

# **OPERATING CYCLE AND NONPROFIT ORGANIZATIONS EFFICIENCY**

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## **Abstract**

Depending on the kind of realized mission, sensitivity to risk, which is a result of the decision about liquid assets investment level, NPOs should choose that level and resulting from it, the liquid assets financing. The kind of organization influences the best strategy choice. The organization choosing between various solutions in liquid assets needs to decide what level of risk is acceptable for its owners and capital suppliers. That choice results with financing consequences, especially at cost level. It is a basis for considerations about relations between risk and expected benefits from the liquid assets decision and its results on financing costs for both nonprofit or profit organizations. The paper shows how, in author's opinion, decisions about liquid assets management strategy and choice between the kind of taxed or non-taxed form, inflow the risk of the organizations and its economical results during the realization of its main mission. Comparing the theoretical model with empirical data for 1000+ Polish nonprofit organization results, we suggest that nonprofit organization managing teams choose higher risky aggressive liquid assets solutions than for-profit organizations.

**Keywords:** liquidity value, short-run financial management, financial liquidity, liquid assets, working capital

**JEL Classification:** E32, L20, O16