

## **Financial Management for Nonprofit Organizations**

### **Professor Agustin Leon-Moreta, PhD**

#### **Spring 2015**

**Class Sessions:** Social Science 3030, Wednesday 4:00 - 6:30 pm

**Office Hours:** Wednesday and Thursday, 1:00 - 3:00 pm, or by appointment

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#### **PRE-REQUISITES**

- *PADM 500 Public Management, PADM 544 Public Budgeting and PADM 538 Nonprofit Management.*
- Intermediate knowledge of Excel. Additionally, students may be required to attend Excel workshops from the UNM Libraries and the Graduate Resource Center.

Please speak to me if you haven't fulfilled the pre-requisites or are unsure about your preparation for this class.

#### **COURSE DESCRIPTION**

Welcome to *PADM 590 Financial Management for Nonprofit Organizations*. This course focuses on planning and financial decisionmaking in nonprofit organizations and is intended to build on topics acquired in other SPA's courses. These topics are critical for organizational survival and success. This course addresses the business planning process, with special attention paid to unique issues facing nonprofits involved with these types of ventures. In addition, the course focuses on developing operating and capital budgets, managing working capital, issues in implementing budgets and business plans, issues in government contracting with nonprofits, and financial performance management.

The course includes lectures, problem solving, case studies, and other assignments structured to integrate both academic and practical approaches and perspectives on current nonprofit organizations' issues and concerns.

#### **COURSE OBJECTIVES**

The primary objective of this elective course in nonprofit finance is to teach students how to use budgetary and financial information to make decisions in nonprofit organizations. A secondary objective is to help students develop their quantitative and communication skills. This course looks at budgeting and financial management as a process. The process begins with the development of a plan for the future. The plan is then implemented. Actions are taken to control operations so as to keep to the plan. Results of operations are then reported, and those results are analyzed.

A half of the course focuses on developing, implementing and controlling the plan. The course covers the development of operating budgets, tools for short-term decision making, capital-budgeting decisions, and the analysis of long-term financial options. Management of short-term resources and variance analysis are also covered in this half of the course. The material in the first half of the course is often referred to as budgeting and accounting for managerial control.

The other half of the course focuses on summarizing, reporting, and analyzing an organization's financial position and the results of its operations. We will study theory and application related to accounting principles, financial reporting, financial analysis, and other aspects of financial accounting for nonprofit organizations. We will consider how financial information is presented and how it can be used to provide meaningful conclusions about the financial position and performance of a nonprofit organization. The material in the second half of the course is often referred to as financial accounting and reporting.

By the end of this course, students will be able to:

- Understand techniques for financial planning, decisionmaking, and working capital management in nonprofit organizations, and
- Employ cost allocation techniques to nonprofit organizations.

The following learning outcome is addressed in this course:

- Students will demonstrate knowledge of financial management for nonprofit organizations.

## **POLICIES**

*Punctual Attendance Required:* Beginning the first day, attendance will be recorded at 4:00 pm. Per the UNM Student Handbook, a student may be dropped from the course as a consequence of absence from class.

*Syllabus Change:* A guide to the course, **this syllabus will be updated as needed**. I reserve the right to change any content of this syllabus, including grade weights allocated to course assignments. Assignments may be added or changed during the semester. If syllabus changes are made, I'll announce them either in class or by email.

*No Late/Makeup Assignments:* Late or makeup assignments won't be accepted. However, I reserve the right to consider any late submission, for partial credit, under extraordinary circumstances.

*Time/Workload Commitment:* This is an advanced, graduate seminar. To successfully learn the course material, **students should commit at least 10 hours per week** to the course outside of class.

*Electronic Devices:* In class, please turn off all electronic devices, including cell phones, tablets and laptops.

*Academic Integrity:* The UNM Student Handbook outlines the University’s expectations for the integrity of students’ academic work, the procedures for resolving alleged violations of those expectations, and the rights and responsibilities of students and faculty members throughout the process. Students are responsible for reading the UNM Student Code of Conduct and for upholding the highest standards of integrity in the class. Violation of the Code carries penalties outlined in the Code. Students’ work may be checked for originality through the UNM Turnitin system <http://turnitin.unm.edu/>

*Accommodation for Disabilities:* Students with disabilities needing accommodation should: (1) register with and provide documentation to the Accessibility Resource Center, and (2) bring a letter to the instructor indicating the need for accommodation and what type. This should be done during the first week of class. This syllabus and class materials are available in alternative format upon request. For more information regarding resources available to students with disabilities, please contact Accessibility Services at Mesa Vista Hall 2021; phone: (850) 277-3506; or <http://pathfinder.unm.edu/campus-services/services-students-disabilities.html>

*E-mail Communication:* As required by SPA policy, students should use their UNM e-mail for electronic communication with the instructor.

*Student Feedback:* Your feedback on this course will be welcome and appreciated. We’ll ask for you feedback through various channels, formal and informal, throughout the semester.

## COURSE MATERIALS

### **Required**<sup>1</sup>

1. Weikart, Lynne, Greg Chen, and Ed Sermier. 2012. *Budgeting and Financial Management for Nonprofit Organizations*. Thousand Oaks, CA: CQ Press.
2. Zietlow, John, Jo Hankin, and Alan Seidner. 2007. *Financial Management for Nonprofit Organizations: Policies and Practices*. Hoboken, NJ: John Wiley & Sons, Inc.
3. Microsoft Word and Excel.
4. UNM Learn and e-mail

### **Recommended**

- Finkler, Steven et al., 2013. *Financial Management for Public, Health, and Not-for-profit Organizations* 4<sup>th</sup> edition, ISBN 9780132805667. Upper Saddle River, NJ: Pearson Prentice Hall

## GRADING

Participation	10
Tests	30
Research paper	30
Final exam	30
<b>Total grade</b>	<b>100 points</b>

*Participation:* This will be worth 10 points out of 100 course points. Attendance is important, but your active participation in class is expected. This includes asking questions, commenting on

<sup>1</sup> E-books are not recommended. Please rent or buy a hard copy of the textbooks if possible.

the class material, answering instructor's questions, collaborating in group activities, citizenship behavior in class, and a **one-on-one meeting with the instructor** in the first weeks of the semester. In class, please feel free to interrupt me with questions or comments. Please thoroughly study the weekly material in preparation for class participation.

*Tests:* These will be worth 30 points out of 100 course points. Tests will assess weekly reading assignments. **Readings must be completed prior to class** sessions, when those readings will be discussed. Weekly readings will be based on the textbook, but additional readings may be assigned in the semester. The weekly test will be open on UNM Learn after class and due next Tuesday, a day before class meets. Test may include a variety of questions, including exercises and essay questions. Tests are a very important component of this course because they give you opportunities for skill application and for practice toward the final exam.

*Research paper:* This will be worth 30 points out of 100 total points. For this term paper, you may work on one of the options below. Alternatively, you may propose another kind of paper that better suits your research interests. You may choose to work by yourself or in a group. If in a group, the quality of the research paper should rise proportionately as to the number of students. Your choice of research paper option is subject to my approval.

- a. A financial analysis of a nonprofit organization. This should be an in-depth case study, in which you analyze the nonprofit's budget and financial reports. This case analysis should include, among other things, an assessment of the financial statements and calculation of relevant ratios. That analysis should result in conclusions and recommendations for the nonprofit to consider. If interested in this option, **make sure to have full access to the nonprofit's budget and audited financial reports.**
- b. A comparative analysis of state laws on an area of nonprofit finance regulation. This could be related, for example, to the different laws on financial reporting among the states. This analysis should include a compilation of legal provisions by state and a comparative assessment of the potential consequences of those different laws.
- c. A review essay of a nonprofit finance book. This should be for a book other than the textbooks. This review should include, among other things, a summary and a through critique of the book.
- d. A conceptual essay on a nonprofit finance topic. This should include, at a minimum, a literature review, a through critique of that literature, and a discussion of ways in which the literature could be developed.

Research papers should be written in the format of the *PADM 553* professional paper (pro-paper) and orally presented in our last class meeting. The first half of the paper must be submitted by March 18<sup>th</sup>, and the final paper must be submitted by May 1<sup>st</sup>.

*Final exam:* This will be worth 30 points out of 100 total points. The exam format will be similar to the tests but comprehensive of all course materials. This final examination will be administered on the day determined by the UNM Final Exam Schedule.

## COURSE CALENDAR

Week	Weikart Read	Zietlow Read	Test by
1	Preface and Chap. 1 Introduction	Preface and Chap. 1 Nonprofit finance	Jan 16
2	Chap. 10 Performance measurement	Chap. 4 Managing accountability	Jan 20
3	Chap. 9 Revenue structure	Chap. 3 Managing mission	Jan 27
4	Chap. 3 Cash management	Chap. 2 Liquidity management	Feb 03
5	Chap. 2 Budgeting	Chap. 8 Developing budgets	Feb 10
6	Chap. 4 Cost management	Chap. 11 Cash management	Feb 17
7	Chap. 5 Principles of financial reporting	Chap. 5 Developing policies	Feb 24
8	Chap. 6 Understanding financial reports	Chap. 6 Understanding statements	Mar 03
9	SPRING BREAK		
10	Chap. 7 Financial analysis	Chap. 7 Developing financial ratios	Mar 17
11	Chap. 8 Tools for decision making	Chap. 13 Information management	Mar 24
12	Chap. 11 Time value of money	Chap. 9 Long-range planning	Mar 31
13	Chap. 12 Capital budgeting	Chap. 10 Managing liabilities	Apr 07
14	Chap. 13 Investment strategies	Chap. 12 Investment guidelines	Apr 14
15	Chap. 14 Internal controls	Chap. 14 Managing risk	Apr 21
16	Chap. 15 Entrepreneurial financing	Chap. 15 Evaluating progress	Apr 28
17	FINAL EXAM		May 06

*Note:*

A welcome potluck is scheduled for Saturday, January 24<sup>th</sup>, from 5:00 to 8:00 pm! Address: 4451 Avenida del Sol NE, Albuquerque, NM 87110

Presentation of research papers and a class picture are scheduled for the last class meeting.