**Questions to Ask:**

What challenges do new underwriters typically face in their first year?

LEARNING COMMERCIAL SURETY

Can you share some qualities that make an underwriter successful at this company?

wants to do numbers and analysis. Can so no. Network

What is the typical career path for an underwriter at this company?

How is performance measured for a commercial surety bond underwriter?

HOW MANY ACCOOUNTS DO YOU HAVE RIGHT NOW

**Income Statement**

The **income statement**, also known as the **profit and loss statement (P&L)**, shows the company’s financial performance over a specific period, typically a quarter or a year. It details how much **revenue** (sales) the company generated and the **expenses** it incurred, ultimately revealing the company’s **net profit or loss**. This statement is used to assess profitability.

**Key components:**

* **Revenue**: The total income from sales or services provided.
* **Cost of Goods Sold (COGS)**: Direct costs of producing the goods or services sold by the company.
* **Gross Profit**: Revenue minus COGS.
* **Operating Expenses**: Costs associated with running the business, such as wages, rent, and marketing.
* **Operating Income**: Gross profit minus operating expenses.
* **Net Income**: The final profit or loss after all expenses, taxes, and interest.

**Purpose**: It measures how profitable a company is over a period of time.

**Balance Sheet**

The **balance sheet** provides a snapshot of a company’s **financial position** at a specific point in time. It shows what the company **owns** (assets), what it **owes** (liabilities), and the amount of **equity** held by shareholders. The balance sheet follows the accounting equation:

Assets = Liabilities + Shareholders’ Equity

**Key components:**

* **Assets**: Resources owned by the company that provide future economic benefits, such as cash, accounts receivable, inventory, property, and equipment.
* **Liabilities**: Obligations the company owes to others, such as loans, accounts payable, and wages payable.
* **Shareholders’ Equity**: The residual interest in the company’s assets after deducting liabilities. It includes retained earnings and contributed capital.

**Purpose**: It provides a clear view of the company’s financial health by showing its assets, liabilities, and equity at a single point in time.

**Cash Flow Statement**

The **cash flow statement** tracks the movement of **cash** into and out of the company over a period of time. It focuses on actual cash generated and spent, as opposed to the income statement, which includes non-cash items like depreciation. It’s broken into three sections: **operating**, **investing**, and **financing** activities.

**Key components:**

* **Operating Activities**: Cash flows from the company’s core business operations, such as cash received from customers and cash paid to suppliers and employees.
* **Investing Activities**: Cash flows related to the purchase or sale of long-term assets, such as property, equipment, or investments.
* **Financing Activities**: Cash flows from borrowing, repaying debt, issuing shares, or paying dividends.

**Purpose**: It helps assess the company’s liquidity, showing whether it has enough cash to meet short-term obligations and how well it generates cash from operations to fund ongoing activities and growth.

Financial Ratios

Liquidity Ratios:

* **Current Ratio** = Current Assets / Current Liabilities
* **Quick Ratio** = (Current Assets – Inventory) / Current Liabilities
* **Cash Ratio** = Cash and Cash Equivalents / Current Liabilities

Leverage Ratios:

* **Debt-to-Equity Ratio** = Total Liabilities / Shareholder’s Equity
* **Debt-to-Total Assets Ratio** = Total Liabilities / Total Assets
* **Interest Coverage Ratio** = EBIT / Interest Expense

Profitability Ratios:

* **Gross Profit Margin** = (Revenue – COGS) / Revenue
* **Net Profit Margin** = Net Income / Revenue
* **Return on Assets (ROA)** = Net Income / Total Assets
* **Return on Equity (ROE)** = Net Income / Shareholder’s Equity

Efficiency Ratios:

* **Accounts Receivable Turnover** = Revenue / Avg. Accounts Receivable
* **Inventory Turnover** = COGS / Avg. Inventory
* **Asset Turnover** = Revenue / Total Assets

Cash Flow Ratios:

* **Operating Cash Flow Ratio** = Operation Cash Flow / Current Liabilities
* **Free Cash Flow to Equity** = Cash Flow from Operations / Capital Expenditures

Working Capital Ratios:

* **Working Capital** = Current Assets – Current Liabilities
* **Working Capital Turnover Rate** = Revenue / Avg. Working Capital