**Write 4 full pages in APA style with at least 2 references.**

####  ****Not-for-Profit Accounting Analysis****

(Based on an article “[One Attorney General’s Response to “Creative” Nonprofit Accounting (Links to an external site.)](https://nonprofitquarterly.org/2018/05/11/one-attorney-generals-response-creative-nonprofit-accounting/%22%20%5Ct%20%22_blank)” by Ruth McCambridge in NonProfit Quarterly May 11, 2018)

You are a new auditor reviewing the financial statements for a not-for-profit charity providing overseas needs relief utilizing donated clothing, food, and medications. You recall from your Not-for-Profit Accounting Class in college that not-for-profit charities have some unique accounting rules that don’t apply to other types of businesses, but you don’t remember exactly what those rules were. You decide to make an overview of the financials before you look into those rules.

One of the first things you do is to compute the program’s services ratio by taking program service expenses divided by total expenses. You are surprised to find that ratio is very high, which should be indicative of the organization’s ability to operate with very low overhead costs. You’ve heard of the organization before, but it did not seem like the organization was of the size that it could operate very efficiently since they provided relief items to mostly third world countries.

Upon further examination, it comes to your attention is the substantial revenue claimed given the majority of its income is in-kind donations of pharmaceuticals. Although pharmaceuticals can be very expensive, these (you are told) are close to the expiration date and therefore, by law, they cannot be sold to customers in the United States. They are able to be utilized in foreign countries. The value of the in-kind pharmaceutical donations was in the financials as $1.6 billion.

The more you review the financials the more you feel like something just doesn’t seem right. Before you spend more time on the project, you approach your manager to run the scenario by her.

After a few minutes of your discussion, the manager agrees that something doesn’t seem quite right.

She asks you to put together a memo to her that details:

1. What you have found in your review regarding accounting issues;
2. What you believe the appropriate accounting treatment should be on items you are questioning;
3. Any positive or negative informational items you can find regarding the charity by researching it online; and
4. In the case of suspicious activity, there are likely AI technology options that could help with narrowing down the issues, so be sure to make at least one AI application recommendation in your letter.

Paper Requirements:

* You will be required to come up with fictional data for your memo. It may be advantageous to lay them out at the beginning of the letter for your instructor to follow more easily.