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To Greta, Michael, Aracely, Ariana, Tyler, and Allyson

Thanks for giving me such an enjoyable and fun-filled life.
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New to This Edition

Many updates and enhancements are featured in this fourth edition of Financial Management: Core Concepts, including the following key material:

- We have updated the material that was time-related. For example, the interest rates now reflect the historically low levels of the twenty-first century.
- We have continued to strengthen Chapter 16 on helping the student have a better understanding on valuing firms. We have added the distinction between the value of a firm as a whole and the value of the firm to the owner.
- We have used the helpful suggestions of reviewers to clarify topics, present enhanced examples, and arrange the order of topic presentations.
- We have provided additional insight on ratio analysis in Chapter 14 by expanding the horizon for analysis with data comparisons over an extended time frame.
- The fourth edition MyLab Finance course includes an enhanced eText with animated figures and author-created solutions videos for in-text examples.
- The chapter-ending Advanced Problems for Spreadsheet Application are now offered in MyLab Finance as auto-graded Excel Projects. Using proven, field-tested technology, auto-graded Excel Projects allow instructors to seamlessly integrate Microsoft Excel® content into their course without having to manually grade spreadsheets. Students have the opportunity to practice important finance skills in Excel, helping them to master key concepts and gain proficiency with the program.

We began with a simple concept. When a student takes an introductory finance class, he or she may encounter a wonderful instructor with great teaching talent and insight. But outside of class, it is the book and the support materials with which the student forms a learning partnership. Therefore, the book and support materials need to put the student front and center. They need to present the information in such a way that it connects directly to the student’s experiences. So our goal in this book is to introduce the core concepts of finance in a way that reconnects the student to his or her personal financial experiences, provides student-centered feedback in a timely and understandable fashion, and then uses such experiences as a springboard into the world of corporate finance.

The introductory finance class is the first and last class in finance for the vast majority of college students. The perspective of these students often differs from that of students majoring in finance. They need a book that demonstrates why finance matters across disciplines and that builds from the basics to more complex topics in an organic approach. Our purpose throughout the presentation of topics has been to make the material as simple as possible, but not overly simplified. It is this balance that we hope creates a solid foundation for the fundamental concepts of finance for all students.

The student is at the heart of this book. Our hope is that we have made the path easier and finance more transparent.
SOLVING TEACHING AND LEARNING CHALLENGES

The evolution of technical support for finance has been amazing. Students now have advanced calculators and spreadsheet software that can provide solutions to many of the basic financial problems. However, understanding finance is more than just solving a financial problem with the aid of these technological tools. These different tools are all interconnected, and students who can move seamlessly from one to another gain a better understanding of the basics behind the answer. So the book presents three methods to solve many financial problems: the equation approach, the calculator approach, and the spreadsheet approach. In this way, students see that there are different roads to the same destination.

Designed for the nonfinance major, Financial Management: Core Concepts structures a student-centric learning environment built around three major competencies:

- Using the tools of finance
- Making connections
- Studying for success

Using the Tools of Finance

Problem Solving: Technology Tools and the Three-Methods Approach: Students can develop their skills in problem solving by using a three-pronged approach that shows there are several paths to the same destination. Taking a single problem, three methods can be used to solve the problem.

Method one is the equation approach: Equation is presented and the problem is solved mathematically.

Method two is using a calculator with time value of money keys: The problem is solved using a financial calculator, explaining the key strokes. The answer is displayed in red on the appropriate calculator key.

Method three is using a spreadsheet: For some examples, an Excel solution is added. Basic spreadsheet variables are explained as well as how to set up the application.

EXAMPLE 3.4 Let’s make a deal! (future value)

Problem: In 1867, Secretary of State William H. Seward purchased Alaska from Russia for the sum of $7,200,000, or about two cents per acre. At the time, the deal was dubbed Seward’s Folly, but from our vantage point today, did Seward get a bargain after all? What would it cost today (assume it is 2015) if the land were in exactly the same condition as it was 148 years ago and the prevailing interest rate over this time were 4%?

Solution: At first glance, it seems as if we have a present value problem, not a future value problem, but it all depends on where we are standing in reference to time. Phrasing this question another way, we could ask, “What will the value of $7,200,000 be in 148 years at an annual interest rate of 4%?” Restating this way, we can more easily view the problem as a future value problem. A time line is particularly helpful in this instance. We can show the 148-year span from T0 to T148 or from T0 to T148.

MyLab Finance Video

MyLab Finance Video

MyLab Finance Video

MyLab Finance Video

MyLab Finance Video
Making Connections

Example 4.2 Making retirement golden (present value of an annuity)

Problem Ben and Donna determine that upon retirement they will need to withdraw $50,000 annually at the end of each year for the next thirty years. They know that they can earn 4% each year on their investment. What is the present value of this annuity? In other words, how much will Ben and Donna need in their retirement account (at the beginning of their retirement) to generate this future cash flow?

Solution In this problem, we assume that Ben and Donna need to have the present value of the thirty-year annuity in their account at the start of their retirement, even though they will not make the first withdrawal of $50,000 until the end of the first year of retirement. They will make thirty withdrawals from this account during retirement. The investment rate is 4%. It is the same as the discount rate for the future payments of $50,000 that will come at the end of each year for the next thirty years. The known variables are \( r = 4\% \), \( n = 30 \), and \( PMT = 50,000 \). Solve for \( PV \).

Method 1 Using the equation

First, calculate the PVIFA value for \( n = 30 \) and \( r = 4\% \):

\[
1 \cdot \left(1 / (1 + 0.04)^{30}\right) = 1 - 0.308319 = 0.691681
\]

Then multiply the annuity payment by this factor:

\[
0.691681 \times 50,000 = 34,584.05
\]

Later Application and Visual Links. Students soon begin to see just how powerful these tools are. They learn to forge links between basic principles and new applications. A tool icon alerts students when a new tool is introduced and when a tool can be applied in a new situation.

Early TVM Tools. The key concepts of finance are identified as “tools.” Students first need to learn how to use these tools of finance before they can apply them to larger problems. The material drills down to basics quickly, developing time value of money (TVM) concepts and interest rates early in the course.
Connections with the Real World. “Finance Follies” capture some fascinating examples of current and historical scandals and manias and give the student context for the necessity of studying finance.

Studying for Success

For the Student on the Go. Tear-out Summary Cards for every chapter provide instantaneous mini-reviews. In addition to summarizing the main points of the chapter, these portable study aids include mathematical notation, calculator keys, and key equations, all great to read over right before an exam!

For Students with Test Anxieties. “Prepping for Exams” is designed for those students who worry about how well they will do on the finance exam. To build confidence and expose students to the types of problems they will see on some exams, multiple-choice questions at the end of each chapter are pulled directly from the test bank. Answers are printed in the back of the book in Appendix 5.

The Financial Meltdown of 2008

Between October 2007 and October 2008, financial markets in the United States lost more than 40% of their value, and several financial institutions collapsed or were swallowed up by healthier firms. This “perfect storm” of mortgage defaults, a housing market collapse, a lack of appropriate regulation and oversight, and a major international credit freeze led to the worst financial meltdown since the Great Depression of the 1930s.

We can find the seeds of this financial debacle in the housing market, but the coal in which they were planted had been prepared for a long time. In the 1980s, a new philosophy that the capital markets worked best when regulations were removed became the prevailing paradigm. Over the next twenty years, a low and deliberate dismantling of regulations surrounding the financial markets took place. The central idea behind this deregulation effort was that government is the problem rather than the solution and that if we remove the government from the market, free competition will efficiently allocate resources for a stronger economy.

A key catalyst for the meltdown was the dismantling of the Glass-Steagall Act (officially called the Banking Act of 1933). In 1999, the Gramm-Leach-Bliley Act overturned segments of Glass-Steagall that prevented investment banks from competing with commercial banks in areas like mortgage lending. Later the SEC would relax requirements on investment banks regarding the amount of borrowing in which they could engage, and the race was on to sell more and more mortgages.

FINANCE FOLLIES

The Rule of 72 allows you to determine how long it takes to double your money at a fixed interest rate (and thus answer a series of different questions.

PV = Present value
FV = Future value
FVPV = Future value per present value
r = interest rate
n = number of periods

PV = FVPV * (1 + discount rate)^n
FV = PV * (1 + discount rate)^n

PV = Future value
FV = Present value
FVPV = Future value per present value
r = interest rate
n = number of periods

PV = FVPV * (1 + discount rate)^n
FV = PV * (1 + discount rate)^n

Calculating interest rates and waiting time from the time value of money

To find the equivalent value of a future value in today’s dollars, you need the present value, the future value, and the interest rate. There are countless ways to do this calculation, each involving different combinations of interest rate and time.

Throughout the chapter, you will find a series of financial problems, each with a specific context and the ability to vary the interest rate and time. You can work through these problems to see how the financial theories apply to real-world situations.

The Time Value of Money (Part 1)

Chapter summary

The rule of 72 states that the time it takes to double your money at a fixed interest rate is approximately equal to 72 divided by the interest rate. This rule provides a quick approximation method in which 72 is divided by the interest rate to find the doubling time. For example, if the interest rate is 6%, it takes approximately 12 years to double your money.

PV and FV are the present value and future value, respectively. PV is the value today of a future cash flow. You can determine the equivalent value of a future value in today’s dollars by discounting the future value back to the present.

To calculate the equivalent present value of a future value, you need to multiply the future value by the present value. The formula is:

PV = FVPV * (1 + discount rate)^n

To calculate the equivalent future value of a present value, you need to multiply the present value by the future value. The formula is:

FV = PV * (1 + discount rate)^n

For Prepping for Exams

1. Five years ago Thompson Tarpis, Inc. issued twenty-five-year 10% annual coupon bonds with a $1,000 face value. Since then, interest rates in general have risen, and the yield to maturity on the Thompson Tarpis bonds is now 12%. Given this information, what is the price today for a Thompson Tarpis bond?

   a. $843.14
   b. $906.01
   c. $1,181.54
   d. $1,170.27


xix
For the Student Who Wants Practice. The book features approximately 400 end-of-chapter problems and 180 conceptual questions. Advanced spreadsheet problems appear at the end of most chapters for more flexibility in assigning problems for individuals or teams and are also offered in the fourth edition as auto-graded Excel Projects in MyLab Finance.

For the Visual Student. Illustrations with a Purpose help students visualize important financial concepts. The time line is given special treatment in the all-important time value of money and capital budgeting chapters. To depict movement, present value is always in a lighter shade and future value in a darker shade, and PV is always on the left and FV always on the right. This setup makes it easier to see compounding from the present into the future and discounting "back from the future" to the present.

Graphic illustrations are occasionally presented as another way of "seeing" a concept. All illustrations say something about finance.
Reach Every Student by Pairing This Text with MyLab Finance

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Deliver Trusted Content

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Empower Each Learner

Each student learns at a different pace. Personalized learning pinpoints the precise areas where each student needs practice, giving all students the support they need—when and where they need it—to be successful.

Teach Your Course Your Way

Your course is unique. So whether you’d like to build your own assignments, teach multiple sections, or set prerequisites, MyLab gives you the flexibility to easily create your course to fit your needs.

Improve Student Results

When you teach with MyLab, student performance improves. That’s why instructors have chosen MyLab for over 15 years, touching the lives of over 50 million students.

Just as the evolution of technical support has been great for students, it has also been great for the instructor. MyLab Finance provides the extra support that time constraints often prevent an instructor from providing to students. With every end-of-chapter problem formatted in MyLab Finance, an instructor can assign a text-related problem that students solve online with technical support. The problem’s solution is available to students, and the marking of student homework assignments is completed by MyLab Finance. In addition, MyLab Finance includes features such as Help Me Solve This, which leads students step by step through the problem with a different set of numbers.

New to the fourth edition, MyLab Finance now offers auto-graded Excel Projects for the Advanced Problems for Spreadsheet Application in Chapters 2 through 18. These data-intensive problems offer more flexibility in assigning problems and provide students with the opportunity to practice important finance skills in Excel.
One of the major objectives of all students is to develop and improve those skills that increase their employability. Regardless of a student’s major, there are certain common skills that employers seek from their new hires across all facets of the business. In Financial Management: Core Concepts, students are challenged to hone these skills by learning which of the factors in a decision are relevant and which are irrelevant. They learn how to properly weigh different factors so that the solution is driven by the most important facts, not the minor or marginal facts that often lead to poor solutions.

Additionally, students develop technical skills with calculators and spreadsheets. This book teaches not only how to manipulate input for calculators and spreadsheets, but also what the reasoning is behind the inputs that produce the desired solution. For example, we use a three-method approach to problems, with the starting method being the basic equation that forms the theoretical understanding of the problem. We then help translate this equation directly into a calculator that solves the problem efficiently. Finally, we translate the problem so it can be solved using a spreadsheet. In fact, this book provides many problems that utilize spreadsheet applications. Job seekers who are able to translate a problem from its original setting into either a calculator or a spreadsheet problem are more employable because they can work with large sets of information and find correct answers more quickly and efficiently.

Lastly, Financial Management: Core Concepts helps develop analytical skills—increasing students’ ability to analyze performance and make decisions based on this analysis. Students learn how to compare performance over time and with competitors. By analyzing differences in performance over time or across companies, students can make decisions about what actions will be beneficial to their future employers’ business. Employees who can understand what actions influence performance in either a positive or a negative direction and can then advocate for actions that will increase performance are the most critical employees in a business.
Careers. “Putting Finance to Work” answers a question students often ask: “Why do I need to take a finance course, anyway?” These snapshots of widely varied careers show that specific finance concepts are used in many different career paths.

Different Kinds of Businesses. “Mini-Cases” at the end of every chapter put abstract concepts to work in the types of organizations for which students will later work. The cases feature small businesses, large corporations, town organizations, and start-ups.

### MINI-CASE

**Richardses’ Tree Farm Grows Up**

Jake Richards is surprised to hear from Paul August in, his accountant for many years, that income from his tree farm is just over $150,000 for the year and that his land and other assets are valued at almost $2,000,000. The $600,000 he owes to the bank is not a surprise.

Twenty years ago Jake realized that with seven long days of backbreaking labor a week, his western Massachusetts dairy farm was just about breaking even. Without his wife’s income as a high school science teacher and the health insurance that came with it, the young family would have been struggling. Along the way, Jake sold the dairy herd, but he did want to keep the land that had been farmed by his family for three generations. In the spring, he plans to repurpose the farm and some of its equipment by landscaping, selling hay bales to construction companies, starting a small landscaping business, and joining snowmobile races. Almost out of a whim, he plans a few acres with ornamental blue spruces and Fraser firs, expecting to sell them as Christmas trees. He quickly found that he could use them more profitably in his landscaping business and that he could sell them to local businesses and other landscapers. Gradually, he added plantings of other popular landscape trees such as magnolia, crabapple, and mountain laurel to his tree farm, which increased sales to $2,702,000. The $600,000 he owes to the bank is not a surprise.

1. Should the Richardses form a regular corporation or choose one of the hybrid forms? What about a limited liability company, or LLC? He asks Jake to look them over and get back to him in a week or two.

2. Suppose this business has an opportunity to purchase a ready-made nursery that handles thousands of transactions at every corner of the globe, an apparently simple question such as “How much cash do we have on hand?” is not that simple. What are the data requirements present? Is it a challenge even for relatively uncomplicated businesses that manufacture just a few products like furniture or the retail’s single product like automobiles. For a company such as Procter and Gamble that manufactures an array of consumer products from many different raw materials in many locations or for a retail

### PUTTING FINANCE TO WORK

**Information Technology**

The quality of their own financial planning and forecasts depends completely on the quality of information that goes into them. The cash flow forecast requires us to know how much money our customers owe us and when we expect them to pay. The sales forecast requires data on what we sold recently, what we sold in the same period last year, and what trends are developing. For a company like McDonald’s that serves millions of customers a day, questions such as “How much cash do we have on hand?” is not that simple. These data requirements present a challenge even for relatively uncomplicated businesses that manufacture just a few products like furniture or the retail’s single product like automobiles. For a company such as Procter and Gamble that manufactures an array of consumer products from many different raw materials in many locations or for a retail

<table>
<thead>
<tr>
<th>MINI-CASE</th>
<th>Richardses’ Tree Farm Grows Up</th>
<th>This mini-case is available in MyLab Finance.</th>
</tr>
</thead>
</table>
| Jake Richards is surprised to hear from Paul August, his accountant for many years, that income from his tree farm is just over $150,000 for the year and that his land and other assets are valued at almost $2,000,000. The $600,000 he owes to the bank is not a surprise. Twenty years ago Jake realized that with seven long days of backbreaking labor a week, his western Massachusetts dairy farm was just about breaking even. Without his wife’s income as a high school science teacher and the health insurance that came with it, the young family would have been struggling. Along the way, Jake sold the dairy herd, but he did want to keep the land that had been farmed by his family for three generations. In the spring, he plans to repurpose the farm and some of its equipment by landscaping, selling hay bales to construction companies, starting a small landscaping business, and joining snowmobile races. Almost out of a whim, he plans a few acres with ornamental blue spruces and Fraser firs, expecting to sell them as Christmas trees. He quickly found that he could use them more profitably in his landscaping business and that he could sell them to local businesses and other landscapers. Gradually, he added plantings of other popular landscape trees such as magnolia, crabapple, and mountain laurel to his tree farm, which increased sales to $2,702,000. The $600,000 he owes to the bank is not a surprise.

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### Table

**Pro Forma Balance Sheet for the Period Ending December 31, 2018**

<table>
<thead>
<tr>
<th>PRO FORMA BALANCE SHEET FOR THE PERIOD ENDING DECEMBER 31, 2018</th>
<th>(in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIABILITIES</td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,175</td>
</tr>
<tr>
<td>Cash</td>
<td>$2,652</td>
</tr>
<tr>
<td>Inventories</td>
<td>$340</td>
</tr>
<tr>
<td>Finished goods</td>
<td>$396</td>
</tr>
<tr>
<td>Total current assets</td>
<td>$2,902</td>
</tr>
<tr>
<td>Long-term debt</td>
<td></td>
</tr>
<tr>
<td>Total liabilities</td>
<td>$3,498</td>
</tr>
<tr>
<td>OWNERS’ EQUITY</td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>$2,902</td>
</tr>
<tr>
<td>Retained earnings</td>
<td></td>
</tr>
<tr>
<td>Total owners’ equity</td>
<td>$6,628</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND OWNERS’ EQUITY</td>
<td></td>
</tr>
<tr>
<td>Total liabilities and owners’ equity</td>
<td>$10,120</td>
</tr>
</tbody>
</table>

---

**Figure 12.6**

- Pro Forma Balance Sheet for the Period Ending December 31, 2018
- Current assets, long-term debt, owners’ equity, total liabilities and owners’ equity.

**Chapter 1 • Financial Management**

- Jake Richards is surprised to hear from Paul August, his accountant for many years, that income from his tree farm is just over $150,000 for the year and that his land and other assets are valued at almost $2,000,000. The $600,000 he owes to the bank is not a surprise.

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**TABLE OF CONTENTS OVERVIEW**

**Part 1  Fundamental Concepts and Basic Tools of Finance**

| Ch. 1: Financial Management | Introduces the movement of money from lender to borrower and back, the main areas of finance, and the setting of finance in a paradigm known as agency theory. |
| Ch. 2: Financial Statements | Introduces the four key financial statements and the cash flow identity to prepare students for analyzing cash flow. |
| Ch. 3: The Time Value of Money (Part 1) | Presents the time value of money for single (lump sum) payments and the four variables: time, interest rate, present value, and future value. |
| Ch. 4: The Time Value of Money (Part 2) | Expands time value of money with multiple payment streams and the annuity concept. Introduces different loan formats and amortization schedules. |
| Ch. 5: Interest Rates | Discusses the various ways interest rates are quoted and introduces the components of interest rates. |

**Part 2  Valuing Stocks and Bonds and Understanding Risk and Return**

| Ch. 6: Bonds and Bond Valuation | Introduces the terminology of bonds, bond pricing, bond ratings, and the relationship between coupon rates and yields. |
| Ch. 7: Stocks and Stock Valuation | Explains the characteristics of stocks, primary and secondary stock markets, and values stocks based on historical dividends of the individual stock. |
| Ch. 8: Risk and Return | Calculates profits and returns using the holding period and converts the holding period return to annual return. Defines risk and ways to measure risk using standard deviation and beta. |

**Part 3  Capital Budgeting**

| Ch. 9: Capital Budget Decision Models | Introduces capital budgeting and six models: pay-back, discounted pay-back, net present value, internal rate of return, modified internal rate of return, and profitability index for capital budgeting decision making. |
| Ch. 10: Cash Flow Estimation | Introduces incremental cash flow for capital budgeting and how to calculate depreciation and cost recovery using an accelerated depreciation method. |
| Ch. 11: The Cost of Capital | Presents the different types of funding available for companies, the calculation of weighted average cost of capital, and the application of the cost of capital to individual projects of the company. |

**Part 4  Financial Planning and Evaluating Performance**

| Ch. 12: Forecasting and Short Term Financial Planning | Introduces the sources and uses of cash and the use of forecasting to predict cash flow, timing of production costs, potential cash excess or cash short-fall, and the preparation of pro forma statements. |
| Ch. 13: Working Capital Management | Models the cash conversion cycle, introduces issues with credit, and introduces inventory management models. |
| Ch. 14: Financial Ratios and Firm Performance | Introduces financial ratios and provides ways to interpret the ratios across time for individual companies and between competitors. |

**Part 5  Other Selected Finance Topics**

| Ch. 15: Raising Capital | Introduces the life cycle of a business and how that impacts the different funding sources of a business. Explains the process to legally end a business. |
| Ch. 16: Capital Structure | Explains different borrowing rates based on the ability to repay and introduces optimal capital structure through a combination of debt and equity financing. |
| Ch. 17: Dividends, Dividend Policy, and Stock Splits | Explains the process for paying dividends, individual preferences for different types of dividends, and how a company determines dividend policy and stock splits. |
| Ch. 18: International Financial Management | Introduces the cultural, business, and political differences for a multinational business. Explains exchange rates, cross-rates, and forward rates and their impact on business profits. |
The program is offered with the following teaching resources.

<table>
<thead>
<tr>
<th>Supplements available to instructors at <a href="http://www.pearsonhighered.com/irc">www.pearsonhighered.com/irc</a></th>
<th>Features of the Supplement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instructor's Manual</strong>&lt;br&gt; Authored by Jim DeMello of Western Michigan University</td>
<td>• Answers and solutions to all end-of-chapter questions and problems&lt;br&gt; • Big-picture overviews&lt;br&gt; • Lecture launchers, often with real-world examples of the chapter concepts&lt;br&gt; • Chapter outlines, suitable as lecture notes, with appropriate PowerPoint slides referenced&lt;br&gt; • Trouble spots or pitfalls that students often encounter&lt;br&gt; • Additional examples and homework problems with worked-out solutions</td>
</tr>
<tr>
<td><strong>Test Bank</strong>&lt;br&gt; Authored by Curt Bacon of Southern Oregon University</td>
<td>Approximately 1,800 multiple-choice, true/false, short-answer, and essay questions with these annotations:&lt;br&gt; • Difficulty level (1 for straight recall, 2 for some analysis, 3 for complex analysis)&lt;br&gt; • Type (Multiple-choice, true/false, short-answer, essay)&lt;br&gt; • Topic (The term or concept the question supports)&lt;br&gt; • Learning outcome&lt;br&gt; • AACSB learning standard (Ethical Understanding and Reasoning; Analytical Thinking Skills; Information Technology; Diverse and Multicultural Work; Reflective Thinking; Application of Knowledge)</td>
</tr>
<tr>
<td><strong>Computerized TestGen</strong></td>
<td>TestGen allows instructors to:&lt;br&gt; • Customize, save, and generate classroom tests&lt;br&gt; • Edit, add, or delete questions from the Test Item Files&lt;br&gt; • Analyze test results&lt;br&gt; • Organize a database of tests and student results</td>
</tr>
<tr>
<td><strong>PowerPoints</strong>&lt;br&gt; Authored by Jim DeMello of Western Michigan University</td>
<td>Slides include all the graphs and tables from the textbook; lecture outlines, with equations and examples on separate slides; and an assortment of new worked-out examples to provide fresh input on key points. PowerPoints meet accessibility standards for students with disabilities. Features include, but are not limited to:&lt;br&gt; • Keyboard and Screen Reader access&lt;br&gt; • Alternative text for images&lt;br&gt; • High color contrast between background and foreground colors</td>
</tr>
</tbody>
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Rasoul Rezvani, Northeastern Illinois University
Jill Wetmore, Saginaw Valley State University
I OWE A GREAT DEAL OF GRATITUDE to the many people who helped create this book.

First, I would like to thank the marvelous people at Pearson Education, especially the editors on the first edition of the text: development editor Mary Clare McEwing and Donna Battista, Vice President, Business Publishing. Mary Clare and Donna were great supporters and contributors from the inception of the first edition to final production. For the fourth edition, I owe much gratitude to my editor/portfolio manager Kate Fernandes and content producer Meredith Gertz. All of these individuals have put as much love into the book as I have.

Heidi Allgair of Cenveo® Publisher Services, along with the rest of the team at Cenveo, pulled off a superb production job. I also salute Miguel Leonarte and Melissa Honig of Pearson for the technological expertise they brought to the product, particularly in the development of MyLab Finance. Jerilyn Bockorick of Cenveo Publisher Services did a magnificent job on the interior design and gave us a splendid cover. My marketing manager, Kaylee Carlson, spent productive time in talks with me, coaxing out the differential advantages of the book and putting all to use in a terrific marketing campaign.

I am particularly grateful to Robert Hartwig of Worcester State College for his creative work in previous editions. He put a great deal of thought into the “Putting Finance to Work” boxes, the “Finance Follies” snapshots, and the “Mini-Cases” at the end of each chapter. Bob has been a great contributor to the project, although he did not know at the beginning how rich the source material would be for the “Finance Follies” boxes!

I have been most fortunate in having a talented team of supplement authors on this project. Curt Bacon of Southern Oregon University did an excellent job on the test bank, and Jim DeMello of Western Michigan University made great contributions with his authorship of the Instructor’s Manual and PowerPoint slides. Also, a special thank-you to Kevin Thorpe, one of my teaching assistants, who helped with the solutions to the end-of-chapter questions and problems.

All the reviewers of the book—and there were many—provided exceptional insights for improving the various drafts, adding new dimensions to the chapters, and pointing out new directions to explore. I am most grateful to these instructors for lending their time and expertise to this project; their names appear on the following pages.

I cannot sufficiently thank those who inspired this book: my students at Oregon State University. Hundreds of them used the book in preliminary form and provided valuable feedback on all aspects of the presentation. I will forever be grateful for their patience and understanding.

Finally, I thank my wife, Greta, for her endless support and encouragement.

To all these people, my profound thanks. Your countless contributions have made for a better book and the writing of it all worthwhile.

Raymond M. Brooks