

## MESSAGE TO EDUCATORS

While kids know that it costs money to buy things, the details of how to earn, spend, and save are life skills that adults rarely share with them. Yet, young students who learn the basics of money management can become smart earners, spenders, and savers, and develop the habits they need to be fiscally responsible adults.

To provide your students with the basics of financial literacy, the American Institute of Certified Public Accountants (AICPA) has teamed with Weekly Reader Corp. Consumer & Custom Publishing to create this free educational program “Budget Buzz: Be Smart About Saving.” The hands-on activities are designed to help your students discover that understanding financial concepts is useful and valuable to them as they are introduced to skills that will serve them well throughout their lives.

The program includes a poster to display in your classroom, backed with this teacher’s guide and reproducible classroom activities, including a “Budget Sheet” and “Budget Buzz Words,” a financial literacy vocabulary list. Although the materials are protected by copyright, please feel free to reproduce them for use in your classroom and to share with your colleagues.



**Tell us what you think.**  
Complete and return the enclosed  
reply card and program evaluation.

### PROGRAM OBJECTIVE

To introduce young students to the process of earning, spending, and saving money, as well as to explain the concept of expenses and profits

### STANDARDS LINKS

•Math Operations •Sequencing •Language Arts

### TARGET AUDIENCE

This program is designed for students in grade 4. Since students have a wide span of developmental skills and abilities, you can adapt the activities to suit your class.

**How to use the four-color poster:** Hang the poster where all students can see it and ask them to look at it carefully. The front of the poster shows how Carlos saves enough money to buy a skateboard. Point out that because Carlos wanted to buy a skateboard, he figured out ways to earn, budget, and save money.

**The process is divided into 4 steps:** 1. Plan; 2. Earn; 3. Save and Economize; 4. Buy What You Want! Ask students to look at the pictures for each step and describe what Carlos did to achieve his goal.

**Ask:** 1. What did Carlos do to plan ahead?; 2. How did Carlos earn money? (let them suggest alternate jobs or activities he might have done); 3. What expenses did Carlos eliminate in order to economize?; 4. What did he buy with his money?

### ACTIVITY ONE

#### I Want That!

**Copy and distribute** to your students the “Budget Sheet” and “Budget Buzz Words,” and Activity One: “I Want That!” Explain the differences between what people “need” (e.g., food, clothing, a place to live, health care, an education, heat or a/c, transportation) and what people “want” (e.g., extra clothes, candy, soda, movie tickets, audio equipment, a better bike, toys, games). Explain that a “want” can also be a “need”—(e.g., you may “want” to be on the basketball team. But to play, you will “need” a uniform and shoes; or, you may “need” money because you “want” to go on a school trip). Ask students to identify their “needs” and their “wants” and write a list for each category on the chalkboard.

**Next, have the students take turns reading aloud** the lines of the passage in Activity One. Have them answer the questions on the bottom of the page in class or as homework. Review the answers and the operations so all students understand the process. Once everyone has the correct answers, have students enter the information on the “Budget Sheet” and calculate Erika’s balance at the end of the first week. Ask students to estimate how many weeks or months it will take Erika to save \$200 for the bike if she economizes by not spending money on small “wants.”

#### Answers:

1. \$15; \$60 2. \$48 3. \$20 4. \$5 5. \$9.75 6. \$18 7. \$105.25 8. 8 weeks or 2 months  
(Have students enter this information on the Budget Sheet.)

### ACTIVITY TWO

#### It's Your Lemonade Stand!

**Distribute** to your students a copy of Activity Two. Explain that before starting a business, people plan, research, create publicity, raise capital, and invest in materials. Use the Budget Buzz Words to clarify profit, loss, capital, and other words that you use. Tell students they will be asked to plan a one-day lemonade stand. Create groups of two or three students and have each group list their expenses on the chart, calculate the totals, and answer the questions below. When they are finished, have students take turns explaining the decisions made by their groups, including: how they decided what kind of lemonade to sell and what to charge per cup. Finally, ask each group how they calculated what each partner earned.

**Answers:** Fresh-squeezed lemonade: total expenses = \$31.86; cost per cup = about \$0.64.  
Frozen concentrate lemonade: total expenses = \$21.28; cost per cup = about \$0.43. The remaining answers will vary.

**As an extension activity,** ask students to brainstorm other businesses that they might run in one day. (Ideas might include: hosting a bake, craft or art sale; running a car wash; giving a performance such as a puppet show; coordinating a neighbor’s birthday party.) As a homework assignment, have small groups of students choose one-day businesses to run, list the supplies they will need, and research their costs. Ask students to estimate how much they might spend on supplies to open their businesses, how much money they might make in one day, and how much they will have left as profit once they subtract their expenses. Ask students to explain why they chose their businesses, and how they arrived at their financial estimates.



### RESOURCES

**www.aicpa.org/aec** The Accounting Education Center on this site offers teachers additional resources for enhancing the accounting and business curriculum.

**www.360financialliteracy.org** Information is provided for adults who want to teach children about managing money, setting up bank accounts, investing, and much more.

**www.StartHereGoPlaces.com** Visit this site for a great introduction to careers in business and accounting.

**www.alexlemonade.org** Alex’s Lemonade Stand Foundation helps fight pediatric cancer. This website also includes activities and resources related to running a lemonade stand.

**moneycentral.msn.com/Investor/calcs/n\_savapp/main.asp** The Online Savings Calculator is a useful tool for figuring out a personal savings plan.

**www.richkidsmartkid.com/minigames/profit.htm** These online games are designed to help kids understand how to manage money.

Mellin, Joe. *Starting Young: Getting a Jump on Getting Ahead in Business*. Balboa Publishing. San Anselmo, CA. 1999. The author, who started his own muffin stand when he was 8, and is now a full-fledged businessman, shares his expertise with kids.

Rancic, Bill. *Beyond the Lemonade Stand: Starting Small to Make it Big*. Razor Bill Books, A division of Young Readers Group. New York, NY. 2005. Bill Rancic, who became a star when he was hired by Donald Trump on TV’s “The Apprentice,” has written this how-to book for his youngest fans.

# I WANT THAT!

**ERIKA:** Dad, I really want a new bike like Taylor's. I could ride it to school and it would be great exercise.

**DAD:** Great idea. But if you want a new bike soon, you'll have to save up and buy it yourself.

**ERIKA:** But, Dad, that will take forever!

**DAD:** Not if you put yourself on a budget.

**ERIKA:** A budget?

**DAD:** It's a spending plan. I learned about budgets from Mr. Walsh. He's our family accountant. I can show you, if you want.

**ERIKA:** Well, I guess.

**DAD:** It's pretty simple, really. Here's my Budget Sheet. This is where I write down the money I deposit in my bank account each week. I also write down all the money I spend that week. At the end of the week, I write these numbers on a monthly budget sheet. It's a big chart. When I subtract what I spent from what I have in my account, I get the weekly balance. After four weeks, I can figure out the monthly balance.

**ERIKA:** The balance? Huh?

**DAD:** The balance is the amount of money that's left in the bank after I pay for the things we need. It helps me decide how much to spend on things we want—and how much to save.

**ERIKA:** Okay, you're saying I should keep a list of the money I get each week—like from my allowance and from my dog walking job. And I should write down the money I spend on the movies or DVDs.

**DAD:** That's right. Then, each week you subtract what you spend from what you earn and you'll see how much money you have left. Pretty soon you'll be able to estimate how long it will take to save enough for your bike.

**ERIKA:** Hmmm. So if I could somehow earn more money, and save more money, I could buy my bike sooner.

**DAD:** That's right!

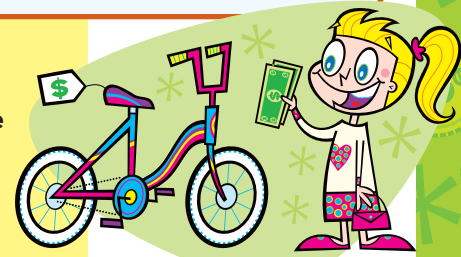
**ERIKA:** How cool is this! I'm starting a Budget Sheet after dinner. And Dad, how about paying me \$5 to wash the dinner dishes?

**DAD:** Thanks, but no thanks. But if you want to earn extra money, you CAN take the plastic bottles to the recycling machine.



The bike Erika wants to buy costs \$200.

Use the information below to calculate how much she earns each week, how much she spends, and how much she saves. Write your answers in the Budget Sheet. Enter the birthday money she received from her uncle (number 3) as income for Week 1. Then estimate how many months it will take her to save enough money to buy her bike.



1. Erika walks Mrs. Hogan's dog 3 times a week. She earns \$5 each time. How much does Erika earn in a week? \_\_\_\_\_

How much will she earn in one month? \_\_\_\_\_

2. Erika receives a \$12 allowance each week. How much will she receive in one month? \_\_\_\_\_

3. It was Erika's 12th birthday. As a gift from her uncle, she received 80 quarters. How much is this in dollars? \_\_\_\_\_

4. Every other week, Erika turns in 50 plastic bottles for recycling and receives 5¢ for each one. How much does she make each month? \_\_\_\_\_

5. On Saturday of Week 1, Erika went to the movies with her best friend. She spent \$8 for the ticket. Erika

and her friend split the cost of \$3.50 for a box of popcorn. How much did Erika spend? \_\_\_\_\_

6. During Week 2, Erika bought her Mom's birthday present. She spent \$15 for a bracelet and \$3 for her Mom's favorite candy. How much did she spend? \_\_\_\_\_

7. What was her balance at the end of the month? \_\_\_\_\_

8. About how long will it take Erika to save \$200? \_\_\_\_\_

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Names \_\_\_\_\_

ACTIVITY  
2

# IT'S YOUR LEMONADE STAND!



You and your friends have decided to earn money this weekend by running a lemonade stand. Before you buy supplies, you must decide what kind of lemonade to sell—frozen or fresh-squeezed. Fresh-squeezed lemonade costs more to make, but it tastes so good, you can charge more for it. But will your customers pay extra for quality?

Hurray! The weather forecast is great! You expect lots of customers and estimate that you'll sell 50 cups of lemonade.

## What to do:

Decide whether to make fresh-squeezed lemonade or lemonade from frozen concentrate. The costs of supplies and ingredients for making both types of lemonade are listed under "Go Figure!" In the chart below, add up *all* the expenses for the lemonade you will sell. Remember, don't forget to buy the cups!

Choose the lemonade you want to make and calculate your expenses below for 50 cups of lemonade.

## Go Figure!



### Lemonade Choices

**Frozen concentrate:** \$1.59

See recipe below.

**Serves:** 5

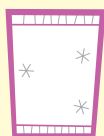
**Fresh squeezed:** Calculate the cost of making lemonade using the recipe and ingredients shown below.

**Serves:** 5



### Lemons

4 for \$1.99



### Sugar

5 pound bag: \$3.29  
(equals about 10 cups of sugar, enough for 25 cups of lemonade)



### Cups

50 plastic: \$2.99



### Water

tap: free!



### Ice

5 pound bag: \$2.39  
(enough for 50 cups of lemonade)

### HOMEMADE LEMONADE RECIPE

**INGREDIENTS:**  
JUICE OF 4 LEMONS  
1 QUART OF WATER  
2 CUPS OF WHITE SUGAR  
1 CUP OF ICE CUBES  
SERVES: 5

### DIRECTIONS:

MIX THE LEMON JUICE, WATER,  
AND SUGAR. STIR UNTIL  
SUGAR IS DISSOLVED.  
ADD ICE TO CHILL.

### LEMONADE FROM FROZEN CONCENTRATE RECIPE

**INGREDIENTS:**  
FROZEN CONCENTRATE  
2 QUARTS OF WATER  
1 CUP OF ICE CUBES  
SERVES: 5

### DIRECTIONS:

MIX CONCENTRATE  
WITH WATER.  
ADD ICE TO CHILL.

fresh-squeezed lemonade	lemonade from frozen concentrate
<b>Total:</b>	<b>Total:</b>

Now calculate how you would do if you sold all 50 cups.

Show your work on a separate piece of paper.

1. What are your total expenses? \_\_\_\_\_
2. What is your cost per cup? (expenses ÷ 50 cups) = \_\_\_\_\_  
(Round to the nearest penny.)
3. What will you charge per cup?  
(cost per cup + profit per cup) = \_\_\_\_\_  
(Remember, to earn a profit, you must charge more per cup than each cup costs you to make!)
4. After selling 50 cups of lemonade, what will your total income be?  
(price you charged per cup x 50 cups) = \_\_\_\_\_
5. How much will you earn as total profit?  
(total income – total expenses) = \_\_\_\_\_
6. How much will each partner earn?  
(profit ÷ number of partners) = \_\_\_\_\_

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Name \_\_\_\_\_



# BUDGET SHEET

Week	Income (money earned)		Expenses (money spent)		Balance
	Item	\$ Amount	Item	\$ Amount	
Week 1					
Week 2					
Week 3					
Week 4					
Grand Totals					End of Month Balance:

## Budget Buzz Words

### 1c 1c 1c 1c 1c 1c MAKING "CENTS" OF BUDGETING 1c 1c 1c 1c 1c 1c

**BALANCE:** The total amount of money in an account

**BANK:** A safe place to keep money

**BANK ACCOUNT:** A record of money a person deposits and withdraws from a bank

**BUDGET:** A plan for how to earn, spend, and save money

**CALCULATE:** To use math to figure out an amount of money

**CAPITAL:** Money that is used, or invested, to make more money

**DEBT:** Money that a person owes to others

**DEPOSIT:** To put money in an account

**EARN:** To be paid for working

**ECONOMIZE:** To find ways to spend less money

**ESTIMATE:** To figure or guess an approximate value

**EXPENSES:** The money a person spends or will need to spend

**INCOME:** The money a person receives or earns

**INVEST:** To give money to a person or a business with the expectation of earning a profit

**LOSS:** The result when expenses are greater than income

**OWE:** To promise to pay back money for something you purchased

**PAY:** To use money to buy something

**PROFIT:** The result when income is greater than expenses

**SAVINGS:** Money that is put aside to use later

**WITHDRAW:** To take money out of a bank account

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