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The
Intrepid
Way

***How to Create the
Freedom You Need to
Live the Life You Want!***

Matthew S. Chan

*Ascend Beyond Publishing
Columbus, Georgia*

The Intrepid Way

How to Create the Freedom You Need to Live the Life You Want!

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Dedication

*To the people who believed and trusted in me in
this journey...*

*To the people who helped me get to where I
dreamed of ...*

*To the people who are sick of the daily grind and
want to make a change ...*

*To the people who want a fresh new start and
willing to make it happen*

*To the people who believe there is another way to
work and live ...*

*To the people who want to awaken the
entrepreneurial genius within them...*

I commit this book to them. Salute.

Matthew S. Chan

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Introduction

In the Spring of 2002, I realized that I was going to hit a significant milestone in my life. That milestone was that I would not have to work everyday to maintain my lifestyle. In fact, I could get away with putting in only a few hours a day and then I could kick back, relax, and watch TV for the next few years.

It didn't mean I became suddenly rich or anything. Nor did it mean that I didn't have to lift a finger to do any work. It simply meant that I had enough streaming income to support my middle-class lifestyle to take two weeks off nearly anytime I wanted to.

And you know what? I did. I did enjoy taking some time off doing what I wanted to do such as reading, talking to people, travel, and basically lounged around a bit. But anyone who knows me knows that I don't stay still for long. I like having some excitement in my life. I like learning new things, meeting new people, and taking on new challenges.

For years, I thought about writing a book but I never felt qualified to write about anything that I was passionate about. After all, writing a book which no one is interested in reading is mostly the job for a college textbook writer.

Having written small articles and small story pieces over the years, I accumulated two thick notebooks full of written material on opinions I had on different subjects.

One night in Atlanta, I was in a friend's apartment. We were sharing our thoughts and dreams of the future. Specifically, I told him one day I wanted to write a book but I really did not know what my message was going to be. He shared with me an insight that caused a chain of events that has resulted in this book.

And what he told me was this, "Matthew, what you have accomplished for yourself and the life you lead, I

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wish I could do it. I would be so happy if I could be in your position.”

At first, I dismissed it. Then I thought about it. And then he explained, “So many people like me are trapped in their jobs and don’t know how to leave to support ourselves. We don’t know what it takes. Yes, I could become a self-employed programmer but how do I be self-employed without having to work to death and be certain that the income will continue. And if I stop working or I can’t find an assignment, I won’t have any money.”

After a pause, he continued, “At least being an employee, I have some assurances that my income will continue. And yet, I know I am trapped and it is not where I want to be. I want to be free to spend my time to do what I want, when I want, just like you do. I am tired of working with people I don’t like.”

Ironically, a year earlier, I had a conversation with another friend that also said that he wanted to live my lifestyle.

In both cases, they knew I was not rich, nor was I living high on the hog. I simply lived a fairly middle-class life from a material point of view. Yet, from a lifestyle point of view, I was going to different places, meeting different people, working on interesting projects, and spending time on things that mattered to me working largely on my own timetable. I had the monetary freedom and time freedom to do so.

In retrospect, I suppose I took it all for granted. Because the fact was that, many of my friends I had throughout the U.S. lived a similar lifestyle as I did. In many cases, I thought they were doing even better than me. So I did not think that what I was doing was anything special, nor anything especially incredible. I was simply living my life primarily the way I wanted to.

But today when I pause and look around, I do find that most people have a ton of responsibilities that they have taken on because they have few apparent options.

♦ *Introduction*

And one of those responsibilities is that they have to get up early everyday and go to a job they dislike. Most people do it because they have to. And even if they wanted to stop, they don't feel like they could. They have no idea how to move on to something new. The only refuge they have are their weekends, holidays, and vacation time.

For me, it might as well have been another lifetime ago. It has been so many years since I had to worry about a job that it is now foreign to me. And yet, all around me, there are unhappy people spending their lives doing things they don't want to do until old age.

When these separate insights came together, I understood what I needed and wanted to write about. It was about achieving personal freedom. I know many people who have achieved what I have achieved (and more) but very few really talk about how they did it and what they went through. Similar to what I originally thought, they don't consider what they have done to be especially notable. I have since realized that it is all in the eye of the beholder.

Because I had the good fortune of meeting two people who made me truly see what I had, I then felt comfortable enough and "qualified" enough to undertake the task of writing this book. But what a fun task it has been going down memory lane to explore the events and ideas from my life that I thought might benefit others. In some cases, it made me happy. In other cases, it made me sad. Either way, it has helped shape the person I am today and the lessons that I am about to share with you within this book.

I hope you don't make the same mistakes that I made. I also hope you experience successes quicker than I did. If this book helps you see things a little differently, sidestep some potential pitfalls, or overcome some personal challenges, I will have taken great satisfaction in completing this book.

Thank you for reading my book. I hope one day we can meet.

Matthew S. Chan

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1 | The Intrepid Way Philosophy

Personal Freedom

So what is personal freedom? Well, personal freedom is actually a pretty broad term. It can mean freedom of speech, freedom to practice your religion, freedom to travel, freedom to bear arms, and so on. However, this book is not quite as ambitious to deal with more constitutional, political, or religious issues.

In the context of this book, my definition of personal freedom is a simple formula:

PERSONAL FREEDOM = MONETARY FREEDOM + TIME FREEDOM

During my own journey towards personal freedom, I thought I had achieved it *twice*. But unfortunately both of those times were only temporary and mere illusions. The first time I tried to create personal freedom, I did so knowingly sacrificing the monetary freedom part of the equation. The second time, I thought I had indeed created monetary freedom but as I said that was only an illusion. However, this time around I believe I finally have it right. The reason I believe this is because I had many teachers to learn from and I have numerous friends who either share my position or are, in fact, in a better position than me.

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I see many people who may have either time freedom or monetary freedom. But it seems that not too many have *both*.

There are some people who have achieved monetary freedom, but they don't necessarily have the time freedom to enjoy it. For example, one of my relatives, who has worked all her life to create wealth and ongoing income for her family, has in fact achieved this goal. But she is afraid to let go because she feels that no one else can manage her assets and business affairs better than what she can. She believes that she cannot "afford" help. Therefore, because of this attitude, she has little time to enjoy all that she has created.

There are also those people who have time freedom, but they cannot truly enjoy it without the financial means to indulge in it. An example of this would be people that I've seen living in low-income neighborhoods; who sit on a porch all day or simply walk the streets because they have too much time on their hands. But you see, they also don't have the financial means to enjoy the abundance of time that they have.

In my experience, there is no personal freedom if you have no time freedom. You also do not have personal freedom if you do not have some degree of monetary freedom. *You must have both.*

The journey to creating personal freedom is a *lifestyle choice* that nearly *anyone* can enjoy today. And it can improve year after year. I have found that creating personal freedom is actually quite simple. But it does require discipline, commitment, passion, and most importantly, the desire for personal growth.

A lot of people think it's more important to look rich than it is for them to be personally free. I know this because I see plenty of affluent people who look good - but then complain that they don't have enough time to relax or enjoy the much simpler things in life.

Further still, if they were to stop working, they would most certainly (and rather quickly) lose their lifestyles. If those people had more time and could stop working as hard,

they would be so much happier. These people wish that they were rich ... but the reality of it is that having personal freedom does not require them to be rich.

However, there is some good news! When you do become personally free, you can either stop where you are and enjoy your current lifestyle, or you can continue on to become rich, where you are personally free, but continuously improving your lifestyle along the way.

Maintain Your Freedom



Most people know that American citizens are among the freest people in the world. We certainly have a lot of civic and religious freedom. However, this is a freedom that has been hard-fought for by many generations of Americans and early immigrants. I feel that too many people take their civic freedoms for granted, while there are others who are committed to fighting for it and preserving it.

There are many countries where civic and religious freedoms are still being fought for. Many of these countries have citizens literally dreaming about being free.

As an American citizen, I publicly acknowledge the people in the armed forces. They protect our country from invaders or terrorists who would seek to destroy it along with all of the freedoms we enjoy today.

I traveled by airplane quite frequently before the terrorist attack on September 11, 2001. Actually, I still do! However, I have noticed that while I may still be considered a free citizen of the United States, I truly do not have that much freedom when I decide to travel by plane. Also, what few freedoms I had in the airport or in an airplane prior to September 11, 2001, have now been diminished even further.

I recently flew out to California to spend a long weekend with some friends of mine. After checking in and reaching the security post, I had to put my bag through the

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scanners along with my watch, cell phone, and notebook computer. I emptied my pockets of all coins and even took my belt buckle off. Yet, I still triggered the alarm!

In turn, I was subjected to a complete body search. However, it turned out that it was the hidden metal wires lining my shoes that triggered the alarm.

The point I am trying to make here is that not only do I have to worry about what I pack, but now I also have to worry about the clothing I wear. If I don't, then my freedom becomes diminished because they will pull me to the side and search me.

I understand why it has to be done, and I am always polite and cooperative during the entire process. But I have no false notions that I am completely free once I enter an airport. In fact, I have even less freedom when I board an airplane.

Freedom can be given but freedom can also be taken away. In order for freedom to be preserved, it *must* be maintained. For example, we maintain our civic freedom by paying taxes to subsidize our police and armed forces. If we don't, we may find terrorists or other foreign invaders trying to take away all the freedoms that were bravely fought for throughout the last 250 years.

All American citizens are born with civic freedoms. This has been ensured by the Constitution of the United States, the Bill of Rights, and other U.S. Laws. Americans are not born with their freedoms taken from them ... they are born *given* to them by our government. All of us must accept the responsibility to behave accordingly in order to maintain our civic freedoms.

Thousands of people across the country go to jail every day. Their civic freedoms have been taken from them as punishment for crimes they committed. Some only stay in jail a few days, while many others are there for the rest of their lives.

If someone is convicted of a crime and goes to prison, they have lost their civic freedom. Of course with the exception of the most heinous of offenses, the prisoner will

one day regain most of their civic freedom. Civic freedom will be granted as long as a citizen continues to behave responsibly.

At this point you may be asking yourself, “What does all of this have to do with personal freedom?”

There are people who are born into monetary freedom by virtue of their families. These people are what I call, “Members of The Lucky Genes Club.” They were born into wealth, and the wealth is maintained by the infrastructure set up by their families.

However, there are many more of us who were not born into monetary freedom. We have to create it, earn it, and then maintain it. Much like civic freedom, monetary freedom can be gained or lost. It all depends on the actions you take, how responsible you are, and how well you can preserve and maintain it.

Because most people have never attained any degree of personal freedom, they cannot make the distinction that it can also be lost. They think it is a one-way trip. But surprise! It's not!

There are varying degrees of monetary freedom:

- You can be free and be rich.
- You can be free and not be rich.
- You can be rich and not be free.
- You can not be rich and not be free.

I am sure it is no surprise to you that most people fall within that last statement.

As I said, being rich can help you be monetarily free but it certainly isn't a guarantee.

What is Wealth & Monetary Freedom?

So what is monetary freedom if it is not being rich?

My teachers talked about an inventor/genius they studied under. His name was R. Buckminster Fuller. One of the last books he wrote before he died was entitled, “Critical Path.” In this book, Fuller provided his definition of real wealth in Chapter 6, page 199.

It is a passage you could read six times and still not fully understand it. There are many granularities and distinctions to what Fuller considered as real wealth.

However, I have taken the liberty to use much simpler terms that most of us can relate to:

Real wealth is measured by your ability to create sufficient, ongoing income, so that you can support your current (or preferred) standard of living for yourself (and your family) for so many days forward, so that you have the time and means to live the life you want without substantially working.

For example, if your current standard of living is \$5,000 per month, and you make \$5,000 per month in your job, your wealth is zero. Although you are making enough to support yourself, you have to “substantially work” to earn that. If you “substantially” stopped working, you would probably be fired from your job ... and thus you would not be able to support yourself.

Let’s say you saved up \$10,000 and your current standard of living is still \$5,000 per month. If you “substantially” stopped working and got fired, then according to Fuller’s definition of wealth, you would have two months of wealth. If you saved \$100,000, assuming no inflation, you would have twenty months (a little over 1.5 years) of wealth. If you saved \$1 million, again assuming no inflation, you would have 200 months (over 16.5 years) of wealth.

Let's say you had income from businesses or investments (that you didn't have to "substantially" work in every day) of \$6,000 per month, and your standard of living was \$5,000 per month. You would potentially have an infinite amount of wealth. You could live "forever" as long as the businesses and investments were well maintained and managed. \$6,000 per month obviously does not qualify you as being rich. But as you can see, you can be "perpetually wealthy" without being rich.

When you become "perpetually wealthy," you then achieve monetary freedom.

Monetary Freedom = "Perpetual Wealth"

Monetary freedom is when you are able to financially support your current standard of living without having to substantially work.

You may be asking yourself why I didn't use the phrase, "Monetary freedom is when you are able to financially support your current standard of living with *no work*."

I say, "without having to substantially work" versus "with no work" because the notion of "no work" is largely a fairy tale for the types of people who pin all their hopes on great inheritances, lottery tickets, or get-rich-quick schemes. It could happen for a lucky few. But for most of us, that is not a very likely or rewarding plan to base your financial future on.

Anyone in a position of responsibility, such as a successful business owner, manager, or investor, will have to expend some amount of personal energy overseeing his or her businesses, finances, and investments.

Even a person of great wealth who hires employees, property managers, financial managers, investment brokers, and accountants to do all the managerial and detail work for them must expend some small amount of personal time and energy (work). For example, having a conversation with one of them to receive a status report. It may only be ten

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minutes per person, but he would have “worked.” Even if he spent five minutes to open an envelope and look at an investment statement or log in to check the status of his portfolio, he *still* would have “worked” but it does not mean he *substantially* worked.

The only time when “no work” occurs is when ALL responsibility has been absolved to someone else. This could happen with minor children, invalids, or of course those members of “The Lucky Genes Club.” But for the rest of us, one of the assumptions in this book is that WE are responsible for intelligently creating, maintaining, and preserving our monetary freedom. The price of not learning reminds me of a famous saying I have taken creative liberties with:

“A fool and his money will ALWAYS be parted.”

Substantially Working

What is “substantially working”?

In being a full-time employee or a self-employed worker, you are substantially working. During my ten years in the corporate world, being a full-time employee meant working anywhere between 40 and 60 hours a week. There was never any question in my mind whether I had to substantially work. I did. I know because I would be mentally or physically worn out by the end of the day. And let me tell you, I truly enjoyed my weekends, holidays, and vacations. I had to! It was the only time I could call my own!

Even when I was a contract trainer and worked as little as one week a month to maintain my standard of living, I still felt like I had to substantially work. I didn’t work as hard as I did as an employee and I had more free time, but I still substantially worked because during my “off periods” I would be actively reading and studying so that I could maintain my cutting-edge status. It was not fun.

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But I also realized that if I stopped taking assignments, my income would immediately stop.

Today, I have little need to substantially work to maintain my standard of living. I continue to actively work because I wish to continue on improving my lifestyle and to one day become rich. I have set up my affairs so that if I suddenly stopped working, my income **WOULD NOT** suddenly stop.

I would like to emphasize that when you don't have to substantially work, you have the time freedom to do what you want, when you want.

As I see it, with the exception of top management personnel at large companies, most employees and self-employed workers are not monetarily free ... and nowhere close to it. Employees may attain monetary freedom, but as long as they remain employees, they will not likely achieve *time* freedom.

PERSONAL FREEDOM = MONETARY FREEDOM + TIME FREEDOM

Most employees cannot be personally free because the very nature of the employer-employee relationship demands that they exchange 40 to 60 hours of their time and energy for the paychecks they receive. With the exception of vacation time and sick leave, most employees could not support their current lifestyles without having to continually and substantially work. If they stopped working, their income would suddenly stop as well.

In my opinion, with some few exceptions, one must *eventually* stop being an employee to achieve true personal freedom. (*Warning: Please do not run out and quit your job tomorrow based on this statement alone! There are other things you must learn first!*)

The Nature of Monetary Freedom

The term *monetary freedom* means different things to different people. Most people think that you have to be rich in order to be monetarily free. I do believe that being rich or becoming rich can be very helpful in attaining monetary freedom. But one only needs to look at our entertainers, sports stars, lottery winners, and dot-com workers to find that it is not necessarily the case.

There have been numerous stories in magazines and newspapers in recent years that tell how dot-com workers became rich. But many ultimately lost most of what they had earned or created.

Or taking a look back to the year 2000; many people who thought they were monetarily free with their fat retirement funds and stock portfolio ultimately had their supposed wealth crushed within two years.

I am reminded of a scene from the 1997 movie “Titanic”, when the Titanic was sinking and everyone onboard was looking for lifeboats. The people who could not find a lifeboat would either jump overboard into the churning, freezing waters below, or they would try to hang onto the ship until the very last minute. But either way, all those people were going down.

Today, both retirees and working people in the United States are struggling to find their financial “lifeboats” or “life-preservers” to keep them afloat. In the meantime, they continue to tread water with hopes that some large ship like the U.S.S. Greenspan, U.S.S. Bush, or U.S.S. Congress come to rescue them. In a vast ocean of people drowning financially, it can be difficult to save everyone.

Prior to the dot-com craze, “get-rich, get-poor” stories revolved around lottery winners who eventually spent all their winnings or entertainers who earned millions but spent it all. One example that comes to mind is M.C. Hammer (a popular musical star in the late 1980’s). He had millions of dollars but still went bankrupt. He was rich, but

obviously did not structure his affairs properly in order to stay monetarily free.

People think that monetary freedom is a one-way trip where one day you get the gold at the end of the rainbow and you never have to look back. But the reality of it is, you can get the pot of gold but you can also still lose it. Monetary freedom is making sure that your pot of gold is taken care of and that it continues to provide so that you can enjoy it year after year without the fear that it will one day be gone.

The Truth About Conventional Wisdom

I would like to take a moment to comment on the term “conventional wisdom.” A casual look into your favorite dictionary or thesaurus will reveal that the word “conventional” means:

- “conforming”
- “adhering to accepted standards”
- “normal”
- “average”
- “ordinary”

Now take the definitions of “conventional” and place it in front of the word of “wisdom.” You would get this:

- “conforming” wisdom
- “adhering to accepted standards” wisdom
- “normal” wisdom
- “average” wisdom
- “ordinary” wisdom

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Look at those phrases and think about them for a minute. I did this a few years ago and I did not like what I saw. I didn't like being "average" or "ordinary," and it certainly made no sense to me to use "average" wisdom and "ordinary" wisdom as part of my mental toolbox. It was the same tired, old advice everyone else used. And you know what? It didn't get me very far.

People who I saw as successful and wealthy personally did not follow "conventional wisdom." I decided I would no longer follow "conventional wisdom" without first questioning the merit of it in my quest for personal freedom.

I needed new thoughts, new ideas, and new ways of doing things. And part of that was getting rid of the "conventional wisdom" that permeated my life.

Let me give you a few teasers here of some conventional wisdom about money.

- "Stay out of debt."
- "Credit cards are bad."
- "You have to go to college to be successful."
- "Don't quit your job until you have six months of income saved."
- "Save money for your retirement."

Do any of these make you uncomfortable now that I have pointed them out as "conventional wisdom"? I hope so.

I am going to do something that will irritate some of you reading this: I am **not** going to elaborate on these points right now. However, the good news is, I will elaborate on some of them later in the book.

The point I am trying to make here is how pervasive and insidious conventional wisdom and ideas are. They are blindly accepted without any question or thought. In fact, they are so well accepted that it often makes people quiver when someone tries to challenge them. I expect that the

establishment will not like my book very much. But then again, most of the establishment has never experienced or earned personal freedom.

This book is about unconventional ideas and thoughts. But this is because having personal freedom is an unconventional concept, if not an unconventional reality for most people.

Unconventional Wisdom

For some people, the term *unconventional wisdom* may be a bit of an oxymoron. You know what I mean ... somewhat like “government intelligence,” “friendly IRS,” “cool summer,” “warm winter,” “jumbo shrimp,” and a “tough egg.” Somehow, it just doesn’t click but it does make you ponder a bit.

This book most definitely discusses a lot of unconventional ideas and incorporates unconventional wisdom. Some of this I learned on my own, some I learned from others that came before me, and many are a blend of the two.

From this point forward, if you want conventional wisdom, I recommend you go down to your local bookstore or log on to the Internet and visit Amazon.com or BN.com. There is no shortage of books with conventional wisdom out there.

You can probably find a hundred books talking about:

- Saving money
- Being debt-free
- How to be cheap
- Getting rid of your credit cards
- Investing for your retirement

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- Investing in mutual funds
- Picking the best stocks
- Writing a better resume
- Getting a better job
- Getting a bigger raise
- Getting along with your boss
- Managing your time better
- Scheduling your time better

The list goes on and on and on. Well, you see what I mean.

None of that conventional stuff is included here. This book is about getting to personal freedom as fast as you can, by using different ideas and doing different things.

Remember:

PERSONAL FREEDOM = MONETARY FREEDOM + TIME FREEDOM

On the surface, you may think that this is a business book about money, investing, and personal finances. No, it is not! Firstly, it is an *entrepreneurial lifestyle* book that acknowledges money, business, investing, and personal finance as being essential parts of life.

The challenge in dealing with unconventional ideas and wisdom is that it often challenges your core beliefs and emotions. It requires an open mind and objective critical thinking to see the merit of an idea.

There is a saying I am reminded of. I don't know where it originally came from, and there are many variations of it. But the version I like is this one:

“The definition of insanity is people doing the same things and expecting different results.”

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And regarding making changes in your ideas, core beliefs, and consequently your life, I say this:

“If you are afraid of getting a bloody nose, then you should get out of the ring!”

If you cannot understand this, I suggest you get a refund for this book or give it to someone else because the rest of this book won't be able to help you. For change to happen, you must first want it to happen.

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2 | Financial Fundamentals

Financial Statements

I took accounting courses in college. Within my business life, I prepared accounting reports for the companies I worked for. Throughout my personal life, I borrowed money to buy cars to drive.

What do all three of these items have in common? It was their emphasis on financial statements.

While there can be several reports that make up a suite of financial statements, there are primarily two of greater significance: The *Balance Sheet* and the *Income Statement* (sometimes called the *Profit-Loss Statement*).

In formal accounting, they teach that the Balance Sheet has two primary categories: *Assets* and *Liabilities*. The Income Statement also has two primary categories: *Income* and *Expenses*.

A Balance Sheet is a snapshot of *assets* and *liabilities* on any given day.

An Income Statement is a summary report of all income and expenses within a given time span. Although the two reports tell different stories, they are also interrelated to one another.

What I will be discussing in this chapter are not the financial reports, but the individual components (assets, liabilities, income, and expenses) that make up a financial statement.