

SCORE: MONITORING YOUR MONEY

TRACK YOUR MONEY AS IT WORKS FOR YOU

After setting financial goals and a budget for your small business, it's crucial to monitor how well your company is performing. Even if you are using an accountant, your success may depend on understanding your company's finances. Therefore, it is important to become familiar with and regularly review the following reports:



Profit and Loss Statement



Cash Flow Statement



Balance Sheet

PROFIT AND LOSS STATEMENT (P&L)

Also called an "income statement," your company's P&L indicates how profitable your business has been over a period of time (past month, quarter or year). This statement is composed of three main sections:

- ▶ Revenue
- ▶ Expenses
- ▶ Net Income (revenue minus expenses)

It's helpful to compare your current P&L to where you've been as well as to where you want to be, according to your business plan. The goal is to determine whether your company is meeting your profit expectations and to identify any issues that need to be addressed.

BALANCE SHEET

The balance sheet provides a snapshot of your company's finances. It summarizes what your business owns, what it's owed, and what it owes to others. Individual accounts are grouped into assets, liabilities and owners' equity.

$$\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$$

Reviewing the balance sheet provides useful insight into the financial strength of your company and essential for investors who may be willing to provide funding.

CASH FLOW STATEMENT

The cash flow statement summarizes sources and uses of cash. It's valuable because a business can run into money problems if income isn't received in time to pay employees or to cover bills when they're due.

A short-term cash loss isn't necessarily a problem for a business as long as there are sufficient reserves and a longer-term positive plan. Understanding your cash flow statement can help you detect gaps and identify necessary changes to ensure you'll avoid shortfalls that could hurt your ability to conduct business in the future.

MONEY ISN'T EVERYTHING — BUT MANAGING IT ISN'T OPTIONAL

By using the P&L statement, balance sheet and cash flow statement, you'll gain a better sense as to the how well financial goals are being met. Ultimately, the usefulness of these statements depends upon good record keeping. A qualified accountant can help determine which records are needed for your business and the most appropriate way to keep track of them, or you may choose to purchase your own accounting software.

Templates to create pro-forma financial statements for your business can be found on the SCORE website.

Getting money for a small business can be difficult, but SCORE Jacksonville is bringing 11 speakers and 22 exhibitors together for a one-day conference on Saturday, June 1, at the University of North Florida entitled "Funding Your Small Business - Where and How to Find It." No matter what stage your business is in, learn about the fast-evolving options from traditional small business loans to innovative crowdfunding, and more. If this is the year you decided to make your dream a reality, then register now for this conference at www.jacksonville.score.org and discover funding options that many entrepreneurs tend to overlook.



Not Able to Attend on June 1? Meet with a SCORE Mentor. Dan Rogerson has been a SCORE Mentor for 2 years and has over 30 years of finance business experience with major transportation corporations. He's ready to meet face-to-face for free one-on-one mentoring to help you launch your business dreams!

