



AN ENTREPRENEURIAL EXPERIENCE FOR HBCU STUDENTS

BUSINESS DEVELOPMENT • EXPERT MENTORSHIP • PROFESSIONAL CONNECTIONS

## DEFINITION SHEET

**ACCOUNTS PAYABLE** - MONEY OWED TO OTHERS FOR GOODS AND SERVICES RECEIVED

**ACCOUNTS RECEIVABLE** - MONEY OWED FROM CUSTOMERS FOR GOODS AND SERVICES SOLD

**ADDITIONAL INVENTORY** - RAW MATERIALS OR FINISHED GOODS THAT ARE READY OR WILL BE READY FOR SALE, WHICH ARE PURCHASED TO REPLENISH EXISTING INVENTORY

**AMORTIZATION** - THE PAYING OFF OF DEBT IN REGULAR INSTALLMENTS OVER A PERIOD OF TIME

**ASSETS** - ALL RESOURCES OWNED BY THE BUSINESS

**BALANCE SHEET** - A FINANCIAL STATEMENT THAT SHOWS THE COMPANY'S FINANCIAL POSITION AT A MOMENT IN TIME—ALL ASSETS, ALL LIABILITIES, AND ALL EQUITY

**BENCHMARKING** - COMPARING COMPANY'S RESULTS TO THE EXPERIENCES OF OTHERS OF SIMILAR SIZE AND WITHIN THE SAME INDUSTRY

**BENEFITS** - COSTS PAID BY COMPANY FOR EMPLOYEE-RELATED ITEMS, SUCH AS SOCIAL SECURITY, WORKER COMP, HEALTH INSURANCE, VACATIONS, SICK DAYS, ETC.

**BOOK VALUE** - SUM OF ALL ASSETS, MINUS ALL LIABILITIES = EQUITY. THE INTRINSIC VALUE OF THE BUSINESS OWNED BY THE STOCKHOLDERS

**BREAK EVEN POINT** - POINT AT WHICH TOTAL SALES FOR A PERIOD OF TIME = TOTAL EXPENSES FOR THAT PERIOD OF TIME (IN OTHER WORDS, THERE IS NEITHER A PROFIT NOR A LOSS)

**BUSINESS CONCEPT** - AN IDEA WHICH CAN BE USED FOR COMMERCIAL PURPOSES

**CAPITAL** - LONG TERM MONEY HELD IN THE BUSINESS THAT IS USED TO CREATE PROFIT

**CASH FLOW STATEMENT** - AN ANALYTICAL TOOL THAT DEMONSTRATES THE SHORT-TERM VIABILITY OF A COMPANY, PARTICULARLY ITS ABILITY TO PAY BILLS

**C-CORP.** - A LIMITED LIABILITY LEGAL STRUCTURE IN WHICH THE COMPANY IS TAXED SEPARATELY FROM ITS SHAREHOLDERS

**COLLATERAL** - PROPERTY AND GOODS USED TO SECURE REPAYMENT OF A LOAN

**COST OF GOODS SOLD (COGS)** - ALSO CALLED COST OF SALES OR VARIABLE COSTS. THE COSTS ASSOCIATED WITH A SPECIFIC PRODUCT, NOT INCLUDING OVERHEAD COSTS, SUCH AS PAYROLL OR OFFICE SUPPLIES.

**CURRENT** - WILL OCCUR WITHIN 12 MONTHS OF THE FINANCIAL STATEMENT DATE

**DEBT CAPITAL** - DEBT RAISED BY THE BUSINESS BY TAKING OUT A LOAN