

Certified Nonprofit Executive Practice Test Questions and Answers

1. What is the primary difference between nonprofit and for-profit organizational governance?

- A) Nonprofits have no oversight
- B) Nonprofits are governed by a board of directors focused on mission fulfillment rather than profit maximization
- C) Nonprofits can't have employees
- D) There is no difference

2. Which funding strategy is most important for nonprofit sustainability?

- A) Relying solely on government grants
- B) Developing diversified revenue streams including grants, donations, and earned income
- C) Depending only on individual donations
- D) Using only volunteer labor

3. What does IRS Form 990 require from most tax-exempt organizations?

- A) Monthly financial updates
- B) Annual reporting of financial information and organizational activities
- C) Daily expense tracking
- D) Quarterly board meeting minutes

4. Which leadership skill is most critical for nonprofit executives?

- A) Technical programming skills
- B) Stakeholder engagement and mission-driven leadership
- C) Manufacturing expertise
- D) Sales techniques

Answers: 1-B 2-B 3-B 4-B

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