- **Financial Statements**
    - **Income Statement –** Describes a company's ***revenues and expenses*** along with the resulting net income or loss over a period of time due to earnings activities

**FASTFORWARD**
**Income Statement**
**For Month Ended December 31, 2013**

| | | |
|---|---|---|
| Revenues | | |
| Consulting revenue ($4,200 + $1,600) | $ 5,800 | |
| Rental revenue | 300 | |
| Total revenues | | $ 6,100 |
| Expenses | | |
| Rent expense | 1,000 | |
| Salaries expense | 700 | |
| Total expenses | | 1,700 |
| Net income | | $ 4,400 |

    - **Statement of Owner's Equity –** Explains changes in equity from net income/loss and from any owner investments and withdrawals over a period of time

**FASTFORWARD**
**Statement of Owner's Equity**
**For Month Ended December 31, 2013**

| | | |
|---|---|---|
| C. Taylor, Capital, December 1, 2013 | | $ 0 |
| Plus: Investments by owner | $30,000 | |
| Net income | 4,400 | 34,400 |
| | | [illegible] |
| Less: Withdrawals by owner | | [illegible] |
| C. Taylor, Capital, December 31, 2013 | | $34,200 |

Includes capital, investment by owner, net income and withdrawals

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    - **Balance Sheet –** Describes a company's financial position **(Types and amounts of assets, liabilities, and equity)** at a <u>point in time</u>

**FASTFORWARD**
**Balance Sheet**
**December 31, 2013**

| **Assets** | | **Liabilities** | |
|---|---|---|---|
| Cash | $ 4,800 | Accounts payable | $ 6,200 |
| Supplies | 9,600 | Total liabilities | 6,200 |
| Equipment | 26,000 | | |
| | | **Equity** | |
| | | C. Taylor, Capital | 34,200 |
| Total assets | $ 40,400 | Total liabilities and equity | $ 40,400 |

Assets must equal liabilities +owners equity

    - **Statement of Cash Flows –** Identifies cash inflows and cash outflows over a period of time

**FASTFORWARD**
**Statement of Cash Flows**
**For Month Ended December 31, 2013**

| | | |
|---|---|---|
| Cash flows from operating activities | | |
| Cash received from clients ($4,200 + $1,900) | $ 6,100 | |
| Cash paid for supplies ($2,500 + $900) | (3,400) | |
| Cash paid for rent | (1,000) | |
| Cash paid to employee | (700) | |
| Net cash provided by operating activities | | $ 1,000 |
| Cash flows from investing activities | | |
| Purchase of equipment | (26,000) | |
| Net cash used by investing activities | | (26,000) |
| Cash flows from financing activities | | |
| Investments by owner | 30,000 | |
| Withdrawals by owner | (200) | |
| Net cash provided by financing activities | | 29,800 |
| Net increase in cash | | $ 4,800 |
| Cash balance, December 1, 2013 | | 0 |
| Cash balance, December 31, 2013 | | $ 4,800 |