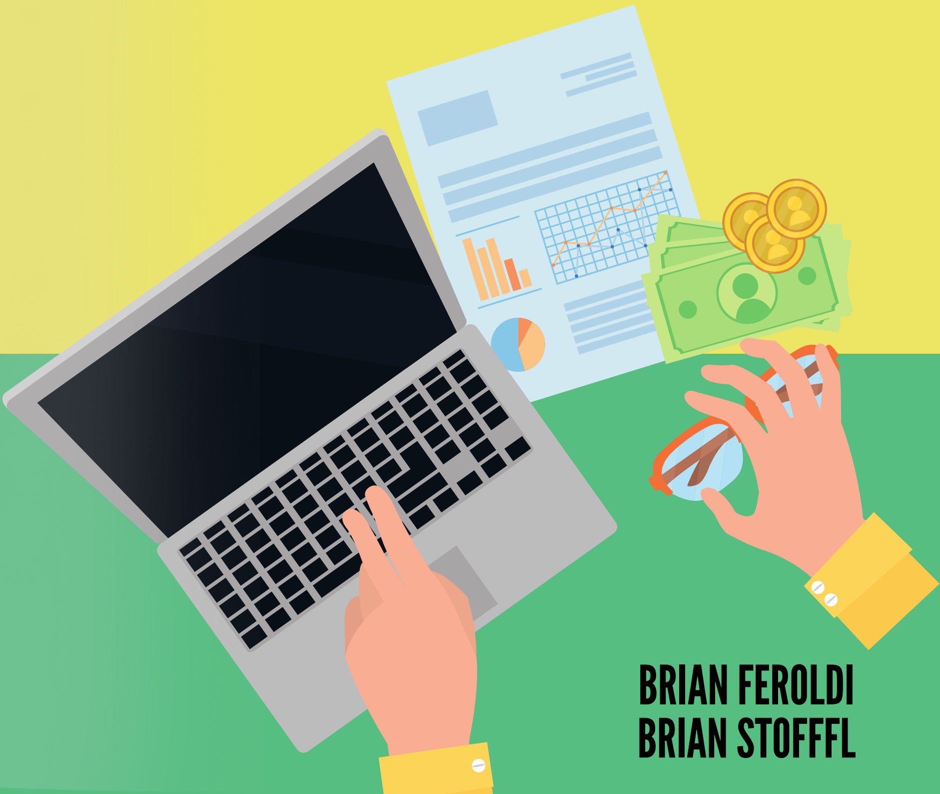
FINANCIAL STATEMENTS SCHOOL

LEARN TO READ A BALANCE SHEET, INCOME STATEMENT, AND CASH FLOW STATEMENT, *VISUALLY*



BRIAN FEROLDI
BRIAN STOFFFL

Hello and Welcome!

Thank you for enrolling in
Financial Statements.School!

We created this course to help you to master the basics of reading the 3 main financial statements.

This eBook contains seven simple infographics that will help you better understand the Balance Sheet, Income Statement, and Cash Flow Statement.

Enjoy!

Brian Feroldi

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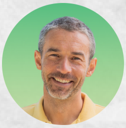

Brian Stoffel

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FINANCIAL STATEMENTS

BEGINNER'S GUIDE

INCOME STATEMENT

Income Statement (Period)	
	Revenue
-	Cost of Goods Sold
	Gross Profit
-	Operating Expenses
	Operating Income
-	Non-Operating Income/Expense
	Pre-Tax Income
-	Income Tax
	Net Income
/	Shares Outstanding
	Earnings Per Share

PURPOSE
Track Income & Expenses

SIMILAR TO
Your Monthly Budget

TIME
Period of Time

ACCOUNTING

BALANCE SHEET

Balance Sheet (Specific Date)			
Assets		Liabilities	
Current Assets (<1 Year)	Cash & Cash Equivalents	Current Liabilities (<1 Year)	Payables & Accrued Expenses
	Marketable Securities		Short-Term Debt
	Accounts Receivable		Other Current Liabilities
	Inventory	Long-Term Liabilities (>1 Year)	Long-Term Debt
	Other Current Assets		Other Long-Term Liabilities
Long-Term Assets (>1 Year)	Long-Term Investments	Shareholder Equity	Preferred Stock
	Fixed Assets		Common Stock & Additional Paid-In Capital
	Goodwill		Retained Earnings
	Other Long-Term Assets		Treasury Stock

PURPOSE
Track What it Owns & Owes

SIMILAR TO
Your Net Worth

TIME
Point in Time Snapshot

ACCOUNTING
Accrual Accounting

CASH FLOW STATEMENT

Cash Flow Statement (Period)		
Operating Activities		Net Income
	+	Non-Cash Charges
	±	Changes In Working Capital
		Operating Cash Flow
Investing Activities	-	Capital Expenditure for Property, Plant, & Equipment
	-	Acquisitions
	+	Proceeds From Sale of Investments
		Net Cash From Investing Activities
Financing Activities	±	Borrow / Repay debt
	±	Issue / Repurchase Stock
	-	Pay Dividends
		Net Cash From Financing Activities
	±	Changes in Cash During Period
		Cash Start of Period
		Cash End of Period

PURPOSE
Track Cash Movement

SIMILAR TO
Your Checking Account

TIME
Period of Time

ACCOUNTING

BALANCE SHEET OVERVIEW

Balance Sheet (Specific Date)					
Assets			**Liabilities**		
Current Assets (<1 Year)	Cash & Cash Equivalents	Cash / T-bills / CDs <3 Month Maturity	**Current Liabilities** (<1 Year)	Payables & Accrued Expenses	Interest / Wages / Dividends / Taxes / Accrued Liabilities
	Marketable Securities	Liquid Equity / Bonds Expected To Be Used In <1 Year		Short-Term Debt	Interest & Prinicpal On Debt Due <1 Year
	Accounts Receivable	Money That Is Owed By Customers		Other Current Liabilities	Catch-All Category Of Liabilites Due <1 Year
	Inventory	Raw Materials & Finished Goods Available For Sale	**Long-Term Liabilities** (>1 Year)	Long-Term Debt	Interest & Prinicpal On Debt Due >1 Year
	Other Current Assets	Catch-All Category Of Assets Expected To Last <1 Year		Other Long-Term Liabilities	Catch-All Category Of Liabilites Due >1 Year
Long-Term Assets (>1 Year)	Long-Term Investments	Investments The Company Intends To Hold For >1 Year	**Shareholder Equity**	Preferred Stock	Equity That Can Claim Income From Earnings
	Fixed Assets	Land / Machinery / Equipment / Buildings / Durable Assets		Common Stock & Additional Paid-In Capital	Money Shareholders Have Invested In The Company
	Goodwill	Premiums Paid To Acquire Other Businesses		Retained Earnings	Accumulated Profits The Business Keeps
	Other Long-Term Assets	Catch-All Category Of Assets Expected To Last >1 Year		Treasury Stock*	Stock The Company Has Repurchased (*Not Always Reported)

PURPOSE
Track What It Owns & Owes

TIME
Point in Time Snapshot

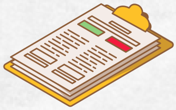
SIMILAR TO
Your Net Worth

ACCOUNTING
Accrual Accounting

ADDITIONAL DETAILS

- Assets must always equal Liabilities + Shareholder's Equity.
- Cash Balance comes from the ending balance on the Cash Flow Statement.
- Retained Earnings = last period's Balance Sheet + Net Income - Dividends
- Management teams have discretion of the categories & terms they use.

BALANCE SHEET SYNONYMS



- NET WORTH STATEMENT
- FINANCIAL STATUS REPORT
- STATEMENT OF FINANCIAL POSITION
- STATEMENT OF FINANCIAL CONDITION

Balance Sheet (Specific Date)

Assets		Liabilities	
Current Assets (<1 Year)	Cash & Cash Equivalents	Current Liabilities (<1 Year)	Payables & Accrued Expenses
	Marketable Securities		Short-Term Debt
	Accounts Receivable		Other Current Liabilities
	Inventory	Long-Term Liabilities (>1 Year)	Long-Term Debt
	Other Current Assets		Other Long-Term Liabilities
Long-Term Assets (>1 Year)	Long-Term Investments	Shareholder Equity	Preferred Stock
	Fixed Assets		Common Stock & Additional Paid-In Capital
	Goodwill		Retained Earnings
	Other Long-Term Assets		Treasury Stock

Cash & Cash Equivalents
- Near Cash
- Liquid Assets
- Marketable Securities
- Cash Assets
- Cash Reserves
- Cash on Hand

Marketable Securities
- CDs
- Bonds
- Stocks
- Private Equity Investments
- Venture Capital Investments
- Long-term Notes Receivable
- Investment in Subsidiaries
- Investment in Joint Ventures
- Pension Funds
- Intellectual Property Investments
- Commodity Holdings
- Infrastructure Funds
- Loans Receivable
- Real Estate Investments

Accounts Receivable
- Trade Receivables
- Outstanding Invoices
- Debtor Balances
- Bills Receivable
- Trade Debtors
- Receivables

Inventory
- Stock
- Goods
- Supplies
- Merchandise
- Product Stock
- On-hand Goods
- Warehouse Stock

Other Current Assets
- Deposits
- Recoverable VAT
- Notes Receivable
- Prepaid Expenses
- Assets Held for Sale
- Deferred Tax Assets
- Dividends Receivable
- Advances to Suppliers
- Short-term Investments
- Income Taxes Receivable
- Current Portion of Long-term Investments
- Current Portion of Loans Receivable

Long-Term Investments
- CDs
- Bonds
- Stocks
- Private Equity Investments
- Venture Capital Investments
- Long-term Notes Receivable
- Investment in Subsidiaries
- Investment in Joint Ventures
- Pension Funds
- Intellectual Property Investments
- Commodity Holdings
- Infrastructure Funds
- Loans Receivable
- Real Estate Investments

Fixed Assets
- Plant Assets
- Property
- Fixtures
- Facilities
- Tangibles
- Machinery
- Equipment
- Plant Assets
- Hard Assets
- Fixed Capital
- Capital Assets
- Physical Assets
- Tangible Assets
- Property, Plant, and Equipment (PP&E)
- Non-Current Assets
- Long-term Assets

Goodwill
- Blue Sky Value
- Excess Earnings
- Enterprise Value
- Intangible Assets
- Commercial Value
- Purchased Goodwill
- Consolidation Surplus
- Business Reputation Value
- Business Valuation Residual

Other Long-Term Assets
- Intangible Assets
- Financial Assets
- Deferred Charges
- Natural Resources
- Other Non-Current
- Deferred Tax Assets
- Right-of-Use Assets
- Long-Term Receivables
- Capital Work in Progress
- Retirement Benefit Assets
- Non-Current Prepayments
- Investments in Associates
- Property, Plant, and Equipment (PP&E)

Payables & Accrued Expenses
- Creditors
- Supplier Debt
- Trade Creditors
- Trade Payables
- Due to Suppliers
- Unpaid Expenses
- Outstanding Bills
- Accounts Payable
- Accrued Expenses
- Outstanding Invoices

Short-Term Debt
- Notes
- Senior Debt
- Current Debt
- Notes Payable
- Bonds Payable
- Short-term Loans
- Convertible Notes
- Convertible Senior Notes
- Fixed Payment Obligations
- Deferred Payment Obligations
- Current Portion of Long-term Debt

Other Current Liabilities
- Deferred Revenue
- Dividends Payable
- Unearned Revenue
- Customer Deposits
- Income Taxes Payable
- Accrued Interest Payable
- Accrued Salaries and Wages
- Current Maturities of Capital Lease Obligations
- Other Accrued Liabilities

Long-Term Debt
- Notes
- Senior Debt
- Long-term Loans
- Convertible Notes
- Non-Current Debt
- Subordinated Debt
- Mortgages Payable
- Long-term Financing
- Long-term Borrowings
- Non-Current Liabilities
- Convertible Senior Notes
- Long-term Bonds Payable
- Long-term Notes Payable
- Fixed Payment Obligations
- Long-term Lease Obligations
- Deferred Payment Obligations

Other Long-Term Liabilities
- Deferred Credits
- Minority Interest
- Pension Obligations
- Long-term Earn-outs
- Deferred Tax Liabilities
- Post-retirement Health Care Obligations
- Long-term Capital Leases
- Long-term Deferred Revenue
- Long-term Provisions
- Long-term Deferred Compensation
- Other Non-Current Liabilities
- Long-term Contingent Liabilities

Preferred Stock
- Senior Equity
- Preferred Equity
- Preferred Shares
- Preference Shares
- Preferred Securities
- Cumulative Preferred Stock
- Convertible Preferred Stock
- Non-Convertible Preferred Stock
- Participating Preferred Stock
- Preferred Dividend Stock

Common Stock & Additional Paid-In Capital
- Capital Stock
- Share Capital
- Equity Shares
- Voting Shares
- Class A Shares
- Class B Shares
- Common Equity
- Common Shares
- Ordinary Shares
- Founders' Shares

Retained Earnings
- Deficit
- Earned Deficit
- Earned Surplus
- Retained Profit
- Retained Deficit
- Retained Capital
- Retained Losses
- Accumulated Profit
- Undistributed Profits
- Unappropriated Profit
- Accumulated Earnings
- Accumulated Retained Earnings
- Accumulated Income
- Earnings Reserve
- Accumulated Losses
- Accumulated Earnings Deficit
- Negative Retained Earnings
- Accumulated Net Losses
- Retained Earnings Deficit
- Accumulated Operating Losses

Treasury Stock
- Own Shares
- Buyback Shares
- Treasury Shares
- Treasury Equity
- Share Repurchase
- Reacquired Shares
- Repurchased Shares
- Company's Own Shares
- Shares in Treasury

INCOME STATEMENT EXPLAINED SIMPLY

Income Statement (Period)		
Total Value Of All Sales After Discounts During Period	Revenue	
	- Cost of Goods Sold	Total Cost To Produce Product/Service
Total Profit From Selling Product/Service	Gross Profit	
	- Operating Expenses	All Overhead Costs Such As Salaries, Rent, & Marketing
Profits From Operating Business	Operating Income	
	- Non-Operating Income/Expense	Income/Expenses Not From Operating Business
Total Income Before Taxes	Pre-Tax Income	
	- Income Tax	Total Taxes Paid
Profits Available To Shareholders	Net Income	
	/ Shares Outstanding	Total Shares A Company Has Issued
Each Shares' Claim On Earnings	Earnings Per Share	

PURPOSE: Track Income & Expenses

TIME: Period of Time

SIMILAR TO: Your Monthly Budget

ACCOUNTING: Accrual Accounting

ADDITIONAL DETAILS

- Also called a "Profit & Loss" statement or "P&L".
- Has a start and end date.
- Net Income is added to Retained Earnings on the Balance Sheet.

INCOME STATEMENT SYNONYMS

- Earnings Statement
- Operating Statement
- Statement of Operations
- Statement of Earnings
- Profit and Loss Statement (P&L)
- Revenue Statement

Income Statement (Period)

Revenue

- Sales
- Income
- Turnover
- Gross Income
- Gross Sales
- Top Line
- Receipts

- Cost of Goods Sold

- Cost of Sales
- Cost of Revenue
- Goods Costs
- Cost of Products Sold

Gross Profit

- Gross Income
- Gross Margin
- Sales Profit
- Gross Earnings

- Operating Expenses

- Overhead
- Operating Costs
- Selling, General, and Administrative Expenses (SG&A)
- Sales & Marketing (S&M)
- Research & Development (R&D)
- General & Administrative (G&A)
- Operating Outgo
- Operational Expenses
- Business Expenses

Operating Income

- Operating Profit
- Operating Earnings
- Operating Margin
- Earnings Before Interest and Taxes (EBIT)
- Operating Cash Flow
- Business Income

- Non-Operating Income/Expense

- Other Income / Expense
- Interest Income / Expense
- Secondary Income / Expense
- Incidental Income / Expense
- Extraordinary Items

Pre-Tax Income

- Earnings Before Tax (EBT)
- Income Before Tax
- Profit Before Tax (PBT)
- Operating Profit Before Tax
- Earnings Before Income & Taxes (EBIT)
- Pretax Earnings
- Pretax Profit

- Income Tax

- Tax on Income
- Revenue Tax
- Earnings Tax
- Fiscal Charge on Income
- Corporate Income Tax
- Direct Tax

Net Income

- Earnings
- Net Earnings
- Net Profit
- Bottom Line
- Profits
- Income
- Net Income After Taxes
- Profit After Tax (PAT)
- Earnings After Tax (EAT)
- Net Income Before Extraordinary Items

/ Shares Outstanding

- Issued Shares
- Basic Shares Outsanding
- Diluted shares Outstanding
- Fully Diluted Shares Outstanding
- Outstanding Stock
- Outstanding Equity
- Outstanding Shares of Stock

Earnings Per Share

- EPS
- Net Income Per Share
- Profit Per Share

CASH FLOW STATEMENT

EXPLAINED SIMPLY

		Cash Flow Statement (Period)	Start & End Date
Operating Activities		Net Income	From Income Statement
	+	Non-Cash Charges	Depreciation, Amortization, Stock-based Compensation
	±	Changes In Working Capital	Receivables, Payables, & Inventory
		Operating Cash Flow	Total Cash Generated From Operations
Investing Activities	-	Capital Expenditure for Property, Plant, & Equipment	Cash Spent on Buildings & Equipment
	-	Acquisitions	Cash Paid to Acquire Other Businesses
	+	Proceeds From Sale of Investments	Cash Proceeds From Asset Sales
		Net Cash From Investing Activities	Total Cash Generated From Investments
Financing Activities	±	Borrow / Repay debt	Cash Proceeds / Outlays From Debt
	±	Issue / Repurchase Stock	Cash Proceeds / Outlays From Stock
	-	Pay Dividends	Cash Payments To Shareholders
		Net Cash From Financing Activities	Total Cash Generated From Financing
	±	Changes in Cash During Period	Total Change In Cash During Period
		Cash Start of Period	Starting Cash Level
		Cash End of Period	Ending Cash Level Sent To Balance Sheet

PURPOSE
Track Cash Movement

TIME
Period of Time

SIMILAR TO
Your Checking Account

ACCOUNTING
Cash Accounting

ADDITIONAL DETAILS

- Has a start and end date.
- Begins with Net Income from Income Statement
- Cash Flow From Operation - Capital Expenditures = Free Cash Flow.
- Ending Cash Balance goes on the Balance Sheet.

CASH FLOW STATEMENT SYNONYMS

- Cash Statement
- Statement of Cash Flow
- Financial Flow Statement
- Statement of Financial Flows
- Statement of Cash Operations
- Operating Cash Flow Statement

Cash Flow Statement (Period)

Operating Activities

Net Income

- Profits
- Income
- Earnings
- Net Profit
- Net Earnings
- Profit After Tax (PAT)
- Net Income After Taxes
- Earnings After Tax (EAT)

+ Non-Cash Charges

- Depletion
- Depreciation
- Stock-based Compensation
- Unrealized Gains and Losses
- Non-Cash Interest Expense
- Non-Cash Donations
- Amortization
- Write-downs
- Deferred Taxes
- Provisions for Losses
- Impairment Charges

± Changes In Working Capital

- Stock
- Credit
- Accruals
- Payables
- Liabilities
- Provisions
- Inventories
- Receivables
- Prepayments

Operating Cash Flow

- OCF
- Cash Profit
- Cash Earned
- Cash Income
- Operating Cash
- Operating Activities
- Cash from Operations
- Cash Generated from Operations
- Net Cash from Operating Activities

Investing Activities

\- Capital Expenditure for Property, Plant, & Equipment

- Capex
- PPE Spend
- Asset Buys
- Plant Outlay
- Infrastructure Outlay
- Property Spend
- Facilities Spend
- Equipment Spend
- Investment Spend
- Infrastructure Spend
- Property, Plant, and Equipment

\- Acquisitions

- Merger
- Takeover
- Purchase
- Asset Buy
- Consolidation
- Asset Acquisition
- Company Purchase
- Business Purchase
- Corporate Acquisition

+ Proceeds From Sale of Investments

- Sale Gain
- Disposal
- Asset Sale
- Divestiture
- Sale Proceeds
- Capital Returns
- Disposal of Investments
- Proceeds from Sales of Assets
- Liquidation
- Investment Sale
- Divestment Proceeds
- Investment Liquidation
- Proceeds from Investment Disposal

Net Cash From Investing Activities

- Investing Cash
- Investment Flow
- Investment Outlay
- Cash from Investing
- Investing Cash Flows
- Cash Used in Investing
- Cash Flow from Investments
- Net Cash Used in Investing Activities

Financing Activities

± Borrow / Repay debt

- Debt Issue
- Debt Raised
- Loan Issuance
- Bond Issuance
- Debt Refinance
- Debt Retirement
- Debt Repayment
- Loan Repayment
- Bond Repayment
- Debt Issuance/Repayment
- Debt Pay-down
- New Debt Issued
- Issuance of Debt
- Issuance of Bonds
- Repayment of Debt
- Borrowing Activities
- Repayment of Loans
- Debt Financing Activities
- Payments on Borrowings

± Issue / Repurchase Stock

- Stock Sale
- Equity Issue
- Issuing Shares
- Equity Buyback
- Share Buyback
- Stock Issuance
- Equity Offering
- Share Issuance
- Stock Redemption
- Share Redemption
- Equity Redemption
- Equity Repurchase
- Stock Repurchase
- Share Repurchase
- Issuance of Shares
- Repurchase of Shares
- Repurchase of Stock
- Redemption of Shares
- Issuing Common Stock
- Issuance of Common Stock
- Repayment of Share Capital
- Issuance of Equity Interests
- Repurchase of Equity Interests

\- Pay Dividends

- Payouts
- Dividends
- Dividend Outlay
- Profit Distribution
- Dividend Payment
- Dividend Allocation
- Distribute Earnings
- Dividend Distribution
- Shareholder Dividends
- Payment of Dividends
- Dividend Remittance
- Dividend Disbursement
- Dividends to Shareholders
- Distribution to Shareholders
- Cash Dividend Payment
- Disbursement of Dividends
- Allocation of Dividends

Net Cash From Financing Activities

- Finance Cash
- Funding Cash
- Financing Flow
- Fund Injections
- Funding Activities
- Financial Activities
- Financing Activities
- Cash from Financing
- Financing Cash Flow
- Cash Flow Financing
- Net Financing Cash Flow

± Changes in Cash During Period

Cash Start of Period

Cash End of Period

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Brian Feroldi

Brian Stoffel