

Understanding Personal Cash Flow

Evaluating personal financial statements and tax returns



SELF-PACED
E-LEARNING

15-20
HOURS

OVERVIEW

As personal financial situations become increasingly complex, it is crucial for lenders to understand the components of personal financial statements and tax returns to meet a borrower's needs while considering a lender's risk. This course equips lenders with the tools to identify an individual's true net worth and to gain an understanding of cash inflows and outflows to determine future repayment capacity.

WHO SHOULD ENROLL

Anyone who needs to understand the various components of complex personal financial statements and tax returns, including private bankers, wealth managers, personal bankers, underwriters, and any business lenders dealing with high-net-worth guarantors.

RESULTS AND BUSINESS BENEFITS

Upon completion, participants will be able to:

- Assess personal financial statement components and identify assets that could serve as collateral
- Adjust the balance sheet to more accurately portray the customer's liquidity, leverage, and net worth
- Evaluate personal tax returns and K-1s to determine cash, non-cash, and pass-through items
- Improve credit quality and reduce risks in transactions with high-net-worth individuals and business owners

LEARNING MODULES

1

Personal
Financial
Statement
Analysis

2

Personal
Tax Return
Analysis



E-LEARNING BY OMEGA PERFORMANCE

Omega Performance E-Learning courses, accessible online at any time, are developed to be highly interactive—maintaining high learner interest that enhances understanding and application of the material. Concepts are presented in conjunction with related definitions, explanations, formulas, and real-world examples to ensure that individuals of all learning styles find the subject matter accessible and user-friendly.

MOODY'S
ANALYTICS

Omega
performance

LEARNING SOLUTIONS

Learning Module Descriptions

1 PERSONAL FINANCIAL STATEMENT ANALYSIS

- Introduces the anatomy of a personal financial statement
- Explores details of personal financial statement schedules to provide an in-depth understanding of each type of asset
- Identifies liquid and non-liquid assets and explains how each is verified and evaluated
- Addresses liabilities by comparing them to sources such as the credit report and tax returns to get a full picture of the customer's debt obligations
- Classifies liabilities as current or non-current in order to determine the timing of debt obligations
- Considers the potential impact of contingent liabilities on the customer's financial position
- Evaluates sources of income and expenses and their discretionary nature to help develop a pro forma view of future debt service capacity
- Discusses assets and liabilities to determine a more accurate picture of net worth from the lender's point of view
- Presents ratios to evaluate the customer's liquidity and leverage

2 PERSONAL TAX RETURN ANALYSIS

- Presents the anatomy of a tax return and how the tax forms and schedules are summarized on Form 1040
- Addresses the information found on each of the forms and schedules that feed into Form 1040
- Identifies actual cash inflows and outflows from each form and schedule
- Indicates pass-through and other non-cash items that should be eliminated when calculating cash flow
- Identifies which entities provide K-1s to their owners or beneficiaries, and what information is included
- Differentiates pass throughs from actual cash inflows and outflows reflected on K-1s from partnerships, S Corporations, estates, and trusts
- Calculates cash flow from each tax form as part of an overall analysis of cash flow and debt service capacity

FIND OUT MORE ABOUT OMEGA PERFORMANCE TRAINING

For detailed course descriptions and to speak with an Omega Performance training consultant, please contact us at:

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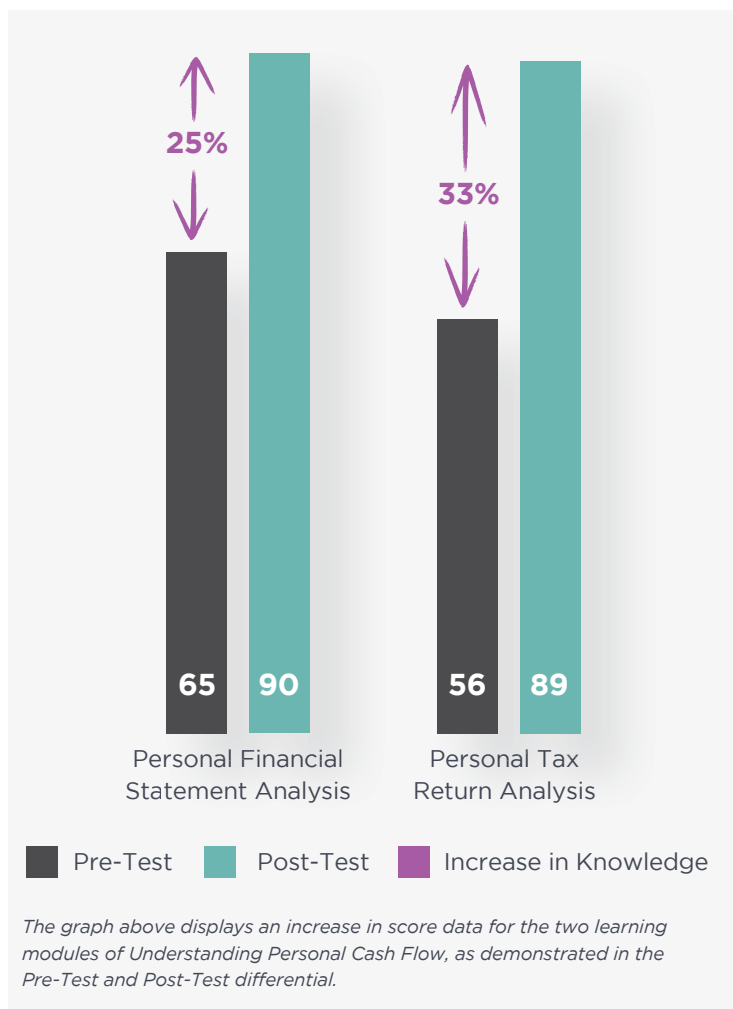
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Training Effectiveness Benchmarking Report

Understanding Personal Cash Flow

Average Percentage Increase in Knowledge **29%**

LEARNING MODULES	PRE-TEST SCORES	POST-TEST SCORES
1. Personal Financial Statement Analysis	65	90
2. Personal Tax Return Analysis	56	89



Key Takeaways

Pre-Training Participants lacked the basic Understanding Personal Cash Flow skills necessary to evaluate a borrower's assets and liabilities or to read tax returns.

Post-Training Post-Test results highlighted an average 29% improvement in key skills. Participants applied judgment skills to determine a customer's net worth from the lender's point of view by evaluating and adjusting their overall assets and liabilities. Further, participants were able to calculate cash flow from each financial activity shown on the tax return as a part of an analysis of cash flow and debt service capacity.