
Section I: Multiple Choice (1 point each) Choose the one best answer from the choices provided and place the letter corresponding to that answer in the space provided to the left of the question number.

- _____ 1. Which of the following best describes net worth?
- a. It is the value of what you own.
 - b. It is the value of what you own minus what you owe.
 - c. It is the amount of money that you owe on loans.
 - d. None of the above are accurate.
- _____ 2. What is a personal financial statement (balance sheet)?
- a. A statement that shows what income and expenses were for a previous time period.
 - b. The ratio of income to monthly expenses.
 - c. A spending plan.
 - d. A statement that shows a person's net worth, assets and liabilities
- _____ 3. A budget should be
- a. kept secret so life partners can't mess it up.
 - b. flexible enough to be practical and easy enough to live with.
 - c. rigid and harsh - good budgets don't allow any room for error.
 - d. based on a best-case scenario as opposed to reality.
- _____ 4. Which of the following best describes a cash flow statement?
- a. It lists assets and liabilities.
 - b. It itemizes income and expenses.
 - c. It can be helpful in preparing a budget.
 - d. Both "b" and "c" are true.
- _____ 5. Jon's total assets equal \$230,000 and his total liabilities equal \$180,000. His net worth equals
- a. -\$50,000.
 - b. \$410,000.
 - c. 1.28 to 1.
 - d. \$50,000.

Section II Short Answer/Essay Use the information provided to completely answer the following questions. Points as indicated.

1. Complete an itemized personal financial statement for Brock Samson given the following information - be sure to total assets, liabilities, and net worth. **(10 points)**

Savings account - \$8,900; Mortgage payable to First National Bank - \$88,400; Residence at 695 Arachnid Drive Topeka, KS- \$120,000; 1969 Dodge Charger - \$4,100; MBNA Visa - \$8,800; Home Equity Loan payable to Wachovia National Bank - \$10,300; Checking account - \$3,800; Personal property - \$18,900; Stock in IBM - \$6,900.

2. Briefly answer the following questions regarding topics we've discussed in class the past few weeks. **(2 points each)**

What fraction of jobs are found from "informal" means?

What is a possible tangible benefit of doing volunteer work in relation to finding a job and advancing your career?

How many months' worth of living expenses do "the experts" suggest you should have saved in an emergency fund?

Fred's assets appreciate over time while Barney's assets depreciate over time. Which of the two will see their net worth grow more rapidly? Explain your answer.