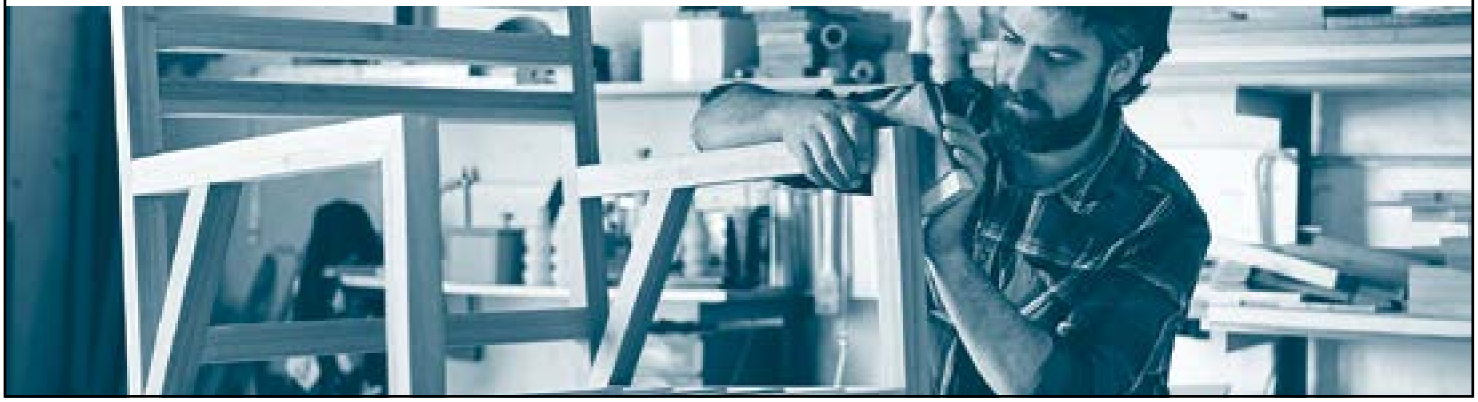
BUSINESS SEN$E

Next Level Tools for Entrepreneurs & Small Business Owners



FINANCIAL LITERACY SERIES

Overview

Building and running a business is no small feat, and understanding business finance shouldn't be a barrier for achieving success. If you're like many entrepreneurs, you have a general understanding of income vs. expenses. You know where to look on your financial statements to see how much cash you have in the bank or identitfy your net income. However, you may not know how to use the financial data you have to elevate your decision-making, negotiations and leadership skills.

In our **Financial Literacy Series**, we'll provide some basic financial education for entrepreneurs and small business owners to help you understand how specific financial statements are like a dashboard for your business and how this critical data and disciplined processes and practices can keep you on track to meet your business goals.

The Financial Literacy Series addresses the following topics and the key role they have on your business success:

- **The Importance of Financial Statements**
- **The Importance of Cash Flow Statements and 13-week Cash Flow Template**
- **The Purpose of Business Controls**
- **The Purpose of Internal Controls**
- **Functional Roles and Detail on Different Levels of Enterprise Accounting**

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

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Vermont Sustainable Jobs Fund

Accelerating Sustainable Economic Development

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FINANCIAL LITERACY SERIES

Importance of Financial Statements

Why is this important?

Financial statements are critical as they accurately reflect the business' performance and financial position. The knowledge the financial statements provide offers past and current performance benchmarks that inform decision-making. Financial statements help a business' owner(s) and management to make minor adjustments and/ or determine the business' future direction to include expansion, financing, and even marketing by providing data indicating which aspects of company operations deliver the simplest return on investment. By publishing financial statements, management can also communicate with interested outside parties, like stakeholders, investors, journalists and industry analysts about its business accomplishments.

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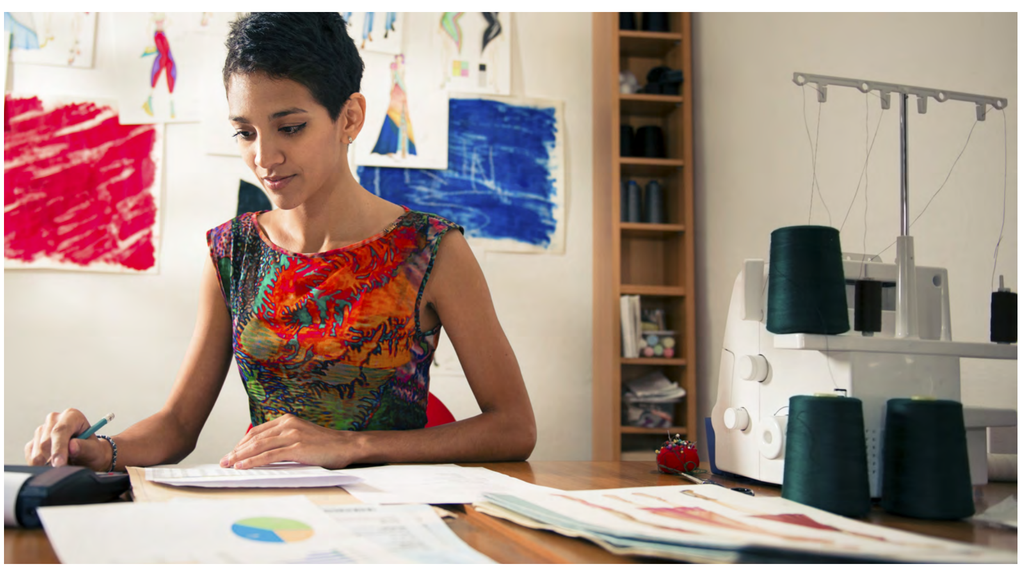
Financial Statements

Finance and Accounting are seldom topics that excite entrepreneurs, yet they are crucial to the success of any enterprise whether start-up or well-established business. If you think of financial activities as inconsequential or mundane, you are missing the opportunity to fully understand your business and to make informed decisions to overcome your business challenges. You may also impede future growth of your business through the support of bankers and/or investors who will rely not only on your confidence but your thorough understanding of how your business works.

Three major financial statements essentially make up the "language of business." These statements provide a clear and efficient way for you to communicate to bankers, potential investors, vendors and employees – and to also tell you how your business is performing. The three financial statements are (1) the Balance Sheet, (2) the Income Statement (also referred to as the P&L or Profit and Loss Statement) and (3) the Cash Flow Statement.

In the cash basis method of Accounting, Income and Expenses are posted when money is received or paid, just like household accounting. Most businesses use this simple cash basis method when first starting up because it is easy to understand. This accounting method can continue to be useful if the business collects money immediately when the product or service is delivered, and if vendors are paid the same week that bills are received. However, the cash basis method does not accurately match revenue and its associated costs in the same time period if credit terms are offered, if there is a delay in paying bills, or for expenses that are paid in a lump sum but pertain to a whole year – like insurance premiums or subscriptions.

Most businesses eventually move to the accrual method of accounting which recognizes income when earned and expenses when incurred rather than when cash is received or paid. The accrual method provides a much more accurate picture of profitability in a time period which is essential for a growing business to understand.



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In both cash and accrual basis accounting all three statements are interrelated. However, it is the elegance of this inter-relationship in accrual accounting that enables the Entrepreneur to know if sales are increasing, whether cash is on hand and will be sufficient to meet obligations and whether the overall condition of the business is improving or deteriorating. The remainder of this article refers to accrual accounting.

Balance Sheet

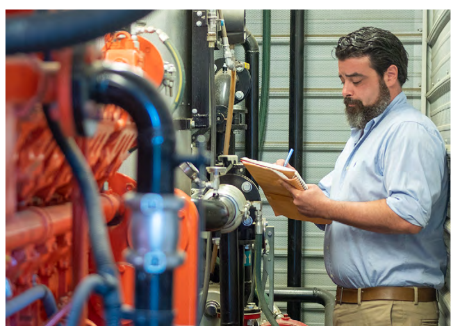
The Balance Sheet is a statement of a company's financial position at a moment in time, or a snapshot that illustrates what your company is worth. The Balance Sheet has three major categories of entries: Assets, Liabilities and Shareholder's Equity. The Balance Sheet can tell you what is owed to you and not yet received, what you owe others and have not yet paid, cash you have in the bank, equipment you own outright, and equipment on which you may still owe money, and inventory (both raw materials and finished goods), furniture and leasehold improvements. The Balance Sheet also considers debt as well as investments.

Income Statement

An Income Statement (or Profit & Loss) is a statement of the revenue, expenses, and profits (or losses) the business has experienced over time. Generally, time is measured in months and cumulates over a calendar year. Importantly, the date for the Income Statement and the Balance Sheet must be the same so that profit or loss on the Income Statement and Net Income on the Balance Sheet align, meaning they are the same number.

Cash Flow Statement

A Cash Flow Statement, also referred to as Sources and Uses of Cash, is included by CPA's in audited financial statements. However, that statement is a static snapshot of the history of sources and uses of cash up to a specific period end that is being reported.



Managers of a small business need another type of cash flow that reports a few weeks or months of history and also projects cash flow in the future. This cash flow is built in a spreadsheet. It is highly recommended for businesses to look at cash flows over a period of 13 consecutive rolling weeks, or effectively a quarter of the year. A 13-Week Cash Flow Template is available in this Series for your reference to enable you to examine your business' cash flow.

Loan officers and investors may want to see a cash flow of months or years so that they can make an informed decision about the future viability of your business. Cash flow as a managerial financial statement may be the most important of all because in an entrepreneurial business "Cash is King." Though your Income Statement may demonstrate you are making a profit, if your cash is tied up in inventory, or your receivables are late, you will be unable to meet payroll and pay your suppliers. Bottom line - if you run out of cash, you are out of business.

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13-Week Cash Flow Model

Why is this important?

Cash flow can be an even more important measure of your business's health and eventual success than your revenue or profit. Why? Because without cash, you can't pay your bills or your employees. You can't purchase inventory, you can't pay rent, and you definitely can't afford to invest in your business's future. Most importantly, without a positive inflow of cash, you literally can't sustain day-to-day business operations. You need money in the bank to make purchases that keep your business afloat and help you avoid unnecessary debt. Said simply, when you have positive cash flow, you're making enough money to cover your bills and even reinvest in your business, expanding operations and hiring new employees. Cash flow statements are one of the key documents investors look at when deciding to finance your business or not. Put alongside the profit and loss (income) statement and balance sheet, the cash flow statement reveals the state of your business, which in turn helps investors decide if they trust you with their money.

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13-Week Cash Flow

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Simple and effective for managing cash, the cash flow template provided in this Series is standard and recognized by bankers and investors, and will become an indispensable tool for owners and managers.

Some Basic Concepts Related to Cash Flow Statements:

1. Sales on Income Statement (aka as P&L, or Profit and Loss Statement) does not equal cash in accrual accounting which is recommended for any business intent on growth.

- Receivables are recognized as income when posted, but cash receipt may be delayed.
- Disputes/Returns will decrease incoming cash.
- Depending on when customers actually receive your goods, payment may or may not conform to the payment terms you have set.
- Depending on your vendors' terms, you may need to pay their invoices in a timely way that decreases cash.

2. Purchases of Raw Materials usually do not hit the P&L until they are consumed and show up as Cost of Goods Sold, but those purchases decrease cash, often, long before they are consumed.

3. As you experience growth, Purchases and Expenses will ramp up quickly, but Sales and Collections generally lag. This is why it is important to closely watch your cash.

4. Watching your cash flow enables you to look ahead and anticipate growing

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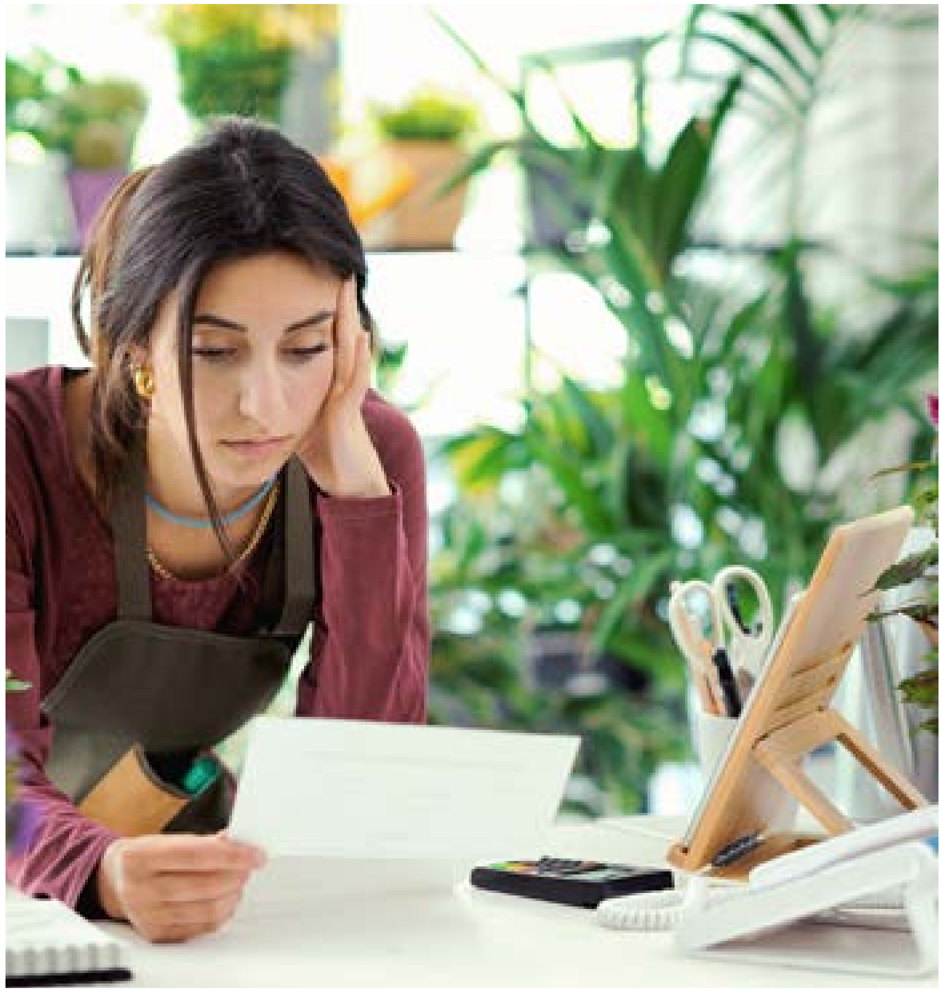
pains or, in the case of a pandemic or other external issue, consider austerity measures and plan strategies to get through these periods.

- You can work with vendors to delay payments.
- You can work with your bank to delay or defer payments or make interest only payments.
- You can work with customers to advance payment terms.
- Having 13 weeks or more of closely monitored cash flow instills confidence in your creditors that you are in control.

5. Always tell your creditors/bankers EVERYTHING. Do not hold bad or disappointing news in the hopes that something will improve. The more they know, the more they can help.

6. Why 13 weeks? It's the length of a quarter, so it's a convenient measurement period. A 13-Week Cash Flow Template is available in this Series in two formats: a pdf visual reference as well as an editable Excel file you can download to enable you to input your data and examine your business' cash flow.



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13 Week Cash Flow Chart

COMPANY 13 WEEK ROLLING CASH FLOW PROJECTIONS

WEEKS		**Mon 6-Jun**	**Mon 13-Jun**	**Mon 20-Jun**	**Mon 27-Jun**	**Mon 4-Jul**	**Mon 11-Jul**	**Mon 18-Jul**	**Mon 25-Jul**	**Mon 1-Aug**	**Mon 8-Aug**	**Mon 15-Aug**	**Mon 22-Aug**	**Mon 29-Aug**
Opening Bank Balance		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
SOURCES OF CASH														
Large Customers	Current A/R													
Customer 1														
Customer 2														
Customer 3														
Customer 4														
Customer 5														
Customer 6														
Customer 7														
All Other Customers														
Other Sources of Cash														
Debt														
Investment														
Miscellaneous														
TOTAL CASH IN		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
USES OF CASH														
OPERATING EXPENSES														
Payroll														
Payroll Taxes														
Benefits														
SUBTOT SALARIES		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Accounting/Legal														
Advertising/Marketing														
Insurance														
Office Supplies														
Maintenance and Repair														
Rent														
Shipping														
Travel														
Utilities														
Vehicle Expenses														
Income Tax														
Blank														
Blank														
SUBTOT OPERATING EXPENSE		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
PURCHASES-INVENTORY														
RAW MATERIALS	Current A/R													
Vendor 1														
Vendor 2														
Vendor 3														
Vendor 4														
PACKAGING														
Vendor 1														
Vendor 2														
Vendor 3														
SUBTOT PURCHASES	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
TOTAL CASH OUT		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
ENDING CASH BALANCE		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
		6-Jun	**13-Jun**	**20-Jun**	**27-Jun**	**4-Jul**	**11-Jul**	**18-Jul**	**25-Jul**	**1-Aug**	**8-Aug**	**15-Aug**	**22-Aug**	**29-Aug**
WEEK ENDING BANK BALANCE														
Difference		**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

NOTES:

1. Review and Update Weekly
2. In Challenging times you may wish to change weekly to daily.
3. At the end of each week add a new week to create a rolling cash flow

VSJF will provide an Excel Version (with working formulas) of this template upon request.

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FINANCIAL LITERACY SERIES

Purpose of Business Controls

Why is this important?

Business controls are the intelligent processes, procedures, and safeguards that protect your company from uninformed or inappropriate decisions or actions by any team member. As you grow your business, you want your management team as well as your employees to have both the knowledge and the authority to complete tasks without running everything past you. Business controls enable employees to exercise their judgment and use their discretion if you have empowered them with the ground rules, feedback, and systems they need to do their best work. As a specialized subset of your business, business controls and SOPs facilitate and support your employees' performance, ensure product quality and consistency while eliminating inefficiencies and waste, and reinforce a culture of continuous improvement and growth across your organization.

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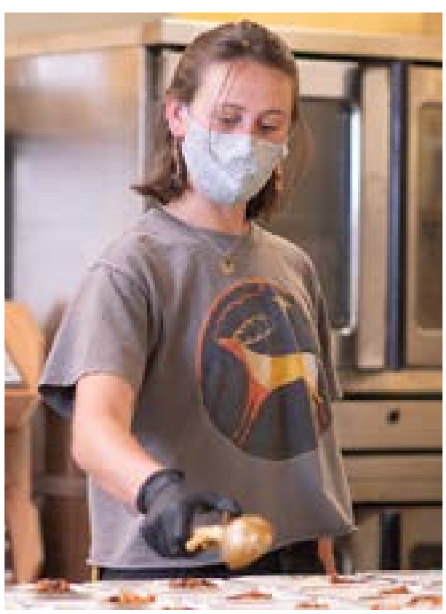
Business Controls

Internal Controls are a function of financial operations. So what are Business Controls? Business controls are any process, practice, policy, tool or system used to allow management to guard against inconsistencies, lack of accountability and waste. Many business controls are considered part of best practices. What you will notice over time is that your Business Controls have a strong effect on your business culture. If you take business controls seriously, and hold yourself and your employees accountable, you will find that your employees will also take them seriously.

Here are some examples of Business Controls:

1. Standard Operating Procedures (SOPs)

This is more of a tool than a process control, but it is at the top of the list because it is a method or process



control and the essence of consistency and efficiency. When you develop processes in your business, document the process and make sure that it is done the same way every time. If there are exceptions to this SOP, then document them so only the same exceptions are acceptable.

2. Strategic Planning

Strategic Planning is essentially the process of establishing goals for the business and specific plans to achieve those goals. A Strategic Plan is a roadmap, with an explicit commitment to direct resources to achieve the stated goals. Goals should be specific, measurable, achievable, relevant and time-bound, or SMART. Learn more about SMART goals in our Business Operations Guide.

3. Financial Controls

Financial Controls are broader than the Internal Controls. Financial Controls includes the process of developing a budget and holding regular variation reviews to determine whether the company is on track to achieve its stated intention. A budget offers insight into the operations of the business and allows time to adjust plans and/or tactics to achieve annual goals. Budgets often include key targets for revenue, expense and bottom-line profitability. Included in Financial Controls are Managing Costs and Expenditures, Standardized Billing, Business Case Analysis or Return on Investment for Capital Expenditures. Wherever there is an activity that happens repeatedly, develop an SOP to guide employees on the way you want these activities done, and then routinely monitor their progress and results.

4. Performance Management

This is an established agreement, often

on an annual basis with your employees respective to their specific objectives and relative to their job description and job classification. Evaluating employee performance against those objectives to achieve overall business goals is critical to the satisfaction and success of your employees as well as the success and the culture of your organization.

5. Supervision

This involves day-to-day oversight of employee performance to optimize their productivity, efficiency, and work quality. As the team develops proficiency and efficiencies, less time can be spent on day-to-day oversight, enabling the management team and the employees to work on continuous improvement in systems and performance.

6. Human Resources

Hiring the right people is one of the best ways to safeguard your business and to keep it strong. Develop a business culture profile to help identify the best candidates for a job. After working with an employee to improve their performance, don't hesitate to let that employee go if performance continues to be poor.

7. Sales Process Control

The easiest way to sell something is often by discounting the price. There needs to be a clearly established process whereby a salesperson can make that call, with the involvement, at minimum, of the sales manager and ideally the finance person. By controlling net pricing, you avoid giving up margin to make a sale.

8. Customer Service Process

How are you doing in the eyes of your customer? Develop SOP's for assisting customer service representatives to manage customer interactions and continually address customer service representative trainings to include role playing to tackle new challenges as they arise.

9. Warehouse and Shipping

Develop SOP's to define how raw materials and inventory is received to the warehouse and how products are shipped out to customers. In small businesses, senior managers may walk into the warehouse and grab a couple items to give a customer. How much are you giving away? An SOP could be developed that has the warehouse produce a no-cost invoice to be a "bill" to a specific department, for example sales or marketing. In this way the habit of "grabbing and giving" can be monitored and its true cost assessed, and inventory management is ensured.

10. Travel and Entertainment

How much do you allow managers and/or employees to spend on food when they are traveling for business? Do you have rules regarding air-travel (for example Economy for most domestic flights, but Business for flights exceeding four hours and international travel)? Developing an SOP on this topic promotes clear understanding and accountability throughout the business.

11. Cost Accounting

This is an essential process used by management to capture a company's total cost of production by assessing both variable and fixed costs. Variable costs are those that increase and decrease with the volume of sales. Fixed costs are those costs that are constant regardless of sales volume. Once analyzed, the company's total cost of production provides the basis for a budget and subsequent performance can be measured against it.

If you develop process controls and codify them with SOP's you will have demonstrated to employees what the expectations are and how to properly perform business operations. This will save you time, money, and frustration.

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Purpose of Internal Controls

Why is this important?

A business establishes internal controls, or financial procedures and processes, as a measure against wrongdoing and as a tool to promote accountability, protect the company's interests and ensure the integrity of financial data. Strong internal controls can improve operational effectiveness and efficiencies while also ensuring accurate financial reporting during internal or external audits. It's important to remember that internal controls are unique to every business and designed according to the company's size and structure. Internal controls not only address risks to the company but also reduce incurrences of unnecessary cost or effort that wastes resources of any type.

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Internal Controls

Internal Controls may seem to some like a "corporate," not an entrepreneurial or small business thing. The truth is that Internal Control is essential in any business at any level. The complexity may be different, but the existence of controls is relevant no matter the size of your business.

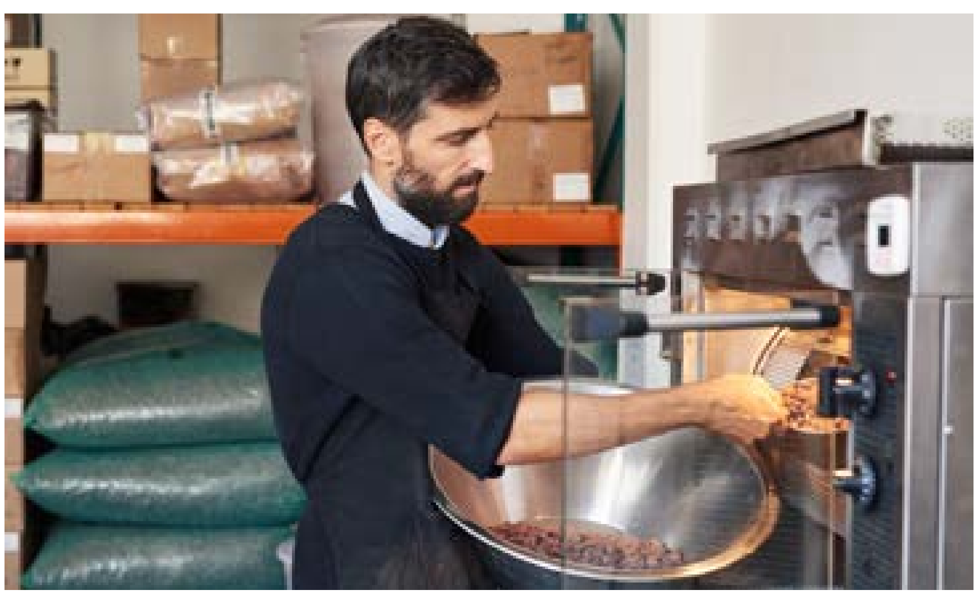
In a nutshell, the primary purpose of internal controls is to minimize risks and protect assets, ensure the accuracy of records, promote operational efficiency, and encourage adherences to company policies, rules and laws governing the conduct of business.

What are some typical examples of internal controls?

1. Separation of Duties - Even in a small business it is important to divide accounting responsibilities between different people to reduce the risk of error and fraud as a basic control system. The person who prepares payroll checks should not sign payroll checks. The person who prepares financial reports does not make cash deposits and/or purchases. In a small company where there are not enough people to adequately separate duties, a second person should review a transaction or posting as a form of check and balance to minimize risk.

2. Access Control - This is essentially who gets keys to the building, has access to different levels of accounting and/or Enterprise Resource Planning (ERP) software, has a credit card, as well as the locking file cabinets or closets for sensitive information and/or valuable raw materials or inventory. At a start-up or small business, these access controls may feel onerous when your culture is formed on trust and mutual respect. Access control is not about trust, but rather about disciplined business practices that maintain the value of your company.

3. Required Approvals - This relates to designating certain employees (preferably a manager or supervisor) who can authorize transactions daily or when you are away. Authorizations may be required for purchases above a certain dollar amount, or any expenditure.



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4. Asset Audits - Periodically auditing inventory levels is useful to make sure you have the raw materials and finished goods inventory needed for daily operation, and controls theft. Auditing petty cash or collections is also an important business practice, and demonstrates the importance of accuracy, diligence and rigor to all employees.

5. Standardized Documentation - If you have the same form for expense reimbursements, mileage reimbursements, invoices, purchasing, etc., it will be easier to track and understand exactly where the money goes. Standardizing forms and practices will help improve your overall operational efficiency, and enable your bookkeeper, accountant, or CPA to properly categorize expenses when creating your cost of good, and expense categories.

6. Trial Balances - Most accounting software allows for the creation of a trial balance. This simple accounting control makes an internal record of all debits and credits, and may help your bookkeeper or accountant identify errors or mis-categorized items in a timely manner when the transaction is more easily recalled.

7. Reconciliations - Balancing your checking account, reconciling credit card charges, and properly classifying charges to the appropriate expense categories, and performing three-way matching are all examples of internal controls.

Three-way matching is simply taking the purchase order (or the decision to purchase), the invoice and receipt, and matching it to the product when it is received. Prior to online ordering this was a more structured process. Now when ordering from a variety of online vendors there isn't always the classic purchase order trail. For example, if you log on to Amazon and place an order you have essentially completed a purchase order and paid for it at the same time. However, if the ordered item doesn't get shipped or is delayed you may not realize it and order another. Three-way matching will avoid this.

8. Data Back-Ups - While you may choose not to back up your personal computer, it is essential that you back-up your business computers and accounting system. Technology does fail, fires do happen. Backing up all computer files on a regular basis to the cloud ensures that you have a copy. Backing up your data should be done daily. Some companies choose to also back-up to an external hard drive that is stored off site on a weekly basis for added insurance.

None of these internal controls will matter unless you and your employees are prepared to act when you notice a problem or detect suspicious activity. Everyone should know who they can talk to when they suspect an error or malicious activity has occurred. While difficult in a small business, every effort to assure anonymity should be made.

When an error has occurred, the error may not be the only problem; it may be an indication that more training is needed. The important thing is that your internal controls caught the error. When malicious activity has taken place, you will have a decision to make on whether to terminate the employee. Every circumstance is different, but one thing is generally true ... the quicker you decide the better not only for the employee but for your business and the rest of your employees.

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FINANCIAL LITERACY SERIES

Functional Detail on Different Levels of Enterprise Accounting

Why is this important?

A strong finance team that consists of a CFO, controller, accountant and bookkeeper can grow your business in ways you've never imagined. Of course, the actual number of employees on the finance team is dependent on the needs and profitability of your business. While you may know the direction you want your business to go in the future, a finance team has the expertise to break that long-term vision down into practical steps with a realistic timeline, and to assist you in developing the systems critical for internal controls, whether inventory, purchasing or process quality. The most important approach to addressing your business' financial needs is to have self-awareness and transparency to determine if you're investing appropriately in this crucial part of your business. This decision has ripple effects on your profitability, your ability to borrow money, and your daily stress level. While you may find yourself preoccupied with the big picture, remember it's the small things that will get you there, and a good finance team always has its eyes on the details.

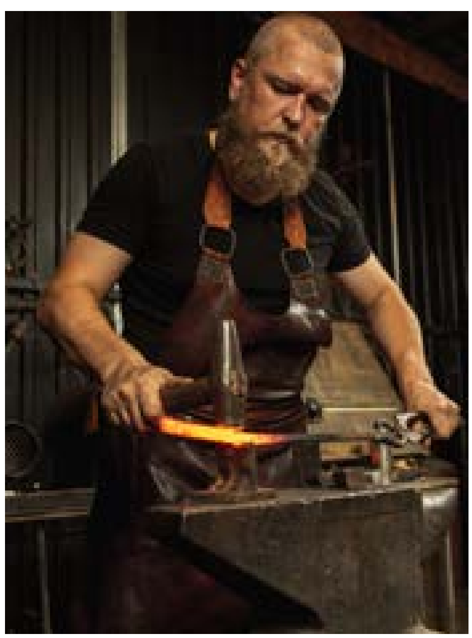
Vermont Sustainable Jobs Fund

Different Levels of Enterprise Accounting

The difference between a CFO, controller, accountant, and bookkeeper reflects a degree of knowledge of accounting and the ability to make independent judgements about creating and interpreting financial information, as well as knowledge of financial, but non-accounting, issues.

Many organizations need a controller's skills but can't afford to employ an additional bookkeeper or accountant. As a result, almost any of the more advanced positions can be inclusive of the less advanced ones. However, a small accounting staff creates challenges to internal controls. Since owners and managers have absolute responsibility for the integrity and safety of the financial records of the business, it is essential that this issue be addressed.

Internal controls and accounting procedures prevent embezzlement and the less nefarious confusion that is the result of their absence. If the financial staff is not up to the task of creating these documents, a consultant can be employed to create the documents and train the staff to assure their use. Trust is NOT an internal control.



Though not strictly financial in nature, start-ups and other small businesses need to have people who can develop systems for inventory control, purchasing and process quality. Systems development often falls to the Office Manager/ Bookkeeper who may be the least skilled for systems development. A good working knowledge of Microsoft Excel is an essential skill for any financial or office management staff. It is not sufficient for the accounting staff to be dependent and/ or limited to off-the-shelf accounting software for all needs.

Knowledge of Generally Accepted Accounting Principles (GAAP) by the in-house staff person responsible for the finances of the firm is preferred. However, if the staff person has a good grounding in fundamental accounting principles – consistency, materiality, and conservatism, then this could be sufficient in the accounting realm.

Even more important to most small businesses is a questioning mind, a problem-solving attitude, and a propensity for systems development. Questions like, "What should we be tracking?" and "How can we best do that?," are more important than knowing the finer points of GAAP. However, until the business can have a CFO on staff, it is critical to have a good accounting firm on call, and a good relationship between the finance staff person and the CPA.

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Next Level Tools for Entrepreneurs & Small Business Owners

What follows are the basic tasks performed by four types of financial personnel.

Bookkeeper:

Has an ability to accurately enter data, create a financial statement, and the knowledge to correct anomalous, out of balance entries. Should know and understand the difference between cash basis and accrual method, and which is to be used for the business. A good working knowledge of Excel including the use of formulas is essential.

1. Maintains books of original entry, including:
- Accounts Payable journal
- Accounts Receivable journal
- Payroll journal (either detail, if done in-house, or periodic entries into the General Ledger)
- Expense journals

2. Enters monthly repetitive journal entries, e.g., depreciation, accruals, and reversals, etc.

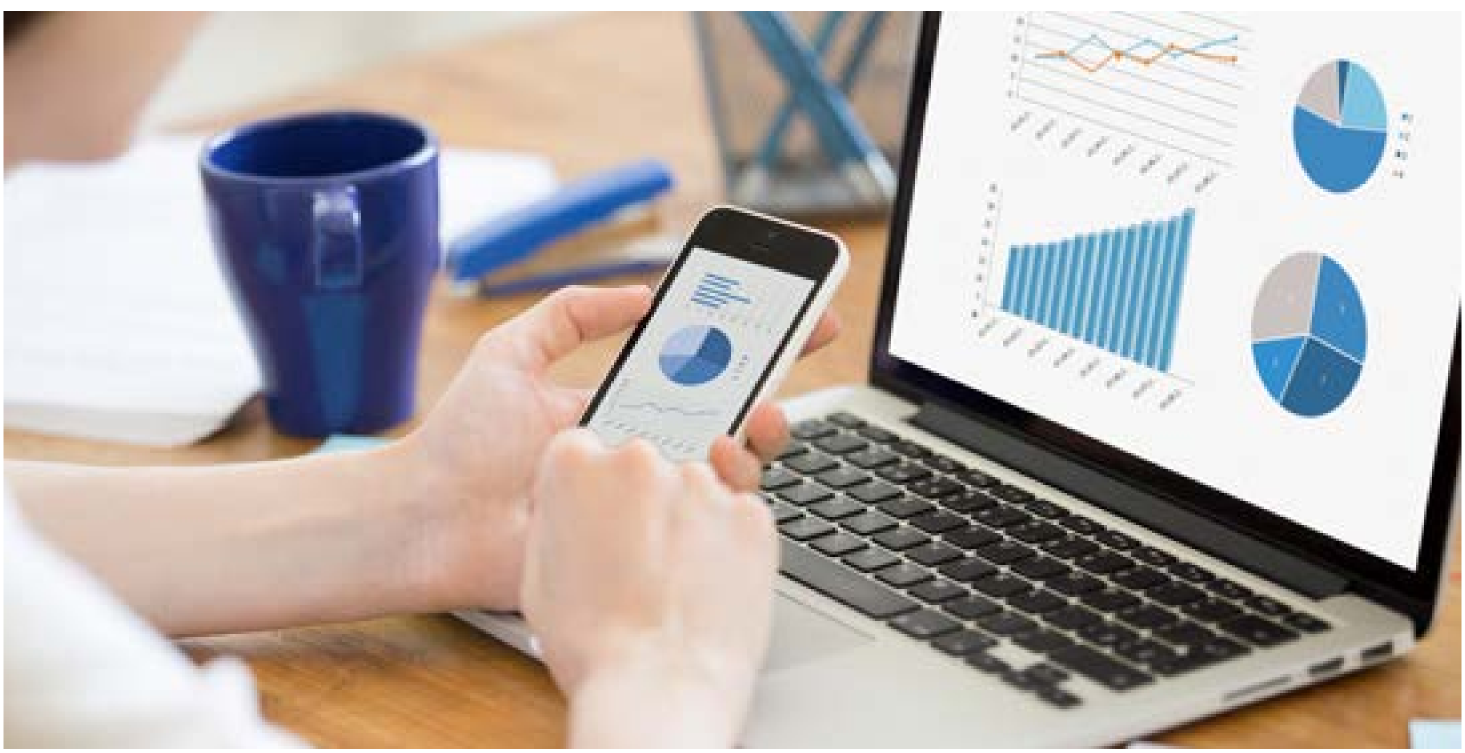
3. Reconciles bank accounts, accounts payable and accounts receivable.

4. Prepares and deposits payroll taxes.

5. Runs A/P and A/R aging statements to assure prompt payment of the former and timely collection of the latter.

6. Prepares draft financial statements.

If the business is unable to afford accounting staff more knowledgeable than the bookkeeper, the bookkeeper should be in regular (i.e., monthly) communication with the CPA firm to review accounting results so that management can be alerted to issues that may become problematic. It is neither advisable nor prudent for the owner/founder to leave a bookkeeper to make decisions on his or her own without any oversight.



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Accountant:

Has an ability to apply some knowledge of GAAP to financial statements, analyze results and spot errors and questionable results.

1. Primary responsibility for the general ledger.
2. Supervises bookkeepers and/or accounting clerks.
3. Reviews general ledger balances vs. books of original entry, works with bookkeeper to reconcile differences.
4. Reviews payroll and payroll tax filings.
5. Sets up schedules for various monthly journal entries and accruals, such as fixed assets and depreciation, insurance expense, etc.
6. Prepares non-recurring journal entries based upon non-regular transactions.
7. Makes loan payments.
8. Maintains cost accounting system.
9. Prepares estimated tax deposits.
10. Prepares financial statements for review. Like the Bookkeeper, the Accountant generally needs appropriate oversight with regards to decision making.

Controller:

Functions as the chief accounting officer of an organization. Should know how to fully implement GAAP, oversee data processing outcomes, close a complicated set of books, and prepare a financial statement for third party use, including shareholders and lenders.

1. Finalizes, approves, and issues periodic financial statements, annotated with analytical narrative.
2. Reviews for proper application of GAAP.
3. Manages taxes and tax filings, including company income taxes.
4. Prepares budgets, monthly budget reports, cash flow projections.
5. Manages and adjusts cost accounting system.
6. Manages information technology systems.
7. Closes books annually and prepares annual report.
8. Serves as primary liaison with outside accountants/auditors.

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Next Level Tools for Entrepreneurs & Small Business Owners

Chief Financial Officer (CFO):

This position may or may not have an accounting background. Obtains financing via banks, share offerings, public market transactions, etc.; invests company excess cash; oversees pension matters; projects and manages cash flow. Basically, the position makes sure there is liquidity with which the company can operate. Encompasses controller's function, but much more accountability for fiscal security of the enterprise.

1. Relations with banker(s), outside shareholders.
2. Planning for, and acquisition of, debt and equity capital.
3. Management and investment of cash.
4. Management of insurance coverage and policies.
5. Supervision of entire financial function, including positions listed above.
6. Long-range and strategic planning with CEO and management team.
7. Generates financial ratios for CEO; assists with analysis and strategic direction opportunities and decisions.

Business Sense is a no-fluff source of information that gets right to the heart of what small business owners need: essential tools and informational resources to help their businesses grow. Written by our team of business coaches, this series shares their decades of experience in areas such as financials, operations, sales and marketing, human resources, leadership, and governance. Business Sense is designed to provide entrepreneurs and small business owners in various sectors, including agriculture, forestry, waste management, renewable energy, and environmental technology, with recommendations and practical advice to help their businesses not only survive but thrive.

Our business management coaching and Business Sense Resource Guide are designed to accelerate the growth of the enterprises we work with and expand the leadership capacity of the enterprenuers who own and manage these businesses.

Let Us Help You and Your Business

The Vermont Sustainable Jobs Fund provides tailored business management coaching, entrepreneurial support, and training to position Vermont-based entrepreneurs and small business owners in our designated market sectors for growth and long-term success. We partner with state government, private sector businesses and nonprofit organizations to build a thriving economic, social and ecological future for Vermont. Learn more at VSJF.org

Vermont Sustainable Jobs Fund

Accelerating Sustainable Economic Development

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1/23/2023