



Civil Rights Division
Small Business Development Program

DBE Supportive Services

Business Education & Mentoring

Supportive Services Program Manager & Consultant

TYLER
Construction Engineers, P.C.

Nashville, Tennessee

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Business & Technical Assistance Services:

TDOT DBE Supportive Services makes available Subject Matter Experts to assist certified TNUCP DBEs with the development (*webinars & one-on-one*) of their businesses.

Subject Matter Experts in:

- Construction Estimating and Bidding
- General Business Counseling
- Business Development/ Strategic Marketing
- QuickBooks Accounting Assistance
- Financial Ratio Analysis
- Human Resources Compliance Assistance
- Indirect Cost Rate Schedules
- How to do business with TDOT



Civil Rights Division
Small Business Development Program



Email: dbe_supportive_services@tyler-engineers.com

Call: 615.469.5398 or 1.888.385.9022

TDOT Supportive Services

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For Business and Technical Assistance,
please the online Intake Request Form:

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Please Complete Webinar Evaluation Form:

<https://www.surveymonkey.com/r/NQWD5YR> 5-Bs of
Project-Based Business Post-Workshop Survey
([surveymonkey.com](http://www.surveymonkey.com)) ... see Chat for link



Civil Rights Division
Small Business Development Program



TDOT DBE Supportive Services Consultant Team Business Development Consultant



Victor C. Tyler, P.E.

Program Manager
Construction Estimating & Bidding
Indirect Cost & Markup Pricing
Financial Management Analysis



Jay B. Mercer, E.A.

QuickBooks Accounting Trainer
Financial Management Consultant



Marshall Tabb

Financial Management Consultant
QuickBooks Accounting Trainer
Leadership Development & Coaching



Sandra T. Webb

QuickBooks Accounting Trainer
Certified Payroll Specialist



Curtis Webb

Strategic Marketing Consultant
External Board of Advisors Facilitator



Teresa Daniel, PHR, SHRM-CP

Human Resources Consultant
Leadership Development & Coaching



Community Engagement and
Outreach Consultant



Civil Rights Division
Small Business Development Program
DBE Supportive Services

Presents

Managing The Profitable Business Webinar Series

Session 5: Financial Statement Analysis

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Financial Statement Analysis

Know Your Financial Pulse:

It could save your company's life!

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Today's Objective

Presenter

Marshall Tabb

QuickBooks Trainer
Financial Management
Leadership Coaching

- Identify Basic Financial Statements
- Purpose of Each Component
- Understanding the Importance of Complete and Accurate Information
- Use as a Management Tool

Users of Financial Statements

Banks

Bonding Company

Management

Investors

IRS

Why Analyze Financial Statements



- Business “Report Card”
- Tells the company story in terms of numbers
- Promote strategic planning
- Support sound management decisions



*Never Take
Financial
Statements
At Face Value*



Basic Financial Statements

Balance Sheet

Profit & Loss Statement

Statement of Cash Flows

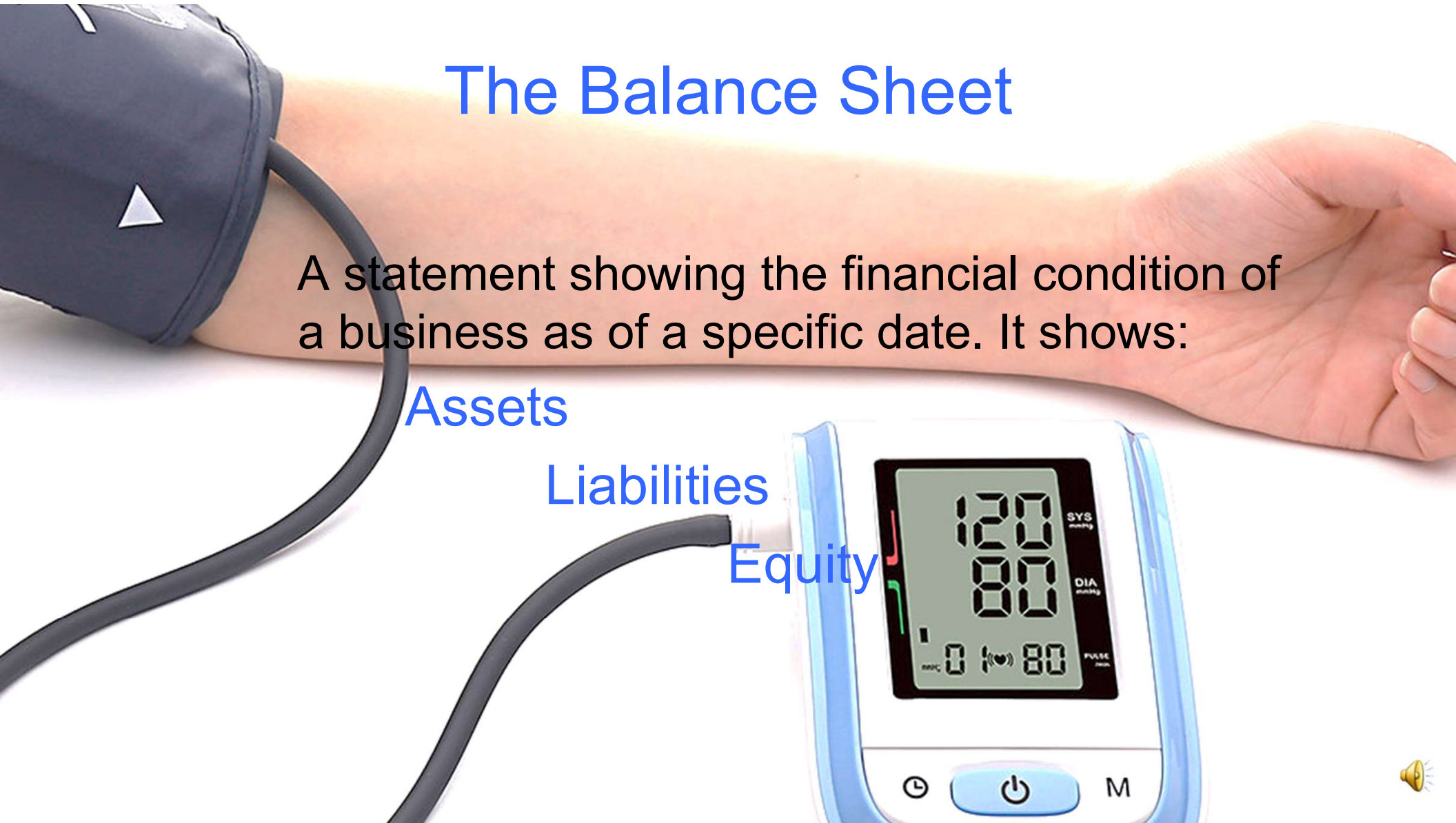
The Balance Sheet

A statement showing the financial condition of a business as of a specific date. It shows:

Assets

Liabilities

Equity



ASSETS

Things of monetary value that a business either owns or controls. They are probable economic inflows.

Examples: Cash, receivables, inventories and fixed assets.



Assets



Assets are
listed in order
of Liquidity



Liquidity

The ease of converting Assets to **CASH**



LIABILITIES

Claims of others against the business' assets. They are probable economic outflows.

Examples: Accounts payable, notes payable, payroll taxes payable and other accrued taxes.

“I Owe, I Owe, So Off To Work I Go”

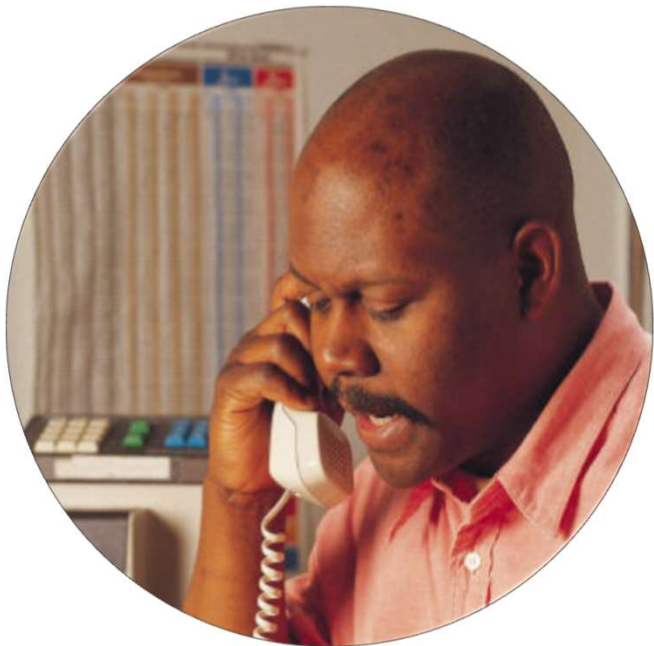
LIABILITIES



OWNERS EQUITY

Represents the owners' interest in the business. It is the difference between Assets and Liabilities.

It can be either Positive or Negative.



Things That Affect Equity

Investments

Draws

Income

(positive or negative)

The Profit & Loss Statement

Reports the business performance during a specific time period and shows whether operations resulted in a profit or loss.

It details business **Income** and **Expenses**.



INCOME

Represents the primary source of money to be received from customers for goods sold or services rendered. May also show other sources such as interest earned on investments.



EXPENSES

Depending on the type of business, expenses may be categorized as direct or indirect.

Direct expenses represent all cost incurred to produce a product or complete a job. There are five (5) basic components of product/job cost:

Direct Material

Direct Labor

Direct Equipment

Subcontractors

Direct Job Overhead

These cost are shown on the income statement as “Cost of Goods Sold”.

EXPENSES

Indirect expenses are generally referred to as “G&A”, “Selling & Administrative Cost” or “Home Office Expense”. This includes cost that are not directly attributable to a product or job, but are necessary to operate the company.



The Profit & Loss Statement Construction/Manufacturing

Income		XXXX
Direct Job Costs		
Labor	XXX	
Material	XXX	
Equipment	XXX	
Subcontractors	XXX	
Job Overhead	<u>XXX</u>	
Total Job Cost		<u>XXX</u>
Gross Profit		XXX
G & A Expenses		<u>XXX</u>
Net Income		XX

The Profit & Loss Statement - Service Industry

Income		XXX
Less Subs & Reimburse	<u>XXX</u>	
Net Service Revenue		XXX
Direct Labor	<u>XXX</u>	
Gross Profit		XXX
Operating Expenses		
Advertising	XXX	
Insurance	XXX	
Supplies	XXX	
Salaries	<u>XXX</u>	
Total Expenses		<u>XXX</u>
Net Income		XX

Statement of Cash Flows

Specifies the amount of cash provided by or used by an enterprise during a period from operating activities, investing activities and financing (borrowing) activities.

It indicates the net effect of these cash flows on the enterprise's cash and cash equivalents.

Cash equivalents are short-term highly liquid investments that are readily convertible to cash. (i.e. T-Bills and Money Market funds)

WARNING



Financial Ratios

Liquidity Ratios

Current Ratio – indicates the extent to which current assets are available to satisfy current liabilities. Usually stated in terms of absolute values (i.e., 2 to 1 or simply 2.1).

(Current Assets ÷ Current Liabilities)

Generally, a minimum current ratio is 2.1, which indicates for every dollar of liability, there are two dollars of assets.



Financial Ratios

Profitability Ratios

Return on Assets – indicates the profit generated by the total assets employed. A higher ratio reflects a more effective use of company assets. This ratio is generally stated in terms of percentages (i.e., 10% return on assets).

(Net Income ÷ Total Assets)



Financial Ratios

Return on Equity – indicates the profit generated by the net assets employed. This ratio reflects the stockholders' return on investments and is generally stated as a percentage.

A very high ratio may indicate an undercapitalized situation or conversely, a very profitable company.

(Net Income ÷ Equity)



Financial Ratios

Debt to Equity – indicates the relationship between creditors and owners. Generally, a ratio of three or lower is considered acceptable.

(Total Liabilities ÷ Equity)



STAT



Today's Objective

- Can You Identify Basic Financial Statements
- Do You Know the Purpose of Each Component
- Do You Understanding the Importance of Complete and Accurate Financial Information
- Will You Start Using as a Management Tool



Questions / Comments?



Managing The Profitable Business Webinar Series

~~Session 1: The 5-Bs of Project-based Business~~

~~Wednesday, October 11, 2023, 10 am (CT)~~

~~Session 2: Human Resource Compliance – PART I~~

~~Wednesday, October 18, 2023, 10 am (CT)~~

~~Session 3: Human Resource Compliance – PART II~~

~~Wednesday, October 25, 2023, 10 am (CT)~~

~~Session 4: How To Do Business With TDOT~~

~~Wednesday, November 1, 2023, 10 am (CT)~~

~~Session 5: Are You Bidding On The Right Projects?~~

~~Wednesday, November 8, 10 am (CT)~~

~~Session 6: Know Your Financial Pulse: It Could Save Your Company's Life~~

~~Wednesday, November 15, 2023, 10 am (CT)~~

Session 7: How to Effectively Communicate, Coach And Counsel Company Policies With Difficult Employees

Wednesday, November 22, 2023, 10 am (CT)

Session 8 Financial Analysis & Capacity Building

Wednesday, November 29, 2023, 10 am (CT)

Session 9: Introduction to Job Cost Accounting Part I

Wednesday, December 6, 2023, 10 am (CT)

Session 10: Introduction to Job Cost Accounting Part II

Wednesday, December 13, 2023, 10 am (CT)

Session 11: Ask the Experts Roundtable

Wednesday, December 20, 2023, 10 am (CT)

Managing The Profitable Business Webinar Series

Session 12: Markup, Overhead & Profit (*Bidding*)

Wednesday, January 10, 2024, 10 am (CT)

Session 13: Introduction to Developing Your Indirect Cost Rates for Consultants

Wednesday, January 17, 2024, 10 am (CT).

Session 14: Have You Completed Your Planning for the New Year

Wednesday, Wednesday, January 24, 2024, 10 am (CT)

Session 15: Developing A Strategic Business Action Plan

Wednesday, January 31, 2024, 10 am (CT)

Session 16: Dump Truck & Equipment Pricing (*Bidding*)

Wednesday, February 7, 2024, 10 am (CT)

Session 17: Pre & Post Award and Contract Close-out Preparation

Wednesday, February 14, 2024, 10 am (CT)

Session 18: Small Business Insurance: What Do I Need for My Company?

Wednesday, February 21, 2024, 10 am (CT)

Session 19: Surety Bonds: What Do I Need for My Company?

Wednesday, February 28, 2023, 10 am (CT)

Session 20: Wrap Up: Ask the Experts Roundtable

Wednesday, March 6, 2024, 10 am (CT)



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