

# Grasshopper Academy

FINAL EXAM

## Financing Your Small Business

Results:

Name: \_\_\_\_\_

This exam will test your knowledge of financial terms, common business scenarios and funding options. Read each question carefully and circle the best answer. Good luck!

1. **The financial statement that shows the assets a company owns and how they are financed:**
  - a. Balance Sheet
  - b. Retained Earnings
  - c. Cash Flow Analysis
  
2. **This plan only allows employees to collect their profit-sharing accounts upon termination of retirement:**
  - a. Cash Profit Plan
  - b. Equity Compensation
  - c. Registered Deferred Plan
  
3. **Circle all the statements below that don't apply to funding your business:**
  - a. Be overly optimistic
  - b. Ask for more than you need just to be safe
  - c. Take your time
  - d. Simplify the process
  
4. **A sale that has been made but the money hasn't been collected is an example of what?**
  - a. Accounts Payable

- b. Accounts Receivable
  - c. Accrual
5. **Circle all the PROS of using an Angel Investor or Venture Capitalist:**
- a. You can secure a large amount of capital
  - b. VCs are hands-on
  - c. Your business can scale quickly and efficiently
  - d. You'll cede some equity to the investor
6. **The process of tracking income and expenses is called:**
- a. Bookkeeping
  - b. Accounting
  - c. Financing
7. **A fixed cost that can change depending on business volume is called:**
- a. Fixed Expense
  - b. Semi Variable Expense
  - c. Variable Expense
8. **Circle all the PROS of bootstrapping your business:**
- a. Limited capital can force you to find creative solutions
  - b. You don't give up any equity creative control
  - c. When profits come, they're entirely yours
  - d. More personal risk because you're putting your own money
9. **Which incentive plan is better for employees at startups?**
- a. Profit Sharing
  - b. Cash Bonus Plan

- c. Equity Compensation

10. **Circle all the best practices in small business tax filing:**

- a. File and pay your taxes on time
- b. Combine personal costs as business expenses
- c. File both business sales and receipts
- d. Know general tax reporting and obligations

11. **Circle the financial statements a small business should prepare on a quarterly basis:**

- a. Balance Sheet, Break-even Analysis, Cash Flow Statement
- b. Monthly Budget, Cash Flow Statement, Balance Sheet, Profit & Loss Statement
- c. Monthly Budget, Expense Report, Break-even Analysis, Profit & Loss Statement

12. **Circle all the PROS associated with loans:**

- a. You can get more capital than other options
- b. Banks will want to see a successful business track record
- c. Banks will stay out of your business affairs
- d. Small business loans come with reasonable interest rates and terms

13. **Circle the qualifications an accountant should have before you make a hire:**

- a. Past experience
- b. Educated in software and technology
- c. Fluent in accounting policies and procedures
- d. Finance robot

14. **Revenue – Cost =**

- a. Capital
- b. Break-even point

c. Profit

15. **Owner's Equity** is the source of a company's assets. Circle the two categories:

a. Paid in Capital

b. Capital

c. Retained Earnings