

Entrepreneurship © 2013

Chapter 9: Business Funding

Tools:

- Printer
- 8.5" x 11" paper
- Scissors

Directions:

1. Print
2. Fold paper in half vertically
3. Cut along dashed lines

accounts payable

Money a business owes to suppliers for goods or services received.

- FOLD -

01 of 29 E-Flash Cards



accounts receivable

Money owed to a business by customers for goods or services delivered.

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02 of 29 E-Flash Cards



angel investor

Private investors who want to fund promising start-up businesses. Also known as an *angel*.

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03 of 29 E-Flash Cards



assets

Property or items of value owned by a business. Assets may be fixed or liquid.

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04 of 29 E-Flash Cards

bootstrapping

Cutting all unnecessary expenses and operating on as little cash as possible.

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break-even point

Amount of revenue a business must generate to equal its expenses.

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06 of 29 E-Flash Cards



collateral

Asset pledged that will be claimed by the lender if the loan is not repaid.

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cosigner

Person who signs a loan with the applicant and takes on equal responsibility for repaying it.

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debt financing

Borrowing money for business purposes, which can help to start or expand a business.

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equity

Amount of ownership a person has in a business.

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equity financing

Raising money for a business in exchange for a percentage of the ownership.

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fixed assets

Items of value that may take time to sell.

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fixed expenses

Expenses that remain the same every month.

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liabilities

Business' debts, or what it owes to others.

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line of credit

Specific dollar amount that a business can draw against as needed.

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liquid assets

Items easily turned into cash.

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long-term liabilities

Business' debts that extend beyond the current year.

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17 of 29 E-Flash Cards



operating capital

Money needed to support day-to-day business operations.

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owner's equity

Difference between a business' assets and its liabilities.

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peer-to-peer lending

Borrowing money from investors via a website.

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pro forma balance sheet

Reports a business' assets, liabilities,
and owner's equity.

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pro forma cash flow statement

Reports the anticipated flow of cash
into and out of the business.

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pro forma income statement

Projects the financial progress of the
business.

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short-term liabilities

Business' debts expected to be
paid within the current year, which
includes salaries and accounts
payable.

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start-up capital

Cash used to start the business.

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start-up costs

Initial expenses necessary to open the doors of a business.

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trade credit

Practice of one business granting a line of credit to another business for a short time to finance the purchase of the first business' goods.

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variable expenses

Expenses that can change on a monthly basis.

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venture capitalist

Professional investor or group of investors looking to fund new start-ups or expansions of existing companies. Also known as VC.

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29 of 29 E-Flash Cards



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