

College of the Holy Cross  
ACCT 400-01 Directed Reading: ACCT 270 Government and Nonprofit Accounting  
Fall 2018

Instructor: Professor Karen Teitel  
Office: Stein 537  
Phone: 508-793-2679  
Email: [kteitel@holycross.edu](mailto:kteitel@holycross.edu)  
Office Hours : MW 10-12, TR 11-1 and by appointment.

**Course description:**

Government and nonprofit accounting uses the tools learned in financial and intermediate accounting and applies them to the government and nonprofit sectors. Government and nonprofit accounting is an important element within the comprehensive accounting program at Holy Cross. Many of the issues faced in for-profit accounting are also faced in these sectors, but this course strives to create an awareness of specific issues encountered in government and nonprofit accounting and also to generate a greater understanding of these issues in other areas. To this end, students will study accounting and management issues pertinent to state and local government, voluntary health and welfare organizations, other nonprofit organizations, colleges and universities and private nonprofit hospitals.

**Course objectives:**

- Identify goals of government and nonprofit entities, determine how to measure their performance in achieving those goals and what should be measured.
- Gain experience with the basic terminology and tools to prepare, read and interpret government and nonprofit sector financial statements using cases, problem sets and lectures.
- Become aware of the ever-changing government and nonprofit accounting environment and the intellectual challenges presented.
- Understand current accounting and reporting standards and practices, the reasons behind them, their strengths and limitations and possible alternatives.

**Course context:**

While civil service and philanthropy remain important societal forces in allocation of scarce resources, government and nonprofit organizations need to consider which civic and philanthropic tools are appropriate to adopt in order to remain fiscally solvent. Such a task for these civic and social mission-oriented entities is formidable. These government and nonprofit organizations face social and humanitarian pressures that do not meld with competing for money and capital on the basis of economic efficiency nor return on capital. Government and nonprofit entities are built on trust. Additionally, bureaucracy, statutory requirements, social mission statements and donor restrictions can work against the use of economic efficiency and return on investment as measures of performance. Many students enter public accounting and have clients that are government or nonprofit organizations. In addition, many students are currently involved in and will continue to participate in nonprofit entities as volunteers, employees or

directors. Understanding the unique context in which these entities exist, their fiscal pressures and financial reporting issues will help you to provide better client service or be better advocates for these entities. You will also be introduced to the concept of philanthropy by taking part in a philanthropic act.

**Attendance policy:**

This is an independent study. If the students and agree to set a regular meeting time, then I expect you to treat this as a business meeting. If you will not be able to meet at the agreed upon times, the expectation is that I am informed of such an absence in advance. Students are expected to come prepared for each meeting and participate in discussions. The learning process is greatly enhanced by having a full commitment from everyone to actively participate. Students will be responsible for all material and information assigned. Deliverables are due on their assigned dates and must be submitted on Moodle. Moodle will be used and regularly updated with assignments for each chapter. Students are expected to regularly check Moodle for posted messages and assignments.

**Academic honesty policy:**

All education is a cooperative enterprise between faculty and students. This cooperation requires trust and mutual respect, which are only possible in an environment governed by the principles of academic honesty. As an institution devoted to teaching, learning, and intellectual inquiry, Holy Cross expects all members of the College community to abide by the highest standards of academic integrity. Any violation of academic honesty undermines the student-faculty relationship, thereby wounding the whole community. The principal violations of academic honesty are plagiarism, cheating, and collusion.

**Plagiarism** is the act of taking the words, ideas, data, illustrative material, or statements of someone else, without full and proper acknowledgment, and presenting them as one's own.

**Cheating** is the use of improper means or subterfuge to gain credit or advantage. Forms of cheating include the use, attempted use, or improper possession of unauthorized aids in any examination or other academic exercise submitted for evaluation; the fabrication or falsification of data; misrepresentation of academic or extracurricular credentials; and deceitful performance on placement examinations. It is also cheating to submit the same work for credit in more than one course, except as authorized in advance by the course instructors.

**Collusion** is assisting or attempting to assist another student in an act of academic dishonesty.

It is the responsibility of students, independent of the faculty's responsibility, to understand the proper methods of using and quoting from source materials (as explained in standard handbooks such as *The Little Brown Handbook* and the *Harbrace College Handbook*), and to take credit only for work they have completed through their own individual efforts within the guidelines established by the faculty.

<http://catalog.holycross.edu/node/1381>

Each student must submit their own responses to assigned cases, article summaries and chapter problems. Academic dishonesty will not be tolerated.

**Students granted accommodations and student athletes:**

If you have been granted accommodations through the Office of Disability Services, it is your responsibility to communicate the accommodation to me. Note that the Office of Disability Services requires at least four days notice to find both a location and proctor for an exam.

Student athletes are responsible for communicating with me to make alternate arrangements should an exam be missed. If you will be away when an assignment is due, it is your responsibility to submit the assignment on Moodle prior to or on the day on which it is due.

**Evaluation:**

Two cases - 40%

Homework – 20%

Three mid-term exams and a cumulative final exam – 40%

*Case Studies*

During the semester students will prepare two case studies. The purpose of both the case studies is to strengthen students' ability to read, write and think critically.

Case 1 – City of Worcester

Students will prepare an analysis of the Comprehensive Annual Financial Report of the City of Worcester. In addition to analyzing past performance, students will evaluate a current issue faced by the city. A report of findings and recommendations will be submitted.

Case 2 – Nonprofit Entities

Students will select a nonprofit entity to evaluate. Students will assess the entity's financial position, ability to continue into the future, and effectiveness of meeting declared goals and providing services. In a world of scarce resources, the students will be assessing the nonprofit entity to determine if it should receive funding.

*Homework*

Homework will be used to reinforce concepts introduced in the readings and textbook and to practice preparing, reading and interpreting financial information. Homework must be submitted on Moodle.

**Required Text:**

Reck, Lowensohn and Neeley. *Accounting for Governmental and Nonprofit Entities*, 18<sup>th</sup> Edition (McGraw-Hill, 2019).

**Required Readings:**

Readings will be posted to Moodle

**Course schedule: Subject to Change – Please Check Moodle for Updates**

Date	Topic/Activity	Deliverable
	Chapter 1: Introduction to Accounting and Financial Reporting for Governmental and Not for Profit Entities	Case 1-11, 1-12 and 1-13, Exercise and Problems 1-17 (City of Worcester), 1-18
	<p>Young, Dennis R. "Complementary, Supplementary, or Adversarial? Nonprofit-government Relations," PP37-79 in ET Boris and CE Steuerle (eds.) <i>Nonprofits &amp; government Collaboration &amp; Conflict</i>. The Urban Institute Press, 2006</p> <p>The Future of the Nonprofit Sector: Its entwining with private enterprise and government. Weisbrod, B. (1997) journal of Policy Analysis and Management V. 16 #4 541-555.</p>	Young and Weisbrod discussion questions
	Chapter 2: Principles of Accounting and Financial Reporting for State and Local Governments	Case 2-11, Exercise and Problems 2-15, 2-19, 2-20, 2-21
	Chapter 3: Governmental Operating Statement Accounts; Budgetary Accounts	Exercise and Problems 3-15 3-22, 3-23, 3-26, 3-28
	Chapter 4: Accounting for Governmental Operating Activities	Exercise and Problems 4-16, 4-24, 4-25
Week of 9/24	<b>Exam 1 Chapters 1-4</b>	
	Chapter 5: Accounting for General Capital Assets and Capital Projects	Exercise and Problems 5-16, 5-18, 5-25
	Chapter 6: Accounting for General Long Term Liabilities and Debt Service	Exercise and Problems 6-16, 6-19, 6-21
	Chapter 7: Accounting for the Business-type Activities of State and Local Governments	Exercise and Problems 7-16, 7-19, 7-24

	Chapter 8: Accounting for Fiduciary Activities – Agency and Trust Funds	Exercise and Problems 8-16, 8-20, 8-21, 8-22
Week of 10/15	<b>Exam 2 Chapters 5-8</b>	
	Chapter 9: Financial Reporting of State and Local Governments	Case 9-12, Exercise and Problem 9-16, 9-21, 9-24
	Chapter 10: Analysis of Governmental Financial Performance	Exercise and Problem 10-16
	Chapter 11: Auditing of Governmental and Not for Profit Organizations	Case 11-11, Exercise and Problems 11-18, 11-23
	Chapter 12: Budgeting and Performance Measurement	Exercise and Problem 12-15, 12-20, 12-21
Week of 11/5		Case 1 due
	Chapter 13: Not for Profit Organizations – Regulatory, Taxation and Performance Issues	Exercise and problem 13-20, 13-21
	Chapter 14: Accounting for Not for Profit Entities	Exercise and Problem 14-22, 14-25
	Chapter 15: Accounting for Colleges and Universities	Case 15-11 Exercises and Problem 15-18, 15-19
	Chapter 16: Accounting for Health Care Organizations	Exercise and Problem 16-21, 16-23
Week of 11/19	<b>Exam 3 Chapters 13-16</b>	
	The New Landscape for Nonprofits Harvard Business Review (1999) Ryan Jan-Feb:127-136 Stauber, K. (2001) mission driven philanthropy: What do we want to accomplish and how do we do it? Nonprofit and voluntary Sector Quarterly, 30, 393-399. <a href="http://www.guidestar.org/">http://www.guidestar.org/</a>	Ryan and Stauber questions

	<a href="http://www.charitynavigator.org/">http://www.charitynavigator.org/</a> "6 Questions to ask a charity before donating" <a href="http://www.missionbased.com/">http://www.missionbased.com/</a>	
	<p>Know your ratios? Everyone else does" Lammers, J. A.. Nonprofit quarterly, Spring (2003).</p> <p>Tuckman, H. &amp; Chang, C. (1991) A Methodology for measuring the financial vulnerability of charitable nonprofit organizations. Nonprofit and Voluntary Sector quarterly, 20, 445-460.</p> <p>Greenlee, J. and Trussell, J. (2000) Prediction the financial vulnerability of charitable organizations. Nonprofit Management and Leadership, 11 (2), 1999-210.</p>	<p>reading questions</p> <p>Revisit Chapter 13 specifically Cases 13-14, 13-15, 13-16</p>
Week of 12/3		Case 2 Due
Week of 12/10	<b>Final Exam – Cumulative</b>	