

Cheesy Clip-  
Art



(It's a party)

# SuperMoneyFunTime Presents: What-Are-The-Statements-Palooza

With Alex (DFS) and Ana (VP Finance)

# What are Financial Statements?

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Explain it with... Cake! Lots of Cake!



# Let's imagine...

- ▶ You and your friends are gonna bake a cake at your place

□ Mmmmmmmmmmm... cakeeeeeeeee

- ▶ Things to think about:

- ▶ Laura borrowed her roommate's baking pan
- ▶ Miguel went and bought flour
- ▶ Harry bought whipping cream because he knows what's up and doesn't use no whipped cream from a can
- ▶ Charlotte brought Equal Exchange 80% Extra Dark chocolate because it is what good



How do you keep track of it all?

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# The Balance Sheet

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- ▶ Provides two pieces of information
  - ▶ What do we *have right now*? (assets)
  - ▶ Who helped us get it? (liabilities & equity)
    - ▶ Liabilities are when we borrow from someone else
    - ▶ Equity is when it comes from an owner
- ▶ A “snapshot” of the current situation





# Let's imagine...

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- ▶ You and your friends are bake cakes together every week

- Mmmmmmmmmmm... cakeeeeeeeeeee eeeeveryyyy weeeeeeeeeeeek

- ▶ And you invite other folks to eat them with you

- ▶ They pitch in a few bucks

- Mmmm... cake money

Money  
Cake?



- ▶ Things to think about:

- ▶ Supplies are being used weekly
  - ▶ You've got all this thank-you-for-cake money coming in
  - ▶ You want to know how things have changed over time



How do you keep track of it all?

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# The Profit and Loss Statement (P&L)

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- ▶ Provides two pieces of information
  - ▶ What are we being paid? (income)
  - ▶ What resources are being used? (expense)
- ▶ Explains activity over time



## But What About All These Numbers?

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- ▶ Since it's hard to compare flour to chocolate, dollars are used as the common denominator
- ▶ BUT, it's just as important (if not more important) to remember *what the numbers represent*
- ▶ The Financial Statements are really just one way to answer the question:

**What's going on in our business?**

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