Module 6 Discussion Post

For this module, the required reading is selected pages from three chapters:

- **Chapter 11, pages 448–466** (not-for-profit accounting)
- **Chapter 12, pages 485–493** (state and local governments: recording)
- **Chapter 13, pages 515–542** (state and local governments: reporting)

Watch the two lecture videos first, then read these pages. The videos will show you where to focus.

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. **Donor restrictions.** Explain what a donor restriction is, and what it means for restricted money to be "released." Using the lecture's playground grant (or an example of your own), describe what happens to the organization's net assets when the restriction is met. *(The lecture uses the older labels "temporarily restricted" and "permanently restricted." Nonprofits now report both together as net assets* ***with donor restrictions****, and everything else as net assets* ***without donor restrictions****.)*

2. **Donated services.** Explain the two conditions under which a nonprofit records donated services as both revenue and expense. Then think of an organization where you, or someone you know, has volunteered, and decide whether that time would be recorded.

3. **Interfund loans and transfers.** Explain the difference between one fund lending money to another and one fund transferring money to another. Using the lecture's examples or one of your own, explain why neither changes the organization's financial position as a whole.

4. **When is an outflow recognized?** A government purchase moves through five stages: appropriation, encumbrance, delivery, payment, and use. Explain at which stage the cash basis, the accrual basis, and the modified accrual basis each recognize the outflow. Use the lecture's example or a purchase of your own.

5. **No long-term assets or liabilities.** Under modified accrual, a governmental fund records a new building as an expenditure in the year it is bought, and records the money borrowed to pay for it as an inflow. Explain why, and what this means for a reader who sees a large deficit in a governmental fund in the year a government builds something.

6. **Fund balance.** Governments report fund balance in five categories: non-spendable, restricted, committed, assigned, and unassigned. Explain the difference between restricted, committed, and assigned fund balance — who imposes each constraint — and give an example of each from a government you know or one you make up.
7. **Which fund?** Pick a service your city, county, or state provides — water, parks, police, a pension system, a nursing home, a toll road — and explain whether it would be accounted for in a governmental, proprietary, or fiduciary fund, and why. What basis of accounting would that fund use?

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.