

# HFMA Certified Specialist Accounting and Finance (CSAF) Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

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# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>6</b>
<b>Answers</b> .....	<b>10</b>
<b>Explanations</b> .....	<b>12</b>
<b>Next Steps</b> .....	<b>18</b>

# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.**

## **7. Use Other Tools**

**Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!**

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## **Questions**

- 1. What is the primary purpose of the Audit Guide in healthcare finance?**
  - A. Identifies various methods for quantifying and valuing uncompensated care**
  - B. Disqualifies charity care for recognition as receivables in financial statements**
  - C. Identifies a single method for quantifying uncompensated care**
  - D. Declares that charity care is provided without expectations of cash flows**
- 2. What best describes the financial treatment of charity care?**
  - A. Recognized as revenue**
  - B. Considered as an expense**
  - C. Listed as receivables**
  - D. Not recognized in financial statements**
- 3. Are funds required by donor-imposed restrictions that limit their use to long-term purposes classified differently?**
  - A. Yes**
  - B. No**
  - C. Only for large donations**
  - D. Depends on accounting standards**
- 4. Which of the following is NOT a considered assumption in the budgeting process?**
  - A. Admissions or patient visits**
  - B. Average length of stay**
  - C. Average labor costs per FTE**
  - D. Physician prescriptions**
- 5. Is net receipt from self-employment treated as an income for tax purposes?**
  - A. True**
  - B. False**



- 6. Regarding nongovernmental healthcare organizations, which option does NOT require consolidation?**
- A. The entity owns a majority of a for-profit entity's voting stock.**
  - B. The entity is the sole corporate member of a not-for-profit entity.**
  - C. The reporting entity owns 50 percent or less of the common voting stock of an investee and can exercise significant influence over operating and financial policies.**
  - D. The entity controls another through a majority voting interest in the board and an economic interest exists.**
- 7. Which option is not an IRS condition for a healthcare provider to meet community benefits for tax-exempt status?**
- A. Existence of a governing board of trustees composed of community leaders**
  - B. Establishment of separate boards for multi-entity healthcare systems**
  - C. Existence of a full-time emergency room open to all patients**
  - D. Existence of a governing board of trustees composed of recurring patients**
- 8. Which financial measure indicates the ability of an organization to meet its short-term obligations?**
- A. Liquidity ratios**
  - B. Activity ratios**
  - C. Efficiency ratios**
  - D. Leverage ratios**
- 9. Is it permissible for non-profit organizations to enter into joint ventures with minimal up-front capital investments due to the tax benefits flowing to for-profit groups?**
- A. Yes**
  - B. No**
  - C. Maybe**
  - D. Depends on circumstances**

- 10. Which organization typically focuses on the management of healthcare facilities and oversight of clinical care quality?**
- A. American Hospital Association**
  - B. Health Information Management Systems Society**
  - C. Healthcare Financial Management Association**
  - D. National Association of Healthcare Access Management**

## **Answers**

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1. A
2. D
3. A
4. D
5. A
6. C
7. D
8. A
9. A
10. C

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## **Explanations**

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**1. What is the primary purpose of the Audit Guide in healthcare finance?**

- A. Identifies various methods for quantifying and valuing uncompensated care**
- B. Disqualifies charity care for recognition as receivables in financial statements**
- C. Identifies a single method for quantifying uncompensated care**
- D. Declares that charity care is provided without expectations of cash flows**

The primary purpose of the Audit Guide in healthcare finance is to identify various methods for quantifying and valuing uncompensated care. This is significant because uncompensated care, which includes both charity care and bad debt, is a critical aspect of financial reporting for healthcare organizations. The guide provides a framework that allows entities to assess and document their uncompensated care accurately, which is essential for financial transparency and regulatory compliance. By outlining multiple methods, the Audit Guide enables organizations to choose the most appropriate and relevant approach based on their specific circumstances, thereby enhancing consistency and comparability in financial statements across different entities in the healthcare sector. This flexibility in quantification is important because the nature of care and the financial policies of healthcare providers can vary widely. In contrast to other potential answers, focusing solely on just one method or disqualifying specific types of care as receivables would limit the comprehensive understanding that the Audit Guide aims to provide. The guide is intended to facilitate a nuanced understanding rather than narrow down the scope of how uncompensated care can be reported and evaluated in financial documents.

**2. What best describes the financial treatment of charity care?**

- A. Recognized as revenue**
- B. Considered as an expense**
- C. Listed as receivables**
- D. Not recognized in financial statements**

The financial treatment of charity care is best described as not recognized in financial statements. This is because charity care represents services provided to patients who are unable to pay for their healthcare and is considered a form of uncompensated care. For financial reporting purposes, charity care is typically not recorded as revenue because the organization does not intend to collect payment for these services. Instead, charity care is often disclosed in the footnotes of financial statements to provide transparency about the organization's commitment to serving the community, but it does not affect the income statement or become part of the revenue calculations. By omitting it from the financial statements, organizations reflect the reality that there is no expectation of future cash inflows from these services, aligning with accounting practices that require revenues to be recognized only when they are realizable and earned. This approach maintains the integrity of the financial statements, ensuring that stakeholders have a clear understanding of the organization's financial performance without the ambiguity of recognizing potential income for services not expected to generate revenue.

**3. Are funds required by donor-imposed restrictions that limit their use to long-term purposes classified differently?**

**A. Yes**

**B. No**

**C. Only for large donations**

**D. Depends on accounting standards**

When donor-imposed restrictions limit the use of funds to long-term purposes, those funds are indeed classified differently in the financial statements of a non-profit organization. This classification emphasizes the constraints placed by the donor, which often require the organization to track and report on these funds in a way that honors the intent of the donor. In financial reporting, funds subject to donor-imposed restrictions are usually categorized as either temporarily restricted or permanently restricted. Temporarily restricted funds are those that can be utilized for specific purposes or after a certain period, while permanently restricted funds are expected to provide income or support over the long term, with the principal amount remaining intact. This distinction helps stakeholders understand how much of the organization's resources are available for immediate use versus those earmarked for specific long-term goals. This classification is essential for transparency, accountability, and compliance with both donor expectations and financial reporting standards. Therefore, understanding the classification of donor-imposed restrictions is critical for accurate financial reporting and effective management of the organization's resources.

**4. Which of the following is NOT a considered assumption in the budgeting process?**

**A. Admissions or patient visits**

**B. Average length of stay**

**C. Average labor costs per FTE**

**D. Physician prescriptions**

In the budgeting process for healthcare organizations, several key assumptions are typically made to accurately project financial performance and resource needs. Admissions or patient visits, average length of stay, and average labor costs per Full-Time Equivalent (FTE) are all crucial metrics that directly impact revenue and expenses. Admissions or patient visits are fundamental to revenue projections, as they determine the number of patients receiving care and the corresponding income from services rendered. Average length of stay influences the cost associated with patient care, as longer stays usually incur higher costs. Average labor costs per FTE help in estimating staffing expenses, which form a significant portion of a hospital's budget. On the other hand, physician prescriptions, while important for clinical outcomes and patient care, do not directly serve as a primary assumption in the budgeting process. They influence operational aspects of a healthcare facility but are not typically used to create the financial forecasts seen in budget planning. Therefore, the consideration of physician prescriptions as a budget assumption is less relevant compared to the other metrics listed.

**5. Is net receipt from self-employment treated as an income for tax purposes?**

**A. True**

**B. False**

Net receipts from self-employment are treated as income for tax purposes, which is why the answer is true. When individuals operate a business or provide services on their own, they generate income that is subject to taxation. In the context of self-employment, income is typically calculated as the gross receipts from the business minus any allowable business expenses. This net amount represents the profit made from self-employment activities and is reported on the individual's tax return. Furthermore, self-employment income not only affects regular income tax but also triggers self-employment tax, which covers Social Security and Medicare taxes for individuals who work for themselves. Therefore, understanding that net receipts from self-employment contribute to total taxable income is crucial for tax reporting and planning.

**6. Regarding nongovernmental healthcare organizations, which option does NOT require consolidation?**

**A. The entity owns a majority of a for-profit entity's voting stock.**

**B. The entity is the sole corporate member of a not-for-profit entity.**

**C. The reporting entity owns 50 percent or less of the common voting stock of an investee and can exercise significant influence over operating and financial policies.**

**D. The entity controls another through a majority voting interest in the board and an economic interest exists.**

The situation described that does not require consolidation is when the reporting entity owns 50 percent or less of the common voting stock of an investee but can still exercise significant influence over that investee's operating and financial policies. This situation typically falls under the accounting treatment for investments using the equity method rather than full consolidation. Under the equity method, if an investor holds significant influence—usually indicated when ownership is between 20% and 50%—it reflects only the investor's share of the investee's earnings in its income statement. Consequently, this method avoids the full consolidation requirement where the entirety of the investee's financials are combined into the parent's financial statements. This is crucial for maintaining clarity about financial performance while recognizing the influence the investor has without full control. In contrast, options that involve owning a majority of a for-profit entity's voting stock, being the sole corporate member of a not-for-profit entity, or having majority voting interest along with an economic interest typically require consolidation, as they imply control over the entity's decisions and financial outcomes.



- 7. Which option is not an IRS condition for a healthcare provider to meet community benefits for tax-exempt status?**
- A. Existence of a governing board of trustees composed of community leaders**
  - B. Establishment of separate boards for multi-entity healthcare systems**
  - C. Existence of a full-time emergency room open to all patients**
  - D. Existence of a governing board of trustees composed of recurring patients**

The correct answer highlights a key misunderstanding regarding the IRS requirements for a healthcare provider to qualify for tax-exempt status under the community benefit standard. The IRS stipulates that one condition is the existence of a governing board of trustees composed of community leaders, but it does not require that this board includes recurring patients. The focus of the IRS is on the community's involvement and representation in governance rather than the inclusion of patients who frequently use the services. A governing board that includes community leaders is more aligned with demonstrating a commitment to serving the broader community's health needs, which is vital for tax-exempt status. The other options reflect legitimate IRS conditions or considerations that support tax-exempt status. For instance, having a full-time emergency room open to all patients is critical to providing community benefits, as it ensures access to essential medical services. The establishment of separate boards for multi-entity healthcare systems is also necessary as it helps manage the unique needs of different entities while still upholding the overall mission to serve the community effectively.

- 8. Which financial measure indicates the ability of an organization to meet its short-term obligations?**

- A. Liquidity ratios**
- B. Activity ratios**
- C. Efficiency ratios**
- D. Leverage ratios**

Liquidity ratios are the financial measures that specifically assess an organization's ability to meet its short-term obligations. These ratios focus on the company's most liquid assets and compare them to its current liabilities, providing insights into the firm's financial health and operational efficiency. Common liquidity ratios include the current ratio and the quick ratio. A higher liquidity ratio indicates a stronger ability to pay off short-term debts, which is crucial for maintaining operational stability and avoiding financial distress. This is particularly important for stakeholders who want to ensure that the organization can continue its operations without encountering cash flow issues. On the other hand, activity ratios measure how efficiently an organization utilizes its assets, efficiency ratios evaluate how well the company is using its resources to generate income, and leverage ratios assess the degree to which a company is funding its operations through debt. While these ratios provide valuable information about different aspects of financial health, they do not directly measure the ability to meet short-term obligations. Thus, liquidity ratios are the most appropriate measure for this specific inquiry.

**9. Is it permissible for non-profit organizations to enter into joint ventures with minimal up-front capital investments due to the tax benefits flowing to for-profit groups?**

**A. Yes**

**B. No**

**C. Maybe**

**D. Depends on circumstances**

Non-profit organizations can indeed enter into joint ventures with for-profit entities, and this often occurs when there are benefits that can be realized, such as tax advantages for the for-profit partners. The primary consideration for non-profits in engaging in such ventures is that the arrangement must align with their mission and charitable purpose. The tax benefits that the for-profits receive can also play a significant role in how these partnerships are formed. Non-profits might provide resources or expertise in a specific area while the for-profits invest financially. These collaborations can lead to innovative projects that serve the community while ensuring the non-profit generates revenue or resources that contribute to its mission. It's important for non-profits to evaluate these joint ventures cautiously and structure them to meet IRS guidelines regarding unrelated business income, ensuring that any profits derived from the venture would not jeopardize their tax-exempt status. They must also maintain control of the operations and direction of the venture so that the primary purpose remains charitable. In essence, the permissibility hinges on the alignment of the venture's objectives with the non-profit's mission rather than solely the amount of capital invested or the tax benefits to the for-profit partner.

**10. Which organization typically focuses on the management of healthcare facilities and oversight of clinical care quality?**

**A. American Hospital Association**

**B. Health Information Management Systems Society**

**C. Healthcare Financial Management Association**

**D. National Association of Healthcare Access Management**

The organization that typically focuses on the management of healthcare facilities and oversight of clinical care quality is the American Hospital Association. This association is dedicated to representing and serving hospitals and health systems, emphasizing the importance of effective management practices in healthcare settings. One of its main goals is to enhance the quality of care that patients receive, which includes promoting best practices in clinical care management and ensuring that healthcare facilities meet certain standards. The Health Information Management Systems Society is more focused on the management and use of health information and technology rather than on direct oversight of clinical care quality. The Healthcare Financial Management Association is concentrated on the financial aspects of healthcare management, such as financial operations and fiscal sustainability, rather than on clinical care management. Meanwhile, the National Association of Healthcare Access Management is primarily involved in ensuring patients can access healthcare services efficiently, which does not encompass the broader management of facilities or oversight of clinical quality. By understanding the distinct roles of these organizations, it becomes clear why the American Hospital Association is the entity that most closely aligns with the management of healthcare facilities and clinical care quality oversight.

## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://hfmacsaf.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**