Legacy Christian University in Partnership with–She Means Business

Principles of Finance

UNDERSTANDING HOW MONEY FLOWS

By Dr. Margo Bush

Foundational Scriptures

“And he called his ten servants, and delivered them ten pounds, and said unto them, Occupy till I come.”
— Luke 19:13 KJV

“Well, thou good servant: because thou hast been faithful in a very little, have thou authority over ten cities.”
— Luke 19:17 KJV

Supporting Scripture — The Parable of the Talents

“His lord said unto him, Well done, thou good and faithful servant: thou hast been faithful over a few things, I will make thee ruler over many things.”
— Matthew 25:21 KJV

PART 1

MONEY IS ALWAYS MOVING

When people say, **“You need to learn how money flows,”** what do they mean?

They mean that money is rarely sitting still.

Money is moving.

It moves from an employer to an employee.

It moves from a customer to a business.

It moves from the business to employees, vendors, taxes, marketing, operations, and owners.

It moves from consumers into companies.

It moves from borrowers to lenders.

It moves from businesses into investments.

It moves from investments back to investors.

Money flows.

And one of the most important things you can learn about finances is:

If you don't understand where your money is flowing, you will never completely understand why you have it—or why you don't.

You can make a lot of money and still be broke.

You can have tremendous revenue and still have no cash.

You can receive an increase and still have nothing to show for it a year later.

Why?

Because **making money and managing the flow of money are two different skills.**

PART 2

EVERY DOLLAR HAS AN ASSIGNMENT

EVERY DOLLAR HAS AN ASSIGNMENT & YOU NEED TO HONOR IT

When money comes into my hands, I don't want to immediately ask:

"What can I buy?"

I want to ask:

"What is this money assigned to accomplish?"

That changes your relationship with money.

Because when every dollar has an assignment, money stops becoming something you simply **spend** and becomes something you **steward**.

Some dollars may be assigned to:

- Giving
- Taxes
- Housing
- Food
- Operating expenses
- Payroll
- Debt reduction
- Emergency reserves
- Savings
- Investing
- Marketing
- Education
- Building a business
- Creating another stream of income
- Enjoyment
- Generational wealth
- Helping someone else

There is nothing wrong with enjoying money.

The problem comes when **unassigned money becomes undisciplined money.**

You walk into a store and see something you like.

You have the money.But here's the question:

Does having the money mean you should spend the money? No! It does not.

Because that dollar may already have an assignment.

That $500 sitting in your account may look available.

But $200 may belong to your taxes.

$100 may belong to savings.

$100 may be assigned to marketing your business.

$50 may be assigned to giving.

And $50 may be available for discretionary spending.

You don't really have $500 available to spend.

You have $50.

That's financial intelligence.

“Every dollar that comes into your hands should have an assignment. When you give your money an assignment before your emotions give it one, you stop wondering where your money went and start directing where your money will go.” — Dr. Margo Bush

That is the difference between **spending accidentally and stewarding intentionally.**

PART 3

THE STORY OF THE UNASSIGNED $10,000

Imagine two people each receive an unexpected **$10,000**.

The first person thinks:

“I have an extra $10,000!”

They buy new furniture.

They upgrade their phone.

They take a trip.

They buy clothes.

They eat out.

They help a few people.

They make several purchases because each one individually doesn't seem very large.

Three months later, they look at their bank account.

The $10,000 is gone.

And they ask:

“Where did all my money go?”

But consider the second person.

Before spending one dollar, this person sits down and gives all $10,000 an assignment.

Perhaps:

$1,000 — Giving
$2,000 — Emergency reserves
$2,000 — Debt reduction
$2,500 — Investment/business growth
$1,500 — Education or professional development
$1,000 — Vacation/enjoyment

Same $10,000.

Same opportunity.

Completely different outcome.

The difference wasn't necessarily income.

THE DIFFERENCE WAS ASSIGNMENT.

One person allowed money to **flow wherever desire took it.**

The other person **directed the flow.**

That's stewardship.

PART 4

FOLLOW THE MONEY

I want you to learn to ask four questions about every dollar:

1. Where did it come from?

What produced this money?

Salary?

Business?

Investment?

Commission?

Royalty?

Gift?

Asset?

If you don't know what is producing your money, you can't intelligently increase it.

2. Where is it going?

Look at your bank statement.

Your spending tells a story.

Your bank statement may reveal your financial priorities more accurately than your intentions do.

Where is your money flowing?

3. What are you keeping?

This is where many people struggle.

They know what they **make**.

But they don't know what they **keep**.

Making $100,000 doesn't mean you've built $100,000 of wealth.

If $100,000 comes in and $100,000 goes out, you generated income—but accumulated nothing from that income.

4. What is your money producing?

This is the question that begins moving us toward wealth.

Is any portion of your money producing:

more money?

PART 5

THE FIVE MOVEMENTS OF MONEY

I want you to remember five words:

EARN → KEEP → DIRECT → MULTIPLY → STEWARD

1. Earn

You must create value.

Money generally flows toward value.

Solve a problem.

Provide a service.

Create a product.

Develop a skill.

Build a business.

Serve people.

Your ability to create value affects your ability to generate income.

But earning is only the beginning.

2. Keep

You can earn $1 million and spend $1.1 million.

You're not financially healthy simply because your income is high.

What matters isn't only what comes in. It is what remains and what you do with it.

Proverbs 21:20 says:

"There is treasure to be desired and oil in the dwelling of the wise; but a foolish man spendeth it up."

Notice the language:

"Spendeth it up."

Everything doesn't have to be spent simply because it is available.

3. Direct

This is where **assignment** comes in.

Tell your money where to go **before it arrives.**

Don't wait until the end of the month and ask:

"Where did everything go?"

Decide beforehand:

"This is where it is going."

That's what a financial plan does.

A budget shouldn't merely restrict you.

A good budget **directs the flow of money toward your priorities.**

4. Multiply

Now we arrive at an important Kingdom principle.

God expects stewardship to produce something.

In Luke 19, Jesus tells the story of a nobleman who gave resources to his servants.

His instruction was:

“Occupy till I come.”

In other words:

Do business with what I've entrusted to you.

One servant took what had been entrusted to him and produced more.

The nobleman said:

“Well, thou good servant: because thou hast been faithful in a very little, have thou authority over ten cities.”

That's fascinating.

He demonstrated faithfulness with **money**, and it resulted in increased **responsibility and authority.**

5. Steward

Matthew 25 teaches the stewardship principle throughout the Parable of the Talents.

The faithful servant hears:

“Thou hast been faithful over a few things, I will make thee ruler over many things.”

There is a principle here:

FAITHFULNESS PRECEDES INCREASE.

Don't only pray: “God, give me more.”

Ask: “Am I properly managing what He has already placed in my hands?”

PART 6

STEWARD

This is where biblical finance separates itself from merely chasing wealth.

The ultimate question isn't: "How rich can I become?"

It is: "What can God accomplish through resources entrusted to me?"

Money is a tool.

Money can educate a student.

Money can build a business.

Money can fund a ministry.

Money can employ someone.

Money can feed someone.

Money can send a missionary.

Money can build a church.

Money can fund innovation.

Money can create scholarships.

Money can support your family.

Money can leave an inheritance.

Money can finance a God-given vision.

Therefore, money should have **purpose attached to it.**

PART 7

CONSUMER THINKING VS. OWNER THINKING

There is another dimension of understanding how money flows.

A consumer sees $1,000 and asks:

“What can I buy?”

An investor asks:

“Where can I put this?”

An entrepreneur asks:

“What can I build with this?”

A steward asks:

“What is this assigned to?”

That doesn't mean you never buy anything.

It means **consumption doesn't automatically get first claim on your increase.**

That's huge.

Because advertising is constantly competing to give your money an assignment.

The store has an assignment for your money.

The car dealer has an assignment for it.

Amazon has an assignment for it.

Social media advertisers have an assignment for it.

Restaurants have an assignment for it.

Everybody has an assignment for your money.

The question is: DO YOU?

If you don't assign your money, somebody else will gladly assign it for you.

PART 8

HOW WEALTH BEGINS TO FLOW DIFFERENTLY

A common financial cycle looks like this:

WORK → PAYCHECK → SPEND → BILLS → REPEAT

You work.

You get paid.

You consume.

You pay bills.

Then you need another paycheck.

That's a cycle.

But financial education teaches us how to gradually develop another flow:

INCOME → ASSIGNMENT → SAVINGS → ASSETS → ADDITIONAL INCOME → MORE ASSETS

Eventually, some of your money begins working alongside you.

For an entrepreneur, an asset might be:

A business.

A course.

A book.

Intellectual property.

Technology.

Real estate.

Equipment that produces revenue.

An investment.

A licensing agreement.

A subscription model.

A system that continues generating revenue.

Instead of spending every dollar on something that disappears, you begin directing some dollars toward things capable of **producing future value.**

PART 9

MONEY FLOW IN BUSINESS

Let's say your business generates: $100,000/annually

A financially untrained entrepreneur might say:

“I made $100,000!”

Not necessarily.

Your business **received $100,000 in revenue.**

Now follow the money.

Perhaps:

Revenue: $100,000

Then money flows toward:

Payroll
Marketing
Technology
Facilities
Insurance
Professional services
Taxes
Products
Operating expenses
Debt obligations

After those obligations, perhaps $20,000 remains.

That is why:

REVENUE IS NOT PROFIT.

And even profit isn't the same thing as cash flow.

A business can appear profitable on paper and experience a cash shortage because of **when money enters and leaves the business.**

This is why entrepreneurs must learn to read financial statements and understand:

Revenue

Expenses

Profit

Assets

Liabilities

Cash Flow

If you're going to build something, you must understand how money moves through what you're building.

PART 10

YOUR MONEY NEEDS A MISSION BEFORE IT NEEDS A PURPOSE

Before spending, start asking:

What is the assignment of this dollar?

Before a major purchase:

Does this purchase agree with my assignment?

When income increases:

Where should this increase be directed?

When unexpected money arrives:

What should this money accomplish?

Before borrowing:

What will this debt produce?

Before investing:

Do I understand what I'm putting my money into?

And before saying:

“I can't afford it,”

ask another question:

“What would I need to create, change, save, or produce to afford it responsibly?”

That develops financial thinking.

PUT YOUR MONEY ON ASSIGNMENT

Class, I want you to understand something:

Money needs leadership.

Money doesn't automatically know where to go.

And more money does not automatically solve poor money management.

If you mismanage $1,000, simply receiving $10,000 doesn't teach you stewardship.

If you haven't learned to direct a small flow, a larger flow can simply create larger financial mistakes.

That's why Jesus' teaching is so powerful:

“Because thou hast been faithful in a very little…”

Don't despise the little.

Learn with the little.

Manage the little.

Direct the little.

Multiply the little.

Become faithful with the little.

Because financial increase without financial wisdom can become financial destruction.

But financial increase combined with **wisdom, discipline, stewardship and purpose** can become a tremendous tool for good.

So from today forward, stop allowing money simply to happen to you.

FOLLOW IT.

ASSIGN IT.

DIRECT IT.

MULTIPLY IT.

STEWARD IT.

Remember:

EARN → KEEP → DIRECT → MULTIPLY → STEWARD

And when the next dollar comes into your hand, don't just ask:

“What can I spend this on?”

Ask:

“WHAT IS THIS DOLLAR'S ASSIGNMENT?”

Because when every dollar has an assignment, you begin controlling the flow instead of allowing the flow to control you.

“Every dollar has an assignment. Wealth begins when we stop treating money as something merely to spend and start treating it as something entrusted to us to direct, multiply, and steward for a purpose.” — Dr. Margo Bush

CHALLENGE ASSIGNMENT

For the next 30 days, track **every dollar** that comes in and goes out.

At the end of each week, divide your money into three categories:

1. MONEY I CONSUMED
What did I spend?

2. MONEY I KEPT
What did I save or retain?

3. MONEY I PUT TO WORK OR IN AN EMERGENCY FUND
What did I invest in something capable of producing future value?

Then answer one final question:

“If my money could talk, what would the way I used it say my priorities are?”

Next, create an assignment for the **next $1,000 that comes into your hands before you receive it.**

Don't wait for money to arrive before deciding what to do with it.

Give it an assignment first.