

PAD 5208
Budget and Finance in Nonprofit Organizations

Spring 2016
Mondays 5:30 to 8:15 pm
Room: Bellamy 114
Office Hours: Tuesdays 2pm to 4pm

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REQUIRED TEXT

1. Weikert, Lynne, Chen, Greg, and Sermier, Ed. 2012. Budgeting and Financial Management for Nonprofit Organizations. CQ Press.

READINGS

Other readings will be available on Blackboard. You will be held accountable for **ALL** the readings in the required book and posted on Blackboard.

TOOLS

The course identifies and manipulates spreadsheet software. The most common spreadsheet software used in budgeting and financial management is Microsoft's EXCEL which is the focal tool used in this course.

PREREQUISITES

None, however computer spreadsheet competency is extremely valuable for this course. Lectures and assignments presume basic competency in Excel, Google Spreadsheets, or other computer spreadsheets. Prior coursework in financial management (public or for-profit), accounting, nonprofit management, or fundraising/grant-writing all provide helpful background for this course and may make it easier, but are not required. Much of the course material will be new even for students who have taken courses in all of these areas.

LEARNING OBJECTIVES

This course explores the concepts and practices in budgeting and financial management in the nonprofit sector. The learning objectives are concentrated in nonprofit budgeting and finance. The learning objectives are for students to be able to :

- Identify the nature of support (revenues) and debt resources;
- Identify appropriate financial decisions for sustainability under uncertainty and risk;
- Explain the tools and uses of budgets and finances;
- Explain the influence of public policy on financial resources and service demand;
- Apply techniques of external and internal accountability and cost control;
- Interpret financial statements and disclosure requirements;
- Explain working capital management and investment management.

LEARNING GOALS

Students who successfully complete the course will have the ability to:

- Explain and use budgeting and finance basics for the nonprofit sector;
- Develop budgets, plans, and reports;
- Describe the budgeting and financial management process;
- Execute the basic processes of both accrual and funds accounting.

LEARNING METHODOLOGY

Unlike most courses in financial management, lectures will be very limited. Instead, classes will constitute discussions, participatory lectures, presentations, worked examples, and in-class exercises. In addition, questions are welcome at any time, as are corrections or clarifications. The topics covered in this class are very tricky and there is no such thing as a 'stupid question'. If you have a question, others in the class may have similar, unspoken, questions, so **please ask questions**.

REQUIREMENTS AND GRADING

Portfolio project	80% (up to 8% for each assignment)
Participation	20%

The final grade will be calculated as follows:

A = 94.0% and ↑	C+ = 77.0% - 79.9%
A- = 90.0% - 93.9%	C = 73.0% - 76.9%
B+ = 87.0% - 89.9%	C- = 70.0% - 72.9%
B = 83.0% - 86.9%	F = 69.9% and ↓
B- = 80.0% - 82.9%	

TIME COMMITMENT

This is a financial management course at the graduate level. To learn the material in this course, the majority will have to devote 5 to 9 hours a week to the course outside of class. Please be sure you make the time you need for class preparation and study.

LEARNING MEASURES

Portfolio Projects

The project in this course is an individual project to develop financial management documents for a hypothetical start-up nonprofit organization; albeit one informed by examples of similar organizations. **You may discuss your projects and provide assistance to one another, but the writing and any excel spreadsheets used must be entirely your own creation. In other words, you may not copy formulas or templates for any financial statements from classmates. If any part of the assignment is found to indicate academic dishonesty, the assignment will receive a grade of zero (0).** The portfolio consists of 15 discrete assignments, each of which is worth a maximum of 8%. The ten highest scoring assignments will be kept as part of the final grade, for

a maximum of 80%. Each assignment is due by midnight on the assigned date. Late assignments will be penalized 1 point per day late.

Each assignment includes a brief memo (1 to 3 pages, depending on the assignment and personal preferences) and any necessary supporting documents. These supporting documents may include various financial statements, the spreadsheets used to create them, brief explanations (most likely bulleted) of assumptions made in their creation, and links or citations of sources used to create the documents.

Attendance and Participation

Attendance at every class is expected. Completion of readings, participation in discussions, work on in-class discussions, and attendance all count toward participation, which accounts for 20% of the final grade.

University policy on excused absences includes documented illnesses, deaths in the immediate family and other documented crises, call to active military or jury duty, religious holy days, and official University activities. Accommodations for these excused absences will be made in a way that does not penalize students who have a valid excuse. Consideration will also be given to students whose dependent children experience serious illness. **If you miss a class, it is your responsibility to obtain complete information on that class from another student in the course.** For purposes of this course, work conflicts also constitute excused absences. Up to two such excused absences can be made up with advance notice to the instructor and completion of an additional assignment by the instructor, due by the start of the next class date. If you anticipate missing more than two classes, meet with the instructor at the beginning of the course to discuss or consider taking another course. Each unexcused absence or unmade-up absence will lower participation by one half letter grade (i.e. lowering an A- to a B+).

POLICIES

The FSU Honor Code

Students are expected to uphold the Academic Honor Code published in the Florida State University Bulletin and the Student Handbook. The Academic Honor Code of The Florida State University requires students to (1) uphold the highest standards of academic integrity in their own work, (2) refuse to tolerate violations of academic integrity in the university community, and (3) foster a high sense of integrity and social responsibility. Violations of the Academic Honor Code are available at <http://dof.fsu.edu/honorpolicy.htm> and are listed in general from the Academic Honor Code Policy as:

- 1. PLAGIARISM. Intentionally presenting the work of another as one's own (i.e., without proper acknowledgement of the source).**
- 2. CHEATING. Improper application of any information or material that is used in evaluating academic work.**
- 3. UNAUTHORIZED GROUP WORK. Unauthorized collaborating with others.**

4. FABRICATION, FALSIFICATION, AND MISREPRESENTATION. Intentional and unauthorized altering or inventing of any information or citation that is used in assessing academic work.

5. MULTIPLE SUBMISSION. Submitting the same academic work (including oral presentations) for credit more than once without instructor permission. It is each instructor's responsibility to make expectations regarding incorporation of existing academic work into new assignments clear to the student in writing by the time assignments are given.

6. ABUSE OF ACADEMIC MATERIALS. Intentionally damaging, destroying, stealing, or making inaccessible library or other academic resource material.

7. COMPLICITY IN ACADEMIC DISHONESTY. Intentionally helping another to commit an act of academic dishonesty.

8. ATTEMPTING to commit any offense as outlined above.

The student is responsible for understanding the legitimate use of sources, the appropriate ways of acknowledging academic, scholarly or creative indebtedness, and the consequences of violating this responsibility. Students should pay special attention to # 2, above. Any instance of intellectual dishonesty will result in a grade of F **for the course** and may result in suspension or expulsion. If you do not understand the rules for intellectual dishonesty, please ask since you are responsible for adhering to this policy.

ADA Policy

Students with disabilities needing academic accommodation should (1) register with and provide documentation to the Student Disability Resource Center; and (2) bring a letter to the professors indicating the need for accommodation and what type. This should be done during the first week of class. The SDRC can be reached at (850) 644-9566. More information can be found at <http://www.fsu.edu/~staffair/dean/StudentDisability/index.html>

SCHEDULE

January 11: Session 1	<p>Introduction Financial Environment Of Nonprofit Organizations Topics: Context of Nonprofit Organizations. Implications of Financial Management, Current Challenges for Nonprofit Financial Management Readings: Syllabus, In class handouts</p>
January 18: no class	<p>Martin Luther King Day</p>
January 25: Session 2	<p>Exploring the Context of Individual Nonprofits Topics: Sectors, Peer Organizations/Competitors, Sources of Information Readings: Weikert & Chen, Chapter 1; Roeger, et al., 2012</p>
February 1: Session 3	<p>Introduction to Budgeting Topics: Budgeting Concepts, different levels of budgets. Readings: Weikert & Chen, Chapter 2 <i>Portfolio project #1 due: Proposed organization, program, and goals</i></p>
February 8: Session 4	<p>Cost Analysis Topics: Cost behavior, Mixed cost analysis, cost allocations, accounting terminology. Readings: Weikert & Chen, Chapters 4, 5 <i>Portfolio project #2 due: Analysis of environment and peers</i></p>
February 15: Session 5	<p>Funding nonprofits Topics: Different funding sources, how to budget for them, implications of choices, diversification strategies, financial and nonfinancial resources. Readings: Weikert & Chen, Chapter 9; Jang & Feiock, 2007 <i>Portfolio project #3 due: Project budget</i></p>
February 22: Session 6	<p>Obtaining and Maintaining Funding Topics: Grant applications, fundraising appeals, reporting to funders, costs of obtaining and maintaining funding. Readings: Bowman, 2006; Pettijohn, et al., 2013 <i>Portfolio project #4 due: Funding plan</i></p>
February 29: Session 7	<p>Managing Cash Flow Topics: Cash mobilization Readings: Weikert & Chen, Chapter 3; Bowman, 2002 <i>Portfolio project #5 due: Grant application</i> <i>Portfolio project #6 due: Fundraising appeal</i></p>
March 7: no class	<p>Spring Break</p>
March 14: Session 8	<p>Debt and Equity Topics: Reserves, investments, and debt Readings: Weikert & Chen, Chapters 12, 13; Miller, 2003; Calabrese, 2012 <i>Portfolio project #7 due: Monthly cash flow plan</i></p>

March 21: Session 9	<p>Financial Planning, Budgeting, Implementation, And Control Topics: Zero based budgeting, Budget Variance analysis, Cash Budgeting, Financial performance ratios Readings: Weikert & Chen, Chapters 6, 7, 8; Wilsker & Young, 2010 <i>Portfolio project #8 due: Investment policies and plan</i></p>
March 28: Session 10	<p>Performance Management and Evaluation Topics: Performance management techniques, Models of evaluating programs, Cost-benefit analysis Readings: Weikert & Chen, Chapters 10, 11; Frumkin & Kim, 2001; Trussel, 2002; Bowman 2011 <i>Portfolio project #9 due: Comparative ratio analysis</i></p>
April 4: Session 11	<p>Internal Control & External Control Topics: Responsibility Centers, Fund Accounting, Satisfying donor requirements, Donor Intent, Internal auditing functions, Fraud. Readings: Weikert & Chen, Chapter 14; Keating & Frumkin, 2003; Washington Post Sample Form 990 http://www.irs.gov/pub/irs-pdf/i990sa.pdf How to Read the 990 Form http://www.npccny.org/Form_990/990.htm <i>Portfolio project #10 due: Performance evaluation plan</i></p>
April 11: Session 12	<p>Reporting Requirements for domestic and international Nonprofit Organizations. Topics: Review of the financial statements and nonprofit standards. Application to financial analysis. Readings: Craig, 2010; Benzig, et al, 2011; Gordon, et al., 2007 <i>Portfolio project #11 due: Financial control systems plan</i></p>
April 18: Session 13	<p>Managing Financial and Sectoral Challenges Topics: Contingency and strategy planning for financial management, Impact of the economic downturn; current and future challenges Readings: Weikert & Chen, Chapter 15; Rushton, 2008; Greenlee, et al., 2007 <i>Portfolio project #12 due: Complete financial statements</i> <i>Portfolio project #13 due: Risk analysis</i></p>
April 25: no class	<p><i>Portfolio project #14 due: Form 990</i> <i>Portfolio project #15 due: Compiled portfolio with strategy memo</i></p>