

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

Study Guide



Everything you need from our exam experts!

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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. 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.

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. 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!

Questions

- 1. Are inspections of health plans necessary based on compliance requirements?**
 - A. Yes**
 - B. No**
 - C. Only in certain circumstances**
 - D. Only when complaints are filed**
- 2. When is the equity method applied in accounting?**
 - A. When investment in voting stock allows for significant influence over the investee**
 - B. When assessing total investment returns**
 - C. When preparing financial statements according to FASB ASC 300**
 - D. When consolidated financial statements are explicitly required**
- 3. In which scenario is a healthcare entity typically expected to use a cash budget?**
 - A. For year-end reporting**
 - B. When forecasting revenue**
 - C. To manage operating cash flows**
 - D. For strategic planning**
- 4. Which of the following best describes the purpose of financial ratio analysis?**
 - A. A. To enhance profit margins**
 - B. B. To evaluate operational efficiency**
 - C. C. To assess financial stability**
 - D. D. To reduce overhead costs**
- 5. Which aspect is primarily measured during operational audits?**
 - A. General ledger accuracy**
 - B. Management's adherence to policies**
 - C. Short-term financial gains**
 - D. External financial reporting**

- 6. Which of the following is NOT a component of an effective compliance program?**
- A. Oversight of personnel**
 - B. Independent evaluations**
 - C. Disciplinary measures for violations**
 - D. Employee bonuses for performance**
- 7. What does an operating lease indicate about the ownership of the asset?**
- A. The lessee will gain perpetual ownership.**
 - B. The lessor retains ownership of the asset.**
 - C. The lessee can depreciate the asset.**
 - D. The asset is recorded on the lessee's balance sheet.**
- 8. To whom do cash management practices primarily apply?**
- A. Only governmental entities**
 - B. Only private corporations**
 - C. All types of business entities**
 - D. Individuals only**
- 9. What do advance refundings NOT achieve?**
- A. They enable providers to restructure long-term liabilities**
 - B. They take advantage of reduced interest rates**
 - C. They terminate restrictive bond covenants**
 - D. They serve as a financing source for government operations**
- 10. What is the primary purpose of risk management?**
- A. To prevent or avoid the loss.**
 - B. To minimize the cost of financing the risk.**
 - C. To allow direct access to the reinsurance market.**
 - D. To establish regulatory requirements that must be met to operate an insurance company.**

Answers

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

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Explanations

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1. Are inspections of health plans necessary based on compliance requirements?

- A. Yes**
- B. No**
- C. Only in certain circumstances**
- D. Only when complaints are filed**

When considering the necessity of inspections of health plans based on compliance requirements, the assertion that inspections are not necessary may stem from a misunderstanding of regulatory practices. Inspections serve as a proactive measure to ensure that health plans adhere to established compliance standards aimed at safeguarding patient interests and maintaining the integrity of the healthcare system. Inspections are typically mandated by regulatory bodies as a means to evaluate the compliance with various laws, regulations, and standards set forth in the healthcare industry. These inspections help in identifying potential areas of non-compliance and ensuring that health plans operate within the legal frameworks established to protect consumers. They are not solely based on complaints or specific circumstances; rather, they are part of a routine compliance oversight process that can involve audits, assessments of operational procedures, and reviews of financial practices. In certain cases, inspections may indeed occur only in particular circumstances or when complaints are filed, but these do not encompass the full scope of compliance verification that routine inspections provide. Regular inspections foster a culture of accountability and transparency, contributing to higher quality care and education within health plans. Therefore, the idea that inspections are unnecessary overlooks the critical role they play in maintaining compliance and ensuring that health plans meet the required standards, thus enhancing the overall quality of care provided to patients.

2. When is the equity method applied in accounting?

- A. When investment in voting stock allows for significant influence over the investee**
- B. When assessing total investment returns**
- C. When preparing financial statements according to FASB ASC 300**
- D. When consolidated financial statements are explicitly required**

The equity method is applied in accounting primarily when an investor holds an investment in the voting stock of another company and has significant influence over that company. Significant influence typically means the ability to participate in the financial and operating policy decisions of the investee without controlling those policies outright. This is generally presumed to exist when an ownership interest is between 20% and 50% of the voting stock. Under the equity method, the investor recognizes its share of the investee's profits or losses in its own financial statements. This approach differs from the cost method, where the investment is typically recorded at cost and leads to minimal recognition of the investee's financial performance. The equity method allows investors to better reflect their economic interest in the investee, incorporating the underlying performance in their financial results. This method also aligns with the accounting principles that seek to provide a clearer picture of financial relationships and influence, making it a critical concept in financial reporting for entities involved in investment activities.

3. In which scenario is a healthcare entity typically expected to use a cash budget?

- A. For year-end reporting**
- B. When forecasting revenue**
- C. To manage operating cash flows**
- D. For strategic planning**

A healthcare entity typically relies on a cash budget to effectively manage operating cash flows. A cash budget serves as a financial tool that tracks cash inflows and outflows over a specific period. This is crucial for healthcare organizations, which must ensure they have sufficient cash on hand to meet short-term liabilities, such as paying salaries, purchasing medical supplies, and covering other operational expenses. By using a cash budget, the organization can project its cash position, identify potential cash shortages, and take corrective actions in a timely manner. This involves analyzing expected cash receipts from patient services and other sources against projected disbursements, enabling management to better control cash resources and maintain financial stability. Other scenarios, like year-end reporting, forecasting revenue, or strategic planning, involve different financial tools and methodologies that focus on broad performance measurement, revenue projections, or long-term financial strategy rather than the immediate liquidity needs that a cash budget addresses.

4. Which of the following best describes the purpose of financial ratio analysis?

- A. A. To enhance profit margins**
- B. B. To evaluate operational efficiency**
- C. C. To assess financial stability**
- D. D. To reduce overhead costs**

Financial ratio analysis serves the crucial purpose of assessing a company's financial stability. By analyzing various financial ratios, stakeholders can evaluate how well a company is maintaining its financial health and its ability to meet its obligations. Ratios such as debt-to-equity, current ratio, and liquidity ratios provide insights into how effectively a company is utilizing its resources, managing its debts, and maintaining a strong solvency position. This kind of analysis enables investors, creditors, and management to make informed decisions based on the financial structure and performance of the organization. When a company exhibits robust financial ratios, it typically indicates a solid foundation, which can positively affect its ability to raise capital and sustain operations. Other options focus on different aspects such as profit margins or operational efficiency, but they do not capture the comprehensive evaluation of a company's overall financial condition as accurately as assessing financial stability does.

5. Which aspect is primarily measured during operational audits?

- A. General ledger accuracy**
- B. Management's adherence to policies**
- C. Short-term financial gains**
- D. External financial reporting**

Operational audits focus on evaluating the efficiency and effectiveness of an organization's operations, particularly how well management adheres to established policies and procedures. This type of audit seeks to identify areas where the organization can improve its processes, ensure compliance with internal and external regulations, and enhance overall performance. By measuring management's adherence to policies, operational audits provide insights into whether staff are following established guidelines and procedures designed to lead to optimal performance. This assessment helps organizations pinpoint inefficiencies, address compliance issues, and implement improvements that can foster better operational outcomes. Considering other aspects, general ledger accuracy pertains more to financial audits, focusing on the correctness of financial statements rather than operational efficiency. Short-term financial gains involve a focus on immediate financial results, which is typically not the main goal of an operational audit. Lastly, external financial reporting emphasizes transparency and compliance with accounting standards, which again is more aligned with financial audits rather than operational evaluations. Thus, the primary focus of operational audits is indeed on management's adherence to policies.

6. Which of the following is NOT a component of an effective compliance program?

- A. Oversight of personnel**
- B. Independent evaluations**
- C. Disciplinary measures for violations**
- D. Employee bonuses for performance**

An effective compliance program is designed to ensure that an organization adheres to legal standards, internal policies, and ethical norms, and it typically includes several key components. The correct answer highlights that employee bonuses for performance are not a recognized component of such a program. Oversight of personnel is critical, as it ensures that there are designated individuals or teams responsible for monitoring compliance efforts and enforcing policies. Independent evaluations are also essential, as they provide an objective assessment of the compliance program's effectiveness and help identify areas for improvement. Disciplinary measures for violations are necessary to maintain accountability and deter non-compliance, ensuring that everyone understands the consequences of failing to adhere to policies. In contrast, employee bonuses for performance, while potentially beneficial for motivating staff, do not align with the goals of compliance programs. They might inadvertently encourage risk-taking or unethical behavior if not carefully structured, as employees could prioritize performance metrics over compliance standards. Therefore, such bonuses do not contribute to the framework of promoting compliance and may distract from the organization's compliance objectives.

7. What does an operating lease indicate about the ownership of the asset?

- A. The lessee will gain perpetual ownership.**
- B. The lessor retains ownership of the asset.**
- C. The lessee can depreciate the asset.**
- D. The asset is recorded on the lessee's balance sheet.**

An operating lease indicates that the lessor retains ownership of the asset. In this financing arrangement, the lessee obtains the right to use the asset for a specified period while the lessor maintains ownership. This is a key distinction of operating leases compared to finance leases, where the lessee may eventually own the asset. Since the lessee does not own the asset, they are not entitled to claim depreciation on it, which supports the notion that the lessor continues to bear the risks and rewards associated with ownership. Additionally, in operating leases, the asset is not typically recorded on the lessee's balance sheet; instead, lease payments are usually classified as operating expenses. This is significant in understanding how different leasing arrangements can impact financial statements and the overall financial position of a company.

8. To whom do cash management practices primarily apply?

- A. Only governmental entities**
- B. Only private corporations**
- C. All types of business entities**
- D. Individuals only**

Cash management practices are essential for ensuring the efficient operation of financial resources across various types of business entities. These practices involve monitoring and optimizing cash flow, managing liquidity, and ensuring that a business can meet its short-term obligations. By applying cash management principles, organizations—regardless of their structure, size, or sector—can enhance their financial stability and make informed decisions regarding investments, payments, and savings. This is particularly important because effective cash management can help prevent cash shortages, reduce borrowing costs, and support strategic planning. It's not limited to governmental entities, private corporations, or individuals; all organizations, including non-profits and small businesses, benefit from implementing cash management strategies that fit their specific needs. This universality makes cash management practices vital across the board for all types of business entities.

9. What do advance refundings NOT achieve?

- A. They enable providers to restructure long-term liabilities
- B. They take advantage of reduced interest rates
- C. They terminate restrictive bond covenants**
- D. They serve as a financing source for government operations

Advance refundings primarily involve the issuance of new bonds to pay off an existing bond before its maturity date, often when interest rates have fallen. The primary objectives of advance refunding are to achieve savings through lower interest rates, optimize debt profiles, and restructure long-term liabilities effectively. When considering the functions of advance refundings, the termination of restrictive bond covenants is not inherently a goal or benefit of this process. Bond covenants are specific conditions set in bond agreements that protect the interests of bondholders, and these covenants are typically established to ensure the issuer maintains certain financial criteria or behaviors. Advance refundings do not inherently alter or remove these covenants; rather, they focus more on financial savings and restructuring existing debts rather than modifying terms or conditions that were established. The other options highlight purposes that align closely with the objectives of advance refundings, such as taking advantage of lower interest rates or providing a way to restructure liabilities. Therefore, the statement regarding the termination of restrictive bond covenants accurately reflects what advance refundings do not achieve.

10. What is the primary purpose of risk management?

- A. To prevent or avoid the loss.**
- B. To minimize the cost of financing the risk.
- C. To allow direct access to the reinsurance market.
- D. To establish regulatory requirements that must be met to operate an insurance company.

The primary purpose of risk management is to prevent or avoid loss. This involves identifying potential risks that could negatively impact an organization's operations or objectives and taking proactive steps to mitigate those risks. Effective risk management encompasses the development of strategies and processes that aim to reduce the likelihood of adverse events occurring and to minimize their impact if they do occur. By focusing on loss prevention, organizations can protect their assets, ensure operational stability, and ultimately enhance their long-term sustainability. The other options reflect various aspects of risk management but do not capture its primary purpose. While minimizing financing costs, accessing reinsurance markets, and adhering to regulatory requirements are important components of a comprehensive risk management strategy, they serve more specific functions that support the broader goal of loss prevention. Understanding the overarching aim of risk management helps organizations implement effective strategies tailored to their unique contexts and challenges.

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.

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!