

Financial Assessment for New Family Employees

Balance Sheet

Based on what you see:

1. What assets are related to company debt?
2. What is the monthly debt payment?
3. How financially healthy do you believe the business is and why?

Income Statement

Based on what you see:

1. What was the company's annual income over the past three years?
2. What was its profit/loss during the past three years?
3. What were the major expenses in the past year?
4. Do you think these expenses will repeat or were they one-time expenses?
5. What expense(s) seems to be low or high as a percentage of sales? Why?

General

Based on what you see on the financials and know about the company:

1. What is the company's debt/income ratio?
2. Can you explain what cash flow is and why it is important?
3. How would you tell the story of the company's cash flow over the past two years?
4. In your opinion, what is best and worst decision the family has made related to how the family business spends, uses, and invests money?
5. Do you see any opportunities to improve the business financial health?
6. How would you determine which expenses are necessary to operate the business and which create growth?
7. How would you prioritize the company's expenses?

Budgets

1. What experience do you have with business and personal budgets?
2. What steps do you take when actual expenses exceed the amount budgeted?
3. What metrics would you use to determine revenue in the business?
4. What opportunities do you see to improve the company's financial position based on its current budget?

Extra Credit

1. Explain depreciation and how it impacts the business financial position.
2. What financial opportunities exist outside of the company's current product/service menu?