Module 4 Discussion Post

For this module, read **Chapter 9** (and skim Chapter 7 for receivables and payables), and watch the lecture videos.

Then **choose three of the seven questions** below and write a discussion post of ~**500 words**. You do not need to answer all seven. Pick the three you find most interesting. Answer in your own words. A good post shows you understand the concept well enough to explain it to someone who has not watched the lecture, and uses an example wherever you can from your own experience or an organization you know.

Questions (pick three)

1. **The three financial statements.** Explain what the three financial statements are — the balance sheet, the activity statement, and the cash flow statement — and what each one shows about an organization.
2. **The rules behind the numbers.** GAAP is a set of rules that make financial statements consistent and comparable. Explain who sets GAAP for a nonprofit and who sets it for a state or local government. Then choose **two** of the principles from the lecture — entity, money denominator, objective evidence and cost, conservatism, going concern, materiality, accrual — and explain each with an example of your own.
3. **The fundamental equation.** Explain Assets = Liabilities + Net Assets in your own words. Every transaction changes at least two accounts, and the equation still balances afterward. Describe one transaction from your own life — paying a bill, taking out a loan, receiving a paycheck — and show which two (or more) parts of the equation it changes and why it stays in balance.
4. **Liquidity.** Explain in your own words what liquidity means. Current assets are listed on the balance sheet in order of liquidity: cash, marketable securities, accounts receivable, inventory, and prepaid expenses. Using these assets, explain why some are more liquid than others. For example, why does cash come first, and why is accounts receivable less liquid than marketable securities?
5. **Assets.** Explain in your own words what an asset is. Then give an example of an asset, from your own life or an organization you know, and explain why it counts as an asset.
6. **Depreciation and net book value.** Buildings and equipment are recorded at cost but reported net of accumulated depreciation. Explain what net book value means, using the lecture's van example or one of your own. Then explain why a balance sheet or its notes show *all three* figures — cost, accumulated depreciation, and net book value — rather than just the net value. What could two organizations with the same net book value still differ on?

7. **Long-term liabilities.** Explain in your own words what a long-term liability is and how it differs from a short-term liability. Then give an example of a long-term liability, from your own life or an organization you know.

Also include

Close your post by noting, in a sentence or two, which part of the reading or lecture you found most difficult, or what question you still have.

Responding to classmates

After posting, respond to **at least one classmate's post** with a thoughtful reply that adds to the discussion. Where you can, reply to someone who answered a question you did not choose.

A note on AI

These questions check your own understanding of the assigned reading and lecture. Do **not** use AI tools to generate your post. If a concept is not clear after the reading and the videos, say so in your closing note and ask about it.