

# PPDE 645

## *Financial Management of Nonprofit Organizations*

Fall 2020

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### Course Description

Nonprofit organizations are “mission based”. That means their purpose is to achieve the mission of the organization, not make money. To effectively obtain and use resources to achieve the mission, managers in all disciplines must have a working knowledge of financial management practices. The objective of this course is to provide a foundation of financial management principles. The flow of this course starts with planning by developing a budget and strategic plan for the future, implementing the budget and plan, controlling operations to keep to the plan, reporting results, analyzing results, and using the information to improve future plans. The first day of class you will select a real nonprofit that you will use throughout the course so you have real data to use as you learn about the financial management practices that your nonprofit uses to achieve their mission. The final exam is actually a final project through which you will pull all of this learning together and give a recorded Zoom presentation, as if you were reporting to the board of directors of your chosen nonprofit, demonstrating the concepts that you learned this semester.

Please be aware that with the revised fall semester our class will begin on Wednesday, August 19<sup>th</sup>.

### Learning Objectives

The course will orient students to the critical features of financially managing nonprofit organizations including the budgetary and strategic planning process; sources of nonprofit revenue and drivers of nonprofit costs; managing short-term resources and obligations; understanding accountability and control concepts; understanding financial statements; and how to analyze the financials of a company to understand their financial condition. While there will be coverage of basic accounting practices, this is not a course in accounting.

### Learning Outcomes: Key Concepts in Financial Management of Nonprofit Organizations

- Describe financial management
- Understand what it means to be “mission based” and the differences between a for-profit company and a nonprofit organization

- PLANNING – Identify sources of revenue and understand costs, learn how to prepare a budget, capital budget and develop a strategic plan
- IMPELMENTATION – learn about how to manage short-term resources and obligations
- CONTROLLING OPERATIONS – Understand accountability and control
- REPORTING RESULTS – Understand the balance sheet, income statement, and cash flow statements, and delve into some unique aspects of nonprofit accounting
- ANALYZING RESULTS – Learn how to analyze the financial statements, 990 return, and audit to understand the financial condition of the organization
- Pull it all together to give a presentation about your nonprofit's budget and strategic plan, implementation, control of operations, and analysis of the financial condition of the organization

## Recommended Preparation

Before the first class, select one nonprofit to focus on through the entire course. Select an organization for which you can find their annual report, public/audited financial statements, and 990 tax return (available on GuideStar.com). You will use these and other documents for weekly assignments and for your final project.

## Communication and Office Hours

I am available by email ([LSanner@usc.edu](mailto:LSanner@usc.edu)) and by telephone or text on my mobile (847-471-2289). If you text me, please identify yourself by name **each time** as I **do not** save student contact information on my cell phone. I do my best to respond to email within 24 hours on weekends; if you do not get a response within that time period, please resend. I also try to respond to email at least once on weekends.

## Guidelines for all written work

- Papers must be word-processed using Microsoft Word, single-spaced, with 12-point font.
- Powerpoint presentations must include detailed speaker's notes.
- Make sure you keep a copy of all submitted papers.
- Please ensure that each paper is written in APA style. Refer to the APA manual. (6th Edition)
- All page length requirements are for single-spaced pages, with 1-inch margins, in 12-point Times New Roman font.

## Technological Proficiency and Hardware/Software Required:

This course develops a skill set in the use of Excel spreadsheet applications for budgetary analysis and financial modeling. Students who have not been exposed to Excel previously and/or do not have a comfort level with basic algebra should speak to the instructor, who will help them identify appropriate training to

access on USC's Lynda website ([itservices.usc.edu/lynda](https://itservices.usc.edu/lynda)) and the official Microsoft Excel Help Center ([support.office.com/en-us/excel](https://support.office.com/en-us/excel)).

### USC Technology Rental Program:

We realize that attending classes online and completing coursework remotely requires access to technology that not all students possess. If you need resources to successfully participate in your classes, such as a laptop or internet hotspot, you may be eligible for the university's equipment rental program. To apply, please submit an application. The Student Basic Needs team will contact all applicants in early August and distribute equipment to eligible applicants prior to the start of the fall semester.

### USC Technology Support Links:

[Zoom information for students](#)  
[Blackboard help for students](#)  
[Software available to USC Campus](#)

## Required Materials

### Required Textbooks (note that 2 textbooks are required):

Finkler, Smith, Calabrese, and Purtell (2020). *Financial Management for Public, Health, and Not-for-Profit Organizations, Sixth Edition*. Sage, Congressional Quarterly Press. z(NOTE: the Fifth edition does not vary substantially from the Sixth; you may purchase or rent the Fifth edition).

Dropkin, Halpin, Touche (2007). *The Budget-Building Book for Nonprofits, Second Edition*. Jossey-Bass.

## Description and Assessment of Assignments

- *Assignments*. On the first day of class, students will select one nonprofit organization to focus on through the entire course. Students must select a nonprofit for which they have the annual report, 990, and financial statements. Students will complete budgeting, strategic planning, and financial analysis assignments based on their selected nonprofit organization.
- *Midterm*: Students will complete an open-book, online midterm which will be worth 18% of the class score.
- *Final Project*: The final exam will be a final project through which you will pull all of this learning together and give a recorded Zoom presentation, as if you were reporting to the board of directors of

your chosen nonprofit, demonstrating the concepts that you learned this semester. It is expected that you will use the weekly assignment to compile your final presentation. The final exam will be a 10-minute oral presentation and accompanying Powerpoint which you will record in Zoom and post for your classmates to view. The best part of this class is usually the whole class listening to the final presentations and having the opportunity to ask questions and comment. That will be difficult in our virtual classroom this semester. Instead, the final will be a 2-part grade. The first part of the grade will be based on the Zoom presentation, and the Powerpoint that you will upload to Blackboard. The second part of your grade will involve you viewing your fellow classmates' presentations and providing a quick comment on each, to indicate that you viewed each presentation. Detailed requirements of the final exam will be distributed during the semester.

## Participation

Read about it ... talk about it ... write about it

Read about it: There will be reading that I expect you to do before each class to familiarize yourself with the material. The readings are all detailed below.

Talk about it: I will conduct a live lecture at the start of each class – 6:00 pm Pacific time each Wednesday. I strongly encourage you to log into the live zoom lecture. They will last roughly one hour. This is your time to talk about the topic and ask questions. I do understand that students will be in many different time zones. We can make alternate arrangements if the time zone is too great a problem.

Write about it: Then we will have an “in-class” assignment centered around the topic for the week. Some assignments will be individual assignments, others will be group assignments. The first night of class, you will share your time zone, and everyone will divide into groups of 3-4 in your time zone. We will probably keep these groups through the whole semester, for continuity and convenience. You can use the remainder of our class time on Wednesday evening to complete your “in-class” assignment or arrange with your team to complete the assignment at another pre-arranged time. Plan on taking at least 2 hours to complete your assignments. You will individually post your assignment to Blackboard by 11:59pm the following Wednesday, meaning that even if it is a group project, you will post the group assignment to your individual Blackboard.

Participation in the live lecture and the group assignments will count toward your class participation points.

## Grading Breakdown

This course uses a percentage-based grading schema, as shown below.

Evaluation Categories	Weighting
Class Participation	16%
Assignments; some individual; some done in asynchronous teams	28%
Midterm Examination	18%
Final Project	38%
<b>TOTAL</b>	<b>100%</b>

## Grading Scale

A	940 - 1000
A-	900 - 939
B+	870 - 899
B	830 - 869
B-	800 - 829
C+	770 - 799
C	730 - 769
C-	700 - 729
D+	670 - 699
D	630 - 669
D-	600 - 629
F	< 60.0

## Course-specific Policies

### Assignment Submission

Student will post their assignments on Blackboard by 11:59pm the following Wednesday. Some of these assignments will be completed as individual assignments or in teams during asynchronous time (completed individually on students' own time), although they must be submitted individually to the assignment in Blackboard.

**Grading Timeline**

Graded homework assignments typically will be graded within 10 days of submission.

**Late Work**

Assignments will not be accepted after the due date without advance written permission of the faculty member. Permitted late assignments may receive a grade penalty, typically 10% for each day late. Assignments posted 7 or more days later than the pre-approved late due date will count for -0- points.

**Technology in the Classroom**

Students are required to use their personal devices for academic purposes during class. Academic purposes include using Zoom, looking up terms, doing research, and completing class work for this class.

**Academic integrity**

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” [policy.usc.edu/scampus-part-b](http://policy.usc.edu/scampus-part-b). Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, [policy.usc.edu/scientific-misconduct](http://policy.usc.edu/scientific-misconduct).

**Classroom norms**

Read about it ... talk about it ... write about it

Read about it: There will be reading that I expect you to do before each class to familiarize yourself with the material.

Talk about it: I will conduct a live lecture at the start of each class – 6:00 pm Pacific time each Wednesday. This is your time to talk about the topic and ask questions.

Write about it: Then we will have an “in-class” assignment centered around the topic for the week. The first night of class, you will share your time zone and everyone will divide into groups of 3-4 in your time zone. We will probably keep these groups through the whole semester, for continuity and convenience. You can use the remainder of our class time on Wednesday evening to complete your “in-class” assignment or arrange with your team to complete the assignment at another pre-arranged time. You will individually post your assignment to Blackboard by 11:59pm the following Wednesday, meaning that even if it is a group project, you will post the group assignment to your Blackboard.

**Zoom etiquette**

"Netiquette" or "internet etiquette," describes the recommended communication and behavior of online communication.

- Ensure your face is well lit
- Dress appropriately – everyone can see you
- Mute your mic when not speaking
- Be respectful via video, audio and chat
- Keep your camera on and use a headset with mic – remember that 80% of most communication is non-verbal!
- Participate in workshop and ask questions
- Use Zoom features, like 'raise hand', reactions and chat
- And remember to keep our Zoom sessions secure, we have introduced added security settings which will require you to use your USC email address when joining any USC Zoom session.

Here's a link to a quick-start Zoom guide: <https://www.usc.edu.au/media/19147932/getting-started-with-zoom-and-etiquette.pdf>

**Synchronous session recording notice**

Synchronous lecture sessions will be recorded and provided to all students asynchronously.

**Sharing of course materials outside of the learning environment**

Remember that USC has a policy that prohibits sharing of any synchronous and asynchronous course content outside of the learning environment. Distribution or use of notes or recordings based on university classes or lectures without the express permission of the instructor for purposes other than individual or group study is a violation of the USC Student Conduct Code. This includes, but is not limited to, providing materials for distribution by services publishing class notes. This restriction on unauthorized use also applies to all information, which had been distributed to students or in any way had been displayed for use in relationship to the class, whether obtained in class, via email, on the Internet or via any other media. (See Section C.1 Class Notes Policy).

**Residential and hybrid streaming model courses**

This course is will not be conducted on campus. You may consult the latest COVID-19 testing and health protocol requirements for on campus courses. Continuously updated requirements can be found on the USC COVID-19 resource center website.

**Course evaluation**

Course evaluation occurs at the end of the semester university-wide. It is important for you to provide your experience of this class.

**Course Schedule: A Weekly Breakdown**

- Week 1 Aug 19: Introductions, course goals, selection of a Nonprofit agency  
READING IN CLASS: Finkler, et al., Chapter 1, pp 1-17, Chapter 2, pp 25-29  
POSTED ASSIGNMENT: Find and review your selected agency's Mission Statement, 990, financial statements, and annual report. Post a Word document including the agency name, why you selected this agency, the agency's mission statement, their programs, links to the 990, financial statements, and annual report, and how much revenue they earned in the last fiscal year.  
READING PRIOR TO NEXT CLASS: Finkler, et al., Chapter 1, pp 1-23, Chapter 9, pp 309-341
- Week 2 Aug 26: Introduction to the Balance Sheet  
POSTED ASSIGNMENT: Individual project  
READING PRIOR TO NEXT CLASS: Finkler, et al., Chapter 10
- Week 3 Sept 2: Introduction to the Income Statement  
POSTED ASSIGNMENT: Individual project  
READING PRIOR TO NEXT CLASS: Dropkin et al., pp 3-47, pp 60-85
- Week 4 Sept 9: Budgeting basics  
POSTED ASSIGNMENT: You will begin to develop a mock operating budget for your selected agency  
READING PRIOR TO NEXT CLASS: Dropkin et al., pp 3-47, pp 60-85
- Week 5 Sept 9: Operating Budget  
POSTED ASSIGNMENT: You will continue developing a mock operating budget for your selected agency  
READING PRIOR TO NEXT CLASS: Finkler, et al., Chapter 5



Week 6 Sept 16:	Capital budgeting POSTED ASSIGNMENT: You will finalize your mock operating budget and develop a mock capital budget for your selected agency READING PRIOR TO NEXT CLASS: Finkler, et al., Chapters 6 and 7
Week 7 Sept 23:	Long-term and short-term financing, resources and obligations POSTED ASSIGNMENT: Individual assignment READING PRIOR TO NEXT CLASS: Finkler, et al., Chapter 8
Week 8 Oct 7:	Midterm Exam
Week 9 Sept 30:	Accountability and control POSTED ASSIGNMENT: Individual project REVIEW PRIOR TO NEXT CLASS: Strategic Planning Templates posted on Blackboard
Week 10 Oct 14:	Strategic Planning POSTED ASSIGNMENT: You will develop a mock strategic plan for your selected agency READING PRIOR TO NEXT CLASS: Finkler, et al., Chapter 11
Week 11 Oct 21:	The Balance Sheet and Income Statement revisited, unique aspects of not-for-profit accounting, and miscellaneous POSTED ASSIGNMENT: READING PRIOR TO NEXT CLASS: Finkler, et al., Chapter 14 and Chapter 15
Week 12 Nov 4:	Financial statement analysis and financial condition analysis EXERCISE TO INCLUDE IN FINAL PRESENTATION – you will use the ratio analyses learned this class and include in your final presentation an analysis of the financial condition of your selected agency PREPARE FINAL ZOOM PRESENTATION
Week 13 Nov 11:	Final Zoom Presentation due to be posted today
Week 14 Nov 18:	Commentaries on all final presentations due to be posted today

## Statement on Academic Conduct and Support Systems

### Academic Conduct:

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in SCampus in Part B, Section 11, “Behavior Violating University Standards” [policy.usc.edu/scampus-part-b](https://policy.usc.edu/scampus-part-b). Other forms of academic dishonesty are equally unacceptable. See additional information in SCampus and university policies on scientific misconduct, [policy.usc.edu/scientific-misconduct](https://policy.usc.edu/scientific-misconduct).

### Support Systems:

*Counseling and Mental Health* - (213) 740-9355 – 24/7 on call  
[studenthealth.usc.edu/counseling](https://studenthealth.usc.edu/counseling)

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

*National Suicide Prevention Lifeline* - 1 (800) 273-8255 – 24/7 on call  
[suicidepreventionlifeline.org](https://suicidepreventionlifeline.org)

Free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week.

*Relationship and Sexual Violence Prevention Services (RSVP)* - (213) 740-9355(WELL), press “0” after hours – 24/7 on call  
[studenthealth.usc.edu/sexual-assault](https://studenthealth.usc.edu/sexual-assault)

Free and confidential therapy services, workshops, and training for situations related to gender-based harm.

*Office of Equity and Diversity (OED)* - (213) 740-5086 | *Title IX* – (213) 821-8298  
[equity.usc.edu](https://equity.usc.edu), [titleix.usc.edu](https://titleix.usc.edu)

Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

*Reporting Incidents of Bias or Harassment* - (213) 740-5086 or (213) 821-8298  
[usc-advocate.symplicity.com/care\\_report](https://usc-advocate.symplicity.com/care_report)

Avenue to report incidents of bias, hate crimes, and microaggressions to the Office of Equity and Diversity | Title IX for appropriate investigation, supportive measures, and response.

*The Office of Disability Services and Programs* - (213) 740-0776  
[dsp.usc.edu](https://dsp.usc.edu)

Support and accommodations for students with disabilities. Services include assistance in providing readers/notetakers/interpreters, special accommodations for test taking needs, assistance with architectural barriers, assistive technology, and support for individual needs.

*USC Campus Support and Intervention - (213) 821-4710*[campussupport.usc.edu](http://campussupport.usc.edu)

Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

*Diversity at USC - (213) 740-2101*[diversity.usc.edu](http://diversity.usc.edu)

Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

*USC Emergency - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call*[dps.usc.edu](http://dps.usc.edu), [emergency.usc.edu](http://emergency.usc.edu)

Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

*USC Department of Public Safety - UPC: (213) 740-6000, HSC: (323) 442-120 – 24/7 on call*[dps.usc.edu](http://dps.usc.edu)

Non-emergency assistance or information.