


Mize Houser NextGen Mentor Program

Financial Skills




Financial Statement Objectives


- Understanding the purpose and effect of line item changes
- Define each type of financial statement
- Impact on financial ratios
- Best practices
- Web FFS




Why It's Important To Understand




Understanding the Purpose



- Your store(s) is part of your financial future
- Correlation between business activities and line item changes
- Why do financial statements matter?
- Why is it important to review and understand them?
- Gain confidence with your financials



Types of Financial Statements



Profit & Loss (P&L)



General & Administrative Expenses (G&A)

Balance Sheet

Debt Summary



Profit & Loss (P&L)

Understanding Your P&L Statement Measures your restaurant's profitability: <ul style="list-style-type: none">• Current month• Year-to-date Expressed in both: <ul style="list-style-type: none">• Dollars• Percentage of product sales	Maintaining your P&L Statement <ul style="list-style-type: none">• Prepare and review every month• Ensure <u>revenue sales</u> are properly matched with <u>cost expenses</u>	 
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General & Administrative Expenses(G&A)

Understanding Your G&A Statement	Maintaining Your G&A Statement
<p>Provides expenditures:</p> <ul style="list-style-type: none">• Current month• Year-to-date <p>Expressed in both:</p> <ul style="list-style-type: none">• Dollars• Percentage of product sales	<ul style="list-style-type: none">• Prepare and review every month • Examples of G&A items:<ul style="list-style-type: none">• Administrative wages• Administrative office expenses• Overhead expenses

Balance Sheet

Understanding Your Balance Sheet	Words to Remember:
<p>A snapshot of your store's assets and it's liabilities</p> <p>Your equity is generally expresses at a book value and not a fair market value</p>	<p>Assets – your store's resources, what it owns and what is owed to your store</p> <p>Liabilities – What your store owes</p> <p>Equity – the difference between assets and liabilities</p>

Debt Summary

Understanding Your Debt Summary Schedule	Maintaining Your Debt Summary Schedule
<p>Gives you detail on outside bank loans to your store(s)</p>	<ul style="list-style-type: none">• You must submit monthly• The <u>principle balance</u> on the debt summary schedule should agree with the <u>debt reported on the balance sheet</u> within reasonable range

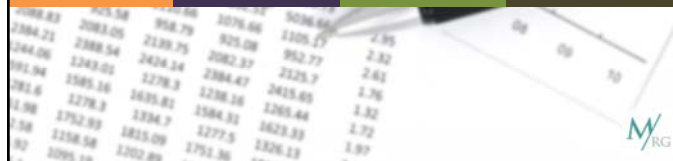
Impact Examples on Financial Ratios

Sales are up and expenses are low	Purchase new equipment	New business loan	Major remodeling project
What is the impact?	What is the impact?	What is the impact?	What is the impact?



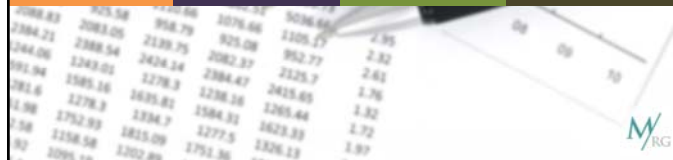
Impact Examples on Financial Ratios

Sales are up and expenses are low	Purchase new equipment	New business loan	Major remodeling project
Check your P&L	Balance sheet will change	Debt summary will reflect it	All financial statements impacted



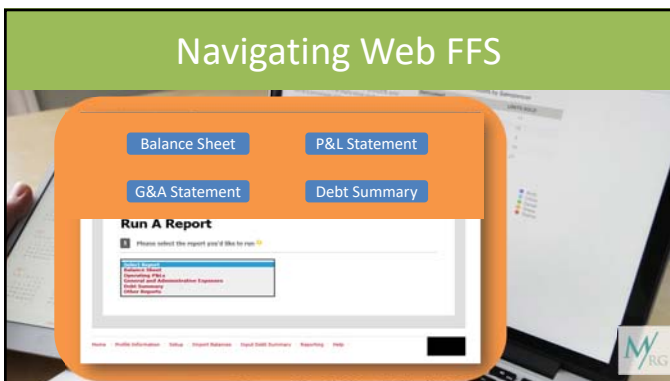
Best Practices

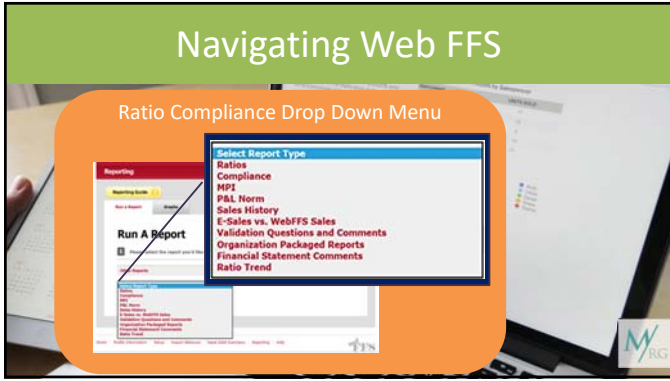
Review the statements monthly	Strive to be GREAT not average	Discuss items with your accountant	Analyze the numbers
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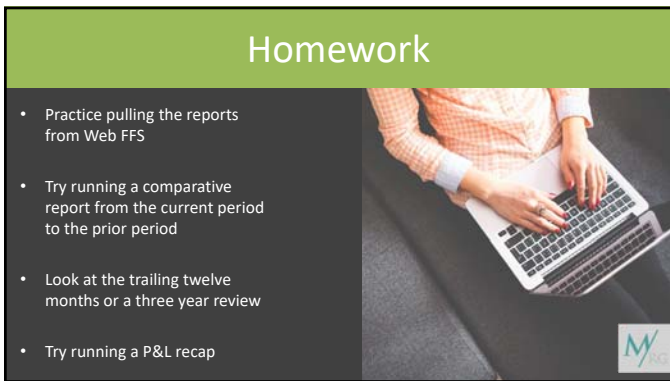












Homework (cont.)

- Run a G&A report with a trailing twelve month look back along with a three year view
 - Balance sheet will give you a trailing twelve month and three year view and a standard report
 - Check out the organizational level debt summary
 - How much debt is left on the books?
 - What's expected to be paid within the next twelve months?
 - What is your monthly activity?
 - What are the rates, terms associated with the debt that you have?



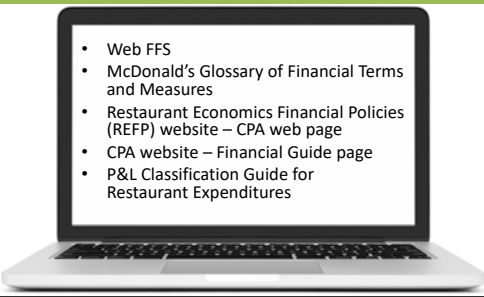
Homework (cont.)

- Locate and review within Web FFS:**
- 6-Month comparative P&L
 - P&L recap and compare food costs across restaurants
 - TTM Balance sheet
 - The most recent balance sheet
 - The most recent debt summary
 - The most recent G&A statements



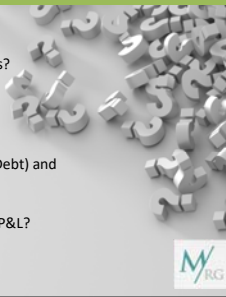
Resources

- Web FFS
- McDonald's Glossary of Financial Terms and Measures
- Restaurant Economics Financial Policies (REFP) website – CPA web page
- CPA website – Financial Guide page
- P&L Classification Guide for Restaurant Expenditures



Sample Questions

- Who has access to your financial statements in Web FFS?
- Where are expenses for the management company reflected?
- What P&L report in Web FFS is best used to see monthly trends?
- Can you find examples of impacts to CFC Ratio and understand what goes into the CFC Ratio?
- Can you compare the Balance Sheet to Debt Summary?
- Can you calculate the CFC Ratios?
- What are the changes in components (Cash Flow, G&A, Draw, Debt) and what is the impact on the ratios?
- What is Working Capital?
- Why should G&A expenses be separated from your restaurant P&L?
- Can you find changes in accounts (Notes Payable, Shareholder, Draw and Accrual Accounts)?
- Can you find paying off debt and how it affects CFCR?



Recap

A slide with a green header and an orange background. It features a list of four items on the left, an equals sign in the center, and the text 'Financial Success!' on the right. The background of the slide shows a top-down view of a desk with a laptop, papers, and hands working. A logo is visible in the bottom right corner.

- Understanding financial statements
- Knowing how to access them
- Mastering the numbers
- Reviewing your reports regularly

= Financial Success!
