Course Number: SOWO 885 / PUBA 757
Course Title: Financial Management for Nonprofits
Semester: Spring 2008
Day/Time: Tuesdays, 5:00 – 7:50pm

Instructor: Mat Despard, MSW
Tate-Turner-Kuralt Building—Room 402-E
despard@email.unc.edu

Website: Blackboard.unc.edu (see SOWO885.001.SPRING2008)

Office Hours: Mondays 11am – 2pm; Tuesdays 11am -2pm; and by appointment;

Goal: To provide participants with the knowledge and skills they need to guide nonprofit organizations through a variety of important financial decisions and tasks.

Objectives:
The objectives of the course are as follows:
1. Examine the size, scope, role, subsectors, and distinctive characteristics of the nonprofit sector.
2. Define financial leadership and examine some of the critical management tasks related to building organizational capacity.
3. Examine accounting systems and practices to ensure trust in financial data.
4. Evaluate and assess the organizations financial health.
5. Prepare the annual budget.
6. Communicate progress to your audience in an effective manner.

Course Description: This course will help prepare students to provide financial leadership to nonprofit health, human service and community development organizations. The focus is on understanding and helping to produce key financial documents, ensuring that organizations follow sound financial management practices, facilitating financial planning and decision-making and communicating about financial matters with staff, board members, volunteers and other stakeholders. Prior bookkeeping and/or accounting knowledge and skills are not required nor will the course required more than basic math skills.

Teaching Approach & Course Format: In addition to completing the assigned readings, students should review powerpoint presentations posted on Blackboard prior to class. Key points and concepts from these presentations will be reviewed and discussed at the beginning of class, while the remainder of class time will be devoted to small and large group learning exercises.
**Communicating with the Instructor:** I am committed to responding to emails from students in a timely manner. However, I make no guarantee that I will read and respond to emails after 5pm or on weekends. If you wish to ask me questions concerning an assignment, whether in person or by phone or email, please read the assignment instructions and grading guide first.

**Policy on Accommodations for Students with Disabilities:** Students with disabilities that affect their participation in the course should notify the instructor if they wish to have special accommodations in instructional format or other factors considered.

**Required Text:**

**Writing Guidelines**
For all written assignments, except where specified, APA style must be used and students are expected to apply concepts, theory and practice skills from the literature listed in this syllabus and other scholarly sources, which include academic journals, books, nonprofit consulting firms or centers, and foundation and government reports. If unsure about what comprises a scholarly source, please consult the instructor.

To be acceptable, written work must be at a level of professionalism expected of professional managers. If the instructor deems an assignment does not meet such professional standards, the student will have one opportunity to revise and resubmit the assignment.

Please refer to the *APA Style Guide* and the SSW Writing Guide for information on in-text and bibliographic citations, attribution of quotes, plagiarism, and appropriate use of assistance in preparing assignments.

The following web sites provide additional information:
- [http://owl.english.purdue.edu/handouts/research/r_apa.html](http://owl.english.purdue.edu/handouts/research/r_apa.html) (general information about documentation using APA style, 5th Ed.)
- [http://www.bartleby.com/141](http://www.bartleby.com/141) (e-version of Strunk's *The Elements of Style*, a valuable writing resource)
- [http://www.fas.harvard.edu/~wricntr/html/tools.htm](http://www.fas.harvard.edu/~wricntr/html/tools.htm) The Writing Center (Links to on-line reference material and many other useful sites for authors)

**Honor Code**
It is the responsibility of every student to obey and to support the enforcement of the Honor Code, which prohibits lying, cheating, or stealing in actions involving the academic processes of this class. Students will properly attribute sources used in preparing written work and will sign a pledge on all graded coursework certifying that no unauthorized assistance has been
received or given in the completion of the work. All written assignments must contain a signed pledge from you stating that, “I have not given or received aid in preparing this written work.” Credit will not be awarded for work that does not contain this pledge.

**Course Requirements & Grading**

Students will be evaluated based on the following:

- **Class Attendance and Participation**  
  - **Assignment 1:** Financial Leadership Analysis 20%
  - **Assignment 2:** Exercises 25%
    - A) Financial Management Analysis
    - B) Program Budget
  - **Assignment 3:** Nonprofit Financial Health Assessment 40%

The School of Social Work operates on an evaluation system of Honors (H), Pass (P), Low Pass (L), and Fail (F). A grade of Pass is considered entirely satisfactory. The grade of Honors—which only a limited percentage of students typically attain—signifies that the work demonstrates excellence in the development of ideas, application of practice strategies and critical analysis of issues that affect the ability of nonprofit organizations to fulfill their missions. The assignments are described below and will be discussed more thoroughly in class sessions:

**Class Attendance and Participation**

Students are expected to come prepared for class having done the readings and able and willing to contribute to our learning experience through active participation in class discussions and small group exercises and other learning activities. Because this course is very applied, participation will be evaluated based on active engagement in hands-on, practical exercises in class. Students will be expected to work through and explain financial concepts and documents in class.

Any unexcused absences will hurt this part of the grade. If a student has an extenuating circumstance that prevents them from attending class, it is their responsibility to notify the instructor before the class by phone or email.

**Assignment 1: Financial Leadership Analysis**

**Objectives:**

1) To assess the extent to which nonprofit organizational behaviors indicate sound financial leadership.

2) To analyze factors that facilitate or inhibit sound financial leadership in a nonprofit organization.

**Due Date:** February 19, 2008
**Requirements:** Students will analyze a nonprofit organization case illustration using the five principles of financial leadership for nonprofit organizations indicated in the course text. A paper not to exceed 8 double-spaced pages should be organized as follows:

**Part 1:** Assessment of the five principles (please use headings for each principle).

**Part 2:** Analysis. Identify and discuss facilitative and inhibiting factors.

**Assignment 2: Exercises**

**Objectives:**
1) To identify and articulate sound financial management behaviors of nonprofit organizations.

2) To demonstrate skill in producing a budget and justification for a foundation proposal.

**Due Date:**
A) Financial Management Analysis: March 4, 2008
B) Program Budget: March 25, 2008

**Requirements:** For each brief written assignment, students will receive a case illustration of a nonprofit organization and will submit the specific product in response as follows:

**Financial Management Analysis:** Based on a case illustration, students will assess the financial management practices of the organization based on adherence to commonly accepted accounting practices and standards that are discussed in course readings and class discussion. **Product is a 4 to 6 page double-spaced paper.**

**Program Budget:** Based on a case illustration of a human service organization that wishes to apply for a foundation grant, students will develop a program budget that corresponds to information concerning the program that the organization intends to implement. This will require students to research and understand both personnel and non-personnel costs associated with the described program. **Product is a program budget presented in a tabular or spreadsheet format and budget justification appropriate for a foundation grant proposal.**
Assignment 3: Nonprofit Financial Health Assessment

Objectives:
1) To analyze and comprehend various financial documents of a nonprofit organization.
2) To assess the financial health of a nonprofit organization.
3) To articulate and justify strategies and tactics a nonprofit organization can adopt to improve its financial health.

Due Date:
April 15 or 22 (presentations)
April 22, 2008 (paper)

Requirements: Students will work individually or in teams of two or three (depending on the number of available and willing nonprofit organizations) and choose a nonprofit organization or have one assigned to them to study concerning its financial health and contributing factors. Students are free to choose any nonprofit organization from which they can secure the necessary information to complete the assignment. The actual identity of the organization should be kept confidential as the Board of Directors and staff may not wish for details of its financial condition to be disclosed in the classroom. To do so, students may alter certain information about the organization that might reveal its identity.

The paper should be comprised of three parts:

1) Assessment of Financial Health: The assessment of financial health should be made using the Financial Health Assessment in the back of the required text. To complete this assessment, students will need to secure, examine and comprehend certain financial documents such as balance sheets, 990s and statements of functional expenses and may also need to obtain data by interviewing executive staff members.

2) Analysis: Internal and external factors related to key findings of the assessment should be identified and described. Internal factors are things within the organization’s control, such as its resource development strategy and tactics, while external factors are phenomenon beyond the organization’s control such as the changed funding priorities of the local United Way.

3) Recommendations: Based on course readings and class discussions, recommendations for how the organization can improve its financial health should be made. For example, a recommendation could outline the steps an organization could take to improve its internal control mechanisms.

Student groups will make presentations during class on April 15 & 22 as part of this assignment. Class presentation dates will be randomly assigned. Presentations should be in the format of a presentation before the Board of Directors (the class) of the organization you chose for the assignment. Because you have limited time to present, you should be very concise and ensure that you hit your key points in the three sections described above. You may use handouts for your presentation if you wish. A written paper (no page requirement or limit) is due on April 22, 2008, the last class session.
### Class Schedule

**Note:** “TEXT” refers to readings from the required text for this course; **BB** = Blackboard; **UL** = University Libraries (online).

<table>
<thead>
<tr>
<th>Class 1</th>
<th>January 15</th>
<th>Introduction, Nonprofit Sector Overview</th>
</tr>
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</table>
| **Objectives** | | - Understand the size and scope of the nonprofit sector  
- Identify key trends concerning the development of nonprofit organizations  
- Appreciate the importance of sound financial management in sustaining the missions of nonprofit organizations |
| **Readings:** | None |

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<thead>
<tr>
<th>Class 2</th>
<th>January 22</th>
<th>Financial Leadership in Nonprofits</th>
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| **Objectives** | | - Describe the responsibilities of providing financial leadership  
- Identify the respective roles of CEO, CFO, Treasurer, Finance Committee and Board of Directors  
- Explain conflict of interest |
| **Readings:** | TEXT: Introduction (pp. 1-5)  
Chapter 1: Defining Financial Leadership (pp. 7-15).  

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<tr>
<th>Class 3</th>
<th>January 29</th>
<th>Financial Management Systems, Part 1</th>
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| **Objectives** | | - Describe financial-related legal obligations of tax exempt status  
- Identify elements of nonprofit accounting systems and key practices  
- Articulate the difference between cash and accrual based accounting  
- Define major accounting standards (FASB 116, 117) |
Readings:  Chapter 2: Getting Financial Data You Can Trust (pp. 19-35).


Class 4
February 5
Financial Management Systems, Part 2

<table>
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<tr>
<th>Objectives</th>
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<tr>
<td>• Describe financial management policies and procedures, including internal control processes</td>
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<tr>
<td>• Understand the audit process including federal A-133 audits</td>
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<tr>
<td>• Identify principles of Sarbanes Oxley Act applicable to nonprofit organizations</td>
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</tbody>
</table>

Readings:  Alliance for Nonprofit Management. (2003-2004). Please read:
What should our chart of accounts include?  
What is an audit? Should we get an audit?  
What is an A-133 audit? How do we prepare for an audit?  
http://www.allianceonline.org/FAQ/financial_management/


### Classes 5-7
**Feb. 12, 19, 26**

#### Assessing Financial Health, Part 1

*Assignment 1 – Financial Leadership Analysis Due Feb. 19*

<table>
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<tr>
<th>Objectives</th>
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</table>
| - Understand and explain statements of financial position, activities, functional expenses, and cash flows  
- Understand and calculate key measures of nonprofit financial performance |

Readings:

- **TEXT:** Chapter 3: Assessing Your Organization’s Financial Health

  Compass Point Nonprofit Services. (2006). *How do we interpret our financial statements?* Found at:  


### Class 8
**March 4**

#### Financial Planning, Part 1

*Assignment 2A: Financial Management Analysis Due*

<table>
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<tr>
<th>Objectives</th>
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| - Draft organization and program annual operating budgets  
- Draft a capital budget  
- Describe the budgeting process within a nonprofit organization |

Readings:

- **TEXT:** Chapter 4: Financial Planning


  CompassPoint Nonprofit Services (2006). *How can we allocate indirect costs to programs?* Retrieved on January 10, 2008 from:  


*** NO CLASS ON MARCH 11 – SPRING BREAK ***

### Class 9  
#### March 18

**Financial Planning, Part 2**

**Objectives**
- Describe how to contain costs without subverting mission
- Manage cash flow

**Readings:**

### Class 10  
#### March 25

**Resource Development Strategies, Part 1**  
* Assignment 2B – Program Budget Due *

**Objectives**
- Articulate the relationship between resource development and financial planning
- Describe the opportunities and risks associated with social enterprise and other alternative revenue generation strategies
- Identify state solicitation laws and regulations

**Readings:**

<table>
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<tr>
<th>Class 11</th>
<th>April 1</th>
<th>Resource Development Strategies, Part 2</th>
</tr>
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</table>
| **Objectives** | | • Understand opportunities and challenges associated with securing government contracts  
• Explain how to create and sustain endowments and other forms of capital investment |
http://www.nonprofitfinancefund.org/docs/Patient%20Capital%20Final.pdf |

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<tr>
<th>Class 12</th>
<th>April 8</th>
<th>Communicating Financial Data</th>
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| **Objectives** | | • Complete a Form 990  
• Create the financial portion of an Annual Report  
• Articulate strategies for communicating financial data to stakeholders |
| **Readings:** | TEXT:  | Chapter 5: Communicating Progress |
http://www.nptimes.com/Jul05/npt3.html |
http://www.independentsector.org/programs/gr/Draft_Form_990.htm |
| | | Masaoka, J. (2006). Are there special things I should look for when completing a Form 990? *Compass Point Nonprofit Services.* Found at:  
http://www.npccny.org/Form_990/990.htm#no2 |
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<tr>
<th>Class 13</th>
<th>Class Presentations</th>
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<tr>
<td>April 15</td>
<td>Readings: None</td>
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<tr>
<th>Class 14</th>
<th>Class Presentations, Course Review and Evaluation</th>
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<tbody>
<tr>
<td>April 22</td>
<td>* Assignment 3 – Nonprofit Financial Health Assessment Due *</td>
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<tr>
<td>Readings:</td>
<td>None</td>
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FINAL EXAM – April 29 4pm (if necessary – see note above in Assignment 3 description)