

FOUNDATIONS SERIES - SERIES
CROSS-INDEX

Baratelli Foundations Series Glossary

Cross-Index across all seven Foundations PDFs

Founders. Operators. Bookkeepers. Controllers. Tax-savvy owners. One vocabulary, seven references.

This is the alphabetical reference that turns seven separate Foundations PDFs into a true Series. Same terms - debit, accrual, working capital, WACC, Section 162 - appear across three to five PDFs. This cross-index gives you the canonical definition once, then points you to every Foundations PDF that uses or expands the term, with page numbers. Read it through, or flip to a term when a flagship or simulator throws a vocabulary at you faster than you can place it.

How to use it: Use this glossary as your reading companion. When the Corporate Finance reference says 'WACC' and the FSA reference says 'discount rate,' this index tells you they're the same thing - and which PDFs go deepest.

How to Read This Glossary

One vocabulary, seven references

Each entry shows the canonical term, a one-to-two-sentence plain-English definition, any common abbreviations or alternate names, and a 'Covered in' line listing every Foundations PDF that uses or defines the term, with page numbers. The first PDF listed is usually the primary definition source - that's where to start if you want depth.

Tag	Reference	Scope
JE	Journal Entries Reference (16 pp)	46 essential journal entries
ACC	Accounting Reference (15 pp)	COA, financial statements, cycle, mistakes, debits/credits
CF	Corporate Finance Reference (23 pp)	TVM, capital budgeting, CAPM, WACC, valuation, working capital
FSA	Financial Statement Analysis (19 pp)	IS, BS, CFS, ratios, common-size, QoE basics
QB	QuickBooks Setup Reference (22 pp)	QBO setup, COA, bank feeds, close, pitfalls
TAX	Tax Deductions Reference (28 pp)	Sec 162, vehicle/home office, depreciation, retirement, QBI
ES	Asientos Contables ES Beta (21 pp)	Spanish-edition journal entries

Coverage profile. 155 terms, 268 cross-references, an average of 1.7 PDFs per term. The most heavily cross-referenced terms - debit, credit, journal entry, accounting cycle, COA, depreciation, accrual, working capital - appear in three or more of the seven PDFs. Spanish equivalents are flagged where the Asientos Contables Edicion Beta covers the same concept.

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Important. Page numbers reference the published Foundations Series PDFs as of June 2026. If a PDF is reissued the cross-reference may shift by one or two pages.

Alphabetical Glossary

155 terms - definition, alternate names, and PDF cross-reference

#

1099 Tracking

QBO functionality that flags vendors as 1099-eligible, sums payments by box, and produces year-end 1099-NEC and 1099-MISC filings.

Covered in: QB p13 · TAX p22

50% Meals Rule

Business meals are 50% deductible (Section 274(n)). De-minimis food, employer cafeteria, and a handful of other narrow exceptions get 100%.

Covered in: TAX p9

A

Accounting Cycle

The complete eight-step process that turns transactions into closed books: identify, journal, post, trial balance, adjust, adjusted trial balance, statements, close. Repeats every period.

Covered in: ACC p7 · QB p16 · JE p1

Accounts Payable (AP) *also: AP · Cuentas por pagar (ES)*

Amounts the business owes vendors for goods/services already received. Current liability. The DPO denominator.

Covered in: JE p3 · CF p18 · ES p5

Accounts Receivable (AR) *also: AR · Cuentas por cobrar (ES)*

Amounts customers owe for goods/services already delivered. Current asset. The DSO denominator.

Covered in: JE p1 · ACC p10 · FSA p16 · ES p3

Accrual Basis

Records revenue when earned and expenses when incurred, regardless of cash timing. Required for any business of consequence; the basis the rest of this Series assumes.

Covered in: ACC p8 · JE p7 · QB p5

Accrued Expense *also: Gasto devengado (ES)*

An expense incurred but not yet paid at period end - typically wages or interest. Recognized via adjusting entry; cleared on the next cash payment.

Covered in: JE p7 · ES p10

Accumulated Depreciation

A contra-asset that accumulates depreciation charges over an asset's life. Offsets the gross fixed-asset balance to produce net book value.

Covered in: JE p6 · TAX p14

Actual Expense Method

Vehicle deduction tracking real costs - gas, insurance, maintenance, depreciation - multiplied by the business-use percentage.

Covered in: TAX p6

Additional Paid-In Capital (APIC) *also: APIC*

Equity raised in excess of stock's par value. Companion line to Common Stock on the balance sheet.

Covered in: ACC p13 · JE p15

Adjusting Entry

An end-of-period journal entry that updates account balances to reflect economic reality - depreciation, prepaid burn-down, accrued wages, earned portions of unearned revenue.

Covered in: JE p7 · ACC p8

Allowance for Doubtful Accounts *also: Reserva de cuentas incobrables (ES)*

A contra-asset estimating uncollectible receivables under the allowance method. Bad Debt Expense is the income-statement counterpart.

Covered in: JE p8 · TAX p24

Amortization *also: Amortizacion (ES)*

The intangible-asset counterpart to depreciation. Allocates the cost of finite-life intangibles over their useful life.

Covered in: JE p6 · ES p9

Annuity

A stream of equal cash flows over equal periods. Ordinary annuity pays at period end; annuity due pays at period start.

Covered in: CF p3

Asset *also: Activo (ES)*

Something the business owns or is owed that has future economic value. Normal balance is debit. Current (within 12 months) or non-current (long-term).

Covered in: ACC p2 · FSA p6 · JE p5

Asset Turnover

Revenue / Total Assets. How many dollars of revenue every dollar of assets produces - the activity-side complement to margin.

Covered in: FSA p11

B

Bad Debt Expense *also: Gasto por cuentas incobrables (ES)*

The income-statement charge for receivables not expected to be collected. Recognized via the allowance method (preferred) or direct write-off.

Covered in: JE p8 · TAX p24 · ES p11

Balance Sheet *also: Statement of Financial Position*

Snapshot of assets, liabilities, and equity at a point in time. $Assets = Liabilities + Equity$. The accounting equation made visible.

Covered in: FSA p6 · ACC p6

Bank Feed

Automated connection between a bank/credit-card account and QBO that pulls transactions in for categorization. The backbone of modern bookkeeping.

Covered in: QB p11 · QB p18

Bank Reconciliation

Comparing the bank statement to the books to confirm every transaction is recorded once and only once. Done monthly; unreconciled accounts hide errors and fraud.

Covered in: ACC p9 · QB p12 · JE p12

Bank Rules

QBO automation that categorizes recurring bank-feed transactions automatically based on payee, amount, or memo patterns.

Covered in: QB p11

Beta (Beta)

Sensitivity of a stock's return to the market's return. Beta of 1 moves with the market; >1 amplifies; <1 dampens. The CAPM systematic-risk input.

Covered in: CF p10

Bonus Depreciation

Additional first-year depreciation on qualifying property. Subject to a statutory phase-down schedule that compresses the percentage available over time.

Covered in: TAX p13

Burden of Proof

On the taxpayer to substantiate every deduction claimed. Documentation discipline beats the Cohan rule every time.

Covered in: TAX p3 · TAX p4

Business Bad Debt

A debt arising from the trade or business that is wholly or partially worthless. Section 166 - ordinary deduction (not capital).

Covered in: TAX p24

C

Capital Asset Pricing Model (CAPM) also: CAPM

Expected return = Risk-free rate + Beta * (Market risk premium). The standard cost-of-equity model.

Covered in: CF p10 · CF p11

Capital Expenditure (CapEx) also: CapEx

Cash spent on long-lived assets - equipment, buildings, software. Investing-section outflow on the cash flow statement.

Covered in: FSA p10 · CF p15

Cash

The most liquid current asset - checking, savings, money market. The account every reconciliation starts with.

Covered in: ACC p3 · JE p1 · QB p11

Cash Conversion Cycle (CCC) also: CCC

DIO + DSO - DPO. Days between cash going out for inventory and cash coming back from customers. Lower is better.

Covered in: CF p19

Cash Flow Statement also: Statement of Cash Flows

Reconciles net income to cash via three sections: operating, investing, financing. Tells you whether the profits are turning into cash.

Covered in: FSA p9 · ACC p6

Chart of Accounts (COA) also: COA

The master list of every account a business uses. Organized by account type with a numbering convention (1000s assets, 2000s liabilities, etc.). The filing system the general ledger depends on.

Covered in: ACC p2 · QB p7 · QB p10

Classes (QBO)

A departmental tagging dimension in QBO. Enables a single Chart of Accounts to produce class-by-class P&Ls; (locations, business lines, programs).

Covered in: QB p14

Closing Date Password

A QBO setting that locks the books as of a date and requires a password to make changes. Sealing the close is non-negotiable for accrual books.

Covered in: QB p5 · QB p19

Closing Entries

End-of-year entries that zero out temporary accounts (revenue, expenses, dividends/drawings) by transferring their balances to Retained Earnings or Owner's Capital.

Covered in: JE p11 · ACC p8 · QB p19

Cohan Rule

Judicial doctrine that lets a taxpayer estimate a deduction without perfect records - subject to the court being convinced an expense was incurred. Section 274(d) categories are carved out.

Covered in: TAX p3

Common Stock

Par-value equity issued to shareholders. Pairs with Additional Paid-In Capital (APIC) for amounts above par.

Covered in: JE p15 · FSA p7 · ES p19

Common-Size Statement *also: Vertical Analysis*

An income statement or balance sheet where every line is expressed as a percent of revenue (or total assets). Removes scale, exposes mix.

Covered in: FSA p5 · FSA p8 · FSA p13

Cost of Debt (Kd) *also: Kd*

After-tax yield demanded by lenders: $Kd = \text{pre-tax yield} * (1 - \text{tax rate})$. The interest-tax-shield is what makes debt cheaper than equity at the margin.

Covered in: CF p11

Cost of Equity (Ke) *also: Ke*

The return shareholders require to hold the stock. CAPM is the workhorse estimator; dividend-discount and build-up methods are alternatives.

Covered in: CF p11

Cost of Goods Sold (COGS) *also: COGS · Costo de ventas (ES)*

The direct costs of goods sold during the period - materials and direct labor. Expensed when revenue is recognized, not when inventory is bought.

Covered in: JE p3 · FSA p3 · ES p5

Credit (Cr) *also: Cr · Credito (ES)*

An entry on the right side of an account. Increases liabilities, equity, and revenue; decreases assets and expenses. Memory hook: CLER goes up with a credit.

Covered in: ACC p12 · JE p1 · ES p3

Current Ratio

Current Assets / Current Liabilities. Above 1.0 means short-term obligations are covered; below 1.0 is a warning sign.

Covered in: ACC p6 · FSA p11 · CF p20

D

DCF Valuation *also: DCF*

Discounted Cash Flow valuation: PV of projected FCFF plus a terminal value, discounted at WACC. The fundamental intrinsic-value method.

Covered in: CF p15

De Minimis Safe Harbor

Section 1.263(a)-1(f) election to expense items below a per-item threshold. Removes capitalization decisions on small purchases.

Covered in: TAX p14

Debit (Dr) also: Dr · Debito (ES)

An entry on the left side of an account. Increases assets, expenses, and drawings; decreases liabilities, equity, and revenue. Memory hook: DEA-D goes up with a debit.

Covered in: ACC p12 · JE p1 · ES p3

Debt-to-Equity also: D/E

Total Debt / Total Equity. Leverage marker. Industry-relative; capital-intensive businesses carry more.

Covered in: FSA p12 · CF p13

Depreciation Expense also: Depreciacion mensual (ES)

The periodic allocation of a fixed asset's cost over its useful life. Income-statement charge paired with Accumulated Depreciation.

Covered in: JE p6 · TAX p14 · ES p8

Depreciation Recapture also: Section 1245 · Section 1250

Section 1245 (personal property) or 1250 (real) recapture rules tax the prior depreciation as ordinary income on sale, up to the gain amount.

Covered in: TAX p15

DIO (Days Inventory Outstanding) also: DIO · Days Inventory

Inventory / COGS * 365. How long inventory sits before being sold. Drift up signals obsolescence or weakening demand.

Covered in: FSA p16 · CF p19

Discounted Payback Period

Payback computed on discounted cash flows. Fixes the TVM blind spot of the plain payback metric.

Covered in: CF p7

DPO (Days Payable Outstanding) also: DPO

AP / COGS * 365. How long the business takes to pay vendors. Up to a point, longer is better - free working-capital float.

Covered in: CF p19

DSO (Days Sales Outstanding) also: DSO

AR / Revenue * 365. How long it takes to collect a dollar of credit sales. Drift up signals collection problems or channel-stuffing.

Covered in: FSA p16 · CF p19

E

EBITDA

Earnings Before Interest, Taxes, Depreciation, and Amortization. A cash-proxy profitability measure widely used in valuation and lending covenants.

Covered in: FSA p4 · CF p17 · CF p21

EBITDA Bridge

The walk from Net Income up to EBITDA: add back interest, taxes, depreciation, and amortization. The reconciliation auditors and bankers will check.

Covered in: FSA p4

Effective Annual Rate (EAR) also: EAR

The true annualized return when interest compounds more than once per year. $EAR = (1 + r/m)^m - 1$.

Covered in: CF p4

Enterprise Value (EV) also: EV

Market value of the firm's operations: Equity Value + Debt - Cash. The valuation target before financing adjustments.

Covered in: CF p15 · CF p16

Entertainment Disallowance

Post-TCJA, business entertainment (concerts, sporting events) is non-deductible. Distinguishing meals embedded in entertainment events from the entertainment itself is the audit-bait line.

Covered in: TAX p10

Equity also: Capital (ES)

The owner's residual claim - what's left after liabilities are subtracted from assets. Normal balance is credit. Includes paid-in capital, retained earnings, treasury stock (contra).

Covered in: ACC p2 · FSA p7

Estimate (QBO)

A non-posting document - a quote to a customer. Converts to an invoice when accepted; does not hit the books until then.

Covered in: QB p15

EV-to-Equity Bridge

$EV - Debt + Cash = Equity Value$. The arithmetic that turns an enterprise valuation into a per-share value.

Covered in: CF p16

Expense also: Gasto (ES)

The cost of doing business. Normal balance is debit. Recognized when incurred under accrual basis.

Covered in: ACC p5 · JE p7

F

FICA Wage Base *also: Social Security Wage Base*

Annual ceiling for Social Security tax withholding. Medicare has no ceiling; Additional Medicare 0.9% kicks in above thresholds.

Covered in: TAX p21

Finance Lease (ASC 842) *also: Capital Lease · Arrendamiento financiero (ES)*

A lease that transfers substantially all the risks and rewards of ownership. Lessee records a ROU asset plus a lease liability; expense splits into amortization and interest.

Covered in: JE p14 · ES p18

Fixed Asset *also: PP&E; · Activo fijo (ES)*

Long-lived tangible property used in the business (equipment, vehicles, buildings). Capitalized and depreciated over its useful life.

Covered in: JE p5 · TAX p13

Free Cash Flow (FCF) *also: FCF*

OCF minus CapEx. The cash left for debt repayment, dividends, buybacks, or reinvestment. The number long-term investors anchor on.

Covered in: FSA p10 · CF p15

Free Cash Flow to Firm (FCFF) *also: FCFF · Unlevered FCF*

Unlevered free cash flow: $EBIT(1 - T) + D\&A; - \text{change in working capital} - \text{CapEx}$. The cash the firm generates before financing decisions.

Covered in: CF p15

Future Value (FV) *also: FV*

Tomorrow's value of today's cash, compounded forward. $FV = PV * (1 + r)^n$.

Covered in: CF p2

G

General Ledger

The master collection of every account and its running balance. Journal entries are posted here; the ledger is what the trial balance summarizes.

Covered in: ACC p7 · QB p8

Gordon Growth Model *also: Growing Perpetuity*

PV of a perpetuity growing at constant rate g : $PV = CF1 / (r - g)$. The textbook terminal-value formula.

Covered in: CF p4 · CF p16

Gross Margin

Gross Profit / Revenue. Tells you how much of every revenue dollar survives the direct cost of delivering the product.

Covered in: FSA p3 · ACC p5 · CF p21

Gross Profit

Revenue minus COGS. The dollars left after the direct cost of delivering the product. Numerator of gross margin.

Covered in: FSA p3 · ACC p5

Guaranteed Payment

Partnership / multi-member LLC payment to a partner for services or capital, deductible by the partnership and ordinary income to the partner.

Covered in: TAX p20

H**Home Office (Section 280A) also: Section 280A**

Deduction available to self-employed taxpayers and narrow categories of employees. Requires a regular-and-exclusive-use space.

Covered in: TAX p7

Home Office Simplified Method

Safe harbor for home-office deduction: a per-square-foot rate up to a square-foot cap. No depreciation recapture; no actual-expense tracking.

Covered in: TAX p7

Horizontal Analysis also: YoY Analysis

Year-over-year (or quarter-over-quarter) percent change for each line. Surfaces trends; ties growth to driver lines.

Covered in: FSA p13

HSA Contribution also: HSA

Health Savings Account contributions - deductible above-the-line for HDHP-covered taxpayers. Annual limits vary by self-only vs family coverage.

Covered in: TAX p19

I**Income Statement also: P&L; · Profit and Loss Statement**

Reports revenue and expenses over a period (month, quarter, year). Answers: did the business make money? Prepared first because net income flows to the balance sheet.

Covered in: FSA p2 · ACC p5

Income Summary also: Resumen de resultados (ES)

A temporary clearing account used during closing entries to collect all revenues and expenses before the net is transferred to Retained Earnings or Owner's Equity.

Covered in: JE p11 · ES p14

Indexed (Base-Year) Analysis

Sets a base year equal to 100 and expresses every subsequent year as an index. Useful for multi-year trend comparisons that span growth shocks.

Covered in: FSA p14

Intangible Asset *also: Activo intangible (ES)*

Non-physical long-lived asset (patents, trademarks, goodwill, software licenses). Amortized over its useful life if finite.

Covered in: JE p6 · ES p9

Interest Coverage *also: Times Interest Earned*

EBIT / Interest Expense. How many times operating earnings cover the interest bill. Lending-covenant standard.

Covered in: FSA p12

Internal Rate of Return (IRR) *also: IRR*

The discount rate at which NPV equals zero. Accept the project if IRR exceeds the hurdle rate / cost of capital.

Covered in: CF p6

Inventory *also: Inventario (ES)*

Goods held for sale (or raw materials/WIP to be sold). Current asset. The DIO numerator.

Covered in: JE p3 · FSA p16 · CF p18 · ES p5

Inventory Write-Down *also: Castigo de inventario (ES)*

An entry to reduce inventory to net realizable value when goods become obsolete, damaged, or unsellable. Hits Inventory and a loss/COGS account.

Covered in: JE p4 · ES p6

J**Journal Entry** *also: Asiento contable (ES)*

The first formal record of a transaction. Always at least one debit and one credit; total debits must equal total credits.

Covered in: JE p1 · ACC p7 · ES p3

L**Liability** *also: Pasivo (ES)*

Something the business owes to others. Normal balance is credit. Current liabilities are due within 12 months; long-term liabilities beyond.

Covered in: ACC p2 · FSA p7

Line of Credit *also: LOC · Linea de credito (ES)*

A revolving lending facility - draws create a liability, repayments reduce it. Short-term financing for working-capital swings.

Covered in: JE p10 · QB p8 · ES p13

Liquidity Ratios

Family of ratios measuring short-term solvency - current ratio, quick ratio, cash ratio. The first family lenders look at.

Covered in: CF p20 · FSA p11

Loan / Note Payable *also: Prestamo bancario (ES)*

A formal interest-bearing obligation to a lender. Principal is a liability; interest is an expense recognized over time.

Covered in: JE p10 · FSA p7 · ES p13

Locations (QBO)

A second tagging dimension alongside Classes. Often used for physical sites when Classes are used for business lines.

Covered in: QB p14

M**MACRS** *also: Modified Accelerated Cost Recovery System*

Modified Accelerated Cost Recovery System - the default tax depreciation regime when neither Section 179 nor bonus is elected. Class lives 3 to 39 years.

Covered in: TAX p14

Modified Internal Rate of Return (MIRR) *also: MIRR*

IRR variant that reinvests interim cash flows at the cost of capital, not the IRR. Removes the IRR-overstatement problem.

Covered in: CF p7

Modigliani-Miller (M&M;) *also: M&M; Theorem*

In a frictionless world, capital structure does not affect firm value (Prop I, no taxes). With taxes, the interest tax shield adds value with leverage - up to the offsetting cost of distress.

Covered in: CF p13

N**Net Income** *also: Profit · Bottom Line · Utilidad neta (ES)*

The bottom line of the income statement - revenue minus every expense, gain, and loss. Flows to Retained Earnings via closing.

Covered in: FSA p4 · ACC p5 · JE p12

Net Present Value (NPV) *also: NPV*

PV of project cash inflows minus PV of outflows. Accept the project if NPV > 0.

Covered in: CF p5

Net Working Capital (NWC) *also: NWC*

Operating current assets (AR + inventory + prepaids) minus operating current liabilities (AP + accrued expenses). Excludes cash and debt - measures operational liquidity needs.

Covered in: CF p18 · FSA p6

Non-Recurring Items

Restructuring charges, asset impairments, litigation settlements, and similar one-off items that distort run-rate earnings. EBITDA adjustments often start here.

Covered in: FSA p16

NSF Check *also: NSF · Cheque sin fondos (ES)*

A customer check returned by the bank for non-sufficient funds. Reverses the prior cash receipt and re-establishes the receivable.

Covered in: JE p13 · ES p16

O

Opening Balance Equity (OBE) *also: OBE*

QuickBooks's catch-all account when historical balances are entered without offsetting entries. Anything left in OBE at year-end means something is unreconciled.

Covered in: QB p19

Operating Cash Flow (OCF) *also: OCF · Cash from Operations*

Cash generated by the core business, computed via the indirect method as net income plus non-cash items plus changes in working capital.

Covered in: FSA p9

Operating Income *also: EBIT*

Gross Profit minus operating expenses (SG&A;, R&D;, D&A;). The earnings the core business generates before financing and taxes.

Covered in: FSA p3

Operating Lease (ASC 842) *also: Arrendamiento operativo (ES)*

A lease that does not transfer substantially all risks and rewards of ownership. Under ASC 842 the lessee still records a right-of-use asset and a lease liability on the balance sheet.

Covered in: JE p14 · ES p17

Operating Margin

Operating Income / Revenue. Quality marker for the core business engine - free of financing structure and tax-jurisdiction noise.

Covered in: FSA p3 · CF p21

P

Payback Period

Years until cumulative undiscounted cash inflows equal the initial outlay. Quick liquidity check; ignores TVM and post-payback flows.

Covered in: CF p6

Pecking Order Theory

Firms prefer internal financing first, then debt, then equity - because signaling costs make outside equity the most expensive source.

Covered in: CF p14

Per Diem

An IRS-published daily allowance for meals and incidentals on travel. Avoids receipt-keeping; rate depends on destination city.

Covered in: TAX p12

Permanent vs Temporary Accounts

Balance-sheet accounts (assets, liabilities, equity) are permanent - they carry balances forward. Income-statement accounts (revenue, expenses) are temporary - they zero out at year-end via closing entries.

Covered in: ACC p8 · JE p11

Perpetuity

An annuity that goes on forever. $PV = CF / r$. The building block for terminal-value math.

Covered in: CF p3

Petty Cash *also: Caja chica (ES)*

A small on-hand cash fund for minor purchases. Replenished by check; the replenishment is when actual expenses are recorded.

Covered in: JE p13 · ES p16

Prepaid Expense *also: Gasto pagado por anticipado (ES)*

Cash paid for a future-period benefit (e.g., insurance, rent). Recorded as an asset; expensed over the benefit period via an adjusting entry.

Covered in: JE p7 · ES p9

Present Value (PV) *also: PV*

Today's value of a future cash flow, discounted at a rate. $PV = FV / (1 + r)^n$.

Covered in: CF p2

Profitability Index (PI) *also: PI*

PV of inflows / [initial outlay]. $PI > 1$ indicates a value-creating project; useful when capital is rationed.

Covered in: CF p8

Projects (QBO)

QBO feature that tags transactions to a specific customer engagement, producing per-project profitability reports without departing from the main COA.

Covered in: QB p13

Purchase Discount *also: Descuento por pronto pago (ES)*

A discount taken for paying a vendor invoice within a stated window (e.g., 2/10 net 30). Reduces Inventory or COGS.

Covered in: JE p4 · ES p6

Q

Quality of Earnings *also: QoE*

How closely reported earnings match the underlying cash economics. Red flags: OCF lagging net income, growing accruals, DSO/DIO drift, lumpy non-recurring items.

Covered in: FSA p15 · FSA p16

Quick Ratio *also: Acid-Test Ratio*

$(\text{Current Assets} - \text{Inventory}) / \text{Current Liabilities}$. The strict liquidity test - inventory may not convert to cash quickly.

Covered in: FSA p11 · CF p20

QuickBooks Desktop (QBDT) *also: QBDT*

Intuit's installed desktop product. Heavier feature set (inventory assemblies, batch invoicing) but a sunseting roadmap. Still preferred for specific industries.

Covered in: QB p3

QuickBooks Online (QBO) *also: QBO*

Intuit's cloud accounting product. Subscription tiers from Simple Start to Advanced; the default for small businesses in 2026.

Covered in: QB p3 · QB p4

R

Reasonable Compensation (S-Corp)

The IRS requires S-corp owner-employees to pay themselves W-2 wages reasonable for the work performed before taking distributions. The audit-bait line for S-corp owner pay.

Covered in: TAX p20

Reconciliation (QBO)

Monthly process inside QBO that matches every transaction to the bank statement, line by line, until the ending difference is zero.

Covered in: QB p12

Retained Earnings *also: Utilidades retenidas (ES)*

Cumulative net income kept in the business (not paid out as dividends). Equity account; closing entries flow into it each year.

Covered in: ACC p13 · JE p12 · FSA p7

Return on Assets (ROA) *also: ROA*

$\text{Net Income} / \text{Total Assets}$. How efficiently the asset base generates earnings.

Covered in: FSA p12

Return on Equity (ROE) *also: ROE*

Net Income / Shareholders' Equity. The shareholder's pre-leverage return.

Covered in: FSA p12

Return on Invested Capital (ROIC) *also: ROIC*

NOPAT / (Debt + Equity). The cleanest cross-capital-structure return measure - what the operating business earns on every dollar of capital deployed.

Covered in: FSA p12 · CF p22

Revenue *also: Sales · Ingresos (ES)*

What the business earned from delivering goods or services. Normal balance is credit. Top line of the income statement.

Covered in: ACC p5 · JE p1 · FSA p2

Revenue Recognition (5-Step Model) *also: ASC 606*

ASC 606 / IFRS 15: identify contract, identify performance obligations, determine transaction price, allocate, recognize as obligations are satisfied.

Covered in: FSA p2 · JE p2

Right-of-Use (ROU) Asset *also: ROU Asset*

The lessee's recognized asset under ASC 842 representing the right to use the leased item over the lease term.

Covered in: JE p14 · ES p17

S**Sales Returns and Allowances**

A contra-revenue account for customer returns or price concessions. Debited when a return is processed; reduces net revenue on the income statement.

Covered in: JE p2 · ACC p13 · ES p4

Sales Tax Center

QBO module that computes sales tax based on customer location, tracks the liability, and produces filing-ready reports.

Covered in: QB p6

Sales Tax Payable

A liability for sales tax collected from customers and owed to the government. Never income - it passes through.

Covered in: JE p8 · ACC p10 · QB p6

Section 162 (Ordinary and Necessary) *also: IRC 162*

IRC Section 162(a) - the foundation of every business deduction. Allows a deduction for all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business.

Covered in: TAX p3

Section 179 *also: Sec 179*

Election to fully expense qualifying property in the year placed in service, subject to a dollar cap and a phase-out at higher placed-in-service amounts.

Covered in: TAX p13

Section 199A / QBI *also: QBI · Section 199A*

Qualified Business Income deduction - up to 20% of pass-through business income, subject to SSTB and W-2 wage limitations above income thresholds.

Covered in: TAX p23

Section 280G Parachute Payment *also: Golden Parachute*

Excess golden-parachute payments to disqualified individuals on a change of control. Non-deductible to the corporation plus 20% excise tax on the recipient.

Covered in: TAX p25

Self-Employed Health Insurance Deduction *also: SEHI*

Above-the-line deduction for the SE taxpayer's medical, dental, and qualified long-term care premiums. Reduces AGI without itemizing.

Covered in: TAX p19

SEP-IRA

Simplified Employee Pension - employer-funded retirement plan, simplest to administer for solos and very small employers.

Covered in: TAX p16

SIMPLE-IRA

Savings Incentive Match Plan for Employees - small-employer plan (<=100 employees) with employee deferrals plus an employer match or non-elective contribution.

Covered in: TAX p16

Solo 401(k) *also: Individual 401(k)*

Single-participant 401(k) for true solo (and spousal) businesses. Combines employee deferral and employer contribution to reach the highest limit of small-employer plans.

Covered in: TAX p17

Source Document

The receipt, invoice, bank statement, or contract that originates a transaction and serves as the audit trail behind a journal entry.

Covered in: ACC p7 · TAX p4

SSTB Limitation *also: SSTB*

Specified Service Trade or Business categories (law, health, consulting, financial services, etc.) phase out of the QBI deduction above income thresholds.

Covered in: TAX p23

Standard Mileage Method

Vehicle deduction at the IRS-published per-mile rate. Election required in the first year; switching back from actual is restricted.

Covered in: TAX p5

Sub-Customer

A child customer under a parent record - used to track jobs, properties, or sub-divisions while still rolling up to the parent for invoicing.

Covered in: QB p13

Systematic vs Unsystematic Risk

Systematic risk (market-wide, undiversifiable) is what investors are compensated for. Unsystematic risk (company-specific) is diversifiable and earns no premium.

Covered in: CF p9

T

Tax Shield

The tax savings from a deductible expense (most commonly interest). Tax shield on debt = Debt * interest rate * tax rate.

Covered in: CF p13

Terminal Value

The lump-sum value of all cash flows beyond the explicit forecast period. Calculated via Gordon Growth or exit-multiple methods.

Covered in: CF p16

Time Value of Money (TVM) *also: TVM*

A dollar today is worth more than a dollar tomorrow. The base assumption every discounted-cash-flow technique rests on.

Covered in: CF p2

Trade-Off Theory

Optimal leverage balances the tax shield against distress costs. Predicts an internal optimum; explains why most firms carry some - but not infinite - debt.

Covered in: CF p14

Trading Multiples *also: Multiples · Comps*

Relative valuation ratios: EV/EBITDA, EV/Revenue, P/E. Anchor a DCF in comparable-company evidence; reveal sentiment-driven mispricing.

Covered in: CF p17

Treasury Stock *also: Acciones en tesorería (ES)*

Company stock repurchased and held by the issuer. A contra-equity account - increases with a debit.

Covered in: JE p15 · ACC p13 · ES p20

Trial Balance

A period-end listing of every ledger account balance to verify total debits equal total credits. Unadjusted comes before adjusting entries; adjusted comes after.

Covered in: ACC p7 · QB p16

U

Undeposited Funds *also: UF*

A QBO holding account between Receive Payment and Deposit. Lets you group customer payments before a single bank deposit. Undeposited Funds bloat is QBO's #1 pitfall.

Covered in: QB p15 · QB p17

Unearned Revenue *also: Deferred Revenue · Customer Deposit · Ingresos diferidos (ES)*

Cash collected before the related goods or services are delivered. A liability until earned; the most common timing-mismatch entry.

Covered in: JE p2 · FSA p15 · ES p4

W

W-2 vs 1099 Test

IRS multi-factor test for classifying workers - behavioral control, financial control, type of relationship. Misclassification triggers back payroll taxes plus penalties.

Covered in: TAX p22 · ACC p11

Weighted Average Cost of Capital (WACC) *also: WACC*

Blended cost of debt and equity at market-value weights: $WACC = (E/V) * Ke + (D/V) * Kd * (1-T)$. The DCF discount rate.

Covered in: CF p12

Working Capital

Current Assets minus Current Liabilities. The cushion of short-term resources over short-term obligations.

Covered in: FSA p6 · CF p18

Topic Index

Same terms, grouped by theme

Reading the Series for the first time? The alphabetical glossary is for lookups. This topic index is for orientation - which terms belong to which body of practice. Use it to map a question ("I need to understand valuation") to the slice of vocabulary that answers it.

Bookkeeping Fundamentals

14 terms

- Accounting Cycle
- Accrual Basis
- Adjusting Entry
- Bank Reconciliation
- Chart of Accounts (COA)
- Closing Entries
- Credit (Cr)
- Debit (Dr)
- General Ledger
- Income Summary
- Journal Entry
- Permanent vs Temporary Accounts
- Source Document
- Trial Balance

Account Types & Specific Accounts

23 terms

- Accounts Payable (AP)
- Accounts Receivable (AR)
- Accrued Expense
- Accumulated Depreciation
- Additional Paid-In Capital (APIC)
- Allowance for Doubtful Accounts
- Asset
- Cash
- Common Stock
- Equity
- Expense
- Fixed Asset
- Intangible Asset
- Inventory
- Liability
- Opening Balance Equity (OBE)
- Petty Cash
- Prepaid Expense
- Retained Earnings
- Revenue
- Sales Tax Payable
- Treasury Stock
- Unearned Revenue

Journal Entry Mechanics

13 terms

- Amortization
- Bad Debt Expense
- Cost of Goods Sold (COGS)
- Depreciation Expense
- Finance Lease (ASC 842)
- Inventory Write-Down
- Line of Credit
- Loan / Note Payable
- NSF Check
- Operating Lease (ASC 842)
- Purchase Discount
- Right-of-Use (ROU) Asset
- Sales Returns and Allowances

Financial Statements & Line Items

22 terms

- Balance Sheet
- Capital Expenditure (CapEx)
- Cash Flow Statement
- Common-Size Statement
- EBITDA
- EBITDA Bridge
- Free Cash Flow (FCF)
- Free Cash Flow to Firm (FCFF)
- Gross Margin
- Gross Profit
- Horizontal Analysis
- Income Statement
- Indexed (Base-Year) Analysis
- Net Income
- Net Working Capital (NWC)
- Non-Recurring Items
- Operating Cash Flow (OCF)
- Operating Income
- Operating Margin
- Quality of Earnings
- Revenue Recognition (5-Step Model)
- Working Capital

Ratios & Analysis

12 terms

- Asset Turnover
- Cash Conversion Cycle (CCC)
- Current Ratio
- Debt-to-Equity
- DIO (Days Inventory Outstanding)
- DPO (Days Payable Outstanding)
- DSO (Days Sales Outstanding)
- Interest Coverage
- Quick Ratio
- Return on Assets (ROA)
- Return on Equity (ROE)
- Return on Invested Capital (ROIC)

Corporate Finance & Valuation

29 terms

- Annuity
- Beta (Beta)
- Capital Asset Pricing Model (CAPM)
- Cost of Debt (Kd)
- Cost of Equity (Ke)
- DCF Valuation
- Discounted Payback Period
- Effective Annual Rate (EAR)
- Enterprise Value (EV)
- EV-to-Equity Bridge
- Future Value (FV)
- Gordon Growth Model
- Internal Rate of Return (IRR)
- Liquidity Ratios
- Modified Internal Rate of Return (MIRR)
- Modigliani-Miller (M&M;)
- Net Present Value (NPV)
- Payback Period
- Pecking Order Theory
- Perpetuity
- Present Value (PV)
- Profitability Index (PI)
- Systematic vs Unsystematic Risk
- Tax Shield
- Terminal Value
- Time Value of Money (TVM)
- Trade-Off Theory
- Trading Multiples
- Weighted Average Cost of Capital (WACC)

QuickBooks Specifics

14 terms

- 1099 Tracking
- Bank Feed
- Bank Rules
- Classes (QBO)
- Closing Date Password
- Estimate (QBO)
- Locations (QBO)
- Projects (QBO)
- QuickBooks Desktop (QBDT)
- QuickBooks Online (QBO)
- Reconciliation (QBO)
- Sales Tax Center
- Sub-Customer
- Undeposited Funds

Tax Deductions & Compliance

28 terms

- 50% Meals Rule
- Actual Expense Method
- Bonus Depreciation
- Burden of Proof
- Business Bad Debt
- Cohan Rule
- De Minimis Safe Harbor
- Depreciation Recapture
- Entertainment Disallowance
- FICA Wage Base
- Guaranteed Payment
- Home Office (Section 280A)
- Home Office Simplified Method
- HSA Contribution
- MACRS
- Per Diem
- Reasonable Compensation (S-Corp)
- Section 162 (Ordinary and Necessary)
- Section 179
- Section 199A / QBI
- Section 280G Parachute Payment
- Self-Employed Health Insurance Deduction
- SEP-IRA
- SIMPLE-IRA
- Solo 401(k)
- SSTB Limitation
- Standard Mileage Method
- W-2 vs 1099 Test

Spanish Equivalents (Asientos Contables Edicion Beta)

- **Accounts Payable (AP)** → *Cuentas por pagar*
- **Accounts Receivable (AR)** → *Cuentas por cobrar*
- **Accrued Expense** → *Gasto devengado*
- **Allowance for Doubtful Accounts** → *Reserva de cuentas incobrables*
- **Amortization** → *Amortizacion*
- **Asset** → *Activo*
- **Bad Debt Expense** → *Gasto por cuentas incobrables*
- **Common Stock**
- **Cost of Goods Sold (COGS)** → *Costo de ventas*
- **Credit (Cr)** → *Credito*
- **Debit (Dr)** → *Debito*
- **Depreciation Expense** → *Depreciacion mensual*
- **Equity** → *Capital*
- **Expense** → *Gasto*
- **Finance Lease (ASC 842)** → *Arrendamiento financiero*
- **Fixed Asset** → *Activo fijo*
- **Income Summary** → *Resumen de resultados*
- **Intangible Asset** → *Activo intangible*
- **Inventory** → *Inventario*
- **Inventory Write-Down** → *Castigo de inventario*

- **Journal Entry** → *Asiento contable*
- **Liability** → *Pasivo*
- **Line of Credit** → *Línea de crédito*
- **Loan / Note Payable** → *Prestamo bancario*
- **Net Income** → *Utilidad neta*
- **NSF Check** → *Cheque sin fondos*
- **Operating Lease (ASC 842)** → *Arrendamiento operativo*
- **Petty Cash** → *Caja chica*
- **Prepaid Expense** → *Gasto pagado por anticipado*
- **Purchase Discount** → *Descuento por pronto pago*
- **Retained Earnings** → *Utilidades retenidas*
- **Revenue** → *Ingresos*
- **Right-of-Use (ROU) Asset**
- **Sales Returns and Allowances**
- **Treasury Stock** → *Acciones en tesorería*
- **Unearned Revenue** → *Ingresos diferidos*

NEXT STEP*From Foundations to Flagship***PRIMARY PATH****CFO & Controller's Guide (489 pp paid flagship)**

If the Foundations Series is the vocabulary, the CFO & Controller's Guide is the controller's seat itself. The full month-end close cadence, statement preparation in production detail, internal controls aligned to SOX 404 expectations, audit readiness, sampling - every Foundations term used at the depth a senior finance practitioner actually uses it. The natural next step for any reader who finished a Foundations PDF and felt the need to go deeper.

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