



FINAL EXAM

Course # 181002 Not-For-Profit Accounting: Reporting And Analysis

based on the electronic .pdf file(s):

Not-For-Profit Accounting: Reporting And Analysis

by: Delta CPE, 2014, 104 pages



7 CPE Credit Hours
Accounting & Auditing

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*This exam sheet is made available for your convenience in answering questions while offline.
Please note that you will still need to enter your answers on the online exam sheet for grading.*

Instructions are provided at the end of this document.

Chapter 0 - Course Material

1. The not-for-profit reporting model emphasizes:
 - Basic information for the entity as a whole.
 - Standardization of funds nomenclature.
 - Inherent differences of not-for-profit entities that affect reporting presentations.
 - Distinctions between current fund and noncurrent fund presentations.

2. All of the following are typical users of financial reports of nonbusiness organizations EXCEPT:
 - Resource providers.
 - Investors.
 - Constituents.
 - Governing and oversight bodies.

3. Non-VHWO NFPOs are NOT required to file
 - Statement of financial position.
 - Statement of activities.
 - Statement of cash flows.
 - Statement of functional expenses.

4. Permanently restricted net assets for an NFPO include
 - Contributions and other inflows of assets whose use by the organization is limited by donor imposed restrictions that do not expire or cannot be satisfied or removed by actions taken by the organization.
 - Contributions and other inflows of assets whose use by the organization is limited by donor imposed restrictions that either expire or can be satisfied or removed by actions taken by the organization.
 - Other asset augmentations and reductions that occur as a result of the conditions just described.
 - Legal restrictions specified in the entity's articles of incorporation.

5. _____ those donor-restricted net assets that can be used by the NFPO for their specified purpose once the donor's restriction is met.
 - Permanently restricted.
 - Temporarily restricted.
 - Restricted as to use only for board-designated purposes.
 - Currently unrestricted.

6. Alve, a nongovernmental not-for-profit organization, is preparing its year-end financial statements. Which of the following statements is required?
 - Statement of changes in financial position.
 - Statement of cash flows.
 - Statement of changes in fund balance.

Statement of revenue, expenses, and changes in fund balance.

7. Which one of the following generally does not constrain unrestricted net assets?

Broad limits resulting from the nature of the organization.

The entity's liquidity position.

Legal restrictions specified in the entity's articles of incorporation.

Any contracts that the entity may have signed during the course of doing business.

8. During the current year, Mill Foundation, a nongovernmental not-for-profit entity, received \$100,000 in unrestricted contributions from the general public. Mill's board of directors stipulated that \$75,000 of these contributions would be used to create an endowment. At the end of the current year, how should Mill report the \$75,000 in the net assets section of the statement of financial position?

Permanently restricted.

Unrestricted.

Temporarily restricted.

Donor restricted.

9. Janna Association, a nongovernmental not-for-profit entity, received a cash gift with the stipulation that the principal be held for at least 20 years. How should the cash gift be recorded?

A temporarily restricted asset.

A permanently restricted asset.

An unrestricted asset.

A temporary liability.

10. The statement of activities reports the changes in each of the following assets EXCEPT:

Permanently restricted net assets.

Temporary restricted net assets.

Retained earnings.

Unrestricted net assets.

11. A large not-for-profit entity's statement of activities should report the net change for net assets that are

Both Permanently Unrestricted and Restricted

Permanently Unrestricted, but not Restricted

Neither Permanently Unrestricted nor Restricted

Restricted, but not Permanently Unrestricted

12. Niewha, a not-for-profit organization, incurred \$15,000 in management and general expenses during 2X13. In Niewha's statement of activities for the year ended December 31, 2X13, the \$15,000 should be reported as

A contra account offsetting revenue and support.

Part of program services.

Part of supporting services.

A direct reduction of net assets.

13. Functional expenses recorded in the general ledger of ABC, a nongovernmental not-for-profit entity, are as follows: Soliciting prospective members = \$45,000; Printing membership benefits

brochures = \$30,000; Soliciting membership dues = \$25,000. Maintaining donor list = \$10,000. What amount should ABC report as fund-raising expenses?

- \$10,000
- \$35,000
- \$70,000
- \$110,000

14. Cancer Educators, a not-for-profit entity, incurred costs of \$10,000 in its combined program services and fund-raising activities. Which of the following cost allocations might Cancer Educators report in its statement of activities?

- Program Services = \$0, Fund Raising = \$0, General Services = \$10,000
- Program Services = \$0, Fund Raising = \$6,000, General Services = \$4,000
- Program Services = \$6,000, Fund Raising = \$4,000, General Services = \$0
- Program Services = \$10,000, Fund Raising = \$0, General Services = \$0

15. NFPs are required to value all investments in equity securities with readily determinable fair values. All investments in debt securities should be measured at _____ in the statement of financial position.

- Cost.
- Fair value.
- Original market value.
- Net book value.

16. Uptown Church received a donation of equity securities with readily determinable fair values from a church member. The securities had appreciated in value after they were purchased by the donor, and they continued to appreciate through the end of Uptown's fiscal year. At what amount should Uptown report its investment in donated securities in its year-end statement of financial position?

- Donor's cost.
- Fair value at the date of receipt.
- Fair value at the statement date.
- Fair value at either the date of receipt or the balance sheet date.

17. A statement of cash flows is to be presented in general-purpose external financial statements by which of the following?

- Publicly held business enterprises only.
- Privately held business enterprises only.
- All business enterprises.
- All publicly held business enterprises and not-for-profit organizations.

18. According to ASC 958-605-05-3, Not-for-Profit Entities: Revenue Recognition (FAS-116, Accounting for Contributions Received and Contributions Made) what classification(s), if any, should be used by not-for-profit organizations to report receipts of contributions?

- Neither Unrestricted Support, nor Restricted Support
- Restricted Support, but not Unrestricted Support
- Unrestricted Support, but not Restricted Support
- Both Unrestricted Support and Restricted Support

19. Kendall Foundation, a not-for-profit agency, receives free electricity on a continuous basis from a local utility company. The utility company's contribution is made subject to cancellation by the

donor. Kendall should account for this contribution as a(n)

- Unrestricted revenue only.
- Restricted revenue only.
- Unrestricted revenue and an expense.
- Restricted revenue and an expense.

20. All not-for-profit organizations, including colleges and universities, are required under ASC 958-360-35, Not-for-Profit Entities: Depreciation (FAS-93, Recognition of Depreciation by Not-for-Profit Organizations) to recognize depreciation in financial statements and

- To disclose travel expenses.
- To disclose cash flow statements.
- To disclose depreciation expenses.
- To disclose future revenue.

21. ASC 958-605-05-3, Not-for-Profit Entities: Revenue Recognition (FAS-116, Accounting for Contributions Received and Contributions Made) specifies that unconditional promises to give contributions received (made) are recognized in the period (made) as

- Fair value.
- Original cost.
- Market value.
- Depreciated cost.

22. An NFPO holds an investment in the common stock of a for-profit entity. The NFPO most likely would NOT consolidate the other entity when it

- Controls the other entity and owns 40% of its outstanding voting shares.
- Has a majority voting interest in the other entity's board of directors, owns 20% of its outstanding voting shares, and holds an economic interest in the other entity.
- Owns a minority of the other entity's outstanding voting shares, and does not hold an economic interest in that entity.
- Owns 30% of the other entity's outstanding voting shares and exercises significant influence over that entity.

23. General purpose external financial reporting by a healthcare organization do NOT require presentation of

- A statement of cash flows.
- A planned vs. actual performance statement.
- Statement of changes in equity (or net assets/fund balance).
- Footnotes.

24. John Jay community hospital normally includes rent received from office space rentals to third parties in

- Deductions from dietary service expenses.
- Ancillary service revenues.
- Other revenues.
- Patient service revenues.

25. Healthcare providers' other revenues do NOT include

- Cafeteria sales.
- Tuition from educational programs.

- Contributions either unrestricted or for a specific purpose when fundraising is not a major ongoing activity.
- Donated medicine.

26. Which of the following normally is included in the other revenue, gains, or losses of a hospital?

- Neither Fees from Educational Programs nor Unrestricted Contributions
- Unrestricted Contributions but not Fees from Educational Programs
- Fees from Educational Programs but not Unrestricted Contributions
- Both Fees from Educational Programs and Unrestricted Contributions

27. In April, Delta Hospital purchased medicines from Field Pharmaceutical Co. at a cost of \$5,000. However, Field notified Delta that the invoice was being canceled and that the medicines were being donated to Delta. Delta should record this donation of medicines as

- Other revenue of \$5,000.
- A memorandum entry only.
- A \$5,000 credit to nonoperating expenses.
- A \$5,000 credit to operating expenses.

28. Cura Foundation, a voluntary health and welfare organization (VHWO) supported by contributions from the general public, included the following costs in its statement of functional expenses for the year: Fund raising = \$500,000; Management and General (including data processing) = \$300,000; and Research = \$100,000. Cura's functional expenses for program services included

- \$900,000
- \$500,000
- \$300,000
- \$100,000

29. Which of the following is NOT an investment used by voluntary health and welfare organizations (VHWOs)?

- Current unrestricted funds.
- Current restricted funds
- No-load funds.
- Endowment funds.

30. ASC 958-605-05-3, Not-for-Profit Entities: Revenue Recognition (FAS-116, Accounting for Contributions Received and Contributions Made) specifies that unconditional promises to give and contributions received (made) are recognized at _____ in the period received (made).

- Fair value.
- Book value.
- Present value.
- Liquidation value.

31. On January 1, Year 4, a not-for-profit botanical society received a gift of an exhaustible fixed asset with an estimated useful life of 10 years and no salvage value. The donor's cost of this asset was \$20,000, and its fair value at the date of the gift was \$30,000. What amount of depreciation of this asset should the society recognize in its Year 4 financial statements, using straight-line method?

- \$3,000
- \$2,500

\$2,000

\$0

32. Jenny Church has cash available for investments from contributions with different restrictions. Jenny's policy is to maximize its financial resources. How may Jenny pool its investments?

Jenny may not pool its investments.

Jenny may pool all investments but must equitably allocate realized and unrealized gains and losses among participants.

Jenny may pool only unrestricted investments but must equitably allocate realized and unrealized gains and losses among participating funds.

Jenny may pool only restricted investments but must equitably allocate realized and unrealized gains and losses among participating funds.

33. All other not-for-profit organizations (ONFPOs) are required use the _____ of accounting.

Cash basis.

Modified accrual basis.

Accrual basis.

Modified cash basis.

34. _____ is used by an NFPO to file a tax return.

Form 990.

Form 1040.

Form 940.

Form 965.

35. A _____ indicates a worrisome deficit position that is an indicator of potential bankruptcy.

Low return rate.

Low accounts receivable turnover.

Negative net assets.

High quick ratio.

Instructions for Submitting Answers Online:

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