

2025–2026 Competitive Events Guidelines

Foundations of Finance



Foundations of Finance challenges members to demonstrate their understanding of core financial principles through an objective test. This event covers topics such as financial planning, budgeting, banking, investments, and the role of financial institutions in both personal and business contexts.

Event Overview

Division	Collegiate
Event Type	Individual
Event Category	Objective Test
Event Elements	50-minute test, 100-multiple choice questions

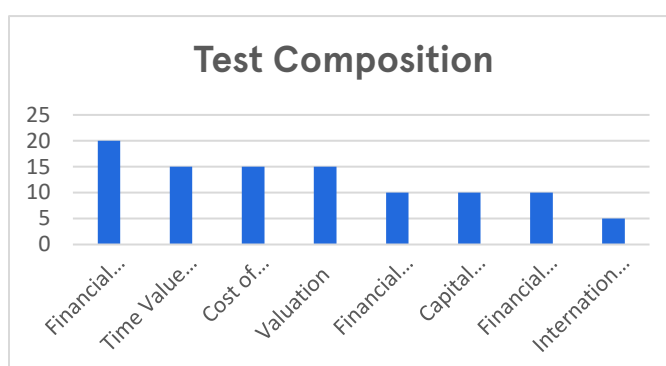
Educational Alignments

Career Cluster Framework Connection	Financial Services
NACE Competency Alignment	Career & Self-Development, Critical Thinking, Technology

This event is intended for students who are early in their collegiate academic journey and just beginning their study of finance. Only members who have completed no more than six credit hours on a semester schedule (or the equivalent number of quarter hours) of college-level finance coursework by May 1, 2026, are eligible to compete.

Knowledge Areas

- Financial instruments and institutions
- Time value of money
- Cost of capital and capital budgeting
- Valuation and rates of return
- Financial analysis
- Capital investment decisions
- Financial risks and returns
- International finance



Test questions are based on the knowledge areas and objectives outlined for this event. Detailed objectives can be found in the study guide included in these guidelines.

State

Testing will take place prior to the State Leadership Conference. Testing must occur at school under the supervision of an adult proctor. Check the Call to Conference for specific instructions and deadlines.

2025–2026 Competitive Events Guidelines

Foundations of Finance



National

Required Competition Items

<u>Items Competitor Must Provide</u>	<u>Items FBLA Provides On-site</u>
<ul style="list-style-type: none">Sharpened pencilFully powered device for online testingConference-provided nametagPhoto identificationAttire that meets the FBLA Dress Code	<ul style="list-style-type: none">One piece of scratch paper per competitorInternet accessTest login information (link & password provided at test check-in)

Important FBLA Documents

- Competitors should be familiar with the Competitive Events [Policy & Procedures Manual](#), [Honor Code](#), [Code of Conduct](#), and [Dress Code](#).

Eligibility Requirements

To participate in FBLA competitive events at the National Leadership Conference (NLC), the following criteria must be met:

- Membership Deadline:** FBLA national membership dues must be paid to the specific division by 11:59 p.m. Eastern Time on March 1 of the current school year.
- Conference Registration:** Members must be officially registered for the NLC and must pay the national conference registration fee to participate.
- Official Hotel Requirement:** To be eligible to compete, competitors must stay within the official FBLA housing block.
- State Entry Limits:** Each state may submit up to four entries per event.
- Event Participation Limits:** Each member may participate in:
 - One individual or team event, and
 - One chapter event (e.g., *Community Service Project* or *State of Chapter Presentation*).
- Participation Requirement:** To be eligible for an award, each competitor must complete all components of the event at the National Leadership Conference.
- Identification at Check-in:** Competitors must present valid photo identification (physical or digital) that matches the name on their conference name badge. Acceptable forms include a driver's license, passport, state-issued ID, or school ID.
- Late Arrivals:** Competitors will be allowed to compete until such time that the results are finalized, or participation would impact the fairness and integrity of the event, as determined by Competitive Events staff. Five penalty points will be assessed for late arrivals in any competitive event.
- Event Schedule Notes:**
 - Some events may begin before the Opening Session.
 - All schedules are posted in local time for the NLC host city.
 - Schedule changes are not permitted.

Event Administration

- Test Duration:** 50 minutes

2025–2026 Competitive Events Guidelines

Foundations of Finance



- **Format:** This event consists of an online objective test that is proctored and completed on-site at the National Leadership Conference (NLC).
- **Materials:** Reference or study materials are not permitted at the testing site.
- **Calculators:** Personal calculators are not allowed; an online calculator will be available within the testing platform.
- **Question Review:** Competitors may flag questions within the testing platform for review prior to the finalization of results at the NLC.

Scoring

- Each correct answer is worth one point.
- No points are deducted for incorrect answers.
- Tiebreakers are determined as follows: (1) The number of correct responses to 10 pre-selected tiebreaker questions will be compared. (2) If a tie remains, the number of correct responses to 20 pre-selected questions will be reviewed. (3) If a tie still remains, the competitor who completed the test in the shortest amount of time will be ranked higher.
- Results announced at the National Leadership Conference are considered official and will not be changed after the conclusion of the National Leadership Conference.

Penalty Points

- Competitors may be disqualified if they violate the Code of Conduct or the Honor Code.
- Five points are deducted if competitors do not follow the Dress Code or are late to the testing site.

Recognition

- A maximum of 10 entries (individuals or teams) may be recognized per event.

Americans with Disabilities Act (ADA)

- FBLA complies with the Americans with Disabilities Act (ADA) by providing reasonable accommodations for competitors. Accommodation requests must be submitted through the conference registration system by the official registration deadline. All requests will be reviewed, and additional documentation may be required to determine eligibility and appropriate support.

Electronic Devices

- Unless approved as part of a documented accommodation, all cell phones, smartwatches, electronic devices, and headphones must be turned off and stored away before the competition begins. Visible devices during the event will be considered a violation of the FBLA Honor Code.

Sample Preparation Resources

- Official sample test items can be found in [FBLA Connect](#). These sample items showcase the types of questions that may be asked on the test and familiarize competitors with the multiple-choice item options.

2025–2026 Competitive Events Guidelines

Foundations of Finance



Study Guide: Knowledge Areas and Objectives

A. Financial Instruments and Institutions

1. Describe the standard and unique features of the following securities: bills, notes, bonds, zeros, and municipal bonds.
2. Demonstrate an understanding of negotiable instruments and identify the terms of negotiability.
3. Define the concept of the money supply.
4. Identify the functions of the Federal Reserve.
5. Justify the existence of money in the economy.
6. Identify the types of short-term bank loans.
7. Describe the process of accounts receivable financing.
8. Characterize the limitations of intermediate-term bank loans.
9. Explain and give examples of long-term debt financing.
10. Describe the process of investment banking.
11. Obtain business credit and control its use.
12. Explain forms of financial exchange (e.g., cash, credit, debit, electronic funds, and transfer).
13. Identify types of currency (e.g., paper money, coins, banknotes, government bonds, and treasury notes).
14. Describe functions of money (e.g., medium of exchange, unit of measure, and store of value).
15. Examine the structure and operation of the banking system in the United States.
16. Explain the role of central banks.
17. Explain financial services companies.
18. Discuss the role of credit unions.
19. Explain the role of savings and loan associations.
20. Discuss the role of the World Bank Group in international financial assistance.

B. Time Value of Money

1. Explain the following concepts: present and future value of money, annuity, lump sum, effective interest rates, APR, annuity due, amortizing loans, and perpetuity.
2. Utilize the time value of money concepts.
3. Assess the time value of money concepts in decision making.
4. Discuss the time value of money and implications thereof to risk, rates of return, and value.
5. Perform various types of time value of money calculations.
6. Apply the time value concept of financial decision situations.
7. Discuss the conflicts between the Net present value and the Internal Rate of Return and how to resolve these conflicts.

C. Cost of Capital and Capital Budgeting

1. Explain the significance of a firm's capital structure.
2. Discuss the theory of capital structure.
3. Describe the financial needs of a business at different stages of its development.

2025–2026 Competitive Events Guidelines

Foundations of Finance



4. Compare and contrast the various financing opportunities (both debt and equity) organizations have available for making decisions to fund operations and capital expenditures.
 5. Discuss factors to consider in choosing between debt and equity capital.
 6. Analyze and demonstrate control of cash flow.
 7. Implement capital budgeting techniques in making capital expenditure decisions.
 8. Engage in certain capital budgeting procedures including payback, discounted payback, net present value, and internal rate of return.
 9. Discuss the general concepts of capital budgeting.
 10. Describe the process of evaluating capital budgeting projects.
 11. Tie the capital budgeting decision to the overall goal of shareholder wealth maximization.
 12. Describe how the cost of capital plays a role in various decisions made by financial managers.
 13. List the factors that determine the cost of capital.
 14. Compute the cost of debt, preferred and common stock capital, and put them together to develop the overall cost of capital for the firm.
 15. Define the role of tax laws in computing cost of capital.
 16. Identify and calculate component costs of capital and the weighted average cost of capital.
 17. Compute the operating, financial combined leverage and provide the implications for decision making.
- D. Valuation and Rates of Return
1. Describe security valuation and rate of return.
 2. Define and measure the risk and rates of return through the capital asset pricing model.
 3. Use certain stock and bond valuation models.
 4. Describe the basic process used to value bonds, find their yield to maturity, and yield to call.
 5. Describe the relationship that exists in bond valuation and its implication for investors.
 6. Calculate the expected and required rate of return for stocks.
 7. Review concepts of valuation for entrepreneurial ventures and possible funding sources for them.
 8. Explain the calculation of the Capital Asset Pricing Model (CAPM) and integrate the results in the valuation of a company's stock.
- E. Financial Analysis
1. Identify the role and functions of finance, tools for financial planning and analysis.
 2. Utilize the basic tools of finance in analyzing a company to provide solutions for identified problems.
 3. Distinguish between operating cash flows and counting income.
 4. Prepare a statement of cash flows.
 5. Perform financial analysis using financial ratios, DuPont analysis, common size statements, and financial forecasting.
 6. Analyze and interpret financial ratios relative to liquidity, asset management, debt management, profitability, and market value.

2025–2026 Competitive Events Guidelines

Foundations of Finance



7. Differentiate between horizontal and vertical analysis.
 8. Explain and give examples of solvency and debt service ratios.
 9. Explain the DuPont system.
 10. Explain the concepts of financial forecasting.
 11. Calculate and discuss break-even analysis.
 12. Discuss and give examples of leverage.
 13. Detail the use of operating leverage.
- F. Capital Investment Decisions
1. Evaluate the effect of credit markets on a company's ability to finance its operations.
 2. Discuss the effect of currency fluctuations as they impact a company's finances and investment rating.
 3. Discuss types of investment and planning horizons.
 4. Consider the challenges of managing and funding growth.
 5. Describe the difference between the funder's perspectives and those of the company being financed.
 6. Appreciate the difference between venture capital, private equity, early stage, and traditional financing sources.
 7. Allocate a limited budget to capital investment projects.
 8. Discuss how to incorporate risk in capital investment decisions.
 9. Explain the nature of capital investment.
- G. Financial Risks and Returns
1. Define market risk and diversifiable risk.
 2. Discuss the relationship between risk and return, and its implication for investors.
 3. Determine the breakeven point and name the assumptions and implications.
 4. Explain and list various types of risk.
 5. Discuss and define return.
 6. Explain the concept of risk-return trade-off.
 7. Explain the nature of risk management.
 8. Explain the role of ethics in risk management.
 9. Develop and evaluate a risk management program.
 10. Discuss the nature of risk control (e.g., internal and external).
 11. Explain ways to assess risk.
- H. International Finance
1. Identify the issues to consider when investing in foreign money market securities.
 2. Describe how and why exchange rates move.
 3. Evaluate the impact of capital inflows and capital outflows.
 4. State pros and cons of the International Monetary Fund.
 5. Examine strategies for considering international growth.
 6. Explain the use of trade credit.