

## **PADP 8860 Nonprofit Financial Administration Fall 2023**

Instructor: Esther Han

Office: Baldwin, Room 414

Office Hours: By appointment

(In-person/Virtual. Please, email to make an appointment: [ehan1@uga.edu](mailto:ehan1@uga.edu))

Class meetings: Baldwin 202 (Monday 7:10-9:55 PM)

NOTE: I am flexible regarding appointments, but please call or e-mail ahead to set a time

### **COURSE OBJECTIVES**

By the end of this course, you should be able to:

- Apply accounting principles, techniques, and concepts
- Read and analyze financial statements of nonprofit organizations
- Demonstrate how to use accounting and other financial information in nonprofit management
- Understand fundamental concepts and methods of finance and financial analysis
- Analyze contemporary financial management issues relevant to nonprofits
- Apply financial management knowledge and tools to assist in the decision-making of nonprofits

**TARGET AUDIENCE:** This course is designed for students who have no previous formal training (or equivalent on-the-job experience) in either business, nonprofit or government accounting or finance. *If you have such training or experience, you probably should not be enrolled in this course.*

**COURSE OVERVIEW:** The first portion of the course focuses on financial decision-making techniques, often referred to as managerial accounting. This section includes short and long-term financial decision-making, cash flow analysis, budgeting, managing resources and controlling financial plans. The second portion of the course focuses on financial accounting. This material covers the development of financial statements, accounting principles, and the use of financial statements to analyze a nonprofit's financial condition. The focus of this section is to help you use financial statements to understand the financial health of an organization and communicate this information to others. This is a survey course. Much of the subject matter is technical and a single course will not make you an expert in financial management. However, mastery of the course material should be advantageous to anyone who is aiming for a position as a financial analyst or a front-line manager with budgetary responsibility.

**DISCLAIMER:** This course is numbers-oriented. Although you don't have to be a math genius, the course involves a considerable amount of number crunching and analysis of financial information. You will have to use a calculator in class and on exams and Excel in some homework assignments. Some assignments will require you to describe what your numerical analysis means in plain language.

## TEXTS, ADDITIONAL READINGS, and CALCULATOR

### REQUIRED TEXTBOOK

Steven A. Finkler, et al., *Financial Management for Public, Health, and Not-for-Profit Organizations*, Sage, 7th edition, 2022.

### **NOTE ON EARLIER FINKLER EDITIONS AND ADDITIONAL READINGS:**

I strongly recommend that you purchase the most recent edition of the Finkler et al. text. If you choose to purchase an earlier edition, make sure it is the 5<sup>th</sup> or 6<sup>th</sup> edition – earlier editions are too out-of-date. All readings and end-of- chapter problems will be listed for the 7<sup>th</sup> edition. If you purchase an earlier edition you will be responsible for the appropriate readings in that edition. All additional readings and case studies will be posted on eLC.

### EXCEL OR OTHER SPREADSHEET PROGRAM

The exams and assignments will require that you have access to a computer with Microsoft Excel. We will go over the use of Excel for time value of money calculations in class. Other spreadsheet programs are fine, but we'll only cover Excel in class.

### **GRADING**

Class participation and attendance: 5% of grade

Three written exercises: combined total, 20% of grade

Financial Condition Analysis: 30% of grade

Midterm examination: 25% of grade

Final examination: 20% of grade

All grades will conform to the following scale:

A	93 – 100%	C-	70 – 72%
A-	90 – 92%	D+	67 – 69%
B+	87 – 89%	D	63 – 66%
B	83 – 86%	D-	60 – 62%
B-	80 – 82%	F	Below 60%
C+	79 – 77%		
C	73 – 76%		

### **WRITTEN EXERCISES**

There will be three short written exercises. Each exercise is to be typed and submitted **through eLC** by the **beginning** of class on the designated date. Late assignments will not be accepted. Each will count 5% toward your course grade and are graded on a good faith effort basis. If your answer is largely correct, you will receive 5 points. Mostly correct answers receive 4.5 points. Answers that do not display a good faith effort will receive less.

Missing assignments receive zero points, so please at least attempt the exercise! Computer crashes, printer breakdowns, or other technical problems will not be accepted as reasons for late delivery of assignments. Please do not delay your preparation until the last moment.

## FINANCIAL CONDITION ANALYSIS

The final assignment is a financial condition analysis of a nonprofit organization to be completed with up to two other classmates. Your group should choose an organization as early as possible in the semester so that you can obtain its audited financial statements, form 990, and any other relevant materials well before the due date. Your group will turn in one paper and each member of your group will receive the same grade.

You may choose virtually any nonprofit organization based in the United States for this assignment. I recommend against choosing a foundation or other organization that primarily provides grants to other organizations. If you have any questions about the suitability of your organization, please provide me with a copy of the financial statements, and I will let you know.

You must obtain a copy of the most recent audited financial statements and submit a copy of the statements with your assignment (electronic copies or links to a website with the statements are fine). You may also obtain other documents (previous statements, budgets, etc.), but this is not required, and you do not need to submit these materials. The final written analysis should be no more than 10 pages long (double spaced), not counting tables or other supplementary materials. You will present a summary of your findings in class on November 27 and your final paper is due by December 1.

### *Financial condition analysis deadlines*

*September 18:*

Inform instructor who you will be working with

*October 9:*

Inform instructor what organization you plan to analyze

**December 1: final paper is due.**

## EXAMINATIONS:

- Format of exams is TBD
- Exams are open-book and open-note, but you may not communicate with anyone other than the instructor during the exam period!
- There will not be a makeup date for either the midterm or the final examination.
- There will be no extra exams or other forms of extra credit assignments to raise your course grade.

## END-OF-CHAPTER EXERCISES

The Finkler text includes a number of useful problems at the end of each chapter. Suggested problems are listed for each topic. These problem sets are not required, and you do not have to hand in solutions. I strongly recommend that you complete the problems. We will go over some of them in class, and I will post solutions. **These problems are the best preparation for the exams and other written assignments.**

## **OFFICE HOURS, E-MAIL AND CONSULTING WITH INSTRUCTOR**

I would be happy to meet with you in-person or videoconferencing platform to discuss class content, questions, or concerns. Please e-mail some dates and times that you are available, and we will set up an appointment.

I also strongly encourage you to use e-mail to contact me when you have questions that don't require a meeting. I will check my e-mail regularly and make every effort to answer your questions as quickly as possible.

NOTE: **please e-mail me directly at [ehan1@uga.edu](mailto:ehan1@uga.edu) rather than through eLC.**

## **CLASS STATEMENT**

We all represent a variety of backgrounds and perspectives. To build a community learning environment that respects diversity, I ask all members to:

- Share their unique experiences, values and beliefs
- Be open to the views of others
- Honor the uniqueness of their colleagues
- Appreciate the opportunity that we must learn from each other in this community
- Value each other's opinions and communicate in a respectful manner at all times
- Keep confidential discussions that the community has of a personal (or professional) nature

## **POLICIES**

### **Academic Honesty**

Students must abide by the University of Georgia policy regarding academic honesty. All academic work must be performed without any form of cheating, lying, stealing, or receiving assistance from any other person or using any source of information not appropriately authorized or attributed. The University policy on academic honesty may be accessed at <http://www.uga.edu/honesty/>.

Note: The use of artificial intelligence software or word mixing software to write your papers or exams for this class are not permitted.

Computers, Cell Phones, and other Electronic Devices: You may bring a laptop computer to class, and you are encouraged to do so. You may, of course, also bring your cell phone or other devices. Please make sure that your phone is silenced during class time and not a distraction to yourself, students, or the instructor.

### **Students with Disabilities**

If you have a disability and would like to request specific accommodations, please notify the Office for Disability Services (<https://drc.uga.edu>) and your instructor as soon as possible. Documentation of a disability and our email exchanges are confidential.

### **Prohibition on Recording Lectures and Sharing of Course Materials**

In compliance with University of Georgia guidance, students may not make visual or audio recordings of any aspect of this course, unless they have written authorization from the UGA Disability Resource Center. Students who have a recording accommodation agree in writing that they:

The selling, sharing, publishing, presenting, or distributing of instructor-prepared course lecture notes, videos, audio recordings, or any other instructor-produced materials from any course for any commercial purpose is strictly prohibited unless explicit written permission is granted in advance by the course instructor. This includes posting materials on websites such as Chegg, Course Hero, OneClass, Stuvia, StuDocu and other similar sites. Unauthorized sale or commercial distribution of such material is a violation of the instructor's intellectual property and the privacy rights of students attending the class and is prohibited.

### **Preferred names and pronouns**

Professional courtesy and sensitivity are especially important with respect to individuals and topics dealing with differences of race, culture, religion, politics, sexual orientation, gender, gender variance, and nationalities. Class rosters are provided to the instructor with the student's legal name. I am eager to address you by your preferred name and/or gender pronoun. Please advise me of this preference early in the semester so that I may make appropriate changes to my records.

### **Mental Health and Wellness Resources:**

- If you or someone you know needs assistance, you are encouraged to contact Student Care and Outreach in the Division of Student Affairs at 706-542-7774 or visit <https://sco.uga.edu/>. They will help you navigate any difficult circumstances you may be facing by connecting you with the appropriate resources or services.
- UGA has several resources for a student seeking mental health services (<https://caps.uga.edu/wellbeing-prevention-programs-mental-health/>) or crisis support (<https://healthcenter.uga.edu/emergencies/>).
- If you need help managing stress anxiety, relationships, etc., please visit BeWellUGA (<https://caps.uga.edu/well-being-prevention-programs-mental-health/>) for a list of FREE workshops, classes, mentoring, and health coaching led by licensed clinicians and health educators in the University Health Center.
- Additional resources can be accessed through the UGA App.

## **COURSE OUTLINE, SCHEDULE AND ASSIGNMENTS**

*The course syllabus provides a general plan for the course; subject to change if necessary.*

**AUGUST 21**

### **COURSE INTRODUCTION; BUDGETING**

Read: Finkler, Preface, Chapters 1, 2, and 3 Millbridge case study is optional.

Amy Boland, CPA, 2021, “[The Importance of Operating Reserves for Nonprofits | Nonprofit Accounting Basics.](#)” Nonprofit Accounting Basics:

<https://www.nonprofitaccountingbasics.org/reserves/importance-operating-reserves-nonprofits-0>

McKnight and Gouweloos, 2021, “[How COVID-19 could transform non-profit organizations.](#)” The Conversation:

<https://theconversation.com/how-covid-19-could-transform-non-profit-organizations-153254>

Discussion: Nonprofit vs. Public vs. Private Finance

Complete: Finkler problems 2-32, 2-33

**AUGUST 28**

### **BUDGETING (continued); COST ANALYSIS**

Read: Finkler, Chapters 2, 3, and 4

Altamimi, H., & Liu, Q. (2022). The nonprofit starvation cycle: Does overhead spending really impact program outcomes?. Nonprofit and Voluntary Sector Quarterly, 51(6), 1324-1348.

Hung, C., & Hager, M. A. (2019). The impact of revenue diversification on nonprofit financial health: A meta-analysis. Nonprofit and voluntary sector quarterly, 48(1), 5-27.

Discussion: Nonprofit Overhead Cost.

Complete: Finkler problems 3-25, 3-34; 4-30, 4-32, 4-34, 4-48.

**SEPTEMBER 4**

**LABOR DAY – NO CLASS**

**SEPTEMBER 11**

### **TIME VALUE OF MONEY AND CAPITAL BUDGETING**

Read: Finkler, Chapter 5 (including Appendix 5-A).

Discussion: The Theater Budget case study

**ASSIGNMENT#1 DUE 7 PM: Mead Meals on Wheels Center**

**SEPTEMBER 18**

### **CAPITAL BUDGETING (continued); LONG-TERM FINANCING**

Read: Finkler, Chapter 5; Finkler, Chapter 6 (p.218-223 only)

Complete: Finkler Problems 5-29, 5-30, 5-34, 5-37, 5-39 (Note: solve using Excel); ; 6-19, 6-21

<b>SEPTEMBER 25</b>	<b>MANAGING SHORT-TERM RESOURCES</b> Reading: Finkler 7. Complete: Finkler Problem 6-19, 6-21; 7-32 <b>Guest Lecture: How to utilize financial information in nonprofits</b>
<b>OCTOBER 2</b>	<b>ACCOUNTABILITY AND CONTROL (VARIANCE ANALYSIS)</b> Reading: Finkler, Chapters 8 Woods Bowman, "Nonprofit Accountability and Ethics: Rotting from the Head Down." <a href="https://nonprofitquarterly.org/nonprofit-ethics-accountability-rotting-from-the-head-down/">https://nonprofitquarterly.org/nonprofit-ethics-accountability-rotting-from-the-head-down/</a> Complete: Finkler Problem 8-28, 8-29, 8-30, 8-32.  <u><b>ASSIGNMENT#2 DUE 7 PM:</b></u> <u><b>Orangetown United for Full Employment</b></u> E-mail to <a href="mailto:ehan1@uga.edu">ehan1@uga.edu</a> : Will you be working alone or in a group on the final project?
<b>OCTOBER 9</b>	<b>MIDTERM EXAMINATION</b>
<b>OCTOBER 16</b>	<b>INTRODUCTION TO FINANCIAL ACCOUNTING: GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND THE STATEMENT OF FINANCIAL POSITION</b> Reading: Finkler Chapter 9 (Appendices are optional) Complete: Finkler, Problems 9-26 through 9-31
<b>OCTOBER 23</b>	<b>ACTIVITY STATEMENT AND CASH FLOW STATEMENT</b> Reading: Finkler, Chapters 10 and Appendices 10-B and 10-C Complete: Finkler, Problems 10-14 through 10-18 (don't need to make cash flow statement) E-mail to <a href="mailto:ehan1@uga.edu">ehan1@uga.edu</a> : What organization will you be analyzing for your final project?
<b>OCTOBER 30</b>	<b>UNIQUE ASPECTS OF NONPROFIT ACCOUNTING: 990 FORMS</b> Reading: Finkler Chapter 11 Complete: Finkler problem 11-14, 11-15
<b>NOVEMBER 6</b>	<b>FINANCIAL CONDITION ANALYSIS</b> Reading: Finkler, Chapter 14  <u><b>ASSIGNMENT # 3 DUE 7 PM:</b></u> <u><b>PROMOTING ALL STUDENT SUCCESS (PASS)</b></u>

**NOVEMBER 13**      **FINANCIAL CONDITION ANALYSIS (continued)**  
Readings: Reading: Finkler, Chapter 15  
Standard and Poor's "Nonprofit Criteria: Non-Traditional Nonprofits"

**NOVEMBER 20**      **MANAGING NONPROFIT FINANCIAL HEALTH**  
Reading:  
Prentice. C. (2016). Why So Many Measures of Nonprofit Financial Performance? Analyzing and Improving the Use of Financial Measures in Nonprofit Research. 45 (4). 715-740.  
Irvin, R. A., & Furneaux, C. W. (2022). Surviving the black swan event: How much reserves should nonprofit organizations hold?. Nonprofit and Voluntary Sector Quarterly, 51(5), 943-966.

**ASSIGNMENT 4 IS DUE 7 PM:**  
**NOTES ON MAJOR MEDICAL CENTER CASE STUDY**

**NOVEMBER 27**      **Guest Lecture: Managing financial health in nonprofits**

**DECEMBER 4**      **CLASS PRESENTATIONS**

**FINANCIAL CONDITION ANALYSIS DUE:**  
**December 1 by 5 pm**

**FINAL EXAM: TBD**