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FINANCING YOUR ORGANIZATION - CHAPTER SUMMARY*

Global Text Project

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Abstract

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In this chapter we discussed the importance of having a well-designed accounting system for your organization as well as the distinction between financial and managerial accounting. While both financial and managerial accounting statements and reports are required and important, managerial accounting statements and reports are more likely to contain the kinds of information you will need to help manage the operations of your organization.

We explained the six different types of accounts, their characteristics, and how they are used to create a detailed chart of accounts which is tailored to the specific needs of your organization. Next we covered the advantages of the system of double-entry bookkeeping and how, together with ledgers and other accounting records, it enhances the accuracy of information maintained in an accounting system, whether it is manual or computer-based.

Next, since the cost of computers and software has dropped to the point where even many small organizations can afford them, we covered some of the accounting software packages that are available, their costs, criteria for selection, and the advantages of using them.

Finally, we discussed the common options for obtaining funds for your start-up organization, some of the pros and cons of each, and the advantage you will have in approaching lenders or investors with accounting reports that demonstrate a clear path to profitability.

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