

## PADM 590 **Financial Management for Nonprofit Organizations**

Course Credits: 3

Professor Agustin Leon-Moreta

Fall 2023

**Class Meeting:** 6 to 8:30 pm on Friday at TBD

**Address:** Social Sciences 3006

**Office Hours:** 4 to 6 pm on Friday. Also Zoom or phone meetings available by appointment.

**Email:** Email normally is best to get in touch. *Allow 24 hours for a response to emails.*

apleonmoreta@unm.edu

**Phone:** Call (505) 277-1092 if you need immediate assistance.

### **EXPECTED BACKGROUND**

- PADM 544 Public Budgeting & Finance
- Basic familiarity with Excel spreadsheets. Students unfamiliar with Excel are encouraged to seek one-on-one support from the UNM Graduate Resource Center or the instructor.

### **COURSE DESCRIPTION**

Welcome to *PADM 590 Financial Management for Nonprofit Organizations*. This course focuses on planning and financial decision-making in nonprofit organizations and is intended to build on topics acquired in other SPA's courses. These topics are critical to organizational survival and success. This course addresses the nonprofit financial planning process, with special attention paid to unique issues facing charitable nonprofit organizations. Also the course focuses on developing operating and capital budgets, managing working capital, issues in implementing budgets and business plans, issues in government contracting with nonprofit organizations, and financial performance management. The course includes lectures, problem-solving, case studies, and other assignments structured to integrate both academic and practical approaches and perspectives on current nonprofit organizations' issues and concerns.

### **COURSE GOALS**

The primary objective of this elective course in nonprofit financial management is to teach students how to use budgetary and financial information to make decisions in nonprofit organizations. A secondary objective is to help students develop their quantitative and communication skills. This course looks at budgeting and financial management as a process. The process begins with the development of a plan for the future. The plan is then implemented. Actions are taken to control operations and to keep to the plan. Results of operations are then reported, and those results are analyzed.

One half of the course focuses on developing, implementing, and controlling the plan. The course covers the development of operating budgets, tools for short-term decision making, capital budgeting, and the analysis of long-term financial investments. Management of short-term resources and variance analysis are also covered in this half of the course. The material in the first half of the course additionally focuses on liquidity and cash management.

The second half of the course focuses on summarizing, reporting, and analyzing an organization's financial position and the results of its operations. We study theory and

application related to accounting principles, financial reporting, financial analysis, and other aspects of financial accounting for nonprofit organizations. We consider how financial information is presented and how it can be used to provide meaningful conclusions about the financial position and performance of a nonprofit organization. The material in the second half of the course additionally includes internal control and risk management.

## STUDENT LEARNING OUTCOMES

The following learning outcomes are addressed in this course. By the end of this course, students will be able to:

- Demonstrate knowledge of financial management for nonprofit organizations.
- Understand techniques for financial planning, decision making, and working capital management in nonprofit organizations.

## COURSE POLICIES

*Punctual Attendance Required:* Beginning the first day of class, attendance will be recorded. Per the UNM Student Handbook, a student may be dropped from the course as a consequence of absences from class. This attendance requirement applies equally to main-campus students *and* distance/online students. Online students are expected to use a desktop computer, a camera, and cable internet or high-speed connection for participating live in class. Your camera must be ON during class meetings. Students invisible to the professor won't be considered for participation.

*No Late/Makeup Assignments:* Late or makeup assignments won't be accepted. Under an extraordinary circumstance only, I may consider a late submission for partial credit.

*Time/Workload Commitment:* This course is an advanced course of the MPA program that requires **independent work and study**. To learn the materials successfully, graduate **students should commit at least 10 hours per week** to the course outside of class.

*Electronic Devices:* **Turn off cell phones** during class. A computer only is permitted for class-related work only, such as participating in class or taking notes. **Don't use your computer for other purposes.**

*Student Feedback:* Your feedback on the course will be welcome and appreciated. We'll ask for your feedback through various channels, formal and informal, throughout the semester.

*Email Communication:* Using your UNM email account is encouraged for electronic communication.

*Syllabus Changes:* This **syllabus will be updated** as needed at any time. I reserve the right to change any content of the syllabus including the grading rubrics, re-weighting, and assignments. Assignments may be changed or added at any point. I'll announce any major change during class or update the syllabus. **Check the most recent syllabus posted on Canvas.**

## UNIVERSITY POLICIES

*Academic Integrity and Consequences:* The University of New Mexico believes that academic honesty is a foundation principle for personal and academic development. All University policies

regarding academic honesty apply to this course. Academic dishonesty includes, but is not limited to, cheating or copying, plagiarism (claiming credit for the words or works of another from any type of sources such as print, internet or electronic database, or failing to cite the source), fabricating information or citations, facilitating acts of academic dishonesty by others, having unauthorized possession of tests and exams, submitting work of another person or work previously used without informing the professor, or tampering with the academic work of other students. **All course assignments are independent, individual work.** Student assignments will be checked for originality through the UNM Turnitin system. The University's statement on academic honesty and the consequences for failure to comply are available in the Catalog and the Pathfinder.

*Accommodation Statement:* In accordance with University Policy 2310 and the Americans with Disabilities Act (ADA), academic accommodations may be made for any student who notifies the instructor of the need for accommodation. It is imperative that you take the initiative to bring any such needs to my attention since I'm not legally permitted to inquire. Students who may need assistance in emergency evacuations should contact me as to the most appropriate procedures to follow. If you need accommodation based on how course requirements interact with the impact of a disability, you should contact me to arrange an appointment as soon as possible. At the appointment, we can discuss the course format and requirements, anticipate the need for adjustments, and explore potential accommodations. I rely on the Disability Services Office for assistance in developing strategies and verifying accommodation needs. If you haven't previously contacted them, I'd encourage you to do so. Contact the Accessibility Resource Center at 277-3506 or [arcsrvs@unm.edu](mailto:arcsrvs@unm.edu) for more information.

## **COURSE REQUIREMENTS**

*Participation:* Participation will be worth 10 points out of 100 points. **Punctual attendance is required for every class** meeting of the semester. Active participation in class is expected. In class, please feel free to interrupt me with questions or comments. Please thoroughly study the weekly material in preparation for class discussion. Participation includes asking questions, commenting on the class material, answering the professor's questions, collaborating in group activities, and citizenship behavior in class. The participation requirement applies equally to main-campus students and distance/online students.

*Problem Sets:* Problem sets will be worth 10 points out of 100 total points. They will be applied exercises about the weekly material. The problem sets are a very important component of the course because they give an opportunity for practical applications. The problem set will be announced on Canvas. I'm happy to take a look at working drafts of your work. If you'd like early feedback, email me your working draft at least twenty-four hours before the deadline. The problem set must be submitted on Canvas by Friday at 9 am.

*Tests:* Tests will be worth 20 points out of 100 total points. They will assess weekly reading assignments. **Readings must be completed before class** meetings when those readings will be discussed. Weekly readings will be based on the textbooks, but additional readings may be assigned during the semester. Weekly tests will be open on Canvas after class and are due on Friday at 9 am. Tests may include a variety of questions. They are an important component of this course because they give you opportunities for skill application and practice toward the final exam. To ensure the highest possible grade, each test offers three attempts for you to take.

*Final Exam:* The final exam will be worth 30 points out of 100 total points. The exam format will be similar to the tests but comprehensive of all course materials. This final examination will be open from December 7<sup>th</sup> after noon to the end of the 9<sup>th</sup>.

*Case Study:* A larger case study will be worth 30 points out of 100 total points. The case study will be about assessing the financial condition of a nonprofit organization. The case study should be written in the format of the PADM553 Professional Paper (pro-paper). You'll present in-class reports of your case study over the semester. Papers will be checked for originality through the UNM Safe Assign system. See the appendix for case study guidelines. I'll provide in class or by email further information regarding this case study. Turn in your case study by December 16.

### **GRADING**

Participation	10
Problem sets	10
Tests	20
Case study	30
Final exam	30
<b>Total grade</b>	<b>100 points</b>

### **Grading Rubric**

(A+) Excellent: Exceptional work for a graduate student. Work at this level is unusually thorough, comprehensive, creative, innovative, technically and methodologically sophisticated, and well written. Work is of the highest professional quality.

(A/A-) Very good: Strong work for a graduate student. Work at this level shows signs of creativity, is thorough and well reasoned, indicates a strong understanding of appropriate methodological or analytical approaches, and meets professional standards.

(B+) Good: Good work for a graduate student; well reasoned and methodologically sound. This is the graduate student grade that indicates the student has accomplished the basic objectives of the course.

(B) Adequate: Competent work for a graduate student even though some weaknesses are evident. Demonstrates competency in the key course objectives but shows some indication that understanding of some important issues is less than complete. Methodological or analytical approaches used are adequate, but the student has not been thorough or has shown other weaknesses or limitations.

(B-) Borderline: Weak work for a graduate student; it barely meets the minimal expectations for a graduate student in the course. Understanding of salient issues is incomplete. Methodological or analytical work performed in the course is minimally adequate. Overall performance, if consistent in graduate courses, would not suffice to sustain graduate status in good standing.

(C/-/+) Deficient: Inadequate work for a graduate student; doesn't meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous

errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate the knowledge or technical competence expected of graduate students.

(F) Fail: Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.

## TEXTBOOK AND SUPPLIES

1. Canvas will load the textbook automatically for you. The cost of the ebook, \$41.75 will be charged by the bookstore to your bursar account. If you want a print book or more information, check out [https://bookstore.unm.edu/t-1unm\\_inclusiveaccess.aspx](https://bookstore.unm.edu/t-1unm_inclusiveaccess.aspx) or contact [inclusiveaccess@unm.edu](mailto:inclusiveaccess@unm.edu). **Opt out before the deadline** if you prefer to buy the book from another vendor. Weikart, Lynne, Greg Chen, and Ed Sermier. 2022. *Budgeting and Financial Management for Nonprofit Organizations*. 2<sup>nd</sup> edition. Long Grove, IL: Waveland Press (posted on Canvas).
  2. Zietlow, John, Jo Hankin, and Alan Seidner. 2018. *Financial Management for Nonprofit Organizations: Policies and Practices*. Hoboken, NJ: John Wiley & Sons, Inc. ISBN 978-0-471-74166-4. Available for free at <https://ebookcentral.proquest.com/lib/unm/detail.action?docID=5328420>
- Microsoft Excel. Available for free at <http://it.unm.edu/software/students/index.html>
  - Additional materials posted on Canvas

## SCHEDULE OF ACTIVITIES

Week	Weikart	Zietlow	Test-Set
I	Preface and chap. 1 Introduction	Preface and chap. 1 Nonprofit finance	Aug 25
II	9 Performance measurement	4 Managing accountability	Sep 01
III	8 Understanding revenue	3 Managing mission	Sep 08
IV	3 Liquidity and managing cash	2 Liquidity management	Sep 15
V	2 Budgeting	8 Developing budgets	Sep 22
VI	4 Analyzing cost	11 Cash management	Sep 29
VII	6 Understanding financial statements	6 Understanding statements	Oct 06
	FALL BREAK		Oct 13
VIII	Hopkins ch. 2 and Finkler ch. 11, PDF posted on Canvas		Oct 20
IX	7 Financial analysis	7 Developing financial ratios	Oct 27
X	10 Time value of money	9 Long-range planning	Nov 03
	APPAM conference (no class)		Nov 10
XI	11 Capital budgeting	10 Managing liabilities	Nov 17
	THANKSGIVING		Nov 24
XII	In-class presentation of case studies		Dec 01
	FINAL EXAM		Dec 7-9

*Note:* Your presentation of case studies and a class picture are scheduled for the last meeting.

## **APPENDIX Case Study Expectations**

### *I. Introduction (1 page)*

In this research, you will examine the audited Financial Reports of a nonprofit organization. Consequently, your organization of choice should have financial reports available for at least two consecutive years since you'll need to examine those reports for this project. Interpreting financial reports is one of the most important skills for nonprofit managers and board members. This assignment is intended to give you that foundation. Your report should be organized into two major sections. You'll analyze the revenues and expenses according to mission programs in the first section and ratio analyses in the second section. In sum, the main objective of this project is to summarize the structure of revenues and expenses in the context of your organization's programs as well as assess its end-of-year financial results and position.

### *II. Revenues and Expenses (about five pages)*

Using the Statement of Activities and the Statement of Functional Expenses for two consecutive years, identify the main expenses of your organization. What are the main mission programs of the organization? How are expenses distributed across those programs? What are the major sources of revenue for your organization and why? Discuss how diversified or constrained are the revenues of the organization. Does your organization rely on one or multiple sources of revenue? What advantages or disadvantages do you see in the organization's dependence on those revenues? Also, how could the organization find additional financial support in the event of revenue shortfall? How are revenues and expenses changing over the last years? Support your analyses summarizing major amounts from the financial reports.

### *III. Financial Analysis (about five pages)*

Using the audited financial statements (and supplementary information), analyze the financial results and position of your organization. In this analysis, selecting and calculating important ratios is expected. Assess the liquidity of your organization. Does the organization have enough cash and short-term assets to meet short-term obligations? Assess its financial position and solvency. Does the organization have a strong ability to meet long-run obligations? Assess and discuss the organization's revenue risk, revenue efficiency, expense efficiency, and profitability. Using the Notes, identify significant accounting policies that potentially affect the reliability of the financial statements. Are you concerned about the credibility of the financial reports based on your reading of the Notes?

### *IV. Conclusion and Recommendations (1 page)*

In this concluding section, briefly summarize your findings concerning the financial results and position of the organization for the last years. May suggest budget priorities or financial practices for future years based on your research. May suggest what the organization can do to strengthen its long-run financial position.

### *Format of the Paper*

Length: About 10 double-spaced pages, aside from appendices. There's no upper limit.  
Appendices: Place references, graphs, or tables in appendices (not within the text)  
Font: Times New Roman, 12 pt.  
Margins: 1 inch

*Suggestions*

You may incorporate preliminary ideas and analyses on your city from the weekly problem sets. You may use and cite additional bibliography for this case study.