

# ACC214 Accounting for Non-Profit Organizations – Administration Outline

## Course Information

Organization	Mercer County Community College
Course Number	ACC214
Credits	3
Contact Hours	3

## Description

The study of generally accepted accounting principles as they apply to nonprofit fund accounting. Emphasis is placed on governmental units. Other topics include: colleges and universities; health care; other not-for-profit organizations.

## Course Competencies/Goals

- A. Define and interpret the basic accounting principles and concepts as they relate to not-for-profit organizations.
- B. Analyze and record entries typical for not-for-profit organizations.
- C. Complete the accounting cycle for not-for-profit organizations.
- D. Analyze and interpret key economic and financial ratios to measure the performance and financial condition of not-for-profit organizations.

## General Education Knowledge Outcomes

Goal 1: Communications. Students will communicate effectively in both speech and writing.

Goal 2: Mathematics. Students will use appropriate mathematical and statistical concepts and operations to interpret data and to solve problems.

Goal 9: Ethical Reasoning and Action. Students will understand ethical issues and situations.

## MCCC: Core Skills:

Goal A:	Written and Oral Communications in English. Students will communicate effectively in speech and writing, and demonstrate proficiency in reading.
Goal B:	Critical Thinking and Problem-solving. Students will use critical thinking and problem solving skills in analyzing information.
Goal C:	Ethical Decision-making. Students will recognize, analyze and assess ethical issues and situations.
Goal F:	Collaboration and Cooperating. Students will develop the interpersonal skills required for effective performance in group situations.

## Units of Study in Detail

### **Competencies**

#### **1. Governmental and Nonprofit Accounting: Environment and Characteristics**

##### **Learning Objectives**

- a. Describe the key unique characteristics of government and nonprofit organizations. (Course Competencies A; General Education Goals 1; MCCC Core A)
- b. Discuss the major types of G & NP organizations and their importance in our economy. (Course Competencies A; General Education Goals 1; MCCC Core A)
- c. Discuss the similarities and differences between profit-seeking and G&NP organizations. (Course Competencies A; General Education Goals 1; MCCC Core A)
- d. Understand the key distinguishing characteristics, concepts, and objectives of G&NP accounting and financial reporting. (Course Competencies A; General Education Goals 1; MCCC Core A)
- e. Identify and discuss the users and uses of government financial statement information. (Course Competencies A; General Education Goals 1; MCCC Core A)

#### **2. State and Local Government Accounting and Financial Reporting: The Foundation**

##### **Learning Objectives**

- a. Discuss the major overall aspects of the GASB state and local government financial reporting model. (Course Competencies A; General Education Goals 1; MCCC Core A)
- b. Define fund, identify and explain the three broad categories of funds and the types of funds within each fund category. (Course Competencies A; General Education Goals 1; MCCC Core A)
- c. Identify the measurement focus and basis of accounting used for each category of funds and the financial statements required for funds of each category. (Course Competencies A; General Education Goals 1; MCCC Core A)
- d. Analyze the effects of transactions on the proprietary fund and governmental fund categories and on the General Capital Assets and General Long-Term Liabilities accounts. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- e. Discuss typical budgetary accounting and reporting requirements. (Course Competencies A; General Education Goals 1; MCCC Core A)
- f. Understand the specific types of funds in each fund category and the different uses of each fund type in each category. (Course Competencies A; General Education Goals 1; MCCC Core A)
- g. Explain the financial reporting requirements for a government's basic financial statements and its comprehensive annual financial report. (Course Competencies A; General Education Goals 1; MCCC Core A)

#### **3. The General Fund and Special Revenue Funds**

##### **Learning Objectives**

- a. Discuss the difference and similarities between the General Fund and Special Revenue Funds. (Course Competencies A; General Education Goals 1; MCCC Core A)
- b. Explain the measurement focus and basis of accounting used for these funds. (Course Competencies A; General Education Goals 1; MCCC Core A)
- c. Analyze fact situations and prepare journal entries to record most common General Fund and Special Revenue Fund transactions and events, including interfund activity. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- d. Prepare adjusting and closing entries for the General Fund and Special Revenue Funds. (Course Competencies A, B, C; General Education Goals 1, 2; MCCC Core A)

- e. Define and identify items and extraordinary items. (Course Competencies A; General Education Goals 1; MCCC Core A)
- f. Prepare General Fund and Special Fund GAAP-based financial statements. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)

4. **Budgeting, Budgetary Accounting, and Budgetary Reporting**

**Learning Objectives**

- a. Understand basic budgetary accounting and reporting practices and requirements. (Course Competencies A; General Education Goals 1; MCCC Core A)
- b. Explain the role of budget in government fund planning and control. (Course Competencies A; General Education Goals 1; MCCC Core A)
- c. Understand commonly used budgeting terminology, approaches, and recommended practices. (Course Competencies A; General Education Goals 1; MCCC Core A)
- d. Understand the concept of budgetary control points. (Course Competencies A; General Education Goals 1; MCCC Core A)
- e. Discuss the basic procedures involved in preparing and adopting a budget. (Course Competencies A; General Education Goals 1; MCCC Core A)

5. **Revenue Accounting/Governmental Funds**

**Learning Objectives**

- a. Determine when various types of governmental fund revenues should be recognized and reported. (Course Competencies A; General Education Goals 1; MCCC Core A)
- b. Identify the four categories of nonexchange transactions and when to recognize the related assets and revenues. (Course Competencies A; General Education Goals 1; MCCC Core A)
- c. Discuss and apply modified accrual revenue recognition criteria in both simple and complex situations. Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- d. Understand accounting for the levy, collection, revenue recognition, and enforcement of property taxes and other taxes. Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- e. Account for and report governmental fund investment income in accordance with GASB Statements 31 and 40. (Course Competencies A; General Education Goals 1; MCCC Core A)
- f. Distinguish and account for the various types of intergovernmental revenues, including pass-through grants and other grants, entitlements, shared revenues, and payments in lieu of taxes. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- g. Understand classification of and accounting for various other types of governmental fund revenues and other (nonrevenue) financing sources. (Course Competencies A; General Education Goals 1; MCCC Core A)
- h. Account for and report changes in revenue accounting principles and error corrections. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)

6. **Expenditure Accounting/Governmental Funds**

**Learning Objectives**

- a. Define expenditures as used in governmental fund accounting and reporting. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- b. Understand and apply governmental fund expenditure recognition guidance. Course Competencies A; General Education Goals 1; MCCC Core A, B)

- c. Account for personal services costs, materials and supplies (purchases and consumption methods), and prepayments in governmental funds. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- d. Account for typical debt service and capital outlay expenditures. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- e. Understand the accounting and reporting for capital leases, claims and judgments, compensated absences, and pension and other postemployment benefit expenditures in government funds. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- f. Account for and report changes in expenditure accounting principles and error corrections in governmental funds. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)

7. **Capital Projects Funds**

**Learning Objectives**

- a. Understand the nature and purposes of Capital Projects Funds and when they are used. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- b. Understand the typical capital projects financing sources, how many Capital Projects Funds are required, and the life cycle of a Capital Projects Fund. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- c. Determine the costs that should be charged to a Capital Projects Fund. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- d. Understand typical budgeting and budgetary reporting issues of Capital Projects Funds. (Course Competencies A; General Education Goals 1, MCCC Core A, B)
- e. Understand Capital Projects Fund accounting for general long-term debt issuances, including accounting for bond proceeds (face amount, premiums and discounts, bond issuance costs) and bond anticipation notes. (Course Competencies A, B; General Education Goals 1, 2; MCCC Core A, B)
- f. Make “detailed general ledger” journal entries to record typical Capital Projects Fund transactions and events, and understand what arbitrage is and its potential impact. (Course Competencies A, B, C; General Education Goals 1, 2; MCCC Core A, B)
- g. Prepare Capital Projects Fund financial statements. (Course Competencies A, B, C; General Education Goals 1, 2; MCCC Core A, B)

8. **Debt Service Funds**

**Learning Objectives**

- a. Understand the basic nature and purposes of Debt Service Funds and the types of liabilities serviced through Debt Service Funds. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- b. Understand when Debt Service Funds are required and when debt service on general long-term liabilities may be accounted for in other funds. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- c. Understand when expenditures for debt service on general long-term liabilities are recognized. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- d. Understand the conditions under which governments are permitted to accrue GLTL principle and interest expenditures before maturity. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B)
- e. Record debt service transactions and prepare Debt Service Fund financial statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B)
- f. Understand accounting and reporting for special assessment Debt Service Funds. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

g. Understand the basic accounting and reporting requirements for debt service on GLTL term bonds and deep discount debt. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

h. Understand, record, and report refunding of general long-term liabilities. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

9. **General Capital Assets; General Long-Term Liabilities; Permanent Funds:  
Introduction to Interfund-GCA-GLTL Accounting**

**Learning Objectives**

a. Understand how governments maintain the general capital assets and general long-term liabilities information that is used for managerial, accountability and government-wide financial reporting purposes. (Course Competencies A; General Education Goals 1; MCCC Core A, B)

b. Understand and account for the various types of transactions affecting general capital assets and general long-term liabilities. (Course Competencies A,B; General Education Goals 2; MCCC Core A, B)

c. Discuss the relationships between governmental funds and the general capital assets and general long-term liabilities accounts. (Course Competencies A; General Education Goals 1; MCCC Core A, B)

d. Account for and report general infrastructure capital assets properly. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

e. Apply the modified approach for accounting for infrastructure capital assets. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

f. Understand the financial reporting requirements for General Capital Assets and General Long-Term Liabilities. (Course Competencies A; General Education Goals 1; MCCC Core A, B)

g. Understand the nature and use of Permanent Funds and how to account for and report Permanent Funds.( Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

h. Account for transactions that affect both governmental funds and the General Capital Assets and General Long-Term Liabilities accounts.( Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

10. **Enterprise Funds**

**Learning Objectives**

a. Determine what activities should be reported using Enterprise Funds. (Course Competencies A; General Education Goals 1; MCCC Core A, B)

b. Understand the proprietary fund accounting principles. (Course Competencies A; General Education Goals 1; MCCC Core A, B)

c. Understand proprietary fund reporting for intergovernmental grant revenues and debt refunding. (Course Competencies A; General Education Goals 1; MCCC Core A, B)

d. Journalize typical proprietary fund transactions. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).

e. Understand the formats and classifications of proprietary fund financial statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

f. Understand and be able to compute the three components of proprietary fund net assets.( Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

g. Prepare the proprietary fund statements.(Course Competencies A, B; General Education Goals 2; MCCC Core A, B)

11.

### **Internal Service Funds**

#### **Learning Objectives**

- a. Understand the nature and usage of Internal Service Funds. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- b. Understand the accounting principles that apply to Internal Service Funds. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- c. Understand the pricing policies and methods that are used in Internal Service Funds. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- d. Prepare basic journal entries for various types of Internal Service Funds. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- e. Prepare Internal Service Fund financial statements, including combined statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B)
- f. Understand the unique aspects of accounting for self-insurance Internal Service Funds. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- g. Understand and discuss the problems associated with having significant accumulated increases or decreases in total net assets of an Internal Service Fund. (Course Competencies A; General Education Goals 1; MCCC Core A, B)

12.

### **Trust and Agency (Fiduciary) Funds: Summary of Interfund-GCA-GLTL Accounting**

#### **Learning Objectives**

- a. Understand and discuss the circumstances in which fiduciary funds are used to report assets held by governments in fiduciary relationships. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- b. Define and distinguish among the four types of fiduciary funds. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- c. Prepare basic journal entries for fiduciary funds. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- d. Prepare Agency Fund financial statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- e. Prepare Trust Fund financial statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- f. Account for common transactions that affect more than one fund and/or general capital assets and general long-term liabilities. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).

13.

### **Accounting for Health Care Organizations**

#### **Learning Objectives**

- a. Account for unique hospital revenue sources such as patient service revenues. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- b. Prepare journal entries for hospital transactions. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- c. Prepare government hospital financial statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- d. Understand the key differences between accounting and reporting for government and nongovernment not-for-profit hospitals. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- e. Prepare nongovernment not-for-profit hospital financial statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).

14. **Accounting for Colleges and Universities**

**Learning Objectives**

- a. Understand why most government colleges and universities choose to report as “business-type only” special purpose governments. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- b. Explain unique aspects of college and university reporting such as recognition of tuition and fee revenue, operating versus nonoperating revenue classifications, expense classifications, and scholarship allowances. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- c. Prepare journal entries consistent with government college and university financial reporting requirements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- d. Prepare government college and university financial statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- e. Understand the principal differences between reporting government and nongovernment not-for-profit colleges and universities. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- f. Prepare nongovernment not-for-profit college and university financial statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).

15. **Non-SLG Not-for-Profit Organizations**

**Learning Objectives**

- a. Understand the sources of GAAP for nongovernment not-for-profit organizations. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- b. Explain the basis of accounting and the financial statements required for nongovernment not-for-profit organizations. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- c. Distinguish between and among the three net asset classes. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- d. Understand the timing for recognition and the classification of revenues and expenses of nongovernment not-for-profit organizations. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- e. Understand the reporting of restricted contributions and restricted investment income. (Course Competencies A; General Education Goals 1; MCCC Core A, B)
- f. Account for and report the satisfaction of donor-imposed temporary restrictions on the use of resources. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- g. Prepare journal entries for common transactions of nongovernment not-for-profit organizations. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).
- h. Prepare nongovernment not-for-profit organization financial statements. (Course Competencies A, B; General Education Goals 2; MCCC Core A, B).

## Reaction Papers:

Mercer County Community College libraries offer a wide selection of journal and research databases for your term papers, reports or essay topics. In many cases, it is possible to obtain entire articles which can be printed or e-mailed. If you have questions, please ask for reference assistance. If you are not in the library, please call 609-586-4800 ext. 3560.

Go to the online data bases at- [http://www.mccc.edu/student\\_library\\_online.shtml#bus](http://www.mccc.edu/student_library_online.shtml#bus), select an article that relates to a topic that we have studied. Write a two-page summary of this article. Include your reaction as part of your paper. The papers are due during the following classes:

Week	5
	10
	14

## ***Grading Information***

### **Grading Scale**

Tests 80% (1 to 15)\*

Homework, 5%

Class Work,  
Quizzes

Reaction Papers 15% (Course Competencies D, General Education Goals 1, 9; MCCC Core A, C, F)

\*The instructor will announce during the first class meeting the number of tests and the chapters covered in each test.