



THE OHIO STATE UNIVERSITY

JOHN GLENN COLLEGE OF PUBLIC AFFAIRS

PUBAFRS 7533 – Nonprofit Financial Management

Autumn 2017 (3 credit hours)

General Meeting Information

Tuesdays, 8/22/17 through 12/6/17

5:45 p.m. – 8:30 p.m.

Mendenhall Laboratory, Room 129

Final Project Due

Tuesday, 12/12/17

Instructor

Megan Kilgore

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Office hours by appointment

Course Overview and Student Learning Objectives

This course focuses on planning and financial decision-making in nonprofit organizations. Students will learn the fundamentals of budgeting, accounting, and financial management through assigned readings, real-world examples, and lectures. The goal of this course is to prepare students for future leadership roles within nonprofit organizations. Successful financial management enables mission attainment!

Upon completion of the course, students will be able to:

1. Describe the actual and potential roles of a nonprofit CFO.
2. Apply financial planning processes and techniques to nonprofit programs.
3. Understand basic accounting principles of nonprofit entities.
4. Describe the financial statements issued by nonprofit entities and the information communicated by each.
5. Perform basic analyses of financial information provided by nonprofit entities, including budgetary calculations, cost allocation techniques, capital planning, and operational needs.
6. Diagnose an organization's financial strengths and weaknesses.
7. Describe varied audit and reporting requirements.
8. Communicate basic financial information to organizational leadership, board members, and community stakeholders.

Prerequisites & Experience

No accounting experience or prior knowledge is required to enroll in this course. The course is designed for students who are interested in working in or with nonprofit organizations. Students will benefit from a high-level understanding of nonprofit financial statements, budgeting techniques, grant reporting, fund investing, cash flow management, and auditing requirements.

Required Materials

Coe, Charles K. Nonprofit Financial Management: A Practical Guide. John Wiley and Sons, 2011.

Students can access textbook information via the Barnes & Noble bookstore website: www.shopOhioState.com as well as from their BuckeyeLink Student Center. This information is disseminated by B&N to all area bookstores. You may buy from a store of your choice and/or shop for books (always use ISBN# for searches) online.

Please consider purchasing the e-textbook version of this text or renting the text from a reputable company online. Both are cost-effective options (Amazon and Barnes & Noble offerings ranged from \$20-35).

Other Readings

Other readings will be required as assigned. These readings will be relevant to weekly topics and will enhance classroom discussion. I will assign readings from a variety of sources such as nonprofit management journals, news articles pertaining to current events, and certain web-based resources.

Any assigned reading will be posted on Carmen a week or more ahead of the class in which it will be discussed.

Class Format

Generally, we will begin each class with a discussion of relevant current nonprofit finance events, followed by a lecture on the topic for the week (as identified in the course syllabus). Copies of the lecture will be posted on Carmen.

We will then discuss any supplemental readings and engage in an in-class exercise (group financial statement analyses, presentations, whole-class discussions). Participation in the class discussion is expected.

Guest speakers will be asked to join the class when determined to be appropriate. We will have several guest speakers throughout the semester.

Grading Information

Assignments must be submitted to the correct Carmen Dropbox by 11:59 p.m. on the due date. Full credit will be awarded to assignments that are correctly and thoughtfully completed and submitted on time. Late work will not be accepted.

Class Participation	15%
Briefs (2 @ 10% each)	20%
Team NP Study (25%) and Presentation (5%)	30%
Final Individual Project	<u>35%</u>
	100%

Class Participation: Class participation is essential for this course. Grading for class participation will be based on factors such as quality of participation, interest, and attendance. Multiple absences will negatively impact students' ability to participate in the class, which will result in a lower grade.

Briefs: Two briefs are assigned as part of this course. Papers are to be no more than two (2) pages long, double-spaced, with one-inch margins and 12-point font. Students should cite any references used to complete the brief.

Grades will be based on the following: 1) the overall quality of the brief, 2) the effort made to fully understand the topic, 3) how well the brief captured topics pertinent to the class or current events, and 4) the quality of the writing. Grammar, spelling, and the organization/flow of the papers will be considered in the grade.

Team Nonprofit Study and Presentation: Teams will be established in class. Each team is required to prepare and submit a written report about an existing nonprofit (all nonprofits will have an office in Columbus). Nonprofit selections, assignment instructions, and further information will be given in a handout in class. Each student should expect to contribute time (one in-person meeting) and approximately five (5) double-spaced pages to this assignment.

Final Individual Project – Nonprofit Analysis: You will demonstrate your ability to perform many of the skills that you will learn in this course. This project requires you to take on the role of a nonprofit CFO. Your organization is considering adding a new service and you have been asked to evaluate the feasibility. Using a set of nonprofit financial statements, students will analyze the statements with traditional financial analysis tools as described in the text and in class. Instructions and further information will be given in a handout. The final individual project will total approximately ten (10) double-spaced pages.

Grading Scale

The following grading scale will be used in this course.

A	93-100	B-	80-82	D+	68-69
A-	90-92	C+	78-79	D	64-67
B+	88-89	C	73-77	E	63 and below
B	83-87	C-	70-72		

Course Outline and Schedule of Topics

Note that this outline is subject to change as the course unfolds. Advance notice will be provided via Carmen of any changes.

Week	Date	Topics, Readings, and Assignments
1	8/22/17	<p>Topic: Course Introduction <i>An Overview of the Nonprofit Financial Environment Structure and Leadership</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Course Syllabus • Coe, Chapter 1, pp. 1-8 • Drucker, P.F. (1980). The deadly sins in public administration. <i>Public Administration Review</i>, 40, 103-106. <p>Assignment: Student Survey (to be completed in-class)</p>
2	8/29/17	<p>Topic: The Accounting System and Introduction to Analyses <i>Frequent Accounting Terms Bases of Accounting and GAAP</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 2, pp. 9-29 • Hodge, M., & Piccolo, R. (2011). Nonprofit board effectiveness, private philanthropy, and financial vulnerability. <i>Public Administration Quarterly</i>, Winter 2011, 520-550. • Give.org (Better Business Bureau's Wise Giving Alliance). "How We Accredit Charities." Review the checklist used to review charities. http://www.give.org/for-charities/How-We-Accredit-Charities/ • The Nonprofits Assistance Fund: Managing Restricted Funds. Available: https://nonprofitsassistancefund.org/sites/default/files/publications/managing_restricted_funds_2014.pdf
3	9/5/17	<p>Topic: The Financial Statements <i>Preparation and Interpretation</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 5, pp. 77-84 • Gordon, T.P., Khumawala, S.B., Kraut, M., & Neely, D. G. (2010). Five dimensions of effectiveness for nonprofit annual reports. <i>Nonprofit Management & Leadership</i>, 21, 209-228. • The Nonprofits Assistance Fund: Balance Sheet Cheat Sheet. Available: https://nonprofitsassistancefund.org/sites/default/files/publications/balance_sheet_cheat_sheet_2014.pdf <p>Assignment: Brief #1 Due Topic: You are the CFO of an established nonprofit. The Board wants to make sure the organization is adequately communicating its fiscal health to the community. The Board has asked you to draft a</p>

		<p>memo describing the types of financial statements, tax forms, and other documents made available to the public. As you prepare the memo, you must address:</p> <ol style="list-style-type: none"> 1) What information is communicated by each financial statement? 2) What information is communicated by the IRS Form 990? 3) Where can the public generally find this information? 4) How can your organization better expand its communication to the public? (creativity is welcome) 5) How can the public/board members measure your organization’s fiscal health? <p>Note: you may base your memo on a real organization. I will post a set of financials and an IRS 990 form on Carmen for you to review.</p>
4	9/12/17	<p>Topic: Creating Internal Controls and Managing Risk</p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 3, pp. 31-42 • Coe, Chapter 14, pp. 205-228 • Geer, B. W., Maher, J. K., & Cole, M. T. (2008). Nonprofit organizations: the importance of transformational leadership and commitment to operating standards for nonprofit accountability. <i>Public Performance and Management Review</i>, 32, 51-75. • Barr, K. (2009). Make good use of the treasurer and finance committee. <i>Nonprofit World</i>, 27, 24-25. Available at https://nonprofitsassistancefund.org/resources/item/make-good-use-of-treasurer-finance-committee • The Nonprofits Assistance Fund: Nonprofit Financial Policy Guidelines and Example. Available at: https://nonprofitsassistancefund.org/resources/item/financial-policy-guidelines-example
5	9/19/17	<p>Topic: Financial Analysis <i>Evaluating Financial Condition</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 5, pp. 84-96 • Carroll, D.A., Stater, K. J. (2008). Revenue diversification in nonprofit organizations: does it lead to financial stability? <i>Journal of Public Administration Research and Theory</i>, 18, 947-966. • The Bridgespan Group: How to Research a Nonprofit’s Financial Strength-Deep-Dive Approach. Available at: https://www.bridgespan.org/bridgespan/images/articles/How%20to%20Research%20a%20Nonprofit%e2%80%99s%20Financial%20Strength%e2%80%94M/Donor-Decision-Tool-Researching-a-Nonprofits-Financials-Deep-Dive.pdf?ext=.pdf • Krishnan, R., Yetman, M. H., & Yetman, R. J. (2006). Expense

		<p>misreporting in nonprofit organizations. <i>The Accounting Review</i>, 81, 399-420.</p> <p>Assignment: (In Class) Establish Teams for Group Project</p> <p>Assignment: Brief #2 Due Topic: Select a recent (within last ten years) nonprofit scandal. Using online resources such as newspapers, explain the facts surrounding the scandal, describe the nonprofit and its administration, explain how the scandal was uncovered, and the result of the scandal. Describe any internal controls that were in place during the scandal and how they did/did not contribute to the scandal. Use the last section of your short paper to make recommendations to improve controls.</p>
6	9/26/17	<p>Topic: Financial, Governmental, and Regulatory Requirements <i>The Form 990, Tax Issues, and Legal Issues</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 4, pp. 68-74 • Froelich, K. A. (1997). The 990 return: beyond the internal revenue service. <i>Nonprofit Management & Leadership</i>, 8, 141-155. • IRS 990 Form: Goodwill Columbus (will be posted on Carmen) • The Nonprofits Assistance Fund: IRS 990 Decoder. Available at: https://nonprofitsassistancefund.org/resources/item/irs-990-decoder-worksheet-resource • The Nonprofits Assistance Fund: Overhead Cost Definitions. Available at: https://nonprofitsassistancefund.org/resources/item/overhead-cost-definitions <p>Assignment: Determine Nonprofit to Study for Group Project Options (predetermined) to be posted on Carmen.</p>
7	10/3/17	<p>Topic: Audits <i>Managing the Audit, Selecting Outside Auditors, and What to Expect</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 4, pp. 43-68; pp. 74-75 • RFP Example (will be posted on Carmen) • Virginia Society of Certified Public Accountants: Audit Guide for Small Nonprofit Organizations. Available at: http://www.vscpa.com/Content/Files/vscpa/Documents/2011/Audit.pdf • National Council of Nonprofits: Federal Law Audit Requirements. Available at: https://www.councilofnonprofits.org/nonprofit-audit-guide/federal-law-audit-requirements • Review the Federal Single Audit Act: https://www.whitehouse.gov/omb/circulars/a133_compliance_supplement_2016

8	10/10/17	<p>Topic: Budgeting Part 1 <i>Preparing and Managing a Budget</i> <i>Types of Budgets</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 6, pp. 97-125 • The Nonprofits Assistance Fund: 10 Step Annual Budgeting Checklist. Available at: https://nonprofitsassistancefund.org/resources/item/10-step-budgeting-checklist • The Nonprofits Assistance Fund: True Program Costs, Program Budgets and Allocations. Available at: https://nonprofitsassistancefund.org/resources/item/true-program-costs-program-budget-allocation-template-resource <p>Details will be posted regarding the Final Individual Project.</p>
9	10/17/17	<p>Topic: Budgeting Part 2 and Introduction to Cash Flow Management <i>Understanding Capital Assets</i> <i>Managing Cash Flow</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 6, review pp. 112-115 • Coe, Chapter 7, pp. 127-136 • Coe, Chapter 10, pp. 159-164 • Miller, Clara. "Hidden in Plain Sight: Understanding Nonprofit Capital Structure." Available at http://www.nonprofitfinancefund.org/report/hidden-plain-sight-understanding-nonprofit-capital-structure • The Nonprofits Assistance Fund: Managing Cash Flow. Available at: https://nonprofitsassistancefund.org/resources/item/managing-cash-flow • The Nonprofits Assistance Fund: Nonprofit Operating Reserves and Policy Examples. Available at: https://nonprofitsassistancefund.org/resources/item/nonprofit-operating-reserves-policy-examples
10	10/24/17	<p>Topic: Purchasing Goods and Providing Services <i>Adopting Purchasing Policies, Taking Bids, Disposition of Goods, Issuing RFPs, and Awarding Contracts</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 8, pp. 137-152 • Coe, Chapter 9, pp. 153-157 • National Endowment for the Arts: Financial Management Guide. Available at: https://www.arts.gov/sites/default/files/oig-financial-management-guide-june2015.pdf

11	10/31/17	<p>Topic: Fiscal Management <i>Investing Funds, Creating Banking Relationships, and Managing Debt</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Coe, Chapter 11, pp. 165-183 • Coe, Chapter 12, pp. 185-197 • Coe, Chapter 13, pp. 199-204 • Heutel, G., Zeckhauser, R. (2014). The investment returns of nonprofit organizations, part II. <i>Nonprofit Management and Leadership</i>, 25, 59-75. • The Securities and Exchange Commission: Beginners' Guide to Asset Allocation, Diversification, and Rebalancing. Available at: http://www.sec.gov/investor/pubs/assetallocation.htm
12	11/7/17	<p>Election Day – No class Please use this time to meet with your organizations!</p>
13	11/14/17	<p>Assignment: Submit Group Project written report to Carmen by 11:59pm.</p> <p>(In Class) Group Project Presentations</p> <p>Guest panelists will be in class, representing various local nonprofit organizations, to participate in Q&A during the group presentations. The guest panelists will also offer their experiences as they pertain to the strengths and weaknesses identified by the student groups.</p>
14	11/21/17	<p>Assignment: Continued from prior week, (In Class) Group Project Presentations</p> <p>Guest panelists will be in class, representing various local nonprofit organizations, to participate in Q&A during the group presentations. The guest panelists will also offer their experiences as they pertain to the strengths and weaknesses identified by the student groups.</p> <p>Readings:</p> <ul style="list-style-type: none"> • Lin, W., & Wang, Q. (2015). What helped nonprofits weather the great recession? <i>Nonprofit Management & Leadership</i>, 26, 257-276.
15	11/28/17	<p>Topic: Tools for Decision Making and Strategic Planning <i>Aligning Mission, Strategy, and Resources</i></p> <p>Readings:</p> <ul style="list-style-type: none"> • Kaplan, R. S. (2001). Strategic performance measurement and management in nonprofit Organizations. <i>Nonprofit Management & Leadership</i>, 11, 353-370.

		<ul style="list-style-type: none"> • Bowman, W. (2011). Financial capacity and sustainability of ordinary nonprofits. <i>Nonprofit Management and Leadership</i>, 22, 37-51. • The Nonprofits Assistance Fund: Reporting Financial Information to the Board. Available at: https://nonprofitsassistancefund.org/resources/item/reporting-financial-information-to-board
16	12/5/2017	Topic: Course wrap-up, guest speaker(s). We'll also go over any questions students may have as they complete their Final Individual Project.
17	Finals Week	Assignment: Final Individual Project – Nonprofit Analysis is Due by 11:59pm on Tuesday, December 12, 2017.

ACADEMIC INTEGRITY (ACADEMIC MISCONDUCT)

The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's *Code of Student Conduct* and that all students will complete all academic and scholarly assignments with fairness and honesty. Failure to follow the rules and guidelines established in the University's *Code of Student Conduct* may constitute "Academic Misconduct." Sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

In the Ohio State University's *Code of Student Conduct*, Section 3335-23-04 defines academic misconduct as: "Any activity that tends to compromise the academic integrity of the University, or subvert the educational process." Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's *Code of Student Conduct* is never considered an "excuse" for academic misconduct. If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

University Resources

Writing Consulting: Students wishing to have additional help with the writing of their papers can meet with a consultant at the Writing Center (<https://cstw.osu.edu/writing-center>).

Library Assistance: The Glenn College has a dedicated librarian at OSU Libraries, David Lincove (lincove.1@osu.edu), who can help provide research assistance.

Accommodation Policy

The University strives to make all learning experiences as accessible as possible. If you anticipate or experience academic barriers based on your disability (including mental health, chronic or temporary medical conditions), please let me know immediately so that we can privately discuss options. To establish reasonable accommodations, I may request that you register with Student Life Disability Services. After registration, make arrangements with me as soon as possible to discuss your accommodations so that they may be implemented in a timely fashion. **SLDS contact information:** slds@osu.edu; 614-292-3307; slds.osu.edu; 098 Baker Hall, 113 W. 12th Avenue.

Mental Health Statement

As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance or reduce a student's ability to participate in daily activities. The Ohio State University offers services to assist you with addressing these and other concerns you may be experiencing. If you or someone you know is suffering from any of the aforementioned conditions, you can learn more about the broad range of confidential mental health services available on campus via the **Office of Student Life Counseling and Consultation Services (CCS)** by visiting ccs.osu.edu or calling 614-292- 5766. CCS is located on the 4th Floor of the Younkin Success Center and 10th Floor of Lincoln Tower. You can reach an on call counselor when CCS is closed at 614--292--5766 and 24 hour emergency help is also available through the 24/7 National Suicide Prevention Hotline at 1--800--273--TALK or at suicidepreventionlifeline.org. Also, the OSU Student Advocacy Center is a resource to help students navigate OSU and to resolve issues that they encounter at OSU – visit <http://advocacy.osu.edu/>

The Glenn College is committed to nurturing a diverse and inclusive environment for our students, faculty, staff, and guests that celebrates the fundamental value and dignity of everyone by recognizing differences and supporting individuality. We are dedicated to creating a safe space and promoting civil discourse that acknowledges and embraces diverse perspectives on issues and challenges that affect our community.