Module 5 Discussion Post

For this module, read **Chapter 10** and skim **Chapter 11**, 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 activity statement.** Explain what the activity statement shows and how it differs from the balance sheet. Then explain how the activity statement's bottom line — the surplus or deficit — shows up on the balance sheet at the end of the year (i.e. which numbers in the balance sheet correspond to the surplus or deficit in the activity statement?). Hint: see slide 21.

2. **Revenue and support.** Explain the difference between revenue and support. Then give an example of each from an organization you know, and explain why each one (revenue and/or support) increases the organization's net assets.

3. **Earning revenue versus collecting cash.** Recognizing revenue is not the same as receiving cash. Using the lecture's sales cycle or an example of your own, explain when revenue is recognized, and what happens on the balance sheet when the customer pays later.

4. **The matching principle.** Explain the difference between product costs and period costs, and when each is recognized as an expense. Give an example of each from an organization you know.

5. **FIFO and LIFO.** Explain the difference between the FIFO and LIFO inventory methods. Using the lecture's clinic example or one of your own, explain why LIFO gives a higher inventory expense than FIFO when prices are rising.

6. **Deferred revenue.** Explain in your own words why money received in advance — season tickets, tuition paid before the semester, a membership fee — is recorded as a liability rather than as revenue. Give an example of your own.

7. **The cash-flow statement.** Explain the three categories of the cash-flow statement — operating, investing, and financing. Then explain how an organization can show a surplus on its activity statement and still run out of cash.

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.