

PPPM 610/681
NONPROFIT FINANCIAL MANAGEMENT (4 credits)
Winter 2019

School of Planning, Public Policy and Management
University of Oregon



DRAFT: December 15, 2018

CRN 27572

Thursdays, 4pm – 6:50pm, 303 Gerlinger
Class Website: <http://canvas.uoregon.edu>

Professor Renee Irvin

Office: 147A Hendricks Hall, Office Hours: 11am – 1pm Mondays and by appointment

Email: rirvin@uoregon.edu ← Here's my email! Email me directly, not through Canvas; thanks!

Registration

This is a required core course for Master of Nonprofit Management and Graduate Certificate in Nonprofit Management students. Graduate students in other programs may enroll on a space-available basis. Graduate students may opt to take PPPM 684 Public & Nonprofit Financial Management instead (offered Spring term), which provides a mix of government and nonprofit financial management. Because there is overlap between this course and PPPM 684, you cannot take both for credit.

Introduction

This course provides an overview of financial management issues and tools for nonprofit organizations. For all managers of nonprofit organizations (not just the CFO), understanding the basic concepts of funding streams, budgeting, and financial statement analysis is essential to building and maintaining a strong organization, as well as charting the course for the organization's future growth and innovation.

Topics include understanding basic accounting conventions, ongoing and special project and event budgeting, capital (building) project budgeting, cost and strategic pricing concepts, endowment stewardship, financial reporting

and analysis, and internal control systems. The focus will be on preparing students to be skilled strategists for any nonprofit agency.

Why are nonprofit finances different from government or business finances?

- Nonprofits are tax-exempt organizations, so their accounting has a profoundly different strategic emphasis, compared to any for-profit enterprise.
- Nonprofits must spend any grant funds and restricted gifts according to the dictates of the grantor or donor. Therefore, they must track and steward funds (“fund accounting”) and report back to the funder regarding the expenditure and outcomes of the restricted funds.
- Nonprofit funding sources vary significantly, each requiring different managerial talents; donor gifts, special events, membership revenue, grants, contracts, fees for services, corporate sponsorships, and so on.
- Nonprofits are governed by volunteer laypeople (boards of directors) and must have transparent, easy-to-understand internal financial communications in order to allow the directors to make sound financial decisions.
- Nonprofits face a skeptical and inquiring public and potential donor base, and must prove their “efficiency” in all communications and financial decision-making.
- Nonprofits commonly build endowment (invested savings) and utilize a very long-term payout strategy in order to assist with operational expenses.
- Unlike government entities, nonprofits determine their financial sources (it is not determined in a hierarchical fashion from a higher agency).
- Nonprofits rely on very few staff and thus can be vulnerable to embezzlement by volunteers or staff members.

Competencies

By completing this course, students will be able to:

- Construct a program or event budget using sensible forecasting and pricing strategies
- Design a reserves and endowment stabilization policy to keep the organization on a steady track despite highly variable revenue streams
- Evaluate financial reports and form 990s to analyze the financial condition of a nonprofit organization: suggest areas of concern and provide strategies for improvement
- Present financial information in a sensible and visually clear format that aids mid-year, annual, and strategic internal decision making
- Know standard techniques for enhancing internal control of financial resources to minimize risk and enhance organizational efficiency in nonprofit organizations.

General Requirements and Information

Write your assignments carefully to convey a professional tone and elicit confidence in your work. For all assignments in this course, the quality of your written work must be high. Poor quality writing is distracting to readers. If you are not a very proficient writer, have a hawk-eyed friend assist you in editing your work.

If you are unable to make it to class on the day an assignment is due, you may email your assignment to me prior to the class when it is due. Late assignments receive only partial credit. Once an answer key is posted to the website, however, no late homework assignments are accepted (no credit). If you miss a class, please arrange to get class notes from a classmate. In-class examples are not distributed and Powerpoint slides, when available, do not fully cover the in-class material. Caution: Many topics covered in class are not covered well in the readings, so being present in the classroom is important.

To do well in the class, it is important to do the readings noted in the syllabus before the lecture – by doing so, you’ll be able to absorb the lecture material better, allowing for a deeper understanding. The weekly quizzes will motivate you to read ahead for each class.

Class Format

This course will have traditional lecture material provided online in a reading. You'll read both the book chapter plus the lecture notes (the "Irvin" readings) on your own. The lecture notes readings walk you through the material and will provide more in-depth coverage (commentary, examples, etc.) than the book.

Come to class prepared because we will build on the readings and lecture notes by cutting straight to examples (with numbers) and exercises that allow you to build your skills with the material. Thus, there will be very few Powerpoint slides and a lot of step by step instructions and opportunities to master the concepts each week. It will look quite retro at times with a fair amount of chalkboard use – be sure to get a seat near the front of the room if you anticipate having difficulty seeing the board.

Inclusion

The College of Design, PPPM's home, is a community that values inclusion. We are committed to equal opportunities for all faculty, staff and students to develop individually, professionally, and academically regardless of ethnicity, heritage, gender, sexual orientation, ability, socio-economic standing, cultural beliefs and traditions. We are dedicated to an environment that is inclusive and fosters awareness, understanding, and respect for diversity. If you feel excluded or threatened, please contact me or another faculty member. If contacting a faculty member isn't a good option for you, note that the University Bias Education & Response Team is also a resource that can assist you. Find more information at their website at <http://bias.uoregon.edu/index.html> or by phoning 541-346-2037.

In addition, we are also committed to providing an environment free of all forms of prohibited discrimination and sexual harassment, including sexual assault, domestic and dating violence and gender based stalking. If this happens to you or a student you know, I will counsel you/and or the student to seek confidential assistance at the University Health Center and the University Counseling Center. You can also call (541) 346-SAFE, UO's 24-hour hotline. Please let me know if I am using a gender pronoun for you that is inappropriate.

Let me know of any exam or assignments that overlap with religious festivals (Yom Kippur, Eid, Diwali, etc.) that are not university holidays, and I am happy to find an alternative.

Documented Disabilities

Students who have a documented disability and anticipate needing accommodations in this course should make arrangements with me as soon as possible. I'm happy to accommodate requests – just let me know with enough lead time. Please note that I allow students as much time as they need for completing any in-class tests (quizzes or exams). Nobody should ever feel rushed when completing an in-class assignment or exam. The Accessible Education Center is also resource for you: (541) 346-1155, uoaec@uoregon.edu.

Academic Misconduct

You are expected at all times to do your own work. Copying content from other students or other authors and submitting it as your own work is grounds for failing the class. The University Student Conduct Code (available at conduct.uoregon.edu) defines academic misconduct. Students are prohibited from committing or attempting to commit any act that constitutes academic misconduct. For example, students should not give or receive (or attempt to give or receive) unauthorized help on assignments or examinations without express permission from me. Students should properly acknowledge and document all sources of information (e.g. quotations, paraphrases, ideas). If there is any question about whether an act constitutes academic misconduct, it is your obligation to clarify the question with me before committing the act. Additional information about a common form of academic misconduct, plagiarism, is available at: www.libweb.uoregon.edu/guides/plagiarism/students.

Graded Requirements:

In accordance with PPPM School grading policies, the average grade in this course is a B+.

The two homework assignments will count for 30% of the course grade.

The in-class quizzes will count for 30% of the course grade. I will drop your lowest 2 quiz scores.

The dashboard and financial review assignment will count for 20% of the course grade.

The final examination will count for 20% of the course grade.

Required Readings

A continually frustrating situation with teaching financial management is that the existing textbooks are too in the weeds or too vague, too oblivious to real life practice or too workbook-y. I've chosen one lucky textbook that provides a fair summary of some key topics in nonprofit management; it is Charles Coe's Nonprofit Financial Management: A Practical Guide, © 2011. It is available at the DuckStore. If you think you found an error in the Coe textbook, you are probably right – feel free to bring to class what you found.

The Coe book might also be available online for free, but there are no page numbers in the online version. I can't help you solve that problem, so just be careful to note key words and locate the section I'm talking about when I reference Coe in my written lecture notes.

I've written up my lecture notes as an accompanying weekly chapter for you (and it's free!); I'll call it Irvin Lecture Notes for Nonprofit Financial Management © 2019. These lecture notes are available on our Canvas website.

Quizzes

The weekly quiz will be on the Coe and Irvin readings, so it's important to read each week's material before you come to class. Weekly quizzes will also include material from the prior week's in-class lecture. I will drop no more than 2 of the quizzes; **no exceptions**.

Homework assignments

These are not group assignments -- please do your own work. Make sure they are edited and formatted well. Follow directions explicitly, as financial matters require precision and clarity.

Grading Rubric

A+ through A-: Exceptional or outstanding work that demonstrates keen insight, original thinking, critical analysis, and full command of the material covered in lectures and readings. An "A" grade reflects students' ability to clearly and thoughtfully articulate what they have learned in the course.

B+ through B-: Good to excellent work that demonstrates strong originality, comprehension, critical thinking, and attention to detail. In addition, a "B" grade reflects students' ability to clearly articulate what they have learned in the course.

C+ through C-: Work that exhibits basic comprehension of the material covered in lectures and readings, but features little attention to detail, and inability to make analogies across concepts.

D+ through D-: Work that demonstrates minimal comprehension of the material covered in lectures and readings, and little attention to detail. A "D" grade may reflect students' difficulty in articulating what they have learned in the course.

F: Work that does not demonstrate comprehension of the material covered in lectures and readings. It exhibits consistent problems with comprehension, organization, critical thinking, and supporting details. An "F" grade reflects students' inability to articulate what they may have learned in the course.

Other readings; for your interest, but not assigned:

Fry, Robert P., Nonprofit Investment Policies: Practical Steps for Growing Charitable Funds (Wiley, 1998).

Finkler, Steven A., Financial Management for Public, Health and Not-for-Profit Organizations. (2005, 2nd edition).

McLaughlin, Thomas A., Nonprofit Mergers and Alliances (John Wiley & Sons, Inc., 2010).

Robbins, Donijo, editor, Handbook of Public Sector Economics (Taylor & Francis, 2005).

Rushton, Michael, Strategic Pricing for The Arts (Routledge, 2015). It's also available here: <http://alliance-primo.hosted.exlibrisgroup.com/UO:everything:CP51231064680001451>

Swoboda, Dale and Georgalu Swoboda, Managing Nonprofit Financial and Fiscal Operations. (Management Concepts, Vienna VA, 2009).

Zietlow, John, Jo Ann Hankin, and Alan Seidner, Financial Management for Nonprofit Organizations (Wiley, 2007).

Course Schedule

Week 1, January 10: This class session will start late, at 4:30pm. Introduction. Conventional formatting in financial management. MS Excel basics.

Week 2, January 17: Basic accounting terms and conventions, Form 990. Microquiz 1 (in class), based on the following readings: Coe chapter 2, Irvin Lecture Notes Weeks 1 and 2, and this syllabus.

Week 3, January 24: Looking back – end-of-year nonprofit financial reports. Microquiz 2, based on these readings: Coe Chapter 5 (pages 77- 86), last week's in-class lecture, and Irvin Lecture Notes Week 3. Homework #1 assigned.

Week 4, January 31: Looking back – analyzing fiscal health of nonprofit organizations using ratio analysis and other tools. Microquiz 3, based on these readings: Coe chapter 5 (pages 86-96), last week's in-class lecture, and Irvin Lecture Notes Week 4.

Week 5, February 7: Looking ahead – introduction to budgeting for growth & glory. Microquiz 4, based on Coe Chapter 6 (pages 97-103 and 112-125), last week's in-class lecture, and Irvin Lecture Notes Week 5. Homework #1 due.

Week 6, February 14: Looking ahead – forecasting revenue & costs, becoming a financial strategist for the organization. Mid-year analysis (looking back AND ahead). Microquiz 5, based on Coe chapter 6, pages 103-112, last week's in-class lecture, and Irvin Lecture Notes Week 6. Homework #2 assigned.

Week 7, February 21: Managing cash flow. Using reserve funds to smooth out fluctuation in revenue. Strategic pricing in fee-based enterprise (events, etc.). Microquiz 6, based on Coe chapter 7 (pages 127-136), Irvin Lecture Notes Week 7, and last week's in-class lecture. Homework #2 due. Financial Review/Dashboard assignment assigned (due in week 10, but get started now).

Week 8, February 28: Dashboards, performance reporting. Key investment strategies. Dashboard and Microquiz 7, based on Coe chapter 11 (pages 165-183), last week's in-class lecture, and Irvin Lecture Notes Week 8. Also read through the dashboards webinar/ppt posted on Canvas, Module 8. You can turn in a draft of the Financial Review/Dashboard assignment this week if you would like feedback.

Week 9, March 7: Internal control – managing funds and procedures to reduce fraud, aid efficiency and enhance clarity of operations. Microquiz 8, based on Coe chapter 3 (pages 31-42) plus pages 73, 137-140, and 220, last week's in-class lecture, and Irvin Lecture Notes Week 9.

Week 10, March 14: ATTENTION: Class meets in ESSLINGER 116 today. Topic Day! Present your financial review results to the rest of the class. Financial Review/Dashboard assignment due.

Final exam (Wednesday, March 20th, 12:30pm) – in our regular classroom. This is the exam time listed in the UO final exam schedule for Winter term 2019.