**Test Key**

**S.L.I.Z. Micro Course 2: Basic Finance Management**

Test Details: Learners will answer 20 questions randomly pulled from the following list. Learners are required to answer 80% correct in order to pass this microcourse.

Title: Micro Course 2 Test

**Description:** This test is designed to assess your understanding of the key concepts and skills covered throughout the course. It consists of a mix of multiple-choice and true/false questions. Successful completion will indicate that you have mastered the key principles from the Micro Course 2.

**Time:** [insert time to complete]

**Grading:** Passing with 80% correct.

**Attempts:** [Insert attempts available]

What is the primary purpose of a balance sheet?

A. To show the company’s revenues and expenses

B. To summarize the company's cash inflows and outflows

C. To provide a snapshot of a company’s financial position at a specific point in time

D. To list all the company’s investments

**Answer: C**

The accounting equation for a balance sheet is:

A. Assets = Liabilities + Shareholders' Equity

B. Revenue = Expenses + Net Income

C. Cash Flow = Operating + Investing + Financing

D. Assets = Liabilities - Shareholders' Equity

**Answer: A**

Which of the following ratios is used to measure a company's profitability?

A. Current Ratio

B. Debt-to-Equity Ratio

C. Gross Profit Margin

D. Quick Ratio

**Answer: C**

What does a current ratio of 2.0 indicate?

A. The company is highly profitable

B. The company has twice as many current liabilities as current assets

C. The company can pay off its current liabilities twice using current assets

D. The company has an inventory turnover rate of 2

**Answer: C**

The net profit margin is calculated as:

A. Net Income ÷ Revenue

B. Gross Profit ÷ Total Assets

C. Net Income ÷ Total Liabilities

D. Net Sales ÷ Cost of Goods Sold

**Answer: A**

What does the debt-to-equity ratio measure?

A. A company’s ability to generate profit from its equity

B. The proportion of a company's debt relative to its equity

C. A company's ability to pay short-term liabilities

D. The efficiency of managing inventory

**Answer: B**

Which financial statement shows a company's financial performance over a specific period?

A. Balance Sheet

B. Income Statement

C. Cash Flow Statement

D. Statement of Equity

**Answer: B**

Which of the following ratios measures a company's liquidity?

A. Return on Equity

B. Gross profit margin

C. Current ratio

D. Interest Coverage Ratio

**Answer: C**

Which of the following is NOT included in the operating activities section of a cash flow statement?

A. Revenue from sales

B. Depreciation expenses

C. Purchase of equipment

D. Change in accounts receivable

**Answer: C**

Which type of annual gift approach is characterized by mass donor participation and the philosophy that no gift is too small?

A. Hybrid

B. Concentrated

C. Grass-roots

D. Planned Giving

**Answer: C**

Which financial statement reports the cash inflows and outflows of a company?

A. Balance Sheet

B. Income Statement

C. Statement of Cash Flows

D. Retained Earnings Statement

**Answer: C**

What is the primary purpose of financial planning in sport organizations?

A. To increase ticket prices

B. To align financial goals with strategic objectives

C. To reduce the number of employees

D. To focus only on short-term profits

**Answer: B**

What is the key difference between fixed and variable costs in sport organizations?

A. Fixed costs fluctuate based on game attendance, while variable costs remain constant

B. Fixed costs remain constant, while variable costs change based on operations

C. Fixed costs include player salaries, while variable costs include facility expenses

D. Fixed costs change each year, while variable costs remain the same

**Answer: B**

A pro forma analysis in budgeting refers to:

A. Reviewing past financial data

B. Forecasting future financial scenarios

C. Setting fixed prices for tickets

D. Increasing revenue through broadcasting rights

**Answer: B**

What is the main advantage of using budget forecasting in sport organizations?

A. To avoid paying taxes

B. To accurately predict and plan for future financial needs

C. To increase player salaries

D. To eliminate all financial risks

**Answer: B**

Which revenue stream has become increasingly important with the growth of digital platforms?  
 A. Player transfer fees  
 B. Media rights and broadcasting deals  
 C. Stadium maintenance costs  
 D. Community fundraising campaigns

**Answer: B**

In a concentrated fundraising approach, where does the majority of funds typically come from?

A. Government grants

B. A small percentage of high-net-worth donors

C. Ticket sales and merchandising

D. Community-based crowdfunding

**Answer: B**

Which of the following is an example of crowdfunding in sports fundraising?

A. Selling high-priced season tickets

B. Launching an online campaign to gather small donations from many supporters

C. Negotiating television broadcasting rights

D. Offering sponsorship packages to corporations

**Answer: B**

What is one key advantage of the hybrid fundraising approach?

A. It only targets high-profile donors

B. It allows for both small and large contributions, increasing fundraising potential

C. It eliminates the need for corporate sponsorships

D. It solely depends on public grants for financial support

**Answer: B**

Which of the following is NOT a common revenue source for sport organizations?

A. Ticket sales

B. Sponsorships

C. Athlete training costs

D. Licensing and merchandising

**Answer: C**

What is the benefit of offering tiered ticket pricing in a sport organization?

A. To encourage only high-income fans to attend

B. To maximize revenue by appealing to different market segments

C. To eliminate the need for sponsorships

D. To increase the number of free tickets given away

**Answer: B**

Which strategy helps sport organizations reduce operational expenses without compromising performance?

A. Increasing ticket prices significantly

B. Negotiating better contracts with vendors and suppliers

C. Eliminating all marketing expenses

D. Cutting player salaries without performance incentives

**Answer: B**

Why is risk management important for sport organizations?

A. To completely avoid financial losses

B. To prepare for unexpected financial downturns and liabilities

C. To reduce ticket sales and sponsorships

D. To ensure that only wealthy individuals attend events

**Answer: B**

What is an effective way to prepare for unexpected financial challenges in a sport organization?

A. Increasing executive salaries

B. Setting up emergency reserve funds and securing appropriate insurance

C. Eliminating ticket sales to focus on sponsorship revenue

D. Removing all financial forecasting methods

**Answer: B**

What does a current ratio of 2.0 reveal about a company's financial health?  
 A. The company has low profitability  
 B. The company can cover its current liabilities twice using its current assets  
 C. The company is losing money on operations  
 D. The company has no short-term debt

**Answer: B**

How can a company’s ability to meet short-term obligations be evaluated?  
 A. Debt-to-Equity Ratio  
 B. Current Ratio  
 C. Gross Profit Margin  
 D. Return on Equity

**Answer: B**

Which financial document tracks operating, investing, and financing cash flows?  
 A. Income Statement  
 B. Balance Sheet  
 C. Statement of Cash Flows  
 D. Statement of Retained Earnings

**Answer: C**

Which fundraising method is based on small contributions from many people?  
 A. Major gift campaign  
 B. Planned giving  
 C. Grass-roots fundraising  
 D. Endowment strategy

**Answer: C**

How do fixed and variable costs differ in relation to operations?  
 A. Fixed costs change with revenue, variable costs do not  
 B. Fixed costs stay constant; variable costs change with activity levels  
 C. Variable costs are always higher than fixed costs  
 D. Fixed costs include concessions; variable costs include staff

**Answer: B**

Which item is not part of operating activities in a cash flow statement?  
 A. Depreciation expense  
 B. Revenue from sales  
 C. Purchase of equipment  
 D. Change in accounts receivable

**Answer: C**

How does budget forecasting help sport managers prepare?  
 A. It increases short-term profits  
 B. It allows accurate prediction of future financial needs  
 C. It reduces fundraising efforts  
 D. It guarantees financial surplus

**Answer: B**

What source of income has increased with the rise of digital platforms?  
 A. Community fundraising  
 B. Concession sales  
 C. Media rights and broadcasting deals  
 D. Equipment rentals

**Answer: C**

Which of the following best represents the basic accounting equation?  
 A. Revenue = Expenses + Net Income  
 B. Assets = Liabilities + Shareholders' Equity  
 C. Liabilities = Assets + Equity  
 D. Cash Flow = Profit + Loss

**Answer: C**

The debt-to-equity ratio indicates what aspect of financial structure?  
 A. Revenue vs. cost efficiency  
 B. Proportion of debt relative to equity  
 C. Cash on hand  
 D. Net profit margin

**Answer: B**

How does financial planning support sport organization objectives?  
 A. By reducing taxes  
 B. By aligning financial goals with strategic plans  
 C. By focusing only on donor funding  
 D. By avoiding fixed costs

**Answer: B**

Which fundraising model relies heavily on a small number of donors?  
 A. Grass-roots  
 B. Concentrated  
 C. Crowdfunding  
 D. Hybrid

**Answer: B**

Where would you look to find a company's revenues and expenses for a year?  
 A. Balance Sheet  
 B. Income Statement  
 C. Statement of Equity  
 D. Cash Flow Statement

**Answer: B**

What is the purpose of a pro forma analysis in budgeting?  
 A. Summarizing past expenditures  
 B. Forecasting future financial outcomes  
 C. Creating a donor report  
 D. Fixing past budget errors

**Answer: B**

What metric is commonly used to measure a company's profitability?  
 A. Current Ratio  
 B. Debt Ratio  
 C. Gross Profit Margin  
 D. Inventory Turnover

**Answer: C**

To calculate net profit margin, you would divide net income by what?  
 A. Total assets  
 B. Revenue  
 C. Operating costs  
 D. Liabilities

**Answer: B**