STRIDE ADVISORS
certified public accountants

Which financial statements are essential to get funding?

Accurately tracking financial data is not only critical for running the day-to-day operations of your small business, but it is also essential when seeking funding from lenders or investors to take your business to the next level.

The three financial statements that are important for your small business

Statement Name	Simplified Equation	Description
Income Statement	Revenue − Cost of Goods sold Gross Profit − Operating Expenses net proft/loss	• An Income Statement, also referred to as a profit and loss statement, is a financial statement that reports a company's financial performance over a specific accounting period(s). • Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities.
Balance sheet	Liabilities + Owner's Equity Assets	• The balance sheet provides an overall financial snapshot as of the close of an accounting period. The two sides of the equation must balance out. • Liabilities can be broken down into current or short-term liabilities, such as accounts payable and taxes, and long-term debt such as bank loans or notes payable to stockholders. • Owner's equity includes any invested capital or retained earnings. • There are two types of assets: current and fixed. Current assets include cash or other holdings that can quickly be converted to cash within a year. These may include inventory, prepaid expenses and accounts receivable. Machinery, equipment, land, buildings, furniture and other essentials that you are not planning to sell are considered fixed assets.
Cash flow statement	Beginning cash balance + Cash Inflows − Cash Outflows Ending Cash balance	• The cash flow statement highlights how much money is coming in to (cash inflows) and going out of (cash outflows) your business over a specific accounting period. • Cash inflows include cash sales, accounts receivable collections, loans and other investments. • Equipment purchased, expenses paid, inventory and other payments are considered cash outflows.

Decisive steps...beyond the numbers

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