



90-723 Financial Statements and Analysis of Companies

Course Syllabus, Fall 2021 (Mini 1)

Instructor

Jillian Stephenson

Email: jstephe2@andrew.cmu.edu

Office Hours *(remote via Zoom)*

Wednesday: 12:30pm – 1:30pm (Sept. 8)

Mondays - 12:30pm-1:30pm (Sept. 13, 20, 27, Oct. 4, 11)

*Friday mornings by appointment only

Lecture

Section A – Tuesday and Thursday 10:10am-11:30am

Section B – Tuesday and Thursday 1:30pm-2:50pm

Location: All lectures will be remote for the Mini. Zoom links will be posted in Canvas.

Recitation

Friday 1:30pm-2:50pm

Teaching Assistants

Yuxin Du - yuxind2@andrew.cmu.edu

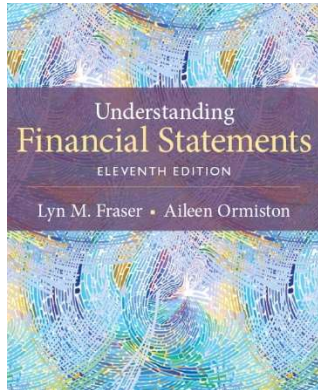
Manmitha Patya Gulipilli -
mgulipil@andrew.cmu.edu

Office Hours

TBD

Required Text

Understanding Financial Statements, Eleventh Edition - Fraser & Ormiston



Available on Amazon and on the Publisher's Site (\$39.99 for eText Rental) at:

https://www.amazon.com/Understanding-Financial-Statements-Lyn-Fraser-ebook-dp-B00SZECLZ0/dp/B00SZECLZ0/ref=mt_other?_encoding=UTF8&me=&qid=1625058547

****Note the Global version has similar content but the page numbers will be different from the reading assignments.**

Course Description

This course provides an overview of how managers, investors, creditors and other parties use financial information to make decisions.

We will begin the course by gaining an understanding of the financial reporting process and the organizations that govern financial accounting. We will learn what financial reports are required for publicly traded companies and begin our analysis by learning about the Balance Sheet and the Income Statement. We will begin performing financial analysis on these financial statements.

We will continue our financial statement analysis by learning about the Statement of Cash Flows, focusing on the importance of cash flows from operations. We will expand on our financial analysis and will cover common size financial statements, vertical and horizontal analysis and other key financial ratios.

Course Objectives

At the end of this course, you should be able to:

- Describe the components of a Form 10-K and locate financial information for public companies
- Explain the challenges of accounting rules and managements impact on financial reporting
- List and describe asset, liability and stockholder equity accounts and be able to perform an analysis comparing to the prior year
- Use a Balance Sheet to assess a company's financial position at the end of a current year and compared to the prior year
- Describe operating and non-operating revenue and expense accounts from the Income Statement
- Perform an analysis of the Income Statement to determine operating performance of a company for the current year and over a three year period
- Explain the purpose of the Statement of Stockholders' Equity
- Define operating, investing and financing activities from the Statement of Cash Flows
- Detail reasons why Net Income and Cash Flow from Operations are both important measures for company profitability
- Compute and evaluate key financial ratios for various companies

Course Organization

Canvas/Zoom

The course will utilize Canvas for all material needed as well as links to the Zoom sessions for the course. Important class information will be communicated via Canvas through announcements so please make sure to check frequently. (<https://canvas.cmu.edu>)

Zoom will be used for synchronous class sessions. Please make sure to check your internet connection and equipment prior to our first class session and contact Computing Resources with any issues. (hein-computing@andrew.cmu.edu). I will begin and end each class session on time and ask that you are not late to lectures, see below for more information on attendance.

During our class sessions, it will be required for you to have your video on and your microphone muted unless asking questions. I understand there are reasons this is not feasible for every student so please contact me directly with any issues. If you have a question, please use the chat or the "raise hand" feature. The TA's will be monitoring the chat for questions. Please do not use your cell phone or do

other work during our class session. You will miss important material and it will be to your disadvantage.

Reading Materials

Prior to each class there will be assigned reading and review questions from the text which will be to your benefit to complete prior to lecture. Since this class is only 7 weeks, we have a lot of material to go through during that time. I will expect that you have read prior to lecture and will be going over formulas and problems that you should have already seen in the reading material. If you have questions from the reading, please ask as I review that section during lecture so I can clarify any topics that you may not understand.

Grading Summary

Class Participation/Attendance – 5%

Quizzes – 35%

Assignments – 30%

Exam – 30%

I will be using a standard grading scale based on the weighting above. I will not be rounding or curving the grades so plan accordingly with submitting assignments and studying for quizzes/exams.

A+ 98.0-100%	B+ 88.0-89.9%	C+ 78.0-79.9%	R 69.9% and below
A 94.0-97.9%	B 84.0-87.9%	C 74.0-77.9%	
A- 90.0-93.9%	B- 80.0-83.9%	C- 70.0-73.9%	

The TA's and I will work quickly to return quizzes, assignments and exams via Gradescope/Canvas. If you have a grading dispute, this must be communicated via Gradescope for assignments and to the Professor for the Quizzes/Exam. You have one week from receiving your grade to submit a dispute. You will need to provide specific details/questions on the dispute and to which question it relates.

Class Participation/Attendance

Attendance and class participation will be **5%** of your grade. I will expect you to participate in class and it will benefit you to ask questions. To assess participation, there will be polling questions during lecture. To get the attendance points for each lecture, you must answer all polling questions during the lecture and have your video on. Please attend the zoom for the session that you are registered. You may miss 2 classes or polling questions during 2 lectures and still receive the full 5% for the grade.

Quizzes

There will be weekly quizzes on Fridays during the course that will be **35%** of your grade. The quiz will cover material from lectures during that week as well as assigned readings and practice questions (material from prior weeks may be included as much of the course is cumulative). There will be 6 quizzes and I will drop your lowest score at the end of the Mini. The quizzes are to be done individually

and you will be allowed to use any course material while you take them. You will have 25 minutes for each quiz and questions will be given 1 at a time and you will not be able to go back to prior questions. You will not all have the same questions on the quizzes. The weekly quiz will open at 12am on Fridays and close at 11:59pm. If you miss a quiz, you will not be allowed to take it late and will forfeit those points.

Assignments

There will be 4 graded assignments during the course which will account for **30%** of your total grade. I will plan to post the assignment by Thursday around 5pm of the associated week with a due date by the following Tuesday night at 11:59pm EST. Any questions related to the assignments should be addressed during lecture, office hours or during recitation so please do not wait until Tuesday evening to look at the assignment.

You may work together by asking questions of other students to help you with the assignment, however work is to be submitted individually and must be in your own words. Assignments will be submitted via Gradescope. Late assignments will be reduced by 10% and you will have a grace period of 12 hours to turn in the assignment.

Exam

The final course Exam must be taken on the scheduled exam date during our class time unless prior permission is given only due to unusual circumstances. This will be given via Canvas and will include multiple choice, fill in the blank, true/false and matching questions. Non-messaging calculators will be permitted. Anything discussed in lecture, review questions or assignments is possible to be on the exam. The Exam will be given using Respondus Lockdown Browser and Monitor so please follow the directions for using to prevent issues on exams.

Recitation

Recitation will take place on Fridays from 1:30-2:50pm for both sections and will be led by the Head TA. This will provide a time to work on implementing the concepts that we have discussed in class. Recitation is a perfect time to ask questions on concepts that you need further clarification. Recitation is not required but highly recommended.

Academic Integrity

All assignments that you are submitting should be in your own words, not classmates and not directly taken from the book or online resources. You may work with classmates to discuss assignments and ask questions, but the assignments are to be completed individually. I will be checking for plagiarism amongst assignments. Cheating on assignments or exams will not be tolerated and will be communicated to Your Program Director, The Associate Dean and The Dean of Student Affairs at the University. If you are caught cheating, you will fail the course.

<https://www.cmu.edu/policies/student-and-student-life/academic-integrity.html>

Accommodations for Students with Disabilities

If you have a disability and have an accommodations letter from the Disability Resources office, I encourage you to discuss your accommodations and needs with me as early in the semester as possible. I will work with you to ensure that accommodations are provided as appropriate. If you suspect that you may have a disability and would benefit from accommodations but are not yet registered with the Office of Disability Resources, I encourage you to contact them at access@andrew.cmu.edu.

Student Wellness

I understand that we are in a difficult situation so please make it a priority to take care of yourself. Focus on a healthy lifestyle to help you achieve your goals and what you are hoping to accomplish during your time here. There are a variety of resources available to ask for help. Don't wait and get help if you feel that you need it.

If you or anyone you know experiences any academic stress, difficult life events, or feelings like anxiety or depression, we strongly encourage you to seek support. Counseling and Psychological Services (CaPS) is here to help: call 412-268-2922 and visit their website at <http://www.cmu.edu/counseling/>. Consider reaching out to a friend, faculty or family member you trust for help getting connected to the support that can help.

If you or someone you know is feeling suicidal or in danger of self-harm, call someone immediately, day or night:

CaPS: 412-268-2922

Re:solve Crisis Network: 888-796-8226

If the situation is life threatening, call the police

On campus: CMU Police: 412-268-2323

Off campus: 911

Diversity

I plan to treat all of you with respect and I would ask the same in return. We are diverse in many ways, and this diversity is fundamental to building and maintaining an equitable and inclusive campus community. Diversity can refer to multiple ways that we identify ourselves, including but not limited to race, color, national origin, language, sex, disability, age, sexual orientation, gender identity, religion, creed, ancestry, belief, veteran status, or genetic information. Each of these diverse identities, along with many others not mentioned here, shape the perspectives our students, faculty, and staff bring to our campus. We, at CMU, will work to promote diversity, equity and inclusion not only because diversity fuels excellence and innovation, but because we want to pursue justice. We acknowledge our imperfections while we also fully commit to the work, inside and outside of our classrooms, of building

and sustaining a campus community that increasingly embraces these core values. Each of us is responsible for creating a safer, more inclusive environment.

Unfortunately, incidents of bias or discrimination do occur, whether intentional or unintentional. They contribute to creating an unwelcoming environment for individuals and groups at the university. Therefore, the university encourages anyone who experiences or observes unfair or hostile treatment on the basis of identity to speak out for justice and support, within the moment of the incident or after the incident has passed. Anyone can share these experiences using the following resources:

Center for Student Diversity and Inclusion: csdi@andrew.cmu.edu, (412) 268-2150

Report-It online anonymous reporting platform: reportit.net username: *tartans* password: *plaid*

All reports will be documented and deliberated to determine if there should be any following actions. Regardless of incident type, the university will use all shared experiences to transform our campus climate to be more equitable and just.

The following is a tentative schedule for the Mini. Any changes will be announced in class and through Canvas:

Date	Lecture Topic	Due Dates/Exams
8/31/2021	Introduction to Financial Statements	
9/2/2021	10-K Financial Statements	
9/3/2021	Recitation	Quiz #1 (12am-11:59pm EST)
9/7/2021	Balance Sheet - Current Assets & Activity Ratios	
9/9/2021	Balance Sheet - NonCurrent Assets & Activity Ratios	
9/10/2021	Recitation	Quiz #2 (12am-11:59pm EST)
9/14/2021	Balance Sheet - Liabilities, Liquidity Ratios	Assignment #1 Due (11:59pm EST)
9/16/2021	Balance Sheet - Stockholders' Equity & Financial Ratios	
9/17/2021	Recitation	Quiz #3 (12am-11:59pm EST)
9/21/2021	Income Statement	Assignment #2 Due (11:59pm EST)

9/23/2021	Income Statement - Gross Profit, Profitability Ratios	
9/24/2021	Recitation	Quiz #4 (12am-11:59pm EST)
9/28/2021	Cash Flow Statement	Assignment #3 Due (11:59pm EST)
9/30/2021	Cash Flow Statement - Analysis	
10/1/2021	Recitation	Quiz #5 (12am-11:59pm EST)
10/5/2021	Full Company Financial Analysis	Assignment #4 Due (11:59pm EST)
10/7/2021	Capital Budgeting/Course Wrap Up	
10/8/2021	Recitation	Quiz #6 (12am-11:59pm EST)
10/12/2021	Exam	During class session using Respondus Lockdown Browser/Monitor
10/14/2021	No Class - Break Day	
10/15/2021	Recitation	Exam Result Review during Recitation