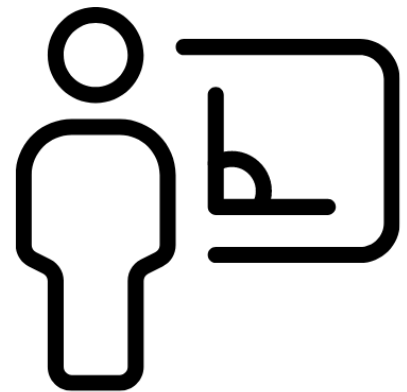


# Instructors Guide



On the following pages is a sample module from our Instructor Guide. It provides the instructor with a copy of the material and a Lesson Plans box.

The key benefit for the trainer is the Lesson Plan box. It provides a standardized set of tools to assist the instructor for each lesson. The Lesson Plan box gives an estimated time to complete the lesson, any materials that are needed for the lesson, recommended activities, and additional points to assist in delivering the lessons such as Stories to Share and Delivery Tips.



*There's no business like show business, but there are several businesses like accounting.*

*David Letterman*

## Module Two: Glossary



In order to understand the concepts of budgets and financial reports, it is best to get to know essential terminology. Understanding basic financial terms and concepts will serve as the foundation for the rest of this course. In addition, having a foundation of financial terminology will help you understand discussions and other financial communication at both the individual and organizational level.

In this module, you will learn key financial terminology and concepts that will help you build your financial vocabulary and knowledge. You will learn the following terms and concepts:

- What is finance
- Commonly used terms
- Key players
- Important finance organizations
- Generally Accepted Accounting Principles (GAAP)

Let us begin by understanding what finance is.

### What is Finance?



The term finance has broad meaning. According to the online Encarta® World Dictionary, finance could mean the money required to do something, the money at the disposal of an organization, country, or person. Finally, another meaning for finance is the business or art of managing the monetary resources of an organization, country, or person.

Many are here to today to learn how to deal with the finances of their company or organization. This aspect of finance is the focus of this course.

Every day companies capture financial data and store it for later use to compare values with predetermined budgets. In addition, organizations create monthly reports they must deliver to the board of directors and make public to both the shareholders and the government.

Your involvement in finances may be because you have been promoted to a position that requires you to create and manage a budget. You may also be required to create reports about the finances in your area.

Understanding budgets and financial reports are crucial skills in determining how well a company is doing. Many times, the raw financial data does not give enough information on how the financial position of the company is doing.

Analyzing budgets and financial reports help you take action to correct trends that are taking the company off course in terms of budget and financial performance.

As you learn about budgets and financial reports, you will begin seeing this data as a useful tool for managing the everyday business functions. Before we get deeper into the topic, let us get a basic understanding of common financial terminology.

<b>Estimated Time</b>	10 Minutes
<b>Topic Objective</b>	Participants will understand the meaning of finance in the corporate setting.
<b>Topic Summary</b>	Finance is the controlling of money for an organization, country, or person.
<b>Materials Required</b>	Flip charts, markers and tape
<b>Planning Checklist</b>	Have enough flip charts and makers near each table in the classroom.
<b>Recommended Activity</b>	<ol style="list-style-type: none"> <li>1. Tell participants that they are going to write down as many meanings of the word finance as they can conjure</li> <li>2. Have teams pick a scribe</li> <li>3. Tell the teams that you are going to go around the room and have them share their thoughts</li> <li>4. Give them 2 minutes to brainstorm meanings</li> <li>5. Debrief by giving each table a turn to share one meaning they have written</li> <li>6. Tape each team’s paper on to the wall</li> <li>7. Debrief by going over the discussion points below</li> </ol>

<b>Stories to Share</b>	None
<b>Delivery Tips</b>	Remember to have one team share one answer then go to the next team so every team has an opportunity to share
<b>Review Questions</b>	<p>What is the purpose of finance in an organization?</p> <ul style="list-style-type: none"> <li>• Control monetary resources</li> <li>• Determine how well a company is performing</li> <li>• Create budgets</li> <li>• Create reports for shareholders and government</li> </ul>

## Commonly Used Terms



Finance has a vast vocabulary and we can spend the entire workshop just reviewing these terms. Having a grasp of all the terminology is not essential in order to have a working knowledge of finances at work. Here is a list of commonly used terms in finance that will help you begin your learning journey in this discipline:

<ul style="list-style-type: none"> <li>• Accounting</li> <li>• Assets</li> <li>• Balance sheet</li> <li>• Budget</li> <li>• Capital</li> <li>• Cash flow</li> <li>• Credit</li> <li>• Debit</li> </ul>	<ul style="list-style-type: none"> <li>• Depreciation</li> <li>• Equity</li> <li>• Expenses</li> <li>• Financial ratio</li> <li>• Income</li> <li>• Income statement</li> <li>• Liability</li> <li>• Net income</li> </ul>
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This list of terms is going to help you during the workshop. This list is not an all-inclusive list and as we navigate through this course, you may encounter other terms. When you do, please write them down. This will help build your vocabulary and knowledge in finances.

<b>Estimated Time</b>	15 Minutes
<b>Topic Objective</b>	Participants will define key financial terms.
<b>Topic Summary</b>	Finance has a vast vocabulary, but becoming familiar with several commonly used terms will help build a good foundation for learning.
<b>Materials Required</b>	<a href="#">Worksheet 1: Finance Glossary</a> , sticky notes, pens
<b>Planning Checklist</b>	<ul style="list-style-type: none"> <li>• Print enough worksheets for all participants</li> <li>• Have enough sticky notes and pens/pencils at each table</li> <li>• Become familiar with the terms on worksheet</li> </ul>
<b>Recommended Activity</b>	<ol style="list-style-type: none"> <li>1. Have tables choose a scribe</li> <li>2. Instruct participants to write as many financial terms as they can</li> <li>3. Allow 3-5 minutes</li> <li>4. Have scribe write team's list on sticky note</li> <li>5. Collect them</li> <li>6. Share definitions with the class</li> <li>7. Distribute worksheet</li> <li>8. Go over discussion points below.</li> </ol>
<b>Review Questions</b>	<p>Which terms do you often hear or discuss at work?</p> <ul style="list-style-type: none"> <li>• Answers will vary</li> </ul>

## Key Players



Many people utilize the financial data of an organization. The purpose will vary, but the fact remains that accurate budget and financial reports are necessary to meet each of those key player's needs.

Here is a list of those key players and their role:

Player	Role
CEO	They use financial data to steer the organization to the strategic vision, mission, and goals of the organization.
CFO	They ensure that the financial data is accurate and create reports. In addition, they analyze the information and help the CEO make decisions.
Senior Leadership	They use financial data to control budgets of several departments and business units.
Accounting	They collect financial data and record them daily in computer systems for compiling at the end of the month.
Department Managers	They use financial data to manage their areas or business units.
Board of Directors	They use financial data to determine how well the organization is doing and hold leaders accountable for meeting budgets and other obligations.
Government Regulators	They use financial data to determine if the company is being managed according to rules.
Stockholders	They use financial data to determine if the company is profitable and being managed well.
Investors	They use financial data to determine if they want to purchase stocks in hopes of a financial return.
Creditors	They use financial data to determine if the company is capable of paying back a new or current loan.

<b>Estimated Time</b>	10 Minutes
<b>Topic Objective</b>	Participants will identify specific people and jobs involved in finances.

<b>Topic Summary</b>	<p>The key people and jobs that deal with finances are both internal and external. Here is a list of key players:</p> <ul style="list-style-type: none"> <li>• CEO</li> <li>• CFO</li> <li>• Senior leadership</li> <li>• Board of Directors</li> <li>• Accounting</li> <li>• Department managers</li> <li>• Stockholders</li> <li>• Investors</li> <li>• Government regulators</li> </ul>
<b>Materials Required</b>	<a href="#">Worksheet 2: Key Players</a> , flip chart, markers
<b>Planning Checklist</b>	<ul style="list-style-type: none"> <li>• Print enough worksheets for all participants</li> <li>• Become familiar with key players</li> </ul>
<b>Recommended Activity</b>	<ol style="list-style-type: none"> <li>1. Distribute worksheets</li> <li>2. Go over discussion points below</li> <li>3. Have participants match person or job with role as you speak</li> </ol>
<b>Review Questions</b>	<p>What role do you play in terms of finances within your organization?</p> <ul style="list-style-type: none"> <li>• Answers will vary</li> </ul>

## Important Financial Organizations

Several financial organizations help shape the way financial data is structured and reported. Some organizations are private institutions and others are government run. Here is a list of the most important financial organizations.

- **United States Securities and Exchange Commission (SEC):** The SEC works with private organizations like the AICPA and FASB to help set standards for accounting principles.



- **American Institute of Certified Public Accountants (AICPA):** This organization publishes audit and accounting guidelines, provides guidance on financial reporting topics until standards are set by the FASB or GASB. It also publishes practice bulletins, which focus on reporting issues not handled by the FASB or GASB
- **Financial Accounting Standards Board (FASB):** This organization publishes the statements of financial accounting standards, statements of financial accounting concepts, interpretations, and technical bulletins related to accounting standards.

This organization also has an Emerging Issues Task Force (EITF), which handles new and unusual financial issues that may have the potential to be a larger problem in the industry.

- **Governmental Accounting Standards Board (GASB):** This organization deals with government financial reporting issues. It resembles the FASB, but deals exclusively with government agencies.

<b>Estimated Time</b>	10 Minutes
<b>Topic Objective</b>	Participants will identify important organizations involved in finances.
<b>Topic Summary</b>	<p>The following are financial organization that influence how finances are handled in corporations in the United States:</p> <ul style="list-style-type: none"> <li>• United States Securities and Exchange Commission (SEC)</li> <li>• American Institute of Certified Public Accountants (AICPA)</li> <li>• Financial Accounting Standards Board (FASB)</li> <li>• Governmental Accounting Standards Board (GASB)</li> </ul>
<b>Materials Required</b>	<a href="#">Worksheet 3: Important Financial Organizations</a>
<b>Planning Checklist</b>	<ul style="list-style-type: none"> <li>• Print enough worksheets for all participants</li> <li>• Become familiar with the information on the worksheet</li> </ul>
<b>Recommended Activity</b>	<ol style="list-style-type: none"> <li>1. Distribute worksheet</li> <li>2. Go over discussion points below</li> </ol>
<b>Review Questions</b>	<p>Which organization is the most widely known in the news?</p> <ul style="list-style-type: none"> <li>• SEC</li> </ul>



## Understanding GAAP



The Generally Accepted Accounting Principles were developed to give a consistent framework for companies to use in structuring their financial statements.

Organizations are required to follow GAAP standards and most accountants and auditors are familiar with this concept and use it every day.

If you are not an accountant or auditor, that is okay. Understanding GAAP will help you realize the importance of keeping excellent records of your revenue and expenditures in your area.

Furthermore, understanding GAAP will increase your financial vocabulary and knowledge of why financial reports must conform to a particular set of standards.

In general, GAAP deals with the following reporting standards:

- When is revenue recognized as actual revenue that can be counted? This prevents overstatement of revenues by determining when revenue can be claimed or recognized.
- Balance sheet item classification standardizes the items found on the balance sheet to avoid confusion.
- Outstanding share measurements

You may not have to deal with these principles on a daily basis, but understanding their importance in the area of budgets and financial reports will help your credibility because this is a very common and basic concept in this area.

<b>Estimated Time</b>	10 Minutes
<b>Topic Objective</b>	Participants will understand the purpose of GAAP in corporate finances.
<b>Topic Summary</b>	<p>GAAP stands for Generally Accepted Accounting Principles and provide rules on the following:</p> <ul style="list-style-type: none"> <li>• Revenue recognition</li> <li>• Balance sheet item classification</li> <li>• Outstanding share measurement</li> </ul>
<b>Materials Required</b>	None
<b>Planning Checklist</b>	Become familiar with the talking points below
<b>Recommended Activity</b>	1. Go over discussion points below

	2. Encourage questions
<b>Delivery Tips</b>	Write the meaning of the acronym of GAAP on a flipchart or board
<b>Review Questions</b>	What benefits do you get by knowing what GAAP is and does? <ul style="list-style-type: none"><li>• Answers will vary</li></ul>

## Practical Illustration



Sara had recently been promoted, and with that promotion, she became a key player in respect to the company's finances. With the position came the responsibility of creating a monthly financial report. Sara learned that these reports were much more than just numerical data. Instead, they also included an overview of the financial situations. These helped give context to the data and a clearer image of the company's financial standing.

## Module Two: Review Questions

- 1) What is not a part of the definition of finance according to Encarta® World Dictionary?
- a) The money required to do something
  - b) The business or art of managing the monetary resources of an organization, country, or person
  - c) The money at the disposal of an organization, country, or person
  - d) The totality of money earned and spent by an organization, country or person

According to the online Encarta® World Dictionary, finance could mean the money required to do something, the money at the disposal of an organization, country, or person.

- 2) When the monthly financial reports are created by organizations, they are made public:
- a) To both the shareholders and the government
  - b) Only to the board of directors
  - c) Only to the shareholders
  - d) Only to the government

Organizations create monthly reports they must deliver to the board of directors and make public to both the shareholders and the government.

- 3) Which of the following expression IS NOT on the list of commonly used financial terms?
- a) Equity
  - b) Balance
  - c) Net income
  - d) Liability

Although a financial term, balance is not mentioned.

- 4) Which of the following expression IS NOT on the list of commonly used financial terms?
- a) Capital
  - b) Income statement
  - c) Gross
  - d) Credit

Gross is not listed.

5) What is the role of CFO?

- a) They use financial data to steer the organization to the strategic vision, mission, and goals of the organization
- b) They ensure that the financial data is accurate and create reports. In addition, they analyze the information and help the CEO make decisions
- c) They use financial data to control budgets of several departments and business units
- d) They use financial data to manage their areas or business units

They ensure that the financial data is accurate and create reports. In addition, they analyze the information and help the CEO make decisions.

6) What is the role of board of directors?

- a) They use financial data to determine how well the organization is doing and hold leaders accountable for meeting budgets and other obligations
- b) They use financial data to determine if they want to purchase stocks in hopes of a financial return
- c) They use financial data to determine if the company is capable of paying back a new or current loan
- d) They collect financial data and record them daily in computer systems for compiling at the end of the month

They use financial data to determine how well the organization is doing and hold leaders accountable for meeting budgets and other obligations.

7) What is the role of American Institute of Certified Public Accountants (AICPA)?

- a) This organization publishes the statements of financial accounting standards
- b) This organization works with private organizations to help set standards for accounting principles
- c) This organization publishes audit and accounting guidelines
- d) This organization deals with government financial reporting issues

This organization publishes audit and accounting guidelines, provides guidance on financial reporting topics.

8) Which of the following organizations also handles new and unusual financial issues that may have the potential to be a larger problem in the industry?

- a) United States Securities and Exchange Commission (SEC)
- b) Governmental Accounting Standards Board (GASB)
- c) American Institute of Certified Public Accountants (AICPA)
- d) Financial Accounting Standards Board (FASB)

This organization also has an Emerging Issues Task Force (EITF), which handles new and unusual financial issues that may have the potential to be a larger problem in the industry.

9) GAAP is abbreviation for:

- a) The Generally Accepted Accounting Principles
- b) The Generally Acquired Accounting Principles
- c) General Adapted Accounting Principles
- d) The General Acknowledged Accounting Principles

The Generally Accepted Accounting Principles were developed to give a consistent framework for companies to use in structuring their financial statements.

10) Which of the following IS NOT included in GAAP rules?

- a) Revenue recognition
- b) Balance sheet item classification
- c) New accounting tendencies consideration
- d) Outstanding share measurement

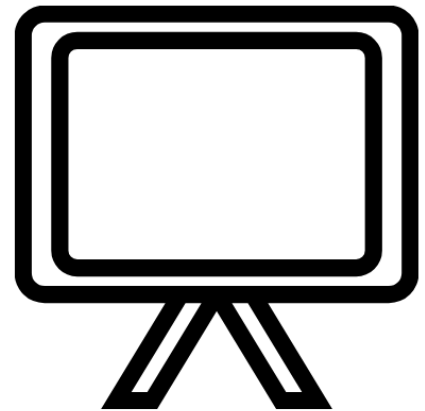
New accounting tendencies consideration are not included in GAAP rules.

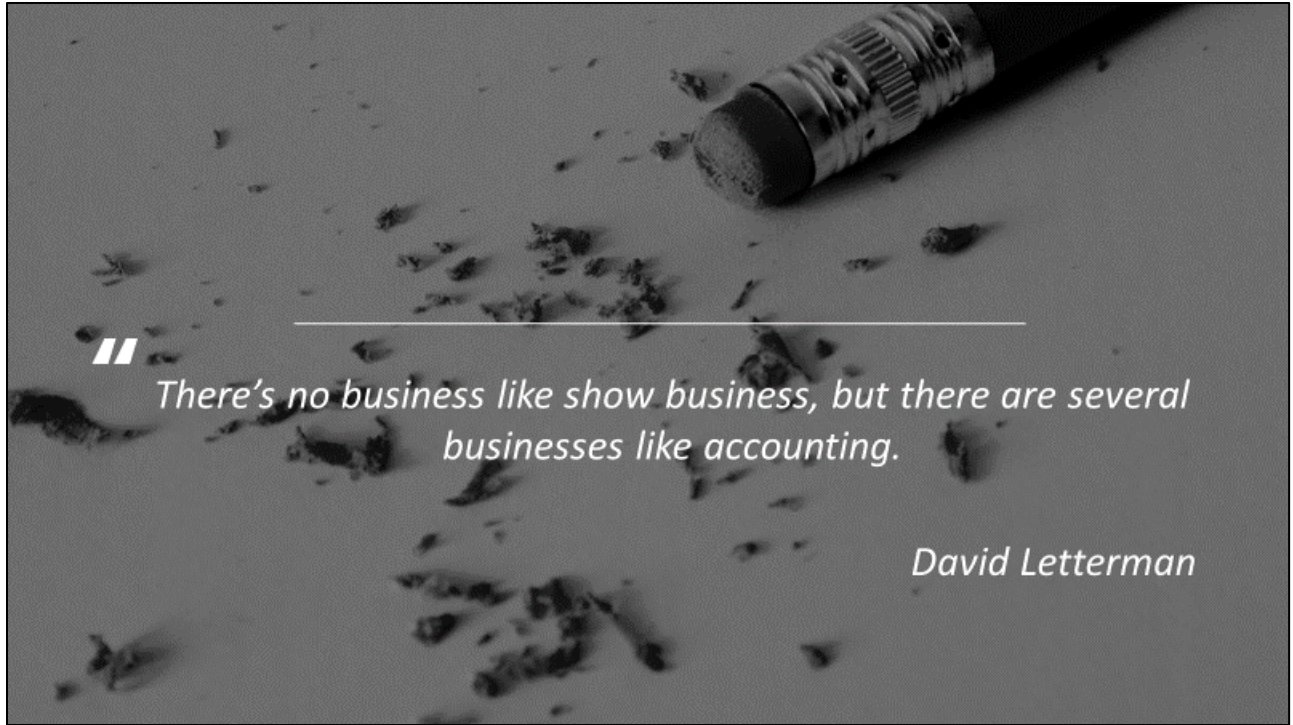
# PowerPoint Slides



Below you will find the PowerPoint sample. The slides are based on and created from the Instructor Guide.

PowerPoint slides are a great tool to use during the facilitation of the material; they help to focus on the important points of information presented during the training.





## MODULE TWO

# Glossary

Having a foundation of financial terminology will help you understand discussions and other financial communication at both the individual and organizational level.



## What is Finance?

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The money required to do something, the money at the disposal of an organization, country, or person, the art of managing the monetary resources of an organization, country, or person.

## Commonly Used Terms

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Knowing all the terminology is not essential to have a working knowledge of finances at work.







## Key Players

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CEO

CFO

Senior Leadership

Accounting

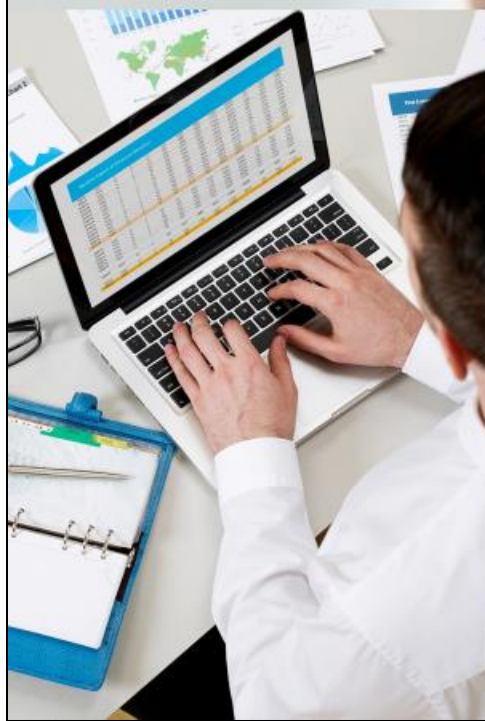
Dept. Managers

## Important Financial Organizations

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Several organizations help shape the way financial data is structured and reported. Some private; others government run.





## Understanding GAAP

---

The Generally Accepted Accounting Principles were developed to give a consistent framework for companies to use in structuring their financial statements.

### Practical Illustration



- What is Finance?
- Commonly Used Terms
- Key Players
- Important Financial Organizations
- Understanding GAAP

## Module Two: Review Questions

1. What is not a part of the definition of finance according to Encarta® World Dictionary?

A. The money required to do something

B. The business or art of managing the monetary resources of an organization, country, or person

C. The money at the disposal of an organization, country, or person

D. The totality of money earned and spent by an organization, country or person

# Quick Reference Sheets



Below is an example of our Quick Reference Sheets. They are used to provide the participants with a quick way to reference the material after the course has been completed. They can be customized by the trainer to provide the material deemed the most important. They are a way the participants can look back and reference the material at a later date. They are also very useful as a take-away from the workshop when branded. When a participant leaves with a Quick Reference Sheet it provides a great way to promote future business.



# Budgets & Financial Reports

## Quick Reference Sheet



### Key Players

Player	Role
CEO	They use financial data to steer the organization to the strategic vision, mission, and goals of the organization.
CFO	They ensure that the financial data is accurate and create reports. In addition, they analyze the information and help the CEO make decisions.
Senior Leadership	They use financial data to control budgets of several departments and business units.
Accounting	They collect financial data and record them daily in computer systems for compiling at the end of the month.
Department Managers	They use financial data to manage their areas or business units.
Board of Directors	They use financial data to determine how well the organization is doing and hold leaders accountable for meeting budgets and other obligations.
Government Regulators	They use financial data to determine if the company is being managed according to rules.
Stockholders	They use financial data to determine if the company is profitable and being managed well.
Investors	They use financial data to determine if they want to purchase stocks in hopes of a financial return.
Creditors	They use financial data to determine if the company is capable of paying back a new or current loan.

### Common Types of Budgets

**Sales budget:** This budget estimates future sales. This is usually broken down into units and dollars. This budget is used to create company sales goals.

**Production budget:** This budget estimates the number of units that must be manufactured to meet sales goals. The production budget also estimates the various costs involved with manufacturing those units.

**Cash Flow/Cash budget:** This budget predicts future cash receipts and expenditures for a particular time. The cash flow budget helps businesses determine when income will be sufficient to cover expenses and when the company will need to get a loan to cover expenses during this time.

**Marketing budget:** This budget is an estimate of the funds needed for promotion, advertising, and public relations in order for the organization to market their product or service.

**Project budget:** This budget is a prediction of the costs associated with a particular project. These costs include labor, materials, and other related expenses. The project budget is often broken down into specific tasks called activities, with budgets assigned to each.

**Expenditure budget:** This budget estimates what expenses the organization will have for a time.

## RADAR

1. **Research** both the internal and external environments to determine the factors that may affect your budget throughout the budget period.
2. **Acquire** the goals of the organization and every department, determine, and work with the leaders to determine what it will take financially to realize these goals.
3. **Develop** a working budget. At minimum, the working budget should contain the following columns:
  - a. Categories
    - i. Assets, liabilities and capital (balance sheet budget)
    - ii. Income and expenses (income statement budget)
  - b. Actual (current or last year's numbers)
  - c. Projected (budgeted)
4. **Adopt** a final budget for final review, gain the approval by the Board of Directors, and implement.
5. **Report** results and revise the budget as necessary, showing all variances in the appropriate column.

## Gathering Related Information

Here are four areas that may be helpful for your budget.

- Analyze the external environment
  - Market trends
  - Economic condition
  - Regulatory issues
  - Competition
- Analyze the internal environment
  - New product developments may increase expenses
  - Strength and weaknesses which is determined by review the financial statements of the organization
- Analyze the staff requirements
  - Can the staff handle the new strategic goals or do you need to hire more people?
- Review existing policies
  - Compare the effects of existing policies on the budget. Could there be issues that could alter the budget later.

“

*"The highest use of capital is not to make more money, but to make money do more for the betterment of life."*

*Henry Ford*

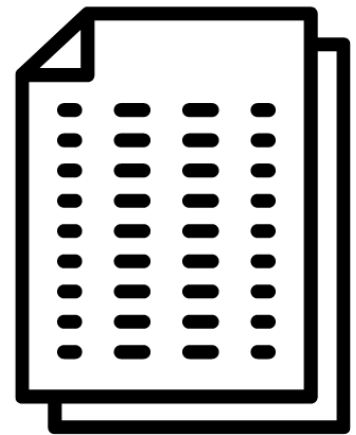
# Handouts



Each course is provided with a wide range of worksheets.

Worksheets help check your participants' understanding. If a lesson calls for a worksheet, it will be listed in the Lesson Plan box under Materials Required. All worksheets are customizable and can be found in the Appendix of the Instructor Guide and the Training Manual.

As a trainer, icebreakers give your participants the opportunity to get to know each other better or simply begin the training session on a positive note. Icebreakers promote collaboration, increase engagement, and make your training more light-hearted and fun. Below is an example from the Icebreakers folder.



## Sample Worksheet 1

# *Financial Glossary*

**Accounting:** The recording, summarizing, reporting, and interpreting of financial transactions.

**Assets:** Something of value that can be used to repay a debt.

**Balance sheet:** An abbreviated list of assets and liabilities

**Budget:** This is a prediction of the financial condition of an individual or organization for a future period.

**Capital:** Represent net worth as well as ownership in an enterprise.

**Cash flow:** This is the difference between the cash flowing into and out of an institution.

**Credit:** An accounting entry that increases liabilities, capital, and income accounts.

**Debit:** This accounting entry increases assets and expense accounts.

**Depreciation:** This is the decrease in the value of an asset over time.

**Equity:** Represents what shareholders own and is measured by the excess of assets over the liabilities.

**Expenses:** Payments made for the costs of operations.

**Financial ratio:** This is a method of showing a relationship between two numbers.

**Income:** This is an amount of gain or benefit in return for an investment of labor or resources.

**Income statement:** This financial document shows the company's income and expenses over a given period.

**Liability:** This is a legal obligation to repay a debt.

**Net income:** This is the Difference between total expense and total income.



## Sample Worksheet 2

### *Key Players*

Player	Role
<b>CEO</b>	They use financial data to steer the organization to the strategic vision, mission, and goals of the organization.
<b>CFO</b>	They ensure that the financial data is accurate and create reports. In addition, they analyze the information and help the CEO make decisions.
<b>Senior Leadership</b>	They use financial data to control budgets of several departments and business units.
<b>Accounting</b>	They collect financial data and record them daily in computer systems for compiling at the end of the month.
<b>Department Managers</b>	They use financial data to manage their areas or business units.
<b>Board of Directors</b>	They use financial data to determine how well the organization is doing and hold leaders accountable for meeting budgets and other obligations.

**Government Regulators** They use financial data to determine if the company is being managed according to rules.

**Stockholders** They use financial data to determine if the company is profitable and being managed well.

**Investors** They use financial data to determine if they want to purchase stocks in hopes of a financial return.

**Creditors** They use financial data to determine if the company is capable of paying back a new or current loan.

## Sample Worksheet 3

### *Important Financial Organizations*

- **United States Securities and Exchange Commission (SEC):** The SEC works with private organizations like the AICPA and FASB to help set standards for accounting principles.
- **American Institute of Certified Public Accountants (AICPA):** This organization publishes audit and accounting guidelines, provide guidance on financial reporting topics until standards are set by the FASB or GASB. Publish practice bulletins, which focus on reporting issues not handled by the FASB or GASB
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This organization also has an Emerging Issues Task Force (EITF), which handles new and unusual financial issues that may have the potential to be a larger problem in the industry.

- **Governmental Accounting Standards Board (GASB):** This organization deals with government financial reporting issues. It resembles the FASB, but deals exclusively with government agencies.

## Icebreaker: Related Topic

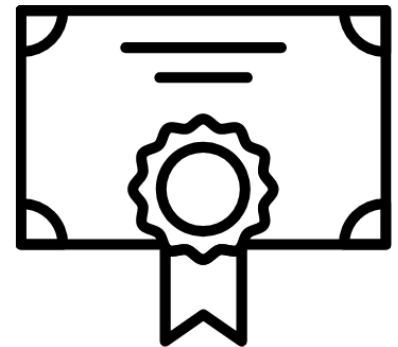
Include a short activity here that is related to the topic of the workshop. You can use the one below if you like.

1. Have the participants at each table answer the following questions:
  - a. Why are they here?
  - b. What is their level of experience with budgets and financial reports?
  - c. What they hope to get from this class?
  - d. What was their most memorable vacation or trip?
2. Have someone be designated a scribe and have them jot down the answers to question C above.
3. On a separate piece of paper, have the scribe write down the most interesting or exotic vacation or trip from only one table member.
4. Have the scribe hand the note with the answers to question C to you.
5. Have the scribe stand and introduce the table to the class.
6. Then have the scribe share the most interesting vacation or trip from their group.
7. Have the class guess the person that had the most interesting or exotic trip or vacation.
8. Go around to each table until all have given you their answers to question C and shared their most interesting trip or vacation.
9. Debrief by sharing all the answers to question C with the class.
10. Thank participants for sharing.

# Certificate of Completion



Every course comes with a Certificate of Completion where the participants can be recognized for completing the course. It provides a record of their attendance and to be recognized for their participation in the workshop.



CERTIFICATE OF COMPLETION

**[Name]**

*Has mastered the course*  
***Budgets and Financial Reports***

Awarded this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

Presenter Name and Title

\_\_\_\_\_