

Nonprofit Accounting Basics: Learning Objectives and Workshop Outline

1. Explain the accounting environment
 2. Demonstrate how to record common financial transactions
 3. Impart a basic understanding of nonprofit financial statements
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1. Accounting environment – general background
 - a. Define accounting
 - b. Uses for financial information
 - c. Big Picture
 - i. Accounting process or cycle
 - ii. Assets = Liabilities + Equity (OE)
 - iii. Two sides to every transaction
 - iv. Cash vs. accrual
 - d. GAAP
 - i. What is it?
 - ii. Who creates it?
 - iii. FASB Accounting Standards Codification
 - iv. Who is responsible?
 - e. Preview financial statements, esp. unique aspects
 - i. Required financial statements
 - ii. Contributions
 1. Pledges
 2. Grants
 3. Non cash donations
 - iii. Natural vs. functional expenses
 - iv. Three classes of net assets
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2. Illustrative transactions and creation of financial statements
 - a. Revenues
 - i. Cash bequest – UR and PR
 - ii. Pledges - TR
 - iii. Fees
 - iv. Grant from state
 - v. Noncash donation of auction items
 - vi. Sale of tickets to fund raising event (possible deferred revenue)
 - vii. Sale of auction items
 - b. Expenses and payments
 - i. Receive student textbooks and vendor invoice
 - ii. Use textbooks
 - iii. Attend PNLC accounting workshop
 - iv. Pay salary of CEO
 - v. Pay rent – part admin and part program
 - vi. If time – explain accruals and deferrals
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3. Practical internal controls ideas to reduce theft and errors