

Club Activity

- Find balance sheet
- Find Goodwill on balance sheet
- Compare to total asset value
- Percentage?
- What is market value?
- Compare to current shareholders equity

So here's a little activity you can do in your club meeting to apply some of this information to a company you own.

First, find their balance sheet in a recent earnings release or 10-Q filing. You'll find links to these things on their website in the investor relations section.

Find the line item in the assets section at the top where it tells you the current amount of goodwill.

Compare this to the total asset value.

Is it greater than 20%? 40%? What percentage is it? What percentage is "too much" will depend on how their business is doing but the greater the percentage, the more closely you will want to watch this.

What is the company current market value? Find the number of shares issued and outstanding in the shareholders equity section at the bottom of the balance sheet and multiply it by the current price per share.

Is this greater than the current book value or shareholders equity value that you see on the balance sheet? Based on what you've found, do you have any reason to be concerned? A good time for a club discussion!