



**MERCER**  
COUNTY COMMUNITY COLLEGE

## COURSE OUTLINE

**Course Number**  
**ACC 214**

**Course Title**  
**Accounting for Non-Profit Organizations**

**Credits**  
**3**

**Hours: 3 Lecture//0  
Lab**

**ACC111 with a minimum grade of C**

**Implementation**  
**Fall 2022**

### **Catalog description:**

Study of generally accepted accounting principles as they apply to non-profit organizations, with emphasis on governmental agencies. Additional focus includes accounting for colleges and universities as well as hospitals and health organizations. investigation into and application of the objectives and procedures governing auditing requirements, standards, and examinations.

**General Education Category:**  
**Not Gen Ed**

**Course coordinator: Program Coordinator Josie Mathias, 609-570-3441, [mathiasj@mccc.edu](mailto:mathiasj@mccc.edu)**

### **Required texts & Other materials:**

- Accounting for Governmental and Nonprofit Entities, 18/e, 2016, Jacqueline Reck, Susan Lowenshon, Daniel Neely, McGraw-Hill, 2019 ISBN: 9781260190083

### **Course Student Learning Outcomes (SLO):**

***Upon successful completion of this course the student will be able to:***

1. Define and interpret the basic accounting principles and concepts as they relate to not-for-profit organizations. [ILG #1, 2, 9] (PLO#1, PLO#2)
2. Analyze and record entries typical for not-for-profit organizations. ILG #1, 2] (PLO#3)
3. Complete the accounting cycle for not-for-profit organizations ILG #1, 2, 11] (PLO#1, PLO#2, PLO#3)
4. Analyze and interpret key economic and financial ratios to measure the performance and financial condition of not-for-profit organizations. ILG #2, 11] (PLO#3, PLO#6)

## **Course-specific Institutional Learning Goals (ILG):**

**Institutional Learning Goal 1. Written and Oral Communication in English.** Students will communicate effectively in both speech and writing.

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

**Institutional Learning Goal 9. Ethical Reasoning and Action.** Students will understand ethical frameworks, issues, and situations.

**Institutional Learning Goal 11. Critical Thinking:** Students will use critical thinking skills, understand, analyze, or apply information or solve problems.

## **Program Learning Outcomes for AAS Accounting (PLO)**

#1 Perform all the steps of the accounting cycle for sole proprietorships, partnerships, and corporations.

#2 Compute and record financial transactions that are unique to governmental and not-for-profit institutions such as hospitals, colleges, and universities.

#3 Analyze financial statements, prepare managerial reports, and suggest appropriate actions to alleviate or eliminate problems.

#6 Research printed and electronic resources, evaluate the quality of the information, and report findings orally and/or in written reports.

## **Units of study in detail – Unit Student Learning Outcomes:**

I

### ***Competencies***

#### **1. Governmental and Nonprofit Accounting: Environment and Characteristics (Supports Course SLO # 1)**

##### **Learning Objectives**

- a. Describe the key unique characteristics of government and nonprofit organizations.
- b. Discuss the major types of G & NP organizations and their importance in our economy.
- c. Discuss the similarities and differences between profit-seeking and G&NP organizations.
- d. Understand the key distinguishing characteristics, concepts, and objectives of G&NP accounting and financial reporting/
- e. Identify and discuss the users and uses of government financial statement information.

#### **2. State and Local Government Accounting and Financial Reporting (Supports Course SLO # 1, 2)**

##### **Learning Objectives**

- a. Discuss the major overall aspects of the GASB state and local government financial reporting model.
- b. Define fund, identify and explain the three broad categories of funds and the types of funds within each fund category.
- 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.

- 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.
- e. Discuss typical budgetary accounting and reporting requirements.
- f. Understand the specific types of funds in each fund category and the different uses of each fund type in each category.
- g. Explain the financial reporting requirements for a government's basic financial statements and its comprehensive annual financial report.

3. **Budgetary Procedures – Operating Accounts (Supports Course SLO # 1, 2)**

**Learning Objectives**

- a. Explain how operating revenues and expenses related to governmental activities are classified and reported.
- b. Distinguish, at the fund level, between revenues and other financing sources and between expenditures and other financing uses.
- c. Explain how revenues and expenditures are classified in the General Fund.
- d. Explain how budgetary accounting contributes to achieving budgetary control over revenues and expenditures.
- e. Describe computerized accounting systems.
- f. Explain the classification of revenues and expenditures of a public school system.

4. **Journalize the operating activities of a governmental General Fund (Supports Course SLO # 1, 2, 3)**

**Learning Objectives**

- a. Analyze typical operating transactions for governmental activities and prepare appropriate journal entries.
- b. Prepare and explain interim financial statements and schedules.
- c. Prepare adjusting entries at year-end and a pre-closing trial balance .
- d. Prepare closing entries and year-end general fund financial statements.
- e. Account for interfund, intrafund, and interfund activity.

5. **Accounting for general capital assets and Capital projects (Supports Course SLO # 1, 2, 3, 4)**

**Learning Objectives**

- a. Describe the nature of and characteristics of general capital assets.
- b. Account for the acquisitions of general capital assets, including infrastructure assets.
- c. Explain the purpose of, characteristics, and typical financial sources of a capital projects fund.
- d. Prepare journal entries for a typical capital project fund.
- e. Prepare financial statements for capital project funds
- f. Explain the concepts and accounting procedures for special assessment capital projects.

6.                   **2) Accounting for general long-term liabilities and debt services (Supports Course SLO #**

**Learning Objectives**

- a. Explain what kinds of liabilities are classified as general long-term.
- b. Journalize entries in the general fund to record the issuance of general long-term debt.
- c. Prepare note disclosures for general long-term liabilities.
- d. Describe the reasons for and nature of statutory debt limits and explain the meanings of debt margin and overlapping debt
- e. Explain the purpose and types of debt service funds
- f. Describe the budgeting requirements for debt service funds and journalize appropriate entries for debt service transactions.

7.                   **Business Type Activities of State and Local Governments (Supports Course SLO # 1, 4)**

**Learning Objectives**

- a. Distinguish between the purposes of internal service funds an enterprise funds.
- b. Describe the characteristics of proprietary funds.
- c. Explain the financial reporting requirements of internal service funds and enterprise funds.
- d. Journalize entries for internal service and enterprise funds.

8.                   **Fiduciary Funds (Supports Course SLO # 1)**

**Learning Objectives**

- a. Explain the purposes of fiduciary funds – agency funds and trust funds.
- b. Explain the financial reporting requirements of fiduciary funds.
- c. Journalize entries for fiduciary funds.

9.                   **Financial reporting – State and Local Governments (Supports Course SLO # 1, 2, 3, 4)**

**Learning Objectives**

- a. Describe the concepts related to the financial reporting requirements of the GASB model.
- b. Explain the key concepts and terms used in describing the governmental reporting entity. .
- c. Identify the contents of a Comprehensive Annual Financial Report (CAFR).

10.                  **Analyze governmental performance (Supports Course SLO #4)**

**Learning Objectives**

- a. Explain the importance of evaluating governmental performance.
- b. Describe the key financial performance concepts—financial position, financial condition, and economic condition.

- c. Explain the relationships among environmental factors, organizational factors, and financial factors.
- d. Calculate and interpret key ratios that measure financial performance.

11. **Federal Government Accounting (Supports Course SLO # 1, 2, 3, 4)**

**Learning Objectives**

- a. Describe the financial management structure of the federal government
- b. Discuss the process for establishing GAAP for federal agencies.
- c. Explain the concepts underlying federal agency accounting and reporting.
- d. Describe government-wide financial statements for the federal government .
- e. Describe federal agency performance and financial reporting requirements.
- f. Compare and contrast budgetary accounting with proprietary accounting.
- g. Record budgetary and proprietary journal entries and prepare financial statements for federal agencies.

12. **Auditing of governmental and not-for-profit organizations. (Supports Course SLO #4)**

**Learning Objectives**

- a. Explain the essential elements of financial audits by independent CPAs.
- b. Explain GAGAS and compare/contrast with GAAS.
- c. Define the types of GAGAS audits.
- d. Discuss the concept of a single audit.
- e. Describe the impact of the Sarbanes-Oxley Act of 2002.

13. **Implementing, Budgeting, and Costing of government services (Supports Course SLO #4)**

**Learning Objectives**

- a. Explain the objectives of budgeting.
- b. Describe methods of integrating planning, budgeting, and performance measurement.
- c. Discuss the differences among various budgeting approaches.
- d. Explain the budgeting process for state and local governments.
- e. Define appropriation budgets, revenue budgets, cash budgets and capital budgets.
- f. Describe the tools used to improve performance and communicate the results of the budgeting process.

14. **Accounting for other not-for-profit organizations. (NPOS) (Supports Course SLO # 1, 2, 3, 4)**

**Learning Objectives**

- a. Distinguish not-for-profit organizations from entities in the governmental and commercial sectors of the U. S. economy.

- b. Identify the authoritative standard-setting body for establishing GAAP for nongovernmental NPOs.
- c. Explain financial reporting and accounting for NPOs.
- d. Identify the unique accounting issues of financially interrelated organizations.
- e. Describe optional fund accounting.
- f. Prepare financial statements using SFAS No. 117.

15. **SLO #4) Not-for-profit organizations: regulatory, taxation, performance issues (Supports Course**

**Learning Objectives**

- a. Identify oversight bodies and the source of their authority over not-for-profit organizations.
- b. Describe how and why states regulate NPOs.
- c. Identify how the federal government regulates NPOs.
- d. Describe governance issues of NPO boards.
- e. Identify how benchmarks and performance measures can be used to evaluate NPOs. .
- f. Describe uniform policies and practices for NPOs across states. .
- g. Prepare journal entries for common transactions of nongovernment not-for-profit organizations.

16. **Accounting for colleges and universities (Supports Course SLO # 1, 2, 3, 4)**

**Learning Objectives**

- a. Distinguish between GAAP for public and private colleges and universities.
- b. Describe financial reporting for public and private colleges and universities.
- c. Discuss accounting and reporting issues for public and private colleges and universities.
- d. Journalize transactions for public and private colleges and universities.
- e. Prepare financial statements for public and private colleges and universities.
- f. Discuss managerial, auditing and reporting issues for public and private colleges and universities.

17. **Accounting for health-care organizations (Supports Course SLO # 1, 2, 3, 4)**

**Learning Objectives**

- a. Identify the different organizational forms and related authoritative accounting literature for health care organizations.
- b. Describe financial reporting for health care organizations.
- c. Explain unique accounting and measurement issues in health care organizations: revenues, assets, expenses, and liabilities.
- d. Journalize transactions and prepare the basic financial statements for not-for-profit and governmental health care organizations.
- e. Describe other accounting issues in the health care industry: budgeting, costs, auditing, taxation, regulation, prepaid health care services, continuing care retirement communities
- f. Explain financial and operational analysis of health care organizations.

**Evaluation of student learning:**

Tests	80% (1 to 15)*
Homework, Class Work, Quizzes	5%
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.