



Micro-Enterprise Curriculum



Teacher
Edition

Elementary Module 5: Finance

In the final module, students understand the financials behind business. The goal is to link math and business, showing students that even entrepreneurs need to have basic math skills in order to run a successful business. This is achieved by explaining a company's start-up costs, income, revenue, expenses, budgeting, forecasting, and profits modules.

Funded by



General Elementary Standards – Addressed in all modules

Conversation / Speaking / Presenting	CC.K.SL.1, CC.K.SL.1.a, CC.2.SL.4, CC.3.SL.4, CC.3.SL.6, CC.4.SL.4 CC.5.SL.4, CC.5.SL.5, CC.K.SL.5, CC.K.SL.6, CC.K-12.SL.4, CC.K-12.SL.5
Writing, Speaking, Reading or Listening:	CC.2.L.3, CC.3.L.3, CC.3.R.I.1, CC.4.L.3, CC.5.L.1
Reading:	CC.1.R.F.4, CC.1.R.F.4.a, CC.1.R.F.4.b, CC.2.R.F.4.a, CC.2.R.F.4.b, CC.3.R.F.4.a, CC.3.R.F.4.b, CC.3.R.F.4.c, CC.4.R.F.4, CC.4.R.F.4.a, CC.4.R.F.4.b, CC.5.R.F.3, CC.5.R.F.4, CC.K.R.I.10, CC.K-12.L.R.3, CC.K.R.L.10
Writing:	CC.1.L.2, CC.2.L.1, CC.2.L.2, CC.3.L.2, CC.3.L.2.a, CC.4.L.1, CC.4.L.3.a, CC.K-12.L.R.2, CC.K-12.R.R.1, CC.1.R.L.2, CC.1.R.L.3, CC.1.R.L.7, CC.1.R.L.9, CC.2.R.L.3, CC.3.R.L.2, CC.3.R.L.3, CC.3.R.L.6, CC.4.R.L.3, CC.K-12.R.R.2, CC.1.W.2, CC.1.W.3, CC.3.W.2.b, CC.3.W.2.c, CC.3.W.2.d, CC.3.W.3, CC.3.W.3.a, CC.3.W.3.b, CC.3.W.3.d, CC.4.W.2.a, CC.4.W.2.b, CC.4.W.2.e, CC.5.W.1, CC.5.W.1.d, CC.5.W.2, CC.5.W.2.a, CC.5.W.2.b, CC.5.W.2.c, CC.5.W.2.d, CC.5.W.2.e, CC.5.W.3, CC.K.W.5, CC.K.W.6, CC.K-12.W.R.1
Comprehension:	CC.1.SL.1.c, CC.1.SL.2, CC.1.SL.3, CC.2.SL.1.c, CC.2.SL.3, CC.3.SL.1.b, CC.3.SL.1.c, CC.3.SL.1.d, CC.3.SL.2, CC.3.SL.3, CC.4.SL.1.a, CC.4.SL.1.b, CC.4.SL.1.c, CC.4.SL.1.d, CC.4.SL.2, CC.4.SL.3, CC.5.SL.1.c, CC.5.SL.1.d, CC.5.SL.2, CC.5.SL.3, CC.K.SL.3, CC.K-12.SL.1, CC.K-12.SL.2, CC.K-12.SL.3
General Math	CC.K.OA.6, CC.K.OA.1, CC.K.OA.2, CC.K.OA.3, CC.K.OA.4, CC.K.OA.5, CC.K.MD.1, CC.K.MD.3, CC.1.OA.3, CC.1.OA.4, CC.1.OA.5, CC.1.OA.6, CC.1.OA.8, CC.1.NBT.2, CC.2.OA.2, CC.2.OA.3, CC.2.NBT.9, CC.3.OA.1, CC.3.OA.2, CC.3.OA.3, CC.3.OA.4, CC.3.OA.7, CC.3.NBT.1, CC.4.NBT.1, CC.4.NBT.2, CC.7.RP.1, CC.7.SP.8c, CC.9-12.S.MD.1, CC.9-12.S.MD.2, CC.9-12.S.MD.3, CC.9-12.S.MD.4, CC.9-12.S.MD.5, CC.9-12.S.MD.5a, CC.9-12.S.MD.5b, CC.9-12.S.MD.6, CC.9-12.S.MD.7, CC.K-12.MP.1, CC.K-12.MP.2, CC.K-12.MP.3, CC.K-12.MP.4, CC.K-12.MP.5, CC.K-12.MP.6

Elementary School – Module 5

Module Title: Finance

General Description: The financials behind business. Link math and business necessary to run a successful business. This is achieved by explaining a company's start-up costs, income, revenue, expenses, budgeting, forecasting, and profits modules.

Standards Addressed

1. Business Finance
2. Budgeting Basics
3. Cash Flow
4. Income / Expenses
5. Creating a Business Ledger
6. Cost per Unit
7. Markup Percentages

Topics Covered

Finance:	CC.1.L.2.a, CC.1.L.2.c, CC.2.MD.7, CC.2.MD.8, CC.2.MD.9, CC.2.MD.10, CC.5.NBT.3, CC.5.NBT.3b, CC.5.NBT.4
Inventory:	CC.2.NBT.1, CC.2.NBT.2, CC.2.NBT.3, CC.2.NBT.6, CC.2.NBT.7 CC.2.NBT.8

Module 5: Finance

In the final module, students understand the financials behind business. The goal is to link math and business, showing students that even entrepreneurs need to have basic math skills in order to run a successful business. This is achieved by explaining a company's start-up costs, income, revenue, expenses, budgeting, forecasting, and profits modules.

Student Goals:

- > Understand various financial aspects of owning a business
- > Create a cash flow statement
- > Create a business ledger of expenses

Sections:

- I. Understanding business finances
- II. Basics of budgeting
- III. Cash flow
- IV. Tracking income and expenses

Worksheets:

1. Basic Finances
2. Creating my budget
3. Determining cash flow
4. Create a business ledger

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Understanding Business Finances

As the overall goal of having a business is to make money, learning how to use it wisely is VERY important! If you cannot manage money well, your business will definitely fail.

DEFINITION:

Startup costs:

Initial expenses/costs incurred to begin a business.

DISCUSSION:

What are your startup costs? Where will you get the funds? Which costs / expenses are mandatory to start, and which ones can wait until the business has opened? Is it important to have everything perfect before the doors are opened, or can you start little by little and expand as you start to make money? Which idea is smarter?

General Startup Costs for Businesses:

1. Marketing expenses and advertising
2. Business licenses
 - a. What is a business license? Is it necessary to start your business?
A business license is a permit issued by the government. It authorizes business owners to start their business. Business licenses vary between countries, states, and local governments.
3. Rent
 - a. Do you businesses need a physical location at first?
4. Equipment
 - a. What type of equipment could a business need to start?
5. Accountant and Attorney
 - a. Why would you need an accountant and attorney to start a business?
 - b. Whether it's how you collect money, how you operate your business, or simply making sure all is legal, it's always good to know for sure before you begin. Get a professional opinion.
6. Inventory
 - a. What type of materials do businesses need to open?

Assignment option:

Pretend you're opening a toy store. Determine which startup costs your store would need.

Where would your store be located? Would you need any special equipment? What merchandise would you need? How many of each toy? Could you make anything from recycled or repurposed materials? How would costumers take home their purchases? How would costumers know the price of each toy?

DEFINITION:

Cost per unit:

The total cost of production, (how much it costs the business owner to create the product or service) and adding your markup percentage.

DEFINITION:

Markup percentage:

The percentage of profit you intend to make when selling a product or service. This amount is added to each item or service sold.

DISCUSSION:

How did you create this number? Are you making enough profit? Is the cost now overpriced? Underpriced? Can you make a living off the profit? How many products or services do you have to sell to make enough money to cover your expenses? How many products or services do you have to sell to create a profit and make enough money for a savings account, etc.? What is revenue? How is it determined?

DEFINITION:

Revenue:

Total amount of money made in a business.

How is revenue determined?

Total dollars made at the end of the day, or the end of the sale

DEFINITION:

Profit:

Money made after expenses are paid in a business.

How is profit determined?

Profit is determined by taking the total revenue and subtracting the actual cost of the product or service, business expenses and taxes

DEFINITION:

Expenses:

The amount of money that must be paid for something. In business, expenses are typically necessary for doing business, i.e. phone, electric, cost of products and or services to produce your product, etc.

WORKSHEET: Basic Finances

Complete the worksheet



Basics of Budgeting

DEFINITION:

Budgeting:

An overall view and/or average of all expenses, income and revenue together.

WORKSHEET: Creating My Budget

Complete the worksheet

SAMPLE BUDGET:

Use the following table to determine your current living expenses. Enter the amount of money you think you would need per month to live comfortably in the center column. After that is finished, ask your parents / caretaker the actual amounts and write them in the column on the right.

Personal Budget - Per Month		
Items	Amount - My Estimate	Amount - Actual
Allowance		
Lunch Money		
Music/Apps/Games		
Shoes & Clothes		
Toys		
Entertainment		
School Supplies		
Other _____		
Other _____		
Other _____		

How much are your expenses a month?

What would you be able to afford on your allowance alone?



Cash Flow

DEFINITION:

Cash Flow

The total amount of money being transferred into and out of a business.

Cash Flow Statement

A financial statement that shows a business's changes in balance based on amount of cash in and cash out. This is a vital piece of financial record-keeping detailing of all payments.

WORKSHEET: Creating a Cash Flow Statement

Complete the worksheet

Fill in the following cash flow statement using the following information:

Name of Entrepreneur: Your name
 Name of Micro-Enterprise: Your business name
 Month: Current month
 Year: Current year
 Beginning Balance: \$100

Cash Flow:

1. A customer purchases a pair of your shoes for \$30.
2. A customer gave you a \$10 tip.
3. A customer buys a pair of shoes from the 50% off rack. They were originally \$50.
4. A customer returns a pair of shoes. They cost \$60.
5. You purchase 200 flyers for an upcoming sale. The fliers cost \$12 for 100.

Cash Flow Statement				
Name of Entrepreneur:			Month:	
Name of Micro-Enterprise:			Year:	
Beginning Balance (Cash): \$100			Remaining Balance (Cash): \$81	
Item	Cash In - Amount	Cash Out - Amount	Total Amount	Date
Shoes	\$30		\$130	
Tip	\$10		\$140	
Disc. Shoes	\$25		\$165	
Ret. Shoes		\$60	\$105	
Flyers		\$24	\$ 81	

IV Tracking Income and Expenses

DEFINITION:

Business Ledger

A document that tracks the credit (income) and debit (expenses) of an account.

WORKSHEET: Create a Basic Business Ledger

Complete the worksheet

Use the sample ledger provided to record the following sample transactions:

1. A customer purchases a pair of your shoes for \$50.
2. A customer purchases two pairs of socks. Each pair are \$10.
3. A customer gave you a \$10 tip for helping them find their correct shoe size.
4. A customer buys a pair of shoes from the 50% off rack. They were originally \$50.
5. You purchase 200 fliers for an upcoming sale. The fliers cost \$12 for 100.
6. New cleaning supplies are needed. \$6 is spent on supplies.

Description/Transaction	Credit (Income)	Debit (Expenses)
Shoe purchase	\$50	
Sock purchase	\$20	
Customer tip	\$10	
Shoe purchase (clearance)	\$25	
Sale fliers		\$24
Cleaning supplies		\$ 6
TOTAL		
TOTAL INCOME:	\$105	
– TOTAL EXPENSES:	\$30	
TOTAL PROFIT:	\$75	

1. What is your total income?
2. What are your total expenses?
3. What is your total profit?

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