

Essential Data:

Accrual Based accounting  
Fiscal year – July 1- June 30<sup>th</sup>

Office supplies- 82000

Furniture-76000

Education materials- 82050

Supplies- 80000

- 1- Our NGO is holding summer camp activities the week of July 15. We received camp registration fees in April. How do we record this revenue in April?

*The income should be deferred to a balance sheet account until it is earned (i.e., after the next fiscal year begins on July 1). It can then be moved to a revenue or income account.*

- 2- Our NGO's insurance policy runs August 2017-July 2018. As of March 2018, we have paid off the entire premium. During the month of May 2018, we are asked to renew the premium for the period of August 2018-July 2019 and to secure an excellent rate we are asked to pay 20% of the \$1,000,000 premium upfront. Accordingly, we cut a check for the deposit in May. How do we record this transaction in May?

*The initial entry is a debit of \$ 2,00,000 to the prepaid insurance (asset) account, and a credit of \$ 2,00,000 to the cash (asset) account. In each successive month of next fiscal year, there should be a journal entry that debits the insurance expense account and credits the prepaid expenses (asset) account*

- 3- The State Director for our NGO received a cash donation from a donor of \$500. Another staff member suggests that we use the cash to purchase needed supplies. How would you record this?

*I would follow the NGO's protocol for cash donations for recording the received credit. In the ledger book, I would record the list the supplies purchased and record the supplies' expense coded as 80000.*

- 4- Our NGO received an invoice that needs to be paid from Wal-Mart for \$500.00. \$100.00 is for a Book shelf that will be used for general purposes, \$50 is for paper that will be used on the MacArthur grant, \$200 is for life jackets to be used on an education program; \$150 was used for supplies towards the Mac Arthur grant. How would you code the invoice?

*First, I would check during which fiscal year the invoice will be paid and debit funds accordingly.*

*Bookshelf – general purposes – coded as 80000 unless it will be used solely for storing files and other items necessary for running the NGO office wherein it will be coded 82000.*

*Paper and supplies toward MacArthur grant – coded for the MacArthur grant in office supplies (82000) for paper and 80000 for supplies*

*Life jackets – coded as 82050 as it is used on an education program.*

- 5- Our NGO receives a grant of \$500,000 to fund their Education program from April 2018-March 2019. How should we record the funds?

*Decide how the NGO wants to use the funds throughout this time span. For fund expenditures from April to June 30, 2018, the money spent should be documented using the appropriate grant code. For fund expenditures post-June 30, 2018, the money should be documented in the ledger as an encumbrance.*

- 6- It's June 30<sup>th</sup> and you realized that we haven't yet received an invoice from the contractor that completed the new trail back in March. Should it be recorded and how?

*Yes, it should be recorded as accounts payable and funds should be paid as per payment term in invoice from the current fiscal year's account.*

- 7- You received \$230k which is payment one of three for a grant, when you send it in to be processed what sort of documentation should you send?

*Date and type of transaction and brief explanation of the purpose for monies received and/or any prepared financial report used for tracking grant payments and costs. Include invoice codes specific to the grant for how money will be allotted. A detailed narration in support of the classification showing the description of the transaction. Supporting documents in the form of original bills, which are the real proof of the transaction. Signature of the person preparing the voucher. Signature of the person receiving the payment.*

- 8- Last month you coded an invoice to office supplies, you just learned it should have been coded to a grant and in educational materials instead, what task needs to happen to get that fixed?

*Credit monies back to the office supplies account using monies from the grant (education materials) fund. Code this procedure on the ledger using the NGO's specific codes for accounts receivable payment error corrections.*

- 9- What are the normal balances for the following accounts? Check the best answer

Accounts Payable	<input type="checkbox"/> Debit	<input checked="" type="checkbox"/> Credit
Cash	<input checked="" type="checkbox"/> Debit	<input type="checkbox"/> Credit
Supplies Expense	<input checked="" type="checkbox"/> Debit	<input type="checkbox"/> Credit
Accounts receivable	<input checked="" type="checkbox"/> Debit	<input type="checkbox"/> Credit
Prepaid Insurance	<input checked="" type="checkbox"/> Debit	<input type="checkbox"/> Credit

10- The NGO has decided to purchase a company vehicle to be shared amongst employees.

a. How would this be recorded on the GL?

*It would be recorded as a fixed asset.*

b. What sort of policies and procedures would you need to put in place?

*Procedures would need to be set up for controlling accident costs, determining and maintaining eligibility to drive, developing safe driving programs, and record keeping for maintenance logs.*

*An insurance policy would need to be chosen and understood among along drivers. The policy should include explanations of terminology and exclusions (e.g., coverage, driver responsibilities, identification cards, etc.).*