

Quiz 5 – Nonprofit Financial Management

1. True or False: the current ratio equal current assets over current liabilities

2. Which is NOT a Profitability Ratio?

Operating Margin

Total Margin

Asset-Turnover

Return on Assets

3. Is it better to have high results when calculating a Days-Receiveable ratio?

4. True or False: Current Size financial ratios evaluate the proportion of a nonprofit revenue and/or expense to the summed amount.

5. Define liquidity.

6. True or False: the profitability ratio is used to determine the amount of liquidity generated by the nonprofit.

7. Which type of assets does a liquidity ratio evaluate:

Short-term

Intermediate Term

Long-term

8. True or False: Debt-to-Equity is NOT a solvency ratio.

9. What are the differences between the Profit Margin ratio and the Target Profit Margin ratio?

10. What does the financial ratio Days Receivable measure?

Accounts Payable

Account Receivable

Prepaid Expenses

11. If the Current Ratio is below 1.0 what does this mean?

12. Which financial statement(s) is/are needed to calculate the Return on Assets ratio?

13. Which is a efficiency financial ratio?

Asset-Turnover

Days-Receivable

All specified

14. Who are known to use financial ratios?

Funders

Watch Groups

Nonprofit Leaders

External Auditors

All specified

15. Define solvency.

16. Which liquidity ratio is more conservative Quick Ratio or Current Ratio?

17. Name two (2) solvency ratios.

18. Which financial ratio analyzes services provided for every dollar invested?

Return on Asset

Asset-Turnover

Debt-to-Asset

19. Why would a 100% contribution ratio from a single income source be financially challenging to a nonprofit?

20. Which is a diversification financial ratio:

Quick Ratio

Debt-to-Equity

Contributions Ratio

Current Ratio