

## Chapter 5 The Free Enterprise System

### Section 5.2 Business Opportunities

#### Review Key Concepts

1. Over 95 percent of U.S. businesses are classified as small business and they employ over half of the private-sector work force, which makes them significant to the U.S. economy.
2. DECA is classified as a nonprofit organization because the revenue it generates from dues, the products it sells, and the donations it receives are used to support the function of the organization.
3. Balance sheet: assets, liabilities, and owner's equity. Profit and loss statement: income, cost of goods sold, and expenses.

#### Practice Academics

##### Social Studies

4. Accept all reasonable answers for nonprofit organizations. All reports should include the following: how it began, how it derives its income, what percentage of its donations is spent on its cause and what percentage is spent on administration of the organization. One example is Play for P.I.N.K., which began in 1996 with the goal of raising funds for breast cancer research. It accepts donations from grass roots fund-raising events. According to its Web site, the fund raising events include: "golf and tennis tournaments, equestrian events, card games, knitting circles, even spa days!" All funds raised (100%) are donated to The Breast Cancer Research Foundation. Administrative costs are covered by Bloomberg's, which underwrites the organization.

##### Mathematics

5. Owner's equity is \$550,000 ( $\$750,000 - \$200,000 = \$550,000$ ).