

## Exam – Nonprofit Financial Management

1. Name 3 types of budgets.
2. What is a public charity?
3. Is a nonprofit's vision and mission the same thing? If it is, explain it; if not, define each word.
4. Which is NOT a stage in the budget cycle?

Audit

Introduction

Execution

Adoption

5. What is a line-item budget?
6. List 3 types of nonprofits
7. What type of account should cash reserves be placed in:

Checking

Savings

Diversified

Commodities

8. True or False: a cash flow budget is based on the projected budget amount divided by 12 months.

9. How should a nonprofit deal with a cash deficit?

10. Which are NOT departments for allocating costs?

Help Center      Program Center      Support Center      Advocacy Center

11. What is marginal cost?

12. What are the 4 benefits of having a cash flow budget?

13. What is NOT a recommendation to improve short-term liquidity needs?

Liquidity Policy      Cash Budget      Sell Assets      Cash Reserves

14. True or False: a nonprofit only choice for dealing with a cash surplus is to put it in a checking/savings account.

15.What is NOT a suitable option for cash reserves?

Treasury

Checking

Stocks

Money Market

16.True or False: working capital is current assets minus current liabilities.

17.True or False: 2/15 net 45 means the nonprofit will receive a 2% discount if it pays the invoice within 15 days of invoice date, otherwise the amount is due in 45 days.

18.What is the discount incentive for “2/15 net 45”?

19.What is the difference between a market failure and a government failure?

20.True or False: the same person who signs checks should also create the payroll.

21.Which is NOT part of an internal control system:

Separation of Duties    Safeguard Assets    Fidelity Insurance

Budget Checks

22.Name the four strategies for increase nonprofit revenues.

23.True or False: there are ten basic nonprofit funding models.

24.Describe the Public Provider funding model.

25.True or False: Sarbanes-Oxley applies to nonprofits in its entirety.

26.What is NOT a component of a public good?

Rival

Charitable

Excludable

27.True or False: nonprofits can only provide public benefits.

28.Describe the Member Motivator funding model's sources of revenue.

29.Which is one of the four funding model types:

Non-government  
Charity

Donor

Public Goods

Public

30.Explain the difference between a private benefit and a group benefit.

31.Which is the main revenue source for nonprofits in 2013:

Government Funding

Investment Income

Earned

Revenue

32.What are key considerations for nonprofits considering alternate revenue streams?

33.Describe the difference between the Heartfelt Connector and the Big Bettor funding models.

34.How can providing trade benefits be a win-win for nonprofits and other organizations?

35.Does the Policy Innovator funding model involve legislative approval?

36. True or False: the Public Provider funding model usually relies on government funding.

37. Which documents does the Independent Sector NOT encourage a nonprofit to include on its website, in order to increase transparency:

Form 990

Code of Ethics

Mission Statement

Adopted Budget

38. Name 3 positive benefits of diversifying nonprofit revenues.

39. Name 3 negative benefits of diversifying nonprofit revenues.

40. What are the key areas of Sarbanes-Oxley that apply specifically to nonprofits?

41.

42. An Opportunity cost is what type of decision-making tool?

Arbitrary

Economic

Financial

Structural

43.What is liquidity?

44.What is the formula for break-even analysis?

45. True or False: opportunity cost is the value/cost of not allocating resources to a project.

46.What is the difference between direct costs and indirect costs?

47.Explain why knowing the cost of an item is important.

48.What is the difference between variable cost and step cost?

49.True or False: break-even analysis determines a program/service's point of cost recovery.

50.Who determines an organization's liquidity target?

51.What entity regulates a nonprofit's accounting standards?

52.How many main divisions of nonprofit categories are there?

53.True or False: the budget cycle is a continual process.

54.What is the difference between a public charity and a private foundation?

55.Why use a performance budget?

56.Name two online sources for nonprofit information.

57.Is the Arts a nonprofit category?

58.Does a program budget track individual expenses?

59.Who is responsible for implementing a budget?

60.True or False the Executive Director and Secretary are responsible for  
presenting the budget to the Board.

61.Which nonprofit files a form 990-PF?





62.Which report reports the nonprofit's performance?

Variance Report

Cash-Flow Management

Performance Report

63.What does FASB stand for?

64.True or False, a mission statement is required for a nonprofit?

65.Which nonprofit files a form 990-N?

66.What the four core components accountability emphasized by the FASB?

67.How many cycles are in the budget cycle?

FIVE

SIX

FOUR

TEN

68.What is the meaning of “multiplicity of stakeholders”?

69.True or False: a cash flow management report divides the projected revenue  
equally by 12 to determine the projected monthly income.

70.Which is NOT on a Balance Sheet?

Assets

Revenue

Net Assets

Liabilities

71. True or False: another name for the Balance Sheet is The Statement of Activities.

72. Income Statement is also known as the Statement of Activities?

73. What is the Change in Net Assets?

74. On the Balance Sheet do the more liquid items appear near the bottom of the assets category?

75. The formula for the Income Statement is Revenue less Expenses?

76. True or False: Financing Activities from the Cash Flow Statement on include permanently restricted funds.

77. Is the Balance Sheet formula  $\text{Assets} + \text{Liabilities} = \text{Net Assets}$ ?

78. What is another name for Fund Balance?

79. Can expenses be paid from temporarily restricted funds?

80. Which type of Balance Sheet item can be depreciated:

Current Assets      Long-term Liability      Long-term Asset      Current Liability

81. True or False: the Change in Net Assets on the Income Statement is the same value shown on the Balance Sheet.

82. Which is not a category from the Cash Flow Statement:

Operating Activities      Investing Activities      Loaning Activities  
Financing Activities

83. True or False: a nonprofit's mortgage is a long-term liability

84. What is the definition of Net Assets?

85. Which is NOT a Net Asset category?

Unreserved      Temporarily Restricted      Permanently Restricted

86.Which category from the Cash Flow Statement can use funds from all three funds (unrestricted, temporarily restricted, and permanently restricted)?

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

88.Which is NOT a Profitability Ratio?

Operating Margin

Total Margin

Asset-Turnover

Return on Assets

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

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

91.Define liquidity.

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

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

Short-term

Intermediate Term

Long-term

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

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

96. What does the financial ratio Days Receivable measure?

Accounts Payable

Account Receivable

Prepaid Expenses

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

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

99. Which is an efficiency financial ratio?

Asset-Turnover

Days-Receivable

All specified

100. Who are known to use financial ratios?

Funders   Watch Groups   Nonprofit Leaders   External Auditors All specified

101. Define solvency.

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

103. Name two (2) solvency ratios.

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

Return on Asset

Asset-Turnover

Debt-to-Asset

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

106. Which is a diversification financial ratio:

Quick Ratio

Debt-to-Equity

Contributions Ratio

Current Ratio

107. Which are the 3 common financial statements used by nonprofits?

108. True or False: the balance Sheet list specific financing activities from endowments.

109. Which financial statement shows a nonprofit's assets less liabilities:

Income Statement      Statement of Functions      Cash Flow Statement

110. Which two approaches are best to prepare for circumstances that can affect the financial stability of a nonprofit?

Hope & Wish                  Plan & Monitor                  Cross Fingers & Toes