## FINANCIAL STATEMENT ANALYSIS PROJECT

Upload your project (formatted as a Word document using the template provided) to the project folder on Blackboard.

To create your project submission, download the project template from Blackboard, insert the required content in the template, save it as a Word file with your last name (Lastname\_Project) and upload the final document to the project folder on Blackboard. Include the required components described in detail in the remaining instructions.

## Required Content:

**Executive Summary:** Include a one-page summary of your analysis and conclusions.

**Analysis overview:** In one or two pages, summarize background information about the company and the industry. The background information for the company should include the following:

* Description of important and unique factors about the industry
* ***Brief*** summary of the company’s history (when the company was founded, when it went public, and other major events)
* Description of trends in the company’s stock price over the last 10 years (present this information using a graph) and any other noteworthy recent (last 12 months) news. ***Display the company’s stock price on a graph and include an appropriate benchmark*** (for example, S&P500, Dow, NASDAQ).

1 Verify availability of stock price data on finance.yahoo.com or another free resource.

2 Companies ineligible for analysis include Cisco Systems, Emerson Electric, Walmart, McDonalds and PepsiCo.

3 If you do not know how to locate the 10-K, ask Dr. Lougee for assistance.

**Financial analysis**: Download each company’s most recent 10-K filing from its investor relations website (or the SEC’s website). Using values from the financial statements and notes, conduct the analyses described in detail in the instructions that follow. Definitions for all ratios appear Appendix 1 of this document.

Financial ratios: Use the definitions for each ratio provided in Appendix 1 of this document. For the questions that ask you to compare your company’s ratio value to the median value for the industry, obtain the median industry values from Exhibit 5.13 (page 239) of the text. This table lists median values for ROE, ROA, ROFL, PM, GPM, AT, ART, INVT, PPET, DE, TIE, CR, QR and OCFCL for 17 industries and the overall median for all industries. If you are not sure which industry pertains to your company, ask Dr. Lougee for assistance. If there is no clear industry match for your company, use the overall median values (for all industries).

### Analysis of the Income Statement

* 1. **Gross Profit Margin (GPM)***:*
     1. Calculate the gross profit margin (GPM) during the most recent 3 fiscal years and insert the values in the profitability & ROE disaggregation table provided in the project template. If your company does not report cost of sales, calculate the operating profit margin (OPM) instead of the gross profit margin (GPM). *Many companies in service industries do not report cost of goods sold (or cost of sales).*
     2. Interpretation:
        + Interpret the value of the GPM in the most recent year. That is, in one or two sentences, explain what the value in the most recent year reveals about the company. For example, if the value is 62%, it means that the company generated 62 cents of gross profit for every dollar of sales revenue and the markup of selling prices over production costs is 62%.
        + Cross-sectional analysis: Compare the company’s GPM in the most recent year to the industry median and explain what the comparison reveals about how the company performs relative to the median company in the industry.
        + Trend (time series) analysis: Describe the trend in the GPM during the last 3 years. Is the GPM increasing or decreasing? Is the change gradual over time or do you observe abrupt changes? Explain what the trend analysis reveals about the company’s ability to generate profit from sales revenue.
  2. **Sources of Income and Income Growth (or deterioration):** Using the company’s income statement for its most recent year, analyze the company’s sources of income and sources of income growth (or deterioration) for the most recent fiscal year.
     1. **Sources of Income:** List the company’s sources of income in the most recent year. Identify the company’s primary source(s) of earnings in the most recent fiscal year, and (in 1-2 sentences) discuss what they convey about the sustainability of the company’s earnings.
     2. **Sources of Income Growth (or deterioration):** If net income increased, identify which changes contributed to the growth in net income (and list them in your answer). If net income decreased, identify which changes contributed to the decrease in net income (and list them in your answer). In addition, (in short paragraph, 3-5 sentences) explain what caused net income to increase or decrease during the most recent fiscal year and whether or not you believe net income will continue to grow (or shrink).

### Analysis of the Cash Flow Statement

* 1. **Cash Collected from Customers***:* using the most recent financial statements available, estimate cash collected from customers in the most recent year, as shown below, and (in one sentence) explain what the value means:

o Cash collected from customers = sales revenue – change in net accounts receivable

* 1. **Cash Flow Analysis**: Using the framework for analyzing the statement of cash flows (presented in Module II, Part D), analyze each company’s most recent statement of cash flows (focus on cash flows in the most recent year) and draw inferences regarding each company’s overall financial health.

### Analysis of the Balance Sheet

* 1. **Analyzing Assets:**
     1. **Company size:** What is the value of total assts in the most recent year? Did total assets increase or decrease since the prior year? Calculate the percentage change in total assets between the most recent year and previous year.
     2. **Asset mix**: Describe the company’s mix of assets in the most recent year. That is, list the four largest assets in dollars and the percent of total assets for each. Also, in the most recent year what percent of assets are current and noncurrent? List any significant changes in individual assets between the most recent year and previous year.
     3. **Evaluating Operating Efficiency: Turnover ratios** (ART, INVT, PPET, AT):
        + Calculations: Calculate the value of accounts receivables turnover (ART), inventory turnover (INVT), PP&E turnover (PPET) and asset turnover (AT) in the most recent 3 fiscal years and insert the values in the profitability & ROE disaggregation table provided in the project template.
        + Interpretation: *For* ***each*** *of the four turnover* ratios (ART, INVT, PPET, AT),
          - Explain what the turnover ratio value in the most recent year reveals about the company.
          - Compare the company’s turnover ratio to the median value for the industry and explain what this comparison reveals.
          - Describe the trend of the company’s turnover ratio and explain whether it documents improving or deteriorating operating efficiency over time. Also, explain whether the trend in each of the three individual asset turnover ratios (ART, INVT, PPET) is consistent with the trend in AT.

### Analyzing Liabilities and Equity: Big picture

* + 1. **Analysis of Liabilities**: Describe the company’s mix of liabilities in the most recent year. That is, list the four largest liabilities in dollars and the percent of total liabilities for each. If the company has short-term debt and long-term debt, consider total debt (short-term debt + long-term debt) as one liability. Also, in the most recent year what percent of liabilities are current and noncurrent? List any significant changes in individual assets between the most recent year and previous year.
    2. **Analysis of Equity**: **Contributed capital vs. earned capital**: Calculate the amount of contributed capital (preferred stock + common stock + additional paid-in capital) and calculate the amount of earned capital (retained earnings + accumulated other comprehensive income) and insert the values in the sources of funding table in the project template. Which component of equity (contributed or earning capital) is larger? In a few sentences, explain what your analysis of the company’s equity reveals about the company’s equity.

### Sources of Funding

* + - * Calculations: For the 3 most recent fiscal years, calculate the required values (total debt; total liabilities/total assets; total debt/total assets; contributed capital/total assets; treasury stock/total assets; earned capital/total assets) and insert them in the sources of funding table in the project template.
      * Interpretation: Use these values to analyze the company’s sources of funding. Identify the largest sources of funding (borrowing, selling shares of stock to investors, reinvesting profits) and explain your results in a few sentences.

### Analyzing Liquidity and Solvency

* + 1. **Analyzing Liquidity: Liquidity Ratios** (CR, QR, OCFCL): Assess the company’s ability to cover its short-term obligations.
       - Calculations: Calculate the value of the current ratio, quick ratio and operating cash flow to current liabilities (CR, QR, OCFCL) in the most recent 3 fiscal years and insert them in the liquidity and solvency ratio table in the project template.
       - Interpretation: *For* ***each*** *of the three liquidity* ratios (CR, QR, OCFCL),
         * Explain what the ratio value in the most recent year reveals about the company.
         * Compare the company’s ratio to the median value for the industry and explain what this comparison reveals.
         * Describe the trend of the company’s ratio and explain whether it documents stronger or weaker liquidity over time.
         * Conclusion: Include a one or two sentence conclusion about the company’s liquidity at the end of the most recent year. Did your analysis reveal any evidence that the company has a liquidity problem? That is, did any evidence suggest that the company might run out of cash in the next fiscal year?
    2. **Analyzing Solvency: Solvency ratios** (DE, TIE): Examine the company’s capital structure and **solvency** (ability to service its long-term obligations, which includes paying interest on debt and repaying the principal when it matures).
       - Calculations: Calculate the value of the debt-to-equity ratio and times interest earned (DE, TIE) in the most recent 3 fiscal years and insert them in the liquidity and solvency table in the project template. If the company’s total equity is negative in any year, use the debt ratio (total liabilities

/ total assets) instead of the debt-to-equity ratio.

* + - * Interpretation: **Leverage**: Debt-to-equity ratio (DE) (or debt ratio):
        + Explain what the DE (or debt) ratio value in the most recent year reveals about the company’s capital structure (mix of owner and nonowner funding).
        + Compare the company’s DE value to the median value for the industry and explain what this comparison reveals.
        + Describe the trend of the company’s DE (or debt) ratio and explain whether it documents that leverage and risk are increasing or decreasing over time.
      * Ability to Service Debt: Evaluate the company’s ability to service debt:
        + **Ability to pay interest** each period: Times interest earned (TIE)

Explain what the TIE value in the most recent year reveals about the company’s ability to pay interest on its debt.

Compare the company’s TIE value to the median value for the industry and explain what this comparison reveals.

Describe the trend of the company’s TIE and explain whether it documents improving or worsening ability to pay interest on the company’s debt.

* + - * + **Ability to repay principal** when it matures: compare amounts of debt due to expected available resources4

Step 1: Using information in the note that pertains to the company’s debt, determine the amount of debt that matures in the next five fiscal years and thereafter, insert these values in the debt maturity table in the project template and identify years when large amounts of debt will mature. These are the years when the company will have the greatest risk of running out of cash (becoming insolvent).

Step 2: For each of the next 5 fiscal years, compare the amount of debt that will mature in that year to the company’s expected resources in the future—cash & short-term investments; expected operating cash flows (based on your analysis of the sustainability and growth in the company’s operating cash flows and profits in previous sections of this project).

* Conclusion: Evaluate the company’s ability to service its debt and based on results of your analyses of cash flow, income, liquidity, and solvency, state your conclusion regarding the likelihood that the company will become insolvent during the next five fiscal years.

### ROE Disaggregation: Analysis of Value Creation for Shareholders

Assess the company’s ability to generate returns for its common shareholders. Using the approach presented in chapter 5 (pages 225-232) of the text (Financial Accounting, 6th ed.) and the corresponding materials on Blackboard (Module III, week of October 22), complete the required calculations and answer the following questions. Express return measures (ROE, ROA, ROFL) and profit margins (PM, GPM) as percentages. For guidance and examples, refer to the lecture notes and other materials for ROE Disaggregation (in Module III folder on Blackboard) and Chapter 5 (pages 218-232) of the text. Use the formulas in Appendix 1 of this document.

4 If the company’s cash and short-term investments exceed the amount of total debt, the company has more than enough highly liquid resources to pay off its debt and is unlikely to become insolvent.

* 1. Calculations: Calculate the value of the required ratios (ROE, ROA, ROFL, PM, AT) for the most recent 3 fiscal years and insert them in the profitability & ROE disaggregation table in the project template. For asset turnover (AT), use the values that you calculated in Part 3a.
  2. Return on Equity (ROE): Explain what the value of ROE in the most recent year reveals about the company’s profitability. Compare the company’s ROE to the median value for the industry and explain what this comparison reveals. Describe the trend of the company’s ROE and explain whether profitability is improving or deteriorating.
  3. **Level 1 Disaggregation** (ROE = ROA + ROFL): Disaggregate ROE into return on assets (ROA) and return on financial leverage (ROFL), and determine how the company is creating value for its shareholders.
     1. Return on Assets (ROA): Explain what the value of ROA in the most recent year reveals about the company. Compare the company’s ROA to the median value for the industry and explain what this comparison reveals. Describe the trend of the company’s ROA and explain whether ROA is improving or deteriorating.
     2. Return on Financial Leverage (ROFL): Explain what the value of ROFL in the most recent year reveals about the company. Compare the company’s ROFL to the median value for the industry and explain what this comparison reveals. Describe the trend of the company’s ROFL and explain whether ROFL is improving or deteriorating.
     3. ROE Disaggregation
        + Show the disaggregation of ROE into ROA and ROFL (ROE = ROA + ROFL) and in one or two sentences discuss what the disaggregation reveals about how the company created value for shareholders in the most recent year.
        + Compare the ROE disaggregation for the most recent year to the previous year and explain the change in ROE. That is, discuss which component of ROE drove the change in ROE.
  4. **Level 2 Disaggregation** (ROA = PM x AT): Disaggregate ROA into the profit margin (PM) and asset turnover ratio (AT) and analyze results.
     1. Profit Margin (PM): Explain what the value of PM in the most recent year reveals about the company’s profitability. Compare the company’s PM to the median value for the industry and explain what this comparison reveals. Describe the trend of the company’s PM and explain whether profitability is improving or deteriorating.
     2. ROA Disaggregation
        + Show the disaggregation of ROA into PM and AT (ROA = PM x AT) and in one or two sentences discuss what the disaggregation reveals about the value of ROA in the most recent year. For example, if ROA is high relative to other companies in the industry, is it high because the PM is high, AT is high or both.
        + Compare the ROA disaggregation for the most recent year to the previous year and explain the change in ROA. That is, discuss which component of ROA drove the change in ROA.

### Conclusion:

* ROE disaggregation conclusion: In a few sentences, explain what this analysis revealed about how the company creates value for its common shareholders.
* Overall project conclusion: Based on your analyses in all parts of this project, would you invest in this company’s stock today? Explain why or why not in 4-6 sentences, citing insight gained from the collective analyses performed in this project. Be certain to discuss the company’s current stock price (and the date that you used).5

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5 The date should be within 10 days of the due date of the project (November 8, 2020).

# Appendix 1: Ratio Definitions

### Ratio Definitions for Parts 1-3 of this case:

* Gross profit margin (GPM, a.k.a., gross profit percentage) = (sales revenue – cost of sales) / sales revenue; if your company does not disclose a value for cost of sales, calculate the operating profit margin (OPM) instead of the GPM.
  + Operating profit margin (OPM) = operating profit / sales revenue
* Accounts receivables turnover (ART) = sales revenue / average net accounts receivable
* Inventory turnover (INVT) = cost of goods sold / average inventory
* PP&E turnover (PPET) = sales revenue / average net PP&E
* Current ratio (CR) = current assets / current liabilities
* Quick ratio (QR) = (cash + accounts receivable + marketable securities) / current liabilities
* Times interest earned (TIE) = (net income + income tax expense + interest expense) / interest expense
* Debt-to-equity (DE) = total liabilities / total equity
* Debt ratio = total liabilities / total assets
* Operating cash flows to current liabilities (OCFCL) = cash flow from operating activities / current liabilities

### Ratio Definitions for ROE Disaggregation Calculations (Part 4 of this case):

* Return on equity (ROE) = net income / average stockholders’ equity
* Return on assets (ROA) = earnings without interest expense / average total assets
  + Earnings without interest expense = net income + [interest expense x (1 – statutory tax rate)]; for the statutory tax rate, use 35% (0.35) for calendar years that ended by December 31, 2017 and 25% for more recent years (consistent with instructions in the text).
* Return on financial leverage (ROFL) = ROE – ROA
* \*Profit margin (PM) = earnings without interest expense / sales revenue
  + Earnings without interest expense = net income + [interest expense x (1 – statutory tax rate)]; for the statutory tax rate, use 35% (0.35) for calendar years that ended by December 31, 2017 and 25% (0.25) for more recent years (consistent with instructions in the text).
* \*Asset turnover (AT) = sales revenue / average total assets

***Notes:***

* Express profit margins and return measures as percentages.
* If there is more than one type of revenue, use total revenue when calculating ratios that include “sales revenue.”

# Appendix 2: Ratio Value Tables (included in project template)

|  |  |  |  |
| --- | --- | --- | --- |
| **Sources of Funding (Part 3b)** | **2019** (or  2020) | **2018** (or  2019) | **2017** (or  2018) |
| **Total debt** (short-term debt + long-term debt) | $ | $ | $ |
| **Contributed capital** (preferred stock + common stock + additional paid-in capital) | $ | $ | $ |
| **Earned capital** (retained earnings + accumulated other comprehensive income) | $ | $ | $ |
| **Total liabilities/total assets** (debt ratio) | % | % | % |
| **Total debt / total assets** | % | % | % |
| **Contributed capital / total assets** | % | % | % |
| **Treasury stock / total assets** | % | % | % |
| **Earned capital / total assets** | % | % | % |

|  |  |  |  |
| --- | --- | --- | --- |
| **Liquidity and Solvency Ratios (Part 3c)** | **2019** (or  2020) | **2018** (or  2019) | **2017** (or  2018) |
| **Current ratio** (CR) |  |  |  |
| **Quick ratio** (QR) |  |  |  |
| **Operating cash flows to current liabilities**  (OCFCL) |  |  |  |
| **Debt-to-equity ratio** (DE) |  |  |  |
| **Times interest earned** (TIE) |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Debt Maturity Table (Part 3c)** | Year +1  2020 | Year +2  2021 | Year +3  2022 | Year +4  2023 | Year +5  2024 | After  Year+5 After 2024 | Total debt |
| Debt due each year | $ | $ | $ | $ | $ | $ | $ |

|  |  |  |  |
| --- | --- | --- | --- |
| **Profitability:**  **ROE Disaggregation Ratios (Part 1a, 3a & 4a)** | **2019** (or  2020) | **2018** (or  2019) | **2017** (or  2018) |
| **Return on equity** (ROE) | % | % | % |
| **Return on assets** (ROA) | % | % | % |
| **Return on financial leverage** (ROFL) | % | % | % |
| **Profit margin** (PM) | % | % | % |
| **Asset turnover** (AT) |  |  |  |
| **Accounts receivable turnover** (ART) |  |  |  |
| **Inventory turnover** (INVT) |  |  |  |
| **Property, plant & equipment turnover** (PPET) |  |  |  |
| **Gross profit margin** (GPM) | % | % | % |

GSBA 510: FINANCIAL STATEMENT ANALYSIS PROJECT TEMPLATE

**Instructions:**

* Save this template as a **Word file** with your last name and project in the name of the file (Lastname\_Project).
* Using the numbering format provided in this template, insert the required content for the project into this template in the appropriate location.
  + **Do NOT change the numbering format** of this document.
  + You may change the font, font size, margins and/or line spacing.
  + Insert the required calculated ratio values in the tables in Appendix 1.
  + Insert your company’s balance sheet, income statement and cash flow statement for the most recent fiscal year in Appendix 2.
* Before you submit your project, delete this page. The executive summary should be the first page of your submission.
* To submit your project, upload the final document (formatted as a **Word file**) to the project folder in Blackboard by 11:59 pm on November 8, 2020.

**Executive Summary**

Insert your executive summary here.

The executive summary should be a concise summary (**one page or less**) of your analysis and key findings (conclusions) with only high level (big picture) information.

1. **Analysis overview**

Insert your analysis overview here. It should summarize the important background information about the company and industry (in **1-2 pages**, including the stock price graph). For the industry, describe the important and unique factors about the industry. For the company, summarize important events in its history (when the company was founded, when it went public, and other major events. Additionally, list any recent (within the last 12 months) events or news that are likely to affect the company significantly (for example, the pandemic, the presidential election, an announced merger).

**Insert graph here:** 10 years of stock price data for your company with appropriate benchmark(for example, S&P 500, NYSE, NASDAQ index)

Chart, histogram

Description automatically generated

1. **Financial analysis**:
2. **Analysis of the Income Statement**
3. **Gross Profit Margin (GPM)***:*

Insert values of the company’s GPM and the industry median GPM in Appendix 1*.*

Insert your interpretation of those values here.

1. **Sources of Income and Income Growth (or deterioration):** 
   * 1. **Sources of Income:**  insert required content here.
     2. **Sources of Income Growth (or deterioration):** insert required content here.
2. **Analysis of the Cash Flow Statement**
3. **Cash Collected from Customers***:* insert your estimate and interpretation of cash collected from customers here.
4. **Cash Flow Analysis**: insert your analysis of the company’s cash flow statement here.
5. **Analysis of the Balance Sheet**
6. **Analyzing Assets:** 
   1. **Company size:** insert required content here.
   2. **Asset mix**: insert required content here.
   3. **Evaluating Operating Efficiency: Turnover ratios** (ART, INVT, PPET, AT):

Insert values of the company’s turnover ratios and the industry medians in Appendix 1*.*

Insert your interpretation of those values here.

1. **Analyzing Liabilities and Equity: Big picture**
   1. **Analysis of Liabilities**: insert required content here.
   2. **Analysis of Equity**: **Contributed capital vs. earned capital**:

Insert the required calculated values in Appendix 1*.*

Insert your analysis of those values here.

* 1. **Sources of Funding**

Insert the required calculated values in Appendix 1*.*

Insert your analysis of those values here.

1. **Analyzing Liquidity and Solvency** 
   1. **Analyzing Liquidity: Liquidity Ratios** (CR, QR, OCFCL): Assess the company’s ability to cover its short-term obligations.

Insert values of the company’s ratios and the industry medians in Appendix 1*.*

Insert your interpretation of those values and analysis of liquidity here.

* 1. **Analyzing Solvency: Solvency ratios** (DE, TIE): Examine the company’s capital structure and **solvency** (ability to service its long-term obligations, which includes paying interest on debt and repaying the principal when it matures).
* Insert values of company’s ratios and industry medians in Appendix 1.
* Interpretation: **Leverage** (capital structure): Debt-to-equity ratio (DE) (or debt ratio): insert required content here.

Insert required content here.

* **Ability to Service Debt**: Evaluate the company’s ability to service debt:
  + **Ability to pay interest** each period: Times interest earned (TIE): insert required content here.
  + **Ability to repay principal** when it matures: compare amounts of debt due to expected available resources[[1]](#footnote-1):
    - Insert amount of debt maturing each year in Appendix 1.
    - Insert your analysis here.
* **Conclusion**: Insert your conclusion regarding the likelihood that the company will become insolvent during the next five fiscal years solvency here.

1. **ROE Disaggregation: Analysis of Value Creation for Shareholders**

**ROE Disaggregation for 2019 (or 2020) ROE Disaggregation for 2019 (or 2020)**

A picture containing timeline

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1. Calculations: insert your company’s ratio values (ROE, ROA, ROFL, PM, AT) and the industry median values in Appendix 1. Additionally, create two ROE disaggregation diagrams similar to the ones shown above and insert your company’s ROE, ROA, ROFL, PM and AT values for the two most recent fiscal years (2019 & 2018 or 2020 & 2019). That is, replace the two ROE disaggregation diagrams above with the two ROE tree diagrams that you created for your company.
2. Return on Equity (ROE): insert required content here.
3. **Level 1 Disaggregation** (ROE = ROA + ROFL): Disaggregate ROE into return on assets (ROA) and return on financial leverage (ROFL), and determine how the company is creating value for its shareholders.
   1. Return on Assets (ROA): insert required content here.

* 1. Return on Financial Leverage (ROFL): insert required content here.
  2. ROE Disaggregation: insert required content here. By including the ROE disaggregation diagrams for your company in the two most recent fiscal years (in part a), you have satisfied the requirement to show the disaggregation of ROE into ROA and ROFL (ROE = ROA + ROFL). Insert the remaining required content (the analysis) here.

1. **Level 2 Disaggregation** (ROA = PM x AT): Disaggregate ROA into the profit margin (PM) and asset turnover ratio (AT) and analyze results.
2. Profit Margin (PM): insert required content here.
3. ROA Disaggregation: By including the ROE disaggregation diagrams for your company in the two most recent fiscal years (in part a), you have satisfied the requirement to show the disaggregation of ROA into PM and AT (ROA = PM x AT). Insert the remaining required content (the analysis) here.
4. **Conclusion**:

* ROE disaggregation conclusion: insert required content here.
* Overall project conclusion: insert required content here.

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**Appendix 1: Ratio Value Tables**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ratio** | **2019 (or 2020)** | **2018 (or 2019)** | **2017 (or 2018)** | **Industry median** |
| **Profitability: ROE Disaggregation Ratios (Part 1a, 3a & 4a)** |  |  |  |  |
| **Return on equity** (ROE) **%** |  |  |  |  |
| **Return on assets** (ROA) **%** |  |  |  |  |
| **Return on financial leverage** (ROFL) **%** |  |  |  |  |
| **Profit margin** (PM) **%** |  |  |  |  |
| **Asset turnover** (AT) **%** |  |  |  |  |
| **Accounts receivable turnover** (ART) **%** |  |  |  |  |
| **Inventory turnover** (INVT) **%** |  |  |  |  |
| **Property, plant & equipment turnover** (PPET) **%** |  |  |  |  |
| **Gross profit margin** (GPM) **%** |  |  |  |  |
| **Sources of Funding (Part 3b)** |  |  |  |  |
| **Total debt** (short-term debt + long-term debt) |  |  |  | **N/A** |
| **Contributed capital** (preferred stock + common stock + additional paid-in capital) |  |  |  | **N/A** |
| **Earned capital** (retained earnings + accumulated other comprehensive income) |  |  |  | **N/A** |
| **Total liabilities/total assets** (debt ratio) **%** |  |  |  | **N/A** |
| **Total debt / total assets %** |  |  |  | **N/A** |
| **Contributed capital / total assets %** |  |  |  | **N/A** |
| **Treasury stock / total assets %** |  |  |  | **N/A** |
| **Earned capital / total assets %** |  |  |  | **N/A** |

**Appendix 1: Ratio Value Tables -- continued**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ratio** | **2019 (or 2020)** | **2018 (or 2019)** | **2017 (or 2018)** | **Industry median** |
| **Liquidity and Solvency Ratios (Part 3c)** |  |  |  |  |
| **Current ratio** (CR) |  |  |  |  |
| **Quick ratio** (QR) |  |  |  |  |
| **Operating cash flows to current liabilities** (OCFCL) |  |  |  |  |
| **Debt-to-equity ratio** (DE) |  |  |  |  |
| **Times interest earned** (TIE) |  |  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year +1** | **Year +2** | **Year +3** | **Year +4** | **Year +5** | **After Year+5** |  |
| **Debt Maturity Table (Part 3c)** | **2020 (or 2021)** | **2021 (or 2022)** | **2022 (or 2023)** | **2023 (or 2024)** | **2024 (or 2025)** | **After 2024 (or 2025)** | **Total debt** |
| **Amount of debt due each year** $ |  |  |  |  |  |  |  |

**Appendix 2: Financial Statements**

**Balance Sheet**

Instructions: insert your company’s balance sheet from its most recent 10-K (2019 or 2020) on this page.

**Appendix 2: Financial Statements--continued**

**Income Statement**

Instructions: insert your company’s income statement from its most recent 10-K (2019 or 2020) on this page.

**Appendix 2: Financial Statements--continued**

**Cash Flow Statement**

Instructions: insert your company’s cash flow statement from its most recent 10-K (2019 or 2020) on this page.

1. If the company’s cash and short-term investments exceed the amount of total debt, the company has more than enough highly liquid resources to pay off its debt and is unlikely to become insolvent. [↑](#footnote-ref-1)