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The role of evaluating the financial performance of non-profit units in predicting financial failure (a case study in a sample of non-profit units in the local environment)

Sufyan Mahmoud Matar[1] Assoc. Prof. Dr. Elham Muhammad Wathiq Al-Obaidi[2]

[1]Iraqi University / College of Administration and Economics

[2]Iraqi University / College of Administration and Economics

المستخلص

تقييم الأداء المالي لتحديد الضعف المالي للوحدات غير الهادفة للربح العاملة في العراق وفق يهدف البحث الى تسليط الضوء على دور مؤشرات معينة , للتعرف على نقاط القوة والضعف الموجودة في المنظمة وبيان أهمية الفشل المالي باعتبارة اهم الوسائل التي بموجبها تحلل وضع الوحدات وتحدد نقاط القوة لتحفيزها ونقاط الضعف لتصحيحها , ووفقا لذلك سيتم توظيف المدخل الاستنباطي في عرض الجانب النظري للبحث والمنهج الاستقرائي في الجانب العملي للبحث من خلال تقييم الاستدامة المالية للمنظمة ومن ثم الانتقال الى التنبؤ بالفشل المالي بالاعتماد على نموذج(Mazanec & Bartosova) وتطبيقه على البيانات المالية لمنظمة أحباب المصطفى غير الهادفة للربح علماً ان المنظمة مسجلة رسميا لدى الامانة العامة لمجلس الوزراء دائرة المنظمات غير الحكومية ولمدة ثلاث سنوات (2021,2022,2023) . وقد توصلت الدراسة الى مجموعة من الاستنتاجات أهمها أن تقييم الأداء المالي من الوظائف بالغة الأهمية في مختلف الوحدات غير الهادفة للربح , وذلك ما يترتب علية اتخاذ مجموعة من القرارات , فضلاً عن صعوبة حصر نسب مؤشرات الفشل المالي بصورة دقيقة لانها تتجدد بين فترة وأخرى , مما يعقد المشكلة ظهور بعض الاختلافات في تصنيف بنود القوائم المالية , **الكلمات المفتاحية : (الاداء المالي , الوحدات غير الهادفة للربح , الفشل المالي)**

Extracted

The research aims to highlight the role of evaluating financial performance to determine the financial weakness of non-profit units operating in Iraq according to certain indicators, to identify the strengths and weaknesses in the organization and to indicate the importance of financial failure as the most important means by which the status of units is analyzed and strengths are identified to motivate them and weaknesses to correct them, and accordingly the deductive approach will be employed in the presentation of the theoretical side of the research and the inductive approach in the practical side of the research by assessing the financial sustainability of the organization and then moving To predict financial failure based on the model (Mazanec & Bartosova) and apply it to the financial statements of the non-profit organization Ahbab Al-Mustafa, noting that the organization is officially registered with the General Secretariat of the Council of Ministers, Department of Non-Governmental Organizations, for a period of three years (2021, 2022, 2023). The study reached a set of conclusions, the most important of which is that the evaluation of financial performance of the functions are very important in various non-profit units, and this entails taking a set of decisions, as well as the difficulty of limiting the ratios of indicators of financial failure accurately because they are renewed between the period of .

Keywords : Financial performance , Non-profit units , Financial failure

Introduction

All units seek to achieve many goals in order to improve their financial performance and at the same time shows the extent to which they exploit their revenues rationally and the phenomenon of financial failure threatens the permanence of non-profit units and gradually leads them to liquidation, so this matter was the subject of attention and study and received a field framework that embodies the possibility of avoiding their occurrence or at least reducing their rate by finding indicators that contribute to their interpretation and reveal in advance the possibility of their occurrence, as the units play indispensable roles and The importance of financial failure as the most important means by which it analyzes the status of units and identifies strengths to encourage them and weaknesses to correct them and determine the extent to which financial performance evaluation indicators are related to financial ratios with financial failure at the level of a sample .

As the financial failure is one of the topics that arouse the interest of many donors and that the non-profit units in Iraq in general suffer from multiple problems that emerge through the clear decline in their revenues, which may be an indicator of financial weakness in these units in recent years, hence the main problem of the study, which is the weakness of financial sustainability in the units and the lack of awareness of the importance of continuing funding and not evaluating their financial performance continuously by employing sustainability indicators and indicators Financial failure Therefore, the problem can be formulated as follows: Is there a role for evaluating financial performance in predicting financial failure at the level of a sample of non-profit units in the local environment? Thus, financial performance is one of the most important topics that have received great attention in the field of accounting and financial management, and financial performance is one of the most important tools through which performance is evaluated and financial failure of non-profit units is predicted.

The importance of the research is based on the analysis of the financial performance of non-profit units in order to continue their activity to achieve the goals for which they were found through the role of financial performance evaluation indicators in predicting financial failure, and determining the extent to which financial performance evaluation indicators are related to the financial ratios of financial failure at the level of a sample of non-profit units in the local environment to identify financial performance, As well as analyzing the financial statements through financial failure tools and highlighting their importance in evaluating the financial performance of non-profit units to assess the ability of the financial failure prediction model based on financial information to predict the financial failure of the unit under study. As for the boundaries of the research, the spatial boundaries were represented by the non-profit units in the local environment as a field of study and the Ahbab Al-Mustafa organization the research sample, while the temporal boundaries were represented by relying on the financial statements of the Ahbab Al-Mustafa Organization for the three fiscal years (2021, 2022, 2023). The study works on the use of the financial statements obtained for the research sample and benefit from them in the application of indicators of financial failure to be used in the process of predicting the failure of the board

Second - the theoretical aspect of

3. **the concept of financial performance :** The field of financial performance is one of the influential pillars of the areas of development and sustainability of the various planning levels of non-profit organizations, the development of organizations and the development of the size of its capabilities will only come through

the follow-up of its actual performance and ensure the continuity of organizations from the implementation of the volume of work and duties in a good and sophisticated manner, and that financial performance and its evaluation constantly at the level of various departments and departments within the organization and regularly must receive great attention and due diligence as the main entrance The decisive axis of the organization, and when the employees of non-profit organizations have experience in their field of work, this has an impact on the financial performance of the organization and thus provides a better role model for making timely decisions, which is necessary for financial performance, so the skills and experience of workers in organizations must be developed through courses and seminars, which enables to enhance the financial performance of organizations (Ha, & Wang, Y. C 2016:4).

4. **Definition of financial performance** : The performance appraisal process is the use of available data on aspects of the unit's activities in a way that shows the actual implementation units and deviations from the plans set with measuring the results, showing problems and obstacles, and evaluating activities within the organization by comparing the actual data with the planned data and with previous data, the performance evaluation process is a performance control process, so performance evaluation is measurement to ensure that the actual financial performance meets the specified performance standards, and evaluation is a necessary requirement for the unit to achieve Its objectives based on the set standards, it is a periodic process aimed at measuring strengths and weaknesses in order to achieve a specific goal planned by the organization in advance (Al-Salem and Saleh, 2003, p. 102) where the process of evaluating financial performance is one of the most important ways used by the financial department in the unit to evaluate its various administrative and financial decisions by relying on a set of financial statements, and different technical means are used, as the dashboard is one of the latest methods in the process of evaluating financial performance, Through which various deviations can be extracted and through which .

Table (1) Definition of Financial Performance

sequence	Researcher's name	the definition
	(Al-Hiti, 2000, p 180)	It represents the work of a plan to improve and develop Non-profit units for that When financial performance evaluation is applied well and correctly It not only shows the current level of performance but also has positive repercussions on expected future performance
	(Aqili, 2005, p. 376)	It is interesting all lonliness Almost all financial performance is evaluated and this is done through certain methods with the aim of identifying financial efficiency For the organization For the purpose of identifying aspects of development in performance, performance evaluation provides information about the level of performance and represents the basis for the planning process, as the information resulting from performance evaluation gives indicators about the efficiency of the work of the company .lonliness And know their future needs.
	(Idris,2002: 131)	The ability to continuously develop all of the organization’s processes so that they can adapt to new variables affecting performance
	(Rai,2019: 9)	heThe process of measuring the results of a company's policies and operations in monetary terms and identifying its financial strengths and weak nessesl online By

		establishing relationships between the items of the financial position and the income statement, these results are reflected in liquidityUnitOr leverage.
.	(Hikmat, 2019: 36)	It is the extent of the organization's success in exploiting the resources available to it, including material and moral resources, in the best way to achieve the goals set by the organization.

Source: Prepared by the researcher based on the research variables

3. The importance of evaluating financial performance : The success of a particular organization is explained mainly by knowing the results of its performance during a certain period of time (Al- Matari, et. al, 2014: 25), and the subject of performance in general and financial performance in particular has become one of the most addressed aspects of researchers and writers in the field of management science, as financial performance is one of the most used performance dimensions in evaluating the performance of organizations, being the most stable and sophisticated dimension (Hassan, 2014: (216). Osman, 2018: 3-4) points out that the importance of financial performance is as follows:

6. Detecting deviations and knowing their causes in order to take corrective measures from them and not repeat them.
7. It provides a set of information that makes the unit able to know its financial situation, which contributes to helping it make appropriate decisions in the future.
8. Financial performance is the most important pillar on which the control and control process is built.
9. It is considered one of the most important sources of data necessary for planning, which reflects the organization's ability to achieve its goals
10. It enables to know and follow up the activities and operations of the unit, as well as follow up the financial and economic conditions surrounding it.

Evaluating the financial performance of the panels is key, as these units need to obtain information on the return on invested funds and their use (Malichová & urišová, 2015: 239).

The steps of evaluating financial performance are as follows:

There is no agreement among researchers on specific steps or stages of the financial performance appraisal process. Mohammed (2019: 501) believes that the steps in the financial performance appraisal process are:

5. Obtaining financial statements related to the performance of the unit within a specified period of time.
6. Identify appropriate financial indicators such as (liquidity and quick liquidity).
7. Extracting results and knowing deviations, differences and weaknesses.
8. Develop appropriate recommendations after knowing the causes of deviations and their impact on the performance of the unit for the purpose of addressing them.

4. Financial performance objectives : Financial analysis in itself is an effective way to know the links between the various elements of the project and the vocabulary of assets and obligations to reach specific goals and can be summarized as follows: (Aya Al-Rahman, Buthaina: 2022)

7. Know the reality of the financial situation of the organization in general.
8. The ability of the organization to determine the period to meet its short and long-term obligations.
9. Assist management in making decisions related to planning and control.

10. Verification of the statement of financial position of the unit and the financial risks that may be exposed to it by indebtedness
11. Notes on the work carried out by the unit in the financial field.
12. Building expectations during the coming period of time, whether short-term, medium and long-term to maintain the liquidity necessary for existing .

The study of the financial performance of organizations and their impact on the national and international economy has become an urgent matter and Iraq highlights the importance of the family and tribal networks as sources of social support and business prospects. (21:Nasrallah, & El Khoury, 2022)

Second: Financial Failure

2. **The concept of financial failure :** Some units face troubles that lead to the loss of their fillout, meaning that they can often face their liabilities even if the financial assets exceed the financial liabilities, as they are considered troubled, which is not necessarily to reach the stage of bankruptcy, which can be addressed and find appropriate solutions, and perhaps the maximum degree of financial default is to reach the degree of bankruptcy, which reaches the bank's liabilities greater than its assets, as the rights of the owners in its financial position become negative due to continuous losses (the Shabib, 2010 245). Bank failures can cause significant losses to many depositors, spread rapidly and amplify economic distress, including stimulating financial expenditures. Recent views on effective management of unit failures are based on the idea that dealing quickly with troubled units will help restore public trust, maintain financial stability, and reduce the severity of losses. (Chami 2021 p4) Financial failure has been defined as shown:

- The inability of the financial resources available to the unit to maintain the requirements of continuity of its activity. (Ahmed and Kassar, 2009, p. 4)
- A negative indication of the financial position of the unit that faces temporary difficulties in meeting financial obligations on time (Al-Ghussein, 2010, p. 4)
- Financial distress is represented by debts that enable the unit to obtain its calculated revenues but placed in separate accounts. (Kawthar, 2019, p. 8)

From the previous concepts, it is clear to the researcher that the concept of financial failure is: the inability of units to meet their liabilities due to others, on time due to the succession of the unit's deficit and its inability to face liabilities or achieve appropriate returns from investments or collect debts from others, which leads in most cases to liquidation of current assets and declare bankruptcy.

2- Translate the whole document : It is not possible to develop a specific pattern to identify the causes of financial failure because each project within a specific sector has special circumstances or reasons that lead to its failure, but it is possible that these reasons are expressed as follows:

- **Internal reasons:** The internal reasons are divided into two reasons, the administrative reason and the financial reason, and we will explain below the reason for each of them:
- **Administrative reasons**: which are related to the administrative aspect in the units and all lead to financial failure, the most important of which are: (Al-Janabi, 2013: 225) The inability of the administration to provide adequate support to its employees, even if they are highly qualified and skilled, so they will face difficulty without the support of the administration, as well as the wrong choice of the director of the organization and the absence of administrative and technical elements.
- **Financial reasons**: Financial reasons can take several forms, including the following: (Al-Murshidi, 2018: p. 260)

4. Lack of capital.
5. Malfunction of the cost system.
6. Weakness in financial control.

- **External reasons**: It is one of the most serious reasons that organizations are exposed to and leading to financial failure because of the inability of organizations to control or address them by being beyond their control and there are a range of other reasons related to the failure of those organizations, as the failure in organizations is a crisis that hinders the economy, while the other reasons, which were related to the unit and the donor .
- Among the reasons that lead to financial failure, including:

4. **Administrative reasons:** include a set of reasons related to the administrative aspect of the organization, which leads in its entirety to the occurrence of financial failure, and the most prominent of these reasons is the wrong choice of management of the organization and the absence of administrative and technical allocation, as well as the existence of conflict between members of senior management and the inefficiency of management in the performance of its work.
5. **Internal reasons**: It includes a range of reasons related to the internal environment, including weak management and lack of knowledge of activities, inefficiency in operational policies, caution in preparing budgets and financial centers, poor financial awareness and internal problems that occur among employees.
6. **Technical reasons**: which include a set of reasons related to the technical aspect of the organization, which leads in its entirety to financial failure, the most important of which is the presence of errors in the preparation of the technical feasibility study from the beginning, as well as giving broad powers to managers.

3- The importance of evaluating the financial performance of non-profit units and its role in avoiding financial failure

The evaluation of financial performance is the important things in non-profit units, which many of them neglect because it leads to avoiding financial failure by discovering deviations, knowing their causes, and taking the right measures to prevent their recurrence, as deviations are discovered for each activity of the facility, and thus will help management to exercise control after completing the performance, as it helps managers to address the detected deviations and avoid their recurrence, The evaluation of financial performance helps units to rationalize spending through the optimal use of their available resources and stay away from waste and loss to reach the goals set through the optimal use of their available resources and thus the evaluation of financial performance is of great importance to non-profit organizations, especially as it is one of the basic elements of the administrative process, which provides data used to help the . organization achieve its goals and avoid financial failure (Mohammed, Ibrahim: 2016, pp. 125-122).

Third: The practical aspect

3. **Research Sample Overview** : The study relied on the financial statements of the (Ahbab Al-Mustafa) organization as a non-profit organization, and its data was made available for the study for the years (2021, 2022, 2023), the "Ahbab Al-Mustafa Organization" was established in March 2012, due to the harsh living conditions suffered by the families of orphans, the poor and the needy in Anbar Governorate, noting that the organization is officially registered with the General Secretariat of the Council of Ministers, Department of Non-Governmental Organizations with the number (111803042).
4. **Measuring financial sustainability based on elements of financial accounting**

One of the most important basic responsibilities of management is to ensure the integrity of the financial position of the organization through the correct preparation of financial accounting data, which facilitates the preparation of accounting information and the fulfillment of the requirements of external reports and the decisions based on them through the results of the analysis of financial sustainability, and this will be clarified based on (Al-Mufarreh, 2016: 31-39) and a statement of the extent of the organization's commitment to it or not, and according to this paragraph, financial sustainability will be measured through 13 indicators approved in non-profit units. As follows:

14. **Financial Statements** : The data contained in the financial reports are data derived from the accounting records in Ahbab Al-Mustafa Organization, through which we note the submission of financial reports on an annual basis and are saved and archived in a way that can be viewed at any time and when viewing the financial reports in Ahbab Al-Mustafa Organization, it was noted that in their preparation was in accordance with the requirements of Article (15) paragraph (first and second) of the NGO Law No. (12) of (2010) and no requirements were made for financial analysis and sustainability measurement.
15. **How to record accounting information**: The financial operations and activities carried out by the organization were recorded based on the unified accounting system and according to the accrual basis, as it is carried out according to certain steps to ensure the accuracy of the financial statements by collecting financial documents and information related to the special operations of non-profit organizations, such as invoices, financial records, payments and receipts, liabilities, debts, and others in the accounting records, such as details of financial operations, dates, and the financial amounts concerned.
16. **Account or Accounts Classification Table:** The accounts in Ahbab Al-Mustafa Organization are classified according to the unified accounting system into the following accounts: (assets, liabilities, uses, revenues).
17. **Statement of performance and expenses**: The disclosure (statement) of performance and expenses was identical to what was stated in this requirement, as it included the items of resources and their details, as well as included expenses and items and divided into variable expenses and fixed expenses and explained the result of the difference between revenues and expenses whether they are surplus or deficit through the application of the equation:

Income - expenses = surplus (deficit)

The calculation can be clarified according to the above equation as in the following table:

Table (2) Calculation of surplus (deficit) for the research sample for the period 2021-2022-2023

fiscal year	Income	Expenses (goods + services)	surplus (deficit)
2021	81,915,000	18,970,800 + 62,507,000	527,200
2022	70,049,000	24,405,800+29,000,000	16,634,200
2023	134,970,000	27,376,550 + 118,050,000	10,456,550

Source: Prepared by the researcher based on the financial statements of the research sample

18. - **Analysis of the performance** : statement The organization has not calculated the percentages that can be calculated from the performance statement, which are important management tools by which

management can estimate its financial capabilities and ability to provide services and achieve its goals by achieving financial sustainability.

19. - **Fund budget**: It is one of the accounting operations that are carried out with the aim of indicating the cash resources available to the organization's operations and is calculated through the following equation:

Fund Budget = Capital Fund ÷ Operating Fund or Restricted Financial Appropriations

Thus, the calculation of this percentage will be according to the accounting equation as follows:

Table (3) Calculating the Fund's budget for the research sample for the period 2021-2022-2023

fiscal year	Capital Fund	Operating Fund or restricted financial appropriations	Fund budget
2021	59,064,550	6,991,000	8.5
2022	67,733,750	16,531,000	4.1
2023	74,827,950	795,000	94.1

Source: Prepared by the researcher based on the financial statements of the research sample

20. **Cash flow statement** : By reviewing the annual report of Ahbab Al-Mustafa Organization, it was found that they are not preparing a cash flow statement for the years 2021 and 2022 and was prepared for the year 2023, as the cash flow statement represents a financial document that shows the incoming and disbursing cash flows with the organization during a certain period of time, and this period is usually a full financial year. The cash flow statement is one of the basic data for financial reports in accordance with the International Accounting Standards (IPSAS 1) standard presentation of financial statements, along with the main statements of the balance sheet and income statement. Its main objective is to analyze the cash movement of the organization and provide a comprehensive understanding of how cash is generated and used during the specified period, which refers either to temporary investment or the need for funding.Referring to the research sample, we note that its orientation to prepare this disclosure in 2023 is an important step to meet the requirements of users and is considered a step towards compliance with the requirements of international standards.
21. **The budget**: By reviewing the budget of Ahbab Al-Mustafa Organization for the fiscal year 2022, we find that its statements are prepared according to the accounting records of fixed and current assets, as well as short-term and long-term liabilities, and therefore cash donations and donations must be classified if they are restricted or unrestricted, if this is not taken into account. The budget is indicated by the financial report of the organization in order to summarize its financial position, as it describes the relationship between assets and funds and is expressed through the following equation:

Assets = Liabilities + Restricted Funds

Thus, the calculation of this percentage will be according to the arithmetic equation as follows:

Table (4) Calculating the budget equation for the research sample for the period 2021-2022-2023

fiscal year	Liabilities	Restricted funds	the findings

2021	500000	59224750	59724750
2022	500000	75858950	76358950
2023	814750	65402400	66217150

Source: Prepared by the researcher based on the financial statements of the research sample

22. **Budget analysis** : It is possible to benefit from budget analysis in the use and determination of ratios, which show the soundness of the financial situation of the organization and when reviewing the annual report of the research sample it was noted that the necessary financial analysis was not conducted for the paragraphs of the budget list.
23. **Preparing performance** : reports Ahbab Al-Mustafa Organization is a non-profit organization, so managers have more responsibilities and are free to manage their facilities. The manager needs to know what indicators should be used in performance evaluation so that he can determine the best ways to guide the efforts of management, including:

- Compare actual expenses and income with estimated amounts by budget.
- Comparison of actual performance with budget indicators, including (Activity volume by service type ، Cost per service ، Income per service)

Returning to Ahbab Al-Mustafa Organization, a comparison between actual expenses and income with the estimated amounts according to the budget was not determined because there was no budget at the beginning of the year, and due to the fact that the organization is not for profit, performance reports are a necessary tool to indicate financial sustainability indicators.

24. **Analysis of deviation from the budget :** Ahbab Al-Mustafa Organization prepares an annual budget (including the current and previous year) in order to detect deviations and differences and try to address them from year to year.
25. **Quality of costs _ (fixed and variable**) : Fixed and variable costs are not calculated in the organization of loved ones Al-Mustafa .
26. **Analysis of the break-even point:** The break-even point has not been calculated or analyzed in the organization of Ahbab Al-Mustafa, as the break-even point: It is the stage in which the revenues are equal to the costs and when the organization reaches the break-even point, the total revenues are equal to the total expenditures, so the break-even point will be as follows:

Table (5) Calculating the break-even point for the research sample for the period 2021-2022-2023

fiscal year	Fixed costs	Contribution margin	Breakeven
2021	4140000	121024	34.2
2022	8590000	53353	161
2023	8815750	26625	331.1

Source: Prepared by the researcher based on the financial statements of the research sample

And Below is a table showing Summary of applying the elements of employing financial accounting to achieve sustainability in the Ahbab Al-Mustafa Organization and my agencies Table (6) Summary of the

application of financial accounting indicators to achieve sustainability in the Ahbab Al-Mustafa Organization .

sequence	Elements of financial accounting employment	Applied	Not Applicable	It was applied by the researcher
.	Financial Statements	✓		
.	Methods of recording accounting information	✓		
.	Account or account classification table	✓		
.	Statement of income and expenses	✓		
.	Analysis of the income and expense statement		✓	✓
.	Fund budget		✓	✓
.	Cash flow statement	For one year only	✓	✓
.	budget	✓		
.	Budget analysis		✓	✓
.	Preparing performance reports		✓	✓
.	Analysis of deviation from budget	✓		
.	Quality of costs - fixed and variable		✓	✓
.	Break-even point analysis		✓	✓
	the total	**6**	**7**	**7**

Source: Prepared by the researcher based on the results of financial sustainability indicators

Through the presentation of financial sustainability indicators in Ahbab Al-Mustafa Organization, it was found that there are indicators that have been applied based on the elements of financial accounting, and this is what motivates the financial performance of the organization for its sustainability and focus on its activity in the future, for example, the financial statements contained in the financial reports, as they are considered data derived from the accounting records in the organization, through which we note the submission of financial reports on an annual basis and that the method of recording accounting information based on the unified accounting system and according to the accrual basis, which achieves sustainability Financial as well, which is also found in the classification of accounts and the statement of income and expenses, but that the majority of these elements did not adopt the organization applied such as the analysis of the statement of income and expenses depending on the ratios of analysis and the fund budget index, which depends on the equation of the fund's budget in addition to the fixed and variable costs index, where the costs were classified through the list of costs into fixed and variable costs as you did not prepare an

annual cash budget and did not analyze the annual balance sheet using the analysis ratios Finally, the research sample did not prepare break-even point analysis .

These approved indicators were to demonstrate the financial sustainability of non-profit organizations, which discuss sustainability in many fields, and will be directed in the next paragraph to measure financial failure according to the model (Mazanec & Bartosova, 2021)

Measuring the financial failure of (research sample)

The financial failure is a representation of the organization's inability to face the financial obligations that it has fully disgraced, where its assets are less than the value of the obligations and thus the state of real financial hardship of the organization appears, and before the organization falls into the state of financial failure, it goes through five stages, namely (the stage of incubation, the stage of financial weakness, the stage of financial decline, the stage of total failure and finally the stage of declaring bankruptcy) and according to (22: Mazanec & Bartosova,2021), the financial weakness is indicated when spending on programs decreases over three years. In addition, financial vulnerability gives a perception of financial sustainability, financial health and financial presence.

One of the most important basic responsibilities of management is to ensure the integrity of the financial position of the organization through the correct preparation of financial accounting data, which facilitates the preparation of accounting information and meeting the requirements of external reports and the decisions based on them through the results of the financial sustainability analysis, so the financial failure of Ahbab Al-Mustafa Organization will be analyzed through the model (Mazanec & Bartosova, 2021) where it is calculated for three years as shown below:

First: Calculation method for each year

The financial failure indicators of the research sample are calculated through accounting equations and depending on the financial statements of Ahbab Al-Mustafa Organization to indicate the result of financial weakness and the model consists of four indicators, namely property rights (E), revenue concentration (C), administrative cost (A), and operating margin (M), where financial weakness in non-profit organizations is calculated as the ratio of equity to total revenues, where the first four laws are extracted from the ratio of the four indicators to be included in the law The z-coefficient, which means estimating the average financial failure of the organization and then including the z-coefficient in the main equation FVI, which means the financial weakness index, which reflects the weakness in revenues, property rights and expenditure of revenue costs, as well as the weakness in the operating margin of the organization, if any, for each year and according to the following main equation:

$$FVI\ [coef\ .] = 1/\ 1 + e\ –z$$

The calculation will be explained according to the following Table (7) Calculating indicators of financial failure for the research sample

sequence	Accounting equation	2021	2022	2023

	Equity (E) [coef .] = equity /total revenues	=0,722209012	=1,081690432	=0,484247001
	Concern (C) [coef .] = revenue item [€] /total revenues	=2,993908904	=2,993908904	=2,993908904
	Admin (A) [coef .] = administrative costs /total revenues	=0,14694226	=0,228147726	=0,127683992
.	Margin (M) [coef .] = revenues − costs /total revenues	=0,767565392	=0,649425353	=0,795968088
.	Z [coef .] = −3.0610+0.1153 E + 1.2528 C − 2.2639 A − 3.4289 M (2)	=-3.061 + 0.1153 *0.7222090+ 1.2528 *2.9939089- 2.2639 *0.76756539- 3.4289* 0.767565392 =-2.19152778	= - 3.061 + 0.1153 * 1.081690432 + 1.2528 * 2.993908904 - 2.2639 * 0.228147726 -3.4289 * 0.649425353= - 1.928830246	2023 = - 3.061 + 0.1153 * 0.484247001 + 1.2528 * 2.993908904 - 2.2639 * 0.127683992 - 3.4289 * 0.795968088= - 2.272756013
.	FVI [coef .] = 1/ 1 + e –z	=1/1+e-(-2.19152778) = 0.10051388	= 1/1+e-(-1.92883025) = 0.12688011	= 1/1+e-(-2.27275601) = 0.09340457

Source: Prepared by the researcher based on financial sustainability indicators

Through the above calculations, the year 2021 had a financial failure rate of 10.05%, which is considered a good percentage and there is nothing to worry about for the organization, but in 2022, that percentage rose to 12.68%, and this indicates that there is a financial weakness in the organization, but it did not reach the danger stage, and before the organization fell into financial failure, the organization must address that weakness, which is what happened in the following year 2023, where that percentage decreased to 9.34%, which indicates that Organization to stay away from financial failure,

It is important to conduct this evaluation according to the indicators adopted in non-relief organizations because it leads to giving a perception of the financial situation of the organizations and the extent to which they are heading to financial failure or not because it may lead to the suspension of their activities as a

result of the accumulation of their obligations and their inability to pay, and thus stop the activity and their inability to continue.

Second: the modifier method

In this method, the financial failure is calculated through accounting equations and based on the financial reports available to the research sample as an average for the three years of the organization and the model consists of four indicators, namely property rights (E), revenue concentration (C), administrative cost (A), and operating margin (M), where financial weakness in non-profit organizations is calculated as the ratio of equity to total revenue, where the first four laws are extracted from the ratio of the four indicators to be included in the law The z-coefficient, which means estimating the average financial failure of the organization and then including the z-coefficient in the main equation FVI, which means the financial weakness index, which reflects the weakness in revenues, property rights and expenditure of revenue costs, as well as the weakness in the operating margin of the organization, if any, as follows:econd: Table (8) Calculating indicators of financial failure for the research sample .

sequence	Accounting equation	Three-year average
	Equity (E) [coef .] = equity /total revenues	0.698083532=
	Concern (C) [coef .] = revenue item [€] /total revenues	=2.993908904
	Admin (A) [coef .] = administrative costs /total revenues	=15,098,333 / 95,731,667 = 0.157715141
.	Margin (M) [coef .] = revenues − costs /total revenues	= (95,641,667 - 23,644,383) / 95,731,667 = 0.752073852
.	Z [coef .] = −3.0610+0.1153 E + 1.2528 C − 2.2639 A − 3.4289 M (2)	=−3.0610+0.1153* 0.698083532 + 1.2528* 2.993908904 − 2.2639 *0.157715141− 3.4289*0.752073852 Z = -2.16557923
.	FVI [coef .] = 1/ 1 + e –z	1/1+e-(-2.165579234) FVI=0.102884351

Source: Prepared by the researcher based on financial sustainability indicators

From what is shown in the table above, if the financial vulnerability index is greater than 20%, the financial vulnerability index indicates strong weakness and vice versa, if the financial vulnerability index is less than 10%, the financial vulnerability index does not indicate financial weakness. In the range of 10 to 20% is the so-called gray area, and according to the above percentage and the indicator of 10.29%, it is considered a good indicator for the organization and therefore the interest in financial failure allows the decision-maker to make decisions in a timely manner, such as reallocating resources and commitments more efficiently, and to increase accuracy in predicting the future situation of the organization and the

ability to continue, and here emerged the importance of financial analysis for the purposes of predicting financial failure and helping managers and other parties in making appropriate decisions by relying on quantitative models of ratios and indicators Finance, which shows the financial performance of the organization and how to make improvements to financial performance, as early prediction of financial failure provides management with sufficient opportunity to prepare and confront the factors causing financial failure through approved decisions, policy change, or reformulation of a work program. Accordingly, the research questions have been answered .

Conclusions:

5. The evaluation of financial performance is one of the most important functions in various non-profit units, which entails taking a set of decisions.
6. The evaluation of financial performance helps the unit to raise the level of efficiency and effectiveness of performance, and evaluate the financial position of the unit.
7. It is not possible to limit the ratios of indicators of financial failure accurately because they are renewed from time to time, and what complicates the problem is the emergence of some differences in the classification of the items of the financial statements.
8. The financial failure model is concerned with giving a clear picture of the current and future financial situation of the non-profit unit, in addition to that the application and development of financial failure models helps the departments of non-profit units to early detection of financial failures.

Recommendations:

4. The management of non-profit units should increase attention to evaluating their financial performance to reach weaknesses and deficiencies and address them, as well as strengths and increase them.
5. The need to know the reason for not evaluating the financial performance in non-profit units because of their importance in taking the necessary measures to correct their performance, because increasing the weakness of their financial performance will affect their financial sustainability and then their sustainability.
6. The need to introduce the accounting staff in the necessary training courses to increase their knowledge and development in the field of conducting studies to evaluate the performance of non-profit units, which would increase the efficiency and effectiveness of the unit.

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