + E$
- Protect these assets as you would protect other assets



# P&L, Income Stmt.

From:   /  /    
 To:   -  -  



- + Gross Sales
- COGS/
- = Gross Profit
- Selling Expenses
- General & Administrative
- = Operating Profit
- ± Int, Taxes, Deprec, Amort
- = Net Profit

**Wait a minute!**

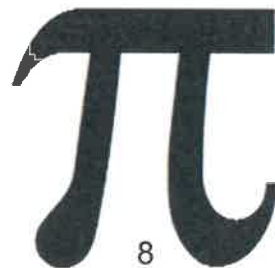
My QuickBooks doesn't categorize expenses into Selling, General and Administrative!

$$\frac{\text{Costs}}{\text{GS}} \times 100$$

"Costs"

$$\frac{\text{O}\pi}{\text{GS}} \times 100$$

$$\text{Net Margin}\% = \frac{\text{N}\pi}{\text{GS}} \times 100$$



# What's Next?



- *Evaluation survey*: Look for an email directing you to the survey.
- *Video* of today's session will be posted on ADOT's website soon!
- *Next webinar*: April 4, 2014, 9:00 a.m.  
"Financial Information for Decision Making"  
<http://friday-fundamentals.eventbrite.com>
- *One-on-one consulting* will be available, up to three hours free to DBEs! Email request to: Kent Lane, [klane@azdot.gov](mailto:klane@azdot.gov).