**Name:**

**Date:**

**Hour:**

UNIT 4

Budgets and Balance Sheets:

Your Personal Financial Statements

VOCABULARY CHECK

**1.** Samantha decided to sell her ATV so she could have extra cash for books when she began vocational school after graduation. She bought the ATV for $2,300 but sold it for $1,200. This lower price is the ( **?** ) of the ATV.

**2.** XYZ Company has decided to raise money by issuing debt in $1,000 increments that are known as ( **?** ).

**3.** Terris needs to forecast his future cash inflow and outflow. To help him do this he must create a ( **?** ) that will help with his financial planning.

**4.** Meghan’s grandfather left a portion of his farm to her in his will. Upon his death, Meghan will own ( **?** ) and can count this as an asset.

**5.** Georgia takes a look at her budget. She sees a difference in what she forecast would happen and what is really happening. This difference is known as ( **?** ).

**6.** Antwone needs to keep track of how much money he is worth. One tool that he could use to help make this decision is a ( **?** ).

.

**7.** Jonathan’s car was having brake problems. He needed cash fast to help pay for repairs. He had set aside some money in ( **?** ) that should be enough to cover the repairs.

**8.** David’s parents invested in a ( **?** ) as part of their Section 529 College Savings Plan for his higher education.

**9.** Terris wanted to get a loan but needed to lists his assets. He already knew the value of his

violin but needed to include his car, furniture, entertainment system, and other ( **?** ).

.

**10.** Jonathan’s credit card debt is a ( **?** ), while his student loan for school is a ( **?** ).

**11.** Terris purchased a violin that would grow in value over time. Terris decided this would be

a good ( **?** ) in his future as a professional musician.

**12.** When Joley’s dad decided to start a business, he sold ( **?** ) to investors as part ownership in the business.

**13.** Jonathan owes $2,000 on his credit card. This is listed as a ( **?** ) on

his balance sheet.

**14.** When Terris calculates his assets and subtracts his liabilities, the difference is his

**( ? )** .

**liability; stock; investment; long-term liability; current liability; household assets; mutual fund; liquid assets; personal balance sheet; forecast error; real estate; budget; bonds; market value; net worth**

CHECK YOUR KNOWLEDGE

**Asset or Liability?** You be the judge. In the blank beside each word place an **A** if it is an asset

or an **L** if it is a liability. Please Highlight your answers. Remember, assets are things you own or possess and liabilities are debts that you owe.

Car Credit card bill ( **?** ) Car note ( **?** ) Xbox ( **?** ) Dirt bike ( **?** ) Clothing ( **?** )

IBM stock ( **?** ) Cash ( **?** ) Savings account ( **?** ) $20 you owe a friend ( **?** )

Mutual fund ( **?** ) Past due amount for lunch ( **?** ) A loan from your parents ( **?** )

Guitar ( **?** )

**Multiple Choice Questions** *Highlight the correct answer for each of the following.*

**1.** Which of the following is not a tool for monitoring your finances?

a. personal balance sheet

b. budget

c. liability

d. cash flow statement

**2.** One way to increase savings is to \_\_\_\_\_\_\_\_\_\_ cash inflows.

a. increase

b. decrease

c. spend

d. monitor

**3.** A scholarship would be an example of a cash \_\_\_\_\_\_\_\_\_\_.

a. outflow

b. inflow

c. decrease

d. statement

**4.** Which of the following is not an asset?

a. car

b. stock

c. credit card bill

d. jewelry

**5.** Shares of ownership in a company are represented by \_\_\_\_\_\_\_\_\_\_.

a. bonds

b. stocks

c. assets

d. liabilities

**6.** Your net worth is calculated by summing up the value of your \_\_\_\_\_\_\_\_\_\_ and subtracting

your liabilities.

a. stocks

b. cars

c. assets

d. debts

**7.** Which of the following is more likely to be a long-term liability?

a. house payment

b. credit card bill

c. electric bill

d. water bill

**8.** If you buy land that increases in value your \_\_\_\_\_\_\_\_\_\_ will increase as long as your debt

remains the same or declines.

a. net worth

b. liabilities

c. budget

d. cash flows

**9.** If your total debt is $4,500 and the value of your assets is $9,100 then your debt-to-asset

ratio is equal to \_\_\_\_\_\_\_\_\_\_.

a. 2.02 percent

b. 49.40 percent

c. 57.05 percent

d. 50.60 percent

**10.** Which of the following is a type of college savings plan created by the government to

encourage people to save for their children’s and grandchildren’s education?

a. bond savings alternatives

b. stock plans

c. Section 529 plans

d. IRS college funds