

**Regional Micro-Enterprise Credential:  
Key Financial Concepts/Credit Application Implementation Guide**

(Updated: June 12, 2017)

We have provided an extensive series of resources and student exercises that we hope helps students master basic financial concepts and complete two different credit applications (bank credit application and online credit application). The table below provides grouping and sequencing recommendations for using these resources and student exercises.

All implementation notes are suggestions only and may be altered according to the needs of the students and teachers. Anticipated times are based only on the implementation notes provided and may vary.

Resource	Purpose	Implementation Notes	Anticipated Time
<b><i>*Understanding terminology/vocabulary is critical. Teachers should focus on teaching and checking for understanding before attempting financial exercises.</i></b>			
06-02 Key Financial Vocabulary	Provides terminology students need to know in regards to business financials and completing a credit application.	A variety of methods may be used. Possibilities include quizzes, word walls, word clouds, vocabulary journals, word sorts, vocabulary games, etc.	Varies
06-03 Small Business Capital and Credit	Provides students with an overview of resources used by small businesses to retrieve start-up and operating funds as well as the expenses associated with it.	<ul style="list-style-type: none"> <li>➤ Students will               <ul style="list-style-type: none"> <li>-Research the difference between capital (equity) vs credit (debt)</li> <li>-Research the difference in cost of capital vs cost of credit</li> </ul> </li> <li>➤ Share out</li> </ul>	60 minutes
06-04 Cost of Credit Worksheet	Compares the different types of credit (or debt) that small businesses use.	<ul style="list-style-type: none"> <li>➤ Explain the process used to calculate the cost of credit for each type of credit given (or debt)</li> <li>➤ Students will:               <ul style="list-style-type: none"> <li>-Complete the math scenarios</li> <li>-Complete the discussion questions</li> </ul> </li> <li>➤ Share out</li> </ul>	60 minutes
06-06 How Small Business Credit Applications are Evaluated	Describes the dissimilar ways banks and online finance companies evaluate the credit applications they receive from small businesses.	<ul style="list-style-type: none"> <li>➤ Explain the process banks and online finance companies use to evaluate credit applications from small businesses.</li> <li>➤ Discuss liquidity concepts.</li> <li>➤ Teacher may choose to develop a pre-quiz and post-quiz.</li> </ul>	75 minutes
06-08 Bank Line of Credit Application	To learn the complexity and demands of a bank line of credit application.	<ul style="list-style-type: none"> <li>➤ Step 1 Teacher provides a blank credit application that will be used to introduce and provide an overview of the type of data in each section of the credit application. Students will define the purpose of each section of the credit application.</li> </ul>	60 minutes

Resource	Purpose	Implementation Notes	Anticipated Time
06-10 Bank Applicant Profiles Student Exercise	Evaluates and compares the completed credit applications.	<ul style="list-style-type: none"> <li>➤ Step 3 Students will answer credit application questions.</li> <li>➤ Students will move to their second assigned group to discuss their responses. Grouping should consist of at least one person representing each profile.</li> <li>➤ Whole Group Share Out: Students will explain which profile is best case scenario for funding requests.</li> </ul>	75 minutes
<p><b><i>*Teachers need to emphasize that online credit is easy, simple and fast, but it is always more costly than other types of credit applications.</i></b></p> <p><b><i>We realize this assignment is “really easy.” The key point is: that’s how online credit can become a “really easy” trap, where you end up paying off very high-interest loans.</i></b></p>			
06-13 Online Credit Application Instructions	Provides an overview of an online credit application.	<ul style="list-style-type: none"> <li>➤ Reiterate the difference between the online application vs. the bank application</li> <li>➤ Discuss the four parts of the online credit application.</li> </ul>	20 minutes
06-15 Online Credit Application Simulation	Provides the opportunity for students to complete an online credit application for a small business.	<ul style="list-style-type: none"> <li>➤ Students will complete the online credit application in the excel document.</li> <li>➤ Whole group discussion of results.</li> </ul>	40 minutes
06-18 Financial Concepts Student Handout	Provides general information related to types of ownership, expenses associated with that business, & calculating the bottom line.	<ul style="list-style-type: none"> <li>➤ Students will:               <ul style="list-style-type: none"> <li>-Research the types of ownership.</li> <li>-Define pro-forma statement &amp; list and define its parts.</li> <li>-Complete the concepts quiz</li> <li>-Determine contribution margin.</li> <li>-Define &amp; give examples of variable &amp; fixed costs.</li> </ul> </li> </ul>	120 minutes
06-19 Pro Forma Student Spreadsheet	Provides students the opportunity to complete a pro forma financial statement.	<ul style="list-style-type: none"> <li>➤ Students may work individually or in pairs and will:               <ul style="list-style-type: none"> <li>-Complete the pro forma financial statement (Resource 06-19) in the excel document.</li> <li>-Complete the pro forma questions located in Resource 06-19</li> </ul> </li> </ul>	180 minutes

The table below provides teacher resources.

Teacher Resources: Available in the Password-Protected Dropbox
06-05 Cost of Credit Worksheet Teacher Guide
06-07 Bank Line of Credit Teacher Guide
06-11 Bank Applicant Profiles Student Exercise Teacher Guide
06-12 Bank Applicant Profiles Student Exercise Key
06-14 Online Credit Application Instructions Teacher Guide
06-16 Online Credit Application Exemplar
06-17 Financial Concepts Student Handout Teacher Guide
06-20 Pro Forma Student Spreadsheet Teacher Exemplar