

## PADM 590 **Financial Management for Nonprofit Organizations**

Course Credits: 3

Professor Agustin Leon-Moreta

Spring 2021

**Class Meeting:** Friday 4 - 6:30 pm. You'll join using the Zoom Class Meeting link on Learn.

**Office Hours:** Zoom and phone meetings available by appointment

**Address:** Social Sciences 3006

**Email:** apleonmoreta@unm.edu. Email normally is best to get in touch. *Allow up to 24 hours for a response to emails.*

**Phone:** Call (505) 277-5757 if you need immediate tech assistance.

### RECOMMENDED BACKGROUND

- PADM 544 Public Budgeting & Finance
- Basic familiarity with Excel spreadsheets. Students unfamiliar with Excel are encouraged to seek one-on-one support from the instructor or the UNM Graduate Resource Center.

### COURSE DESCRIPTION

Welcome to *PADM 590 Financial Management for Nonprofit Organizations*. This course focuses on planning and financial decision-making in nonprofit organizations and is intended to build on topics acquired in other SPA's courses. These topics are critical to organizational survival and success. This course addresses the nonprofit financial planning process, with special attention paid to unique issues facing charitable nonprofit organizations. Also, the course focuses on developing operating and capital budgets, managing working capital, issues in implementing budgets and business plans, issues in government contracting with nonprofit organizations, 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 GOALS

The primary objective of this elective course in nonprofit financial management 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 and to keep to the plan. Results of operations are then reported, and those results are analyzed.

One 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, and the analysis of long-term financial investments. 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 additionally focuses on liquidity and cash management.

The second half of the course focuses on summarizing, reporting, and analyzing an organization's financial position and the results of its operations. We study theory and

application related to accounting principles, financial reporting, financial analysis, and other aspects of financial accounting for nonprofit organizations. We 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 additionally includes internal control and risk management.

## STUDENT LEARNING OUTCOMES

The following learning outcomes are addressed in this course. By the end of this course, students will be able to:

- Demonstrate knowledge of financial management for nonprofit organizations.
- Understand techniques for financial planning, decision making, and working capital management in 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 absences from class. This attendance requirement applies equally to main-campus students and distance/online students. All students are expected to use a desktop computer, a camera, and cable internet or high-speed connection for participating in class. Your camera **must be on** during class meetings. Students not visible to the professor won't be considered in attendance.

*No Late/Makeup Assignments:* Late or makeup assignments won't be accepted. Due to an extraordinary circumstance only, I may consider a late submission for partial credit.

*Time/Workload Commitment:* This course is an advanced course of the MPA program that requires **independent work and study**. To successfully learn the course material, graduate students should commit at least 10 hours per week to the course outside of class.

*Electronic Devices:* **Turn off cell phones** during class. A computer only is permitted for class-related work only, such as participating in class or taking notes. **Don't use your computer for other purposes.**

*Academic Integrity and Consequences:* The University of New Mexico believes that academic honesty is a foundation principle for personal and academic development. All University policies regarding academic honesty apply to this course. Academic dishonesty includes, but is not limited to, cheating or copying, plagiarism (claiming credit for the words or works of another from any type of sources such as print, internet or electronic database, or failing to cite the source), fabricating information or citations, facilitating acts of academic dishonesty by others, having unauthorized possession of tests and exams, submitting work of another person or work previously used without informing the professor, or tampering with the academic work of other students. **All course assignments are independent, individual work.** Student assignments will be checked for originality through the UNM Safe Assign system. The University's statement on academic honesty and the consequences for failure to comply are available in the Catalog and the Pathfinder.

*Accommodation Statement:* In accordance with University Policy 2310 and the Americans with Disabilities Act (ADA), academic accommodations may be made for any student who notifies the instructor of the need for accommodation. It is imperative that you take the initiative to bring any such needs to my attention since I'm not legally permitted to inquire. Students who may need assistance in emergency evacuations should contact me as to the most appropriate procedures to follow. If you need accommodation based on how course requirements interact with the impact of a disability, you should contact me to arrange an appointment as soon as possible. At the appointment, we can discuss the course format and requirements, anticipate the need for adjustments, and explore potential accommodations. I rely on the Disability Services Office for assistance in developing strategies and verifying accommodation needs. I encourage you to contact them if you need any accommodation. Contact Accessibility Resource Center at 277-3506 for more information.

*Email Communication:* Using your UNM email account is encouraged for electronic communication.

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

*Syllabus Changes:* **This syllabus will be updated** as needed. I reserve the right to change any content of the syllabus, at any time, including grade weights, rubrics, and policies. Assignments may be changed or added over the semester. I'll update the syllabus when a change is made. **Use the most recent syllabus posted on Learn.**

## **COURSE REQUIREMENTS**

*Participation:* Participation will be worth 10 points out of 100 points. **Punctual attendance is required for every class** meeting of the semester. Active participation in class is expected. In class, please feel free to interrupt me with questions or comments. Please thoroughly study the weekly material in preparation for class discussion. Participation includes asking questions, commenting on the class material, answering the professor's questions, collaborating in group activities, and citizenship behavior in class. The participation requirement applies equally to main-campus students and distance/online students.

*Problem Sets:* Problem sets will be worth 10 points out of 100 total points. They will be applied exercises about the weekly material. The problem sets are a very important component of the course because they give an opportunity for practical applications. The problem set will be announced on Blackboard Learn. I'm happy to take a look at working drafts of your work. If you'd like early feedback, email me your working draft at least twenty-four hours before the deadline. The problem set must be submitted on Blackboard Learn by Friday at 9 am.

*Tests:* Tests will be worth 20 points out of 100 total points. They will assess weekly reading assignments. **Readings must be completed before class** meetings when those readings will be discussed. Weekly readings will be based on the textbooks, but additional readings may be assigned during the semester. Weekly tests will be open on *Learn* after class and are due on Friday at 9 am. Tests may include a variety of questions. They are an important component of

this course because they give you opportunities for skill application and practice toward the final exam. To ensure the highest possible grade, each test offers three attempts for you to take.

*Final Exam:* The final exam 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 open from May 7<sup>th</sup> at 3 pm to the end of the 9<sup>th</sup>.

*Case Study:* A larger case study will be worth 30 points out of 100 total points. The case study will be about assessing the financial condition of a nonprofit organization. The case study should be written in the format of the PADM553 Professional Paper (pro-paper). You'll present in-class reports of your case study over the semester. Papers will be checked for originality through the UNM Safe Assign system. See the appendix for case study guidelines. I'll provide, in class or by email, additional information regarding this case study. This case study is due on May 15<sup>th</sup>.

## **GRADING**

Participation	10
Problem sets	10
Tests	20
Case study	30
<u>Final exam</u>	<u>30</u>
<b>Total grade</b>	<b>100 points</b>

## **Grading Rubric**

(A+) Excellent: Exceptional work for a graduate student. Work at this level is unusually thorough, comprehensive, creative, innovative, methodologically sophisticated, and well written. Work is of the highest professional quality.

(A/A-) Very good: Strong work for a graduate student. Work at this level shows signs of creativity, is thorough and well-reasoned, indicates a strong understanding of appropriate methodological or analytical approaches, and meets professional standards.

(B+) Good: Good work for a graduate student; well-reasoned and methodologically sound. This is the graduate student grade that indicates the student has accomplished the basic objectives of the course.

(B) Adequate: Competent work for a graduate student even though some weaknesses are evident. Demonstrates competency in the key course objectives but shows some indication that understanding of some important issues is less than complete. Methodological or analytical approaches used are adequate, but the student has not been thorough or has shown other weaknesses or limitations.

(B-) Borderline: Weak work for a graduate student; it barely meets the minimal expectations for a graduate student in the course. Understanding of salient issues is incomplete. Methodological or analytical work performed in the course is minimally adequate. Overall performance, if consistent in graduate courses, would not suffice to sustain graduate status in good standing.

(C/-/+) Deficient: Inadequate work for a graduate student; doesn't meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate the knowledge or technical competence expected of graduate students.

(F) Fail: Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.

## TEXTBOOK AND SUPPLIES

1. Your Blackboard Learn page will automatically be loaded with this textbook by RedShelf. The cost of the ebook, \$30.50 according to the Bookstore, will be charged to your bursar account. If you prefer a print book or more information, check out [https://bookstore.unm.edu/t-1unm\\_inclusiveaccess.aspx](https://bookstore.unm.edu/t-1unm_inclusiveaccess.aspx) or contact [inclusiveaccess@unm.edu](mailto:inclusiveaccess@unm.edu). **Opt out before the deadline** if you prefer to buy the book from another vendor. Weikart, Lynne, Greg Chen, and Ed Sermier. 2012. *Budgeting and Financial Management for Nonprofit Organizations*. Thousand Oaks, CA: CQ Press (posted on Learn).
  2. Zietlow, John, Jo Hankin, and Alan Seidner. 2007. *Financial Management for Nonprofit Organizations: Policies and Practices*. Hoboken, NJ: John Wiley & Sons, Inc. ISBN 978-0-471-74166-4. Available for free at <https://ebookcentral.proquest.com/lib/unm/detail.action?docID=5328420>
- Microsoft Excel. Available for free at <http://it.unm.edu/software/students/index.html>
  - Additional materials posted on Learn

## SCHEDULE OF ACTIVITIES

Week	Weikart	Zietlow	Test-Set
I	Preface and chap. 1 Introduction	Preface and chap. 1 Nonprofit finance	Jan 22
II	10 Performance measurement	4 Managing accountability	Jan 29
III	9 Revenue structure	3 Managing mission	Feb 05
IV	3 Cash management	2 Liquidity management	Feb 12
V	2 Budgeting	8 Developing budgets	Feb 19
VI	4 Cost management	11 Cash management	Feb 26
VII	5 Principles of financial reporting	5 Developing policies	Mar 05
VIII	Finkler ch. 11 Unique aspects of accounting for nonprofits, posted on Learn		Mar 12
	SPRING BREAK		Mar 19
IX	7 Financial analysis	7 Developing financial ratios	Mar 26
X	8 Tools for decision making	13 Information management	Apr 02
XI	11 Time value of money	9 Long-range planning	Apr 09
XII	12 Capital budgeting	10 Managing liabilities	Apr 16
XIII	13 Investment strategies	12 Investment guidelines	Apr 23
XIV	In-class presentation of case studies		Apr 30
	FINAL EXAM		May 7-9

*Note:* Your presentation of case studies and a class picture are scheduled for the last meeting.

## APPENDIX Case Study Expectations

### *I. Introduction (1 page)*

In this research, you will examine the audited Financial Reports of a nonprofit organization. Consequently, your organization of choice should have financial reports available for at least two consecutive years since you'll need to examine those reports for this project. Interpreting financial reports is one of the most important skills for nonprofit managers and board members. This assignment is intended to give you that foundation. Your report should be organized into two major sections. You'll analyze the revenues and expenses according to mission programs in the first section and ratio analyses in the second section. In sum, the main objective of this project is to summarize the structure of revenues and expenses in the context of your organization's programs as well as assess its end-of-year financial results and position.

### *II. Revenues and Expenses (about five pages)*

Using the Statement of Activities and the Statement of Functional Expenses for two consecutive years, identify the main expenses of your organization. What are the main mission programs of the organization? How are expenses distributed across those programs? What are the major sources of revenue for your organization and why? Discuss how diversified or constrained are the revenues of the organization. Does your organization rely on one or multiple sources of revenue? What advantages or disadvantages do you see in the organization's dependence on

those revenues? Also, how could the organization find additional financial support in the event of revenue shortfall? How are revenues and expenses changing over the last years? Support your analyses summarizing major amounts from the financial reports.

### *III. Financial Analysis (about five pages)*

Using the audited financial statements (and supplementary information), analyze the financial results and position of your organization. In this analysis, selecting and calculating important ratios is expected. Assess the liquidity of your organization. Does the organization have enough cash and short-term assets to meet short-term obligations? Assess its financial position and solvency. Does the organization have a strong ability to meet long-run obligations? Using the Notes, identify significant accounting policies that potentially affect the reliability of the financial statements. Are you concerned about the credibility of the financial reports based on your reading of the Notes?

### *IV. Conclusion and Recommendations (1 page)*

In this concluding section, briefly summarize your findings concerning the financial results and position of the organization for the last years. May suggest budget priorities or financial practices for future years based on your research. May suggest what the organization can do to strengthen its long-run financial position.

### *Format of the Paper*

Length: About 10 double-spaced pages, aside from appendices. There's no upper limit.  
Appendices: Place references, graphs, or tables in appendices (not within the text)  
Font: Times New Roman, 12 pt.  
Margins: 1 inch

### *Suggestions*

You may incorporate preliminary ideas and analyses on your city from the weekly problem sets. You may use and cite additional bibliography for this case study.