

## **Financial Terminology Definitions**

1. Revenue – Money collected or that you expect to collect for providing services related to your business.
2. Net Income/Profit – A company's total earnings, also called net profit. Net Income is calculated by subtracting total expenses from total revenues.
3. Notes Receivable – (N/R) Notes receivable is the amount a business has a legal right to receive on a specific date from another party backed by a written promise, which is called a promissory note.
4. Accounts Receivable (A/R) – Accounts receivable represents the amount of money a company has a right to receive from its clients based on goods delivered or services performed.
5. Accounts Payable (A/P) - Money a business owes to its suppliers, vendors, or creditors for goods or services bought on credit; considered a short-term debt.
6. Fixed expenses (FE) – Payments like rent that will happen in a regularly scheduled cadence.
7. Variable Expenses (VE) – Expenses, like labor costs, which may change in a given time period
8. Accrued expense (AE) – An incurred expense that has not been paid yet.
9. Cash Flow Analysis – The evaluation of a company's cash inflows and outflows from operations, financing activities and investing activities
10. Income Statement – A profit and loss statement is a report made by company management that shows the revenue, expenses, and net income or loss for a period.
11. Earning Statement – A financial statement that shows you how profitable your business was over a given reporting period.
12. Operating Statement – To assess a company's performance and financial position.
13. Operating Expenses – An expense a business incurs through its normal business operations.
14. Fiscal Year – A business reporting year, covering 12 months