

Sources of Capital

A DIGITAL DISCOVERY LESSON

**How Businesses Get
Capital to Start,
Operate, and Grow**

**Editable
Interactive Slides
Critical Thinking**

**A Google Slides file
that easily converts
to PowerPoint**



**NO PREP!
SAVES YOU TIME!**

BUSINESS EDUCATION WITH *Denise Leigh*

NO PREP Intro Digital Activity

What's included?

- ✓ **9-slides** Google Slides lesson
- ✓ **Teacher's Key**
- ✓ **Loan Financing vs. Equity Financing Lesson**
- ✓ **WebQuest** on other ways to get money: crowdfunding, angel investor, grants, venture capital, & bootstrapping
- ✓ **Scenario-Based Questions**
- ✓ **Stocks vs. Bonds Financing**

**How Businesses
Get Money**

Perfect for In Person, Sub Day, Remote

Students Learn Vocabulary then...

Loans vs. Equity Financing

...answer

Scenario-Based Questions

Two Main Types of Funding

Loan Financing vs. Equity Financing

Simple Examples

- Loan = borrowing money for a business start-up
- Equity = appearing on Shark Tank and giving up 20% ownership

"Borrowing money from a bank"

vs.

"Letting someone own part of your business"



Loan Financing	Equity Financing
Borrow money	Sell ownership
Must repay with interest	Investors become part owners
Business keeps control	Business gives up some control

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Loan Funding or Equity Funding?

1. Maya opens a smoothie shop and borrows \$25,000 from a bank. She agrees to pay the money back over five years with interest.
2. A tech startup gives an investor 15% ownership of the company in exchange for startup money.
3. Jordan uses an SBA loan to buy equipment for his lawn care business and makes monthly payments to the lender.
4. A clothing brand owner receives money from an angel investor who now owns part of the company and receives a share of future profits.

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Interactive Slides

A WebQuest to learn these Funding terms

WEBQUEST

There are other ways to get money to start a business. Search the web for the following funding options and report your findings about each below...

Funding Option	Explain this funding option ...
Crowdfunding	
Angel Investor	
Grants for Small Business	
Venture Capital Firms	
Bootstrapping	

- **Crowdfunding**
- **Angel Investor**
 - **Grants**
- **Venture Capital**
- **Bootstrapping**

Identify the type of funding in these business scenarios.

Read each scenario and decide which funding source is being used.

Answer Choices

Crowdfunding

Angel Investor

Grants for Small Business

Venture Capital Firm

Bootstrapping

11.0

1. Ava starts a custom sneaker business using money she earned from babysitting and selling old clothes online.
2. A gaming café owner creates a Kickstarter page, and hundreds of people donate small amounts of money to help open the business.
3. A popular new fitness app receives \$1 million from a company that invests in fast-growing businesses.
4. Jayden receives free tutoring money from a local economic development program to help launch his food truck business.
5. A wealthy entrepreneur gives a clothing brand \$50,000 in exchange for partial ownership of the company.
6. Sophia uses her own paycheck from her part-time job to buy supplies for her candle-making business.
7. A group of online supporters each contributes \$10–\$25 to help a student launch a new study-planner product.
8. A startup social media company gets funding from a large investment company that hopes the business grows quickly and becomes highly profitable.

A large, white, 3D-style letter 'W' is positioned on the left side of the page. The background is a solid green color with several horizontal white lines, creating a striped effect. The letter 'W' is composed of four strokes, with the top two strokes forming a 'V' shape and the bottom two strokes forming another 'V' shape, connected in the middle. The letter is slightly tilted to the right.

Students Learn More Vocabulary then...

Stocks vs. Bonds

Stocks and Bonds

How Corporations Raise Money

Bonds

- A bond is basically a loan to a business
- Investors earn interest

Stocks

- Stock = ownership in a company
- Investors hope stock value goes up

Simple Comparison

Examples

- Buying Nike stock
- Buying Disney bonds



Bond	Stock
Loan	Ownership
Earn interest	Earn profits/dividends
Lower risk	Higher risk

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...answer Scenario-Based Questions

Stocks or Bonds

Directions
Read each scenario and decide whether the investment is a:
Stock or Bond

- Emma buys part ownership in Apple and hopes the value increases over time.
- Liam lends money to Disney and receives interest payments every six months.
- Sophia purchases shares of Google and becomes one of the company's shareholders.
- A business promises to repay Noah's investment in 10 years with added interest.
- Ava invests in Amazon because she hopes the company grows and the share price rises.
- Mason buys an investment that acts like a loan to a corporation rather than ownership.

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More Interactive Slides

Teaching Duration: 45 minutes + Discussions

9 Slides included

Sources of Financial Capital

How do businesses get money to start and grow?



Two Main Types of Funding

Loan Financing vs. Equity Financing

Simple Examples

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- Equity = appearing on Shark Tank and giving up 20% ownership

"Borrowing money from a bank"

vs.

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Loan Financing	Equity Financing
Borrow money	Sell ownership
Must repay with interest	Investors become part owner

Loan Funding or Equity Funding?

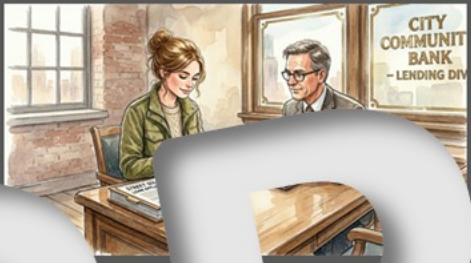
1. Maya opens a smoothie shop and borrows \$25,000 from a bank. She agrees to pay the money back over five years with interest.
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3. Jordan uses an SBA loan to buy equipment for his lawn care business and makes monthly payments to the lender.

Nothing to worry about if you receive money from an angel investor. You own part of the business and receive a share of future profits.

Business Loans

How Loans Work

Businesses borrow money from banks or lenders
Loans must be repaid
Interest = extra money paid to lender



Bigger loans + higher interest rates = more expensive borrowing

Example

A sneaker reselling business borrows \$10,000 to buy inventory

Equity Financing

Selling Part of the Business

Investors give money to the business. In return, they get ownership shares. Investors may help make decisions about the future profits.

Example: A sneaker reseller gives 25% ownership to an investor for startup money.



Other Funding Options

There are other ways to start a business. Search the web for the following funding options. Report your findings about each below...

Funding Option	Describe this funding option...
Angel Investor	
Grants for Small Business	
Venture Capital Firms	
Bootstrapping	

Read each scenario and decide which funding source is being used.

Answer Choices:
Crowdfunding
Angel Investor
Grants for Small Business

Venture Capital Firm
Bootstrapping

1. Ava starts a custom sneaker business using money she earned from babysitting and selling old clothes online.
2. A gaming café owner creates a Kickstarter page, and hundreds of people donate small amounts of money to help open the business.
3. A popular new fitness app receives \$2 million from a company that invests in fast-growing startups.
4. Jayden receives free startup money from a local economic development program to help launch his food truck business.
5. A wealthy entrepreneur gives a teen clothing brand \$50,000 in exchange for partial ownership of the company.
6. Sophia uses her own paycheck from her part-time job to buy supplies for her candle-making business.
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Stocks and Bonds

How Corporations Raise Money

Bonds

- A bond is basically a loan to a business
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- Stock = ownership in a company
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Simple Comparison

Examples

- Buying Nike stock
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Bond	Stock
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Stocks or Bonds

Directions

Read each scenario and decide whether the investment is a: Stock or Bond

1. Emma buys part ownership in Apple and hopes the value increases over time.
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Google Slides that **easily converts** to PowerPoint

Hi! My name is Denise Leigh. I have been teaching Business Education for over 25 years! I love collaborating with business educators all over the world. I am a 2022 Pennsylvania Teacher of the Year Finalist and relentless lifetime learner and lover of everything education. Engaging students and connecting them to their world is my jam! Thank you for exploring my resources and sharing my passion for BUSINESS EDUCATION!

Denise Leigh is an expert on student-led instruction. She was featured on CBS Pittsburgh for her City Collaborative™ Project-Based Business Education (PBL) Classroom.

