

**THE UNIVERSITY OF TEXAS AT AUSTIN
SCHOOL OF SOCIAL WORK**

Course number: SW 393T

Instructor's name: Russell Smith, LMSW

Unique number: 61715

Office number: Adjunct Office, 3.104A

Semester: Fall 2017

Office phone: 512-627-8699

Meeting place/time: SSW 2.116
Thursday 5:30-8:30 pm

E-mail: rsmith@austinchildguidance.org

Office Hours: Available to meet in person
Tuesday / Thursday at 5 and/or by request

FINANCIAL MANAGEMENT IN HUMAN SERVICES

I. Course Description

This advanced management course will cover the knowledge and skills necessary to guide non-profit organizations through a variety of important financial decisions. Students will learn how to create budgets, analyze financial statements, record common financial transactions through basic accounting, manage cash flow, analyze costs, and support key financial decisions in a nonprofit at executive or management levels. The course will examine how financial management is used in social work practice with case studies and exercises that will be directly applicable when beginning in a new nonprofit organization. Hands-on experience will include the opportunity to create one's own non-profit program budget, practice basic accounting, interview an Executive Director to better understand how finances are dealt with in practice, create a financial analysis and sustainability plan on a nonprofit of one's choosing, analyze cost structures and recommend revenues for a nonprofit case, and hear from practitioners in the field. Through readings, exercises, videos, and guest speakers, students will come away with a toolbox for applying the latest in financial management theories to human service organizations. Students will learn to define and practice financial management topics to become a social worker with financial literacy.

II. Course Objectives

By the end of this course, students will be able to:

1. Critically examine and apply theories of financial management to non-profit human service organizations.
2. Explain common financial management concepts and terminology to effectively communicate with organizational stakeholders.

3. Construct and analyze different types of budgets and understand the budgeting process in nonprofit and public entities.
4. Analyze value dilemmas, ethical issues, and social justice issues in the financial management of human service organizations.
5. Explain basic accounting principles, how to record common financial transactions, and software that supports this accounting.
6. Understand how to manage cash flow in an organization and the importance of monitoring cash budgets to support financial stability.
7. Understand different costs in a nonprofit organization and how to conduct a cost analysis to develop cost-effective programming.
8. Analyze financial statements of nonprofit organizations and provide constructive feedback on their financial conditions, financial performance, and fiscal vulnerabilities.
9. Describe the multiple revenue streams that finance nonprofits and the advantages and disadvantages of different funding sources.
10. Utilize differential cost-benefit analysis in making executive-level organization and policy decisions (make or buy, keep or stop, expand or reduce, fund or reject, etc).
11. Understand internal controls and the importance of audits in supporting the overall financial health of an organization.
12. Apply financial knowledge to starting a non-profit business in social work.

III. Teaching Methods

The class is a mix of in-person and on-line, and uses a form of blended learning where students learn content online through analyzing articles and completing exercises, such as blog posts. Class time is then used to elaborate on the topics and discuss issues in the classroom, Thursdays from 5:30-7:30 pm. The class is shorter than a typical in-person class, to make time for the online learning that happens (Canvas case exercises, videos, etc.) between in-person classes.

Course assignments will consist of heavy use of spreadsheet programs, such as **MS Excel and Google Sheets**. While prior knowledge of and experience with spreadsheet programs is not a prerequisite, **students will need to be comfortable with using this software during the course. Introductory MS Excel and Google Sheets tutorial videos will be available on Canvas and students who need this additional training should watch the videos *prior* to or *soon after* the beginning of the semester.**

IV. Required and Recommended Texts, and Materials

All assigned readings and other course materials are available in the class Canvas page, which is organized into modules for each class session. Additional readings and materials may be assigned as we go through the semester. These readings will also be available on-line in the course modules. If additional readings are assigned, I will notify the class so that students will have adequate time to read them before class.

Textbook required in course:

Weikart, L. A., Chen, G. G., & Sermier, E. (2012). *Budgeting and financial management for nonprofit organizations*. Thousand Oaks, CA: CQ Press.

Recommended, but not required:

Finkler, S.A., Purtell, R.M., Calabrese, T.D., & Smith, D.L. (2013) *Financial Management for Public Health, and Not-for-Profit Organizations (4th ed)*. Upper Saddle River, NJ: Pearson.

Martin, L. (2001). *Financial management for human service administrators*. Needham Heights, MA: Allyn & Bacon. **classic financial management textbook, written for social work administrators

Other helpful resources and books:

Bell, J., Masaoka, J., & Zimmerman, S. (2010). *Nonprofit sustainability: Making strategic decisions for financial viability*. San Francisco, CA: Jossey-Bass.

Bowman, Woods. 2011. *Financial fundamentals for nonprofits*. Hoboken, NJ: John Wiley & Sons.

Coe, Charles K. 2011. *Nonprofit financial management: A practical guide*. Hoboken, NJ: John Wiley & Sons.

Dropkin, M., Halpin, J., & La Touche, B. (2011). *The budget-building book for nonprofits: A step-by-step guide for managers and boards (Vol. 5)*. John Wiley & Sons.

Lohmann, R. A. (1980). *Breaking even: Financial management in human service organizations*. Temple University Press. **First financial management book written by a social worker for social work administrators, coming out with a new book soon by NASW press.

McMillan, Edward. 2010. *Not-for-profit budgeting and financial management*. 4th edition. Hoboken, NJ: John Wiley & Sons. **This is a resource book that provides numerous examples and exhibits of nonprofit budgeting and accounting which could be very useful for all assignments.

Peters, J.B. & Schaffer, E. (2005). *Financial leadership for nonprofit executives*. Saint Paul, MN: Amherst H. Wilder Foundation.

Scot, L. (2010). *The simplified guide to not-for-profit accounting, formation and reporting*. John Wiley & Sons.

Young, Dennis. 2007. *Financing nonprofits. Putting theory into practice*. Lanham, MD: Alta Mira Press.

Recommended e-newsletters and websites:

<http://www.wallacefoundation.org/knowledge-center/Resources-for-Financial-Management/Pages/default.aspx> ** this is a great online resource that has collected many key financial management resources, too many to incorporate all into the syllabus. Check it out each week to see what support it can offer.

<https://nonprofitsassistancefund.org/> **Great website with lots of practical non-profit financial help- articles, blogs, webinars

<http://managementhelp.org/nonprofitfinances/> ** Great website with lots of information and links to commonly used books by financial management topic

The Chronicle of Philanthropy: <http://philanthropy.com>

Nonprofit Quarterly: <https://nonprofitquarterly.org/>

The Bridgespan Group: <http://www.bridgespan.org/>

Nonprofit databases:

Guidestar is a repository of digitized IRS 990 forms (the annual nonprofit reports to the IRS)
<http://www.guidestar.org/>

National Center for Charitable Statistics is a repository of digitized 990 reports and research tools to conduct basic analysis of nonprofit data. <http://nccs.urban.org/>

Foundation Center: repository of digitized 990 reports for private foundations and grant opportunities <http://foundationcenter.org/findfunders/990finder/>

V. Course Requirements

Course requirements will consist of participation in class, weekly online blog posting case exercises, three assignments, and a final group paper and presentation. Regular class attendance is expected and students should come to class prepared to actively participate in the class discussions. Course requirements and their contribution to the final grade are summarized below. Due dates are listed in the Course Schedule.

1. Participation (25%)
 - a. Includes the following: attendance, online Canvas postings, and in-class participation in discussions.
2. Assignments (40%)
 1. **Creating a Non-Profit Program Budget (20%):** Create your own small nonprofit with a specific mission, objective, and outline one program's budget in your nonprofit. Create a revenue and expense budget. Keep it small (below \$500,000) so that you do not get lost in the numbers. In other words, you are creating a small business plan. The outline is as follows:
 - a. Mission (no more than 5 sentences)
 - b. Objectives (list 2-3 short, one sentence objectives)
 - c. Describe the program that is in-line with your stated mission (no more than a paragraph)
 - d. Create a *program* budget for FY 2017 (example from Weikart, Chen & Sermier, pg. 32, Table 2.5) with Revenues to support the program and Expenses that demonstrate how the funds will be used. The excel template will be provided.
 - e. Create a FY 2016 variance report for January and February (example from Weikart, Chen & Sermier, pg. 35, Table 2.6- note this is for the whole program and yours will be just for your single program) for your program. The excel template will be provided.
 2. **Accounting Practice-Recording Transactions (10%):** An understanding of the basic language of accounting is important part of managing a nonprofit's finances. Nonprofit executives do not need to be accountants, but they need to be well versed in the terminology of receivables and payables and must understand the difference between a statement of financial position and a statement of activities. Continue practice recording common financial transactions by completing the March transactions for the Access to Learning Nonprofit Organization case example (Weikart book, p. 130 Assignment 6.1). An excel template will be provided on Canvas. In addition, create 5 other transactions and list them as occurring on March 31st.
 3. **Cash Flow Budget Report (10%):** Based on your non-profit program budget, Create a FY 2016 cash flow management report for the next year. Create your cash receipts and cash payments, showing the ending cash balance for each month (see example from Finkler et al, pg. 43-44, "Meals for the Homeless, Cash Budget"). The excel template will be provided.
3. Final Assignment (35%)

Financial Analysis & Sustainability Plan (35%: 30% the final report and 5% in-class presentation): Students will work in teams of 2 (students will select their teams) to assess the finances of a non-profit organization by (1) reviewing financial statements, budget documents (operating and program budgets), and interviewing the organizations key leaders (Executive Director, Financial Manager, and/or Program Director) and (2) develop and present a set of detailed recommendations for sustained or improved finances. The selected nonprofit must have at least an annual operating

budget of \$250,000 and been in existence for at least three years. The non-profits that you select can be ones that you interact with directly (field site, employment) or ones that you would like to learn more about. Either way, teams must be able to access sufficient programmatic and financial information for a fiscal year (e.g. Balance Sheet or Statement of Financial Position, Statement of Activities, at least one program Budget, the 990, statement of cash flow if available, etc.) and turn these in with your written report.

Your written report will include the following with attached financial information in appendixes (30%):

1) Provide a brief description of the organization (2 pages)

- a. Mission and Overview of Organization (size, age, field of activity, location)
- b. Overview of main programs
- c. Overview of who is in charge- Executive Director, Finance Department, Program Directors
- d. Revenue structure- Where does the money come from? Is this diversified?
- e. How are finances communicated in this organization? (e.g. Do program directors have a say in budgets? Is the board involved in the finances and how? Does the Financial Department or Manager interact with program directors and how? Does the Executive Director create a quarterly financial report that is shared and with who?)

2) Describe the Non-profit's Financial Position (2 pages)- State Fiscal Year

- a. Liquidity- How much unrestricted cash is on hand?
- b. Statement of Financial Position (Balance Sheet)- Is the unrestricted current assets more than the unrestricted current liabilities? By how much? Is there unrestricted long-term investment assets that could be used as needed? What is the unrestricted net asset position (This amount represents the cumulative impact of each annual surplus or deficit since the organization started)?
- c. Statement of Activities (Income Statement)- Is there an annual deficit? Is there a good mix of grants compared to contributions (diversified)? Are management costs reasonable compared to total annual costs?
- d. Provide two different financial analysis ratios to explain the financial condition of the non-profit (possible ratios: liquidity, solvency, efficiency, profitability)

3) Recommendations for Sustained or Improved Finances (2 pages)

- a. Are there new revenue funding streams you would recommend? (e.g. could they increase in fees, donations, government grants, trade) What steps could they take to explore these new funding streams?
- b. Would you recommend further diversifying their funding streams or do you think they have diversified finances?

- c. Are costs in line with revenues? Are costs similar to other agencies providing the same services? Have they completed a cost analysis and do their revenues cover the full costs or programs?
- d. Any recommendations on how they could communicate finances better? (e.g. Are they regularly reviewing their finances, are they including staff in presenting and understanding quarterly finance reports, do finance staff work well with the program staff, do program directors understand the finances and budgets or could they use a training and why? etc.)
- e. What internal controls are used within the organization? (e.g. how do they safeguard petty cash? How do they separate duties for financial control? Do they require two signatures on checks? Do they have fidelity insurance? Etc.) Is the agency transparent in its finances? (Does the organization include a 990, annual report, or audited financial statements on its Web site, etc.?) What recommendations would you provide to support internal controls and transparency?

4) Financial Documents (Appendices)

Teams will then present their overview of the agencies finances, analysis, and recommendations for sustainability in presentations during the last class (5%). Much like something you would do as a social work Executive Director when you need to report out on finances to your Board of Directors of Finance Committee.

Students will be able to sign up for presentation times two weeks beforehand, when the professor will provide a link to sign-up. Student teams will have a limited time to present (20 minutes, plus 5/10 minutes for questions) and thus should be very concise and focus on the most important findings and recommendations. A couple of days before your presentation, please post in Canvas a link to the website of the non-profit you will be presenting and also attach the most recent 990 and any other information you feel would be helpful.

Grades for this course will be assigned using the following +/- scale

94 and above = A	74.0 to 76.999 = C
90.0 to 93.999 = A-	70.0 to 73.999 = C-
87.0 to 89.999 = B+	67.0 to 69.999 = D+
84.0 to 86.999 = B	64.0 to 66.999 = D
80.0 to 83.999 = B-	60.0 to 63.999 = D-
77.0 to 79.999 = C+	Below 60 = F

VI. University Policies

THE UNIVERSITY OF TEXAS HONOR CODE. The core values of The University of Texas at Austin are learning, discovery, freedom, leadership, individual opportunity, and responsibility. Each member of the university is expected to uphold these values through integrity, honesty, trust, fairness, and respect toward peers and community.

PROFESSIONAL CONDUCT AND CIVILITY IN THE CLASSROOM. The professor expects students to act as professionals in class. This means students should arrive on time for class, be prepared to participate in the class discussion, and show respect for one another's opinions. A course brings together a group of diverse individuals with various backgrounds. Students are influenced and shaped by such factors as ethnicity, gender, sex, physical abilities, religious and political beliefs, national origins, and sexual orientations, among others. We expect to learn from each other in an atmosphere of positive engagement and mutual respect. Social Work also deals with complex and controversial issues. These issues may be challenging and uncomfortable, and it would be impossible to offer a substantive classroom experience that did not include potentially difficult conversations relating to challenging issues. In this environment we will be exposed to diverse ideas and opinions, and sometimes we will not agree with the ideas expressed by others. Nevertheless, the professor requires that students engage one another with civility, respect, and professionalism.

UNANTICIPATED DISTRESS. Students may experience unexpected and/or distressing reactions to course readings, videos, conversations, and assignments. If so, students are encouraged to inform the professor. The professor can be responsive and supportive regarding students' participation in course assignments and activities, but students are responsible for communicating clearly what kind of support is desired. If counseling is needed, students may contact a service provider of their choosing, including the UT Counseling Center at 512-471-3515 or online at <https://cmhc.utexas.edu/>.

POLICY ON SOCIAL MEDIA AND PROFESSIONAL COMMUNICATION. Public social networks are not private. Even when open only to approved or invited members, users cannot be certain that privacy will exist among the general membership of sites. If social work students choose to participate in such forums, please assume that anything posted can be seen, read, and critiqued. What is said, posted, linked to, commented on, uploaded, subscribed to, etc., can be accessed and archived, posing potential harm to professional reputations and prospective careers.

Social work students who use social media (i.e. Facebook, Twitter, etc.) and other forms of electronic communication (i.e. blogs, etc.) must be mindful of how their communication may be perceived by clients, colleagues, faculty, and others. Social work students are expected to make every effort to minimize material which could be considered inappropriate for a professional social worker in training. Because of this, social work students are advised to manage security settings at their most private levels and avoid posting information/photos or using any language that could jeopardize their professional image.

Students are asked to consider the amount of personal information posted on these sites and are obliged to block any client access to involvement in the students' social networks. Client

material should not be referred to in any form of electronic media, including *any* information that might lead to the identification of a client or compromise client confidentiality in *any* way. Additionally, students must critically evaluate any material that is posted regarding community agencies and professional relationships, as certain material could violate the standards set by the School of Social Work, the Texas Code of Conduct for Social Workers, and/or the NASW Code of Ethics.

Social work students should consider that they will be representing professional social work practice as well as The University of Texas at Austin School of Social Work program while in the classroom, the university community, and the broader area communities.

POLICY ON SCHOLASTIC DISHONESTY. Students who violate University rules on scholastic dishonesty are subject to disciplinary penalties, including the possibility of failure in the course and/or dismissal from the University. Since such dishonesty harms the individual, all students, and the integrity of the University, policies on scholastic dishonesty will be strictly enforced. For further information, the student may refer to the Web Site of the Student Judicial Services, Office of the Dean of Students (<http://deanofstudents.utexas.edu/sjs/>).

USE OF COURSE MATERIALS. The materials used in this course, including, but not limited to exams, quizzes, and homework assignments, are copyright protected works. Any unauthorized duplication of the course materials is a violation of federal law and may result in disciplinary action being taken against the student. Additionally, the sharing of course materials without the specific, express approval of the professor may be a violation of the University's Student Honor Code and an act of academic dishonesty, which could result in further disciplinary action. This sharing includes, among other things, uploading class materials to websites for the purpose of distributing those materials to other current or future students.

DOCUMENTED DISABILITY STATEMENT. Any student who requires special accommodations must obtain a letter that documents the disability from the Services for Students with Disabilities area of the Division of Diversity and Community Engagement (471- 6259 voice or 471-4641 TTY for users who are deaf or hard of hearing). A student should present the letter to the professor at the beginning of the semester so that needed accommodations can be discussed and followed. The student should remind the professor of any testing accommodations no later than five business days before an exam. For more information, visit <http://diversity.utexas.edu/disability/>.

RELIGIOUS HOLIDAYS. By UT Austin policy, students must notify the professor of a pending absence at least fourteen days prior to the date of observance of a religious holy day. If the student must miss a class, examination, work assignment, or project in order to observe a religious holy day, the professor will give the student an opportunity to complete the missed work within a reasonable time after the absence.

TITLE IX REPORTING. In accordance with Title IX of the Education Amendments of 1972, the University of Texas at Austin is committed to maintaining a learning environment that is free from discriminatory conduct based on gender. Faculty, instructors, staff, and/or teaching assistants in their supervisory roles are mandated reporters of incidents of sex discrimination,

sexual harassment, sexual violence, or sexual misconduct. Students who report such incidents will be informed of University resources. Incidents will be reported to the University's Title IX Coordinator and/or the Title IX Deputy for the SSW, Professor Tanya Voss. Students, faculty and staff may contact Professor Voss to report incidents or to obtain information. Further information, including student resources related to Title IX, may also be found at <http://socialwork.utexas.edu/dl/files/academic-programs/other/qrg-sexualharassment.pdf>.

CAMPUS CARRY POLICY. The University's policy on concealed fire arms may be found here: <https://campuscarry.utexas.edu>. You also may find this information by accessing the Quick Links menu on the School's website.

CLASSROOM CONFIDENTIALITY. Information shared in class about agencies, clients, and personal matters is considered confidential per the NASW Code of Ethics on educational supervision and is protected by regulations of the Family Educational Rights and Privacy Act (FERPA) as well. As such, sharing this information with individuals outside of the educational context is not permitted. Violations of confidentiality could result in actions taken according to the policies and procedure for review of academic performance located in sections 3.0, 3.1, and 3.2 of the Standards for Social Work Education.

USE OF E-MAIL FOR OFFICIAL CORRESPONDENCE TO STUDENTS. Email is recognized as an official mode of university correspondence; therefore, students are responsible for reading their email for university and course-related information and announcements. Students are responsible for keeping the university informed about a change of e-mail address. Students should check their e-mail regularly and frequently—daily, but at minimum twice a week—to stay current with university-related communications, some of which may be time-sensitive. Students can find UT Austin's policies and instructions for updating their e-mail address at <http://www.utexas.edu/its/policies/emailnotify.php>.

SAFETY. As part of professional social work education, students may have assignments that involve working in agency settings and/or the community. As such, these assignments may present some risks. Sound choices and caution may lower risks inherent to the profession. It is the student's responsibility to be aware of and adhere to policies and practices related to agency and/or community safety. Students should notify the professor regarding any safety concerns.

BEHAVIOR CONCERNS ADVICE LINE (BCAL). If students are worried about someone who is acting differently, they may use the Behavior Concerns Advice Line to discuss by phone their concerns about another individual's behavior. This service is provided through a partnership between the Office of the Dean of Students, the Counseling and Mental Health Center (CMHC), the Employee Assistance Program (EAP), and The University of Texas Police Department (UTPD). Call 512-232-5050 or visit <http://www.utexas.edu/safety/bcal>.

EMERGENCY EVACUATION POLICY. Occupants of buildings on the UT Austin campus are required to evacuate and assemble outside when a fire alarm is activated or an announcement is made. Please be aware of the following policies regarding evacuation:

- Familiarize yourself with all exit doors in the classroom and the building. Remember that the nearest exit door may not be the one you used when entering the building.
- If you require assistance to evacuate, inform the professor in writing during the first week of class.
- In the event of an evacuation, follow the professor's instructions.
- Do not re-enter a building unless you are given instructions by the Austin Fire Department, the UT Austin Police Department, or the Fire Prevention Services office.

Class Policies

Late Assignment Policies: Except in the case of extreme emergencies, and then only with prior permission from the professor, late assignments will not be accepted without penalty. Students will lose 3 points for each day that an assignment is late. If the due date is a problem, then the student must contact the professor and negotiate another due date at least 48 hours PRIOR to the date specified in the course syllabus.

Classroom Practices/Attendance: Students are expected to attend class sessions regularly and to participate in an interactive framework between students and the professor. Students are expected to complete the readings prior to class, and should be well prepared to participate in discussions and learning assignments. Failure to regularly attend the class and demonstrate through discussion and class forums that one has comprehended the readings will be considered in assigning the final grade. Students will be **allowed 1 unexcused absence**, in which the professor is notified beforehand on the absence. In cases where a student missed more than one class, the professor reserves the right to lower that student's final grade by one point for each class missed beyond the one class. In extenuating circumstances of absence, students are to notify the professor. Students are responsible for any material missed due to the absence.

With prior approval and notice to the professor, students may be allowed 1 additional unexcused absence (for a total of two). Students who request and are granted a second absence will need to complete the following assignment: choosing from a selection of research studies that the professor has gathered, the student will read the study and write a 2 page (APA style) review that includes: summary of the study; connection to one or more topics we have covered; and implications for the field. This paper must be handed to or e-mailed to the professor by the last class day.

Incompletes: Students are expected to complete all course work by the last day of class and to complete all assignments by the dates due. Only in emergency situations will an incomplete grade be given for a course and only when, prior to the emergency, the student has been in attendance and has done satisfactory work. If an incomplete grade should be assigned, there will be a written agreement with the instructor about when and how the work will be completed.

The *Publication Manual of the American Psychological Association (APA)*, 6th Edition, is the style manual to be used by all students in this course. Therefore, appropriate APA referencing is required on all written assignments- 12 point font, one inch margins, and double-spaced.

VII. Course Schedule

The course schedule below identifies reading assignments for each class session. The readings are either from the required text or are available online. All online readings can be found in Canvas.

As we go through the semester, I may add reading to this list. When I do so I will notify you either in class or via email. All reading assignments should be completed prior to the class for which they are assigned.

- Class 1**
August 31st
- Introduction to Financial Management**
Topics:
Intro to class, syllabus, and online classroom
What is financial management?
Where does each major public service sector (public, health, and not-for-profit org) get its resources (funds) from and what does it spend those resources on?
Readings for August 31st:
- 1) Finkler et al. (2013)- Chapter 1
 - 2) McKeever & Pettijohn, S.L. (2014). *The Nonprofit Sector in Brief: Public Charities, Giving and Volunteering*. Urban Institute.
- Canvas for August 31st:*
- 1) Take Google forms survey of specific interests, management experience, and financial understanding on Canvas discussion board.
- Class 2**
September 7th
- Budgeting and the Planning Process**
Topics:
Strategic Planning and Budgeting
Different Types of Budgets: Operating, Program, Capital, and Cash
Understanding the Budgeting Process: Preparation, Review, Adoption, Implementation, and Evaluation
In Breakout Groups: Practice Creating a Projected Budget for a New Program
Readings for September 7th:
- 1) Weikart et al. (2012). Chapter 2- Budgeting as part of the planning process.
 - 2) Finkler et al. (2013). Chapter 2- Planning for Success: Budgeting
- Canvas for September 7th:*
- 1) From Weikart et al. (2012) Chapter 2 look at class exercise 2.1, Creating a Projected Budget for a New Program. On your own, start to create this budget using excel. Template will be provided on Canvas. We will then work in groups to finish and discuss this budget during class time. Post one question you have about creating a program budget and we will discuss your questions in class.
- Class 3**
Sept 14th
- Budgeting Continued**
Topics:
Top-down Budget or Bottom-up Budget

Flexible budgeting, performance budgeting, and zero-based budgeting
Case Example of Balancing a Budget
The Executive Director's Role in Budgeting (this could be you soon!)

Readings for Sept 14th:

- 1) Finkler et al. (2013)- Chapter 3, Additional Budgeting Concepts (up to page 88)
- 2) Barr, K., & Bell, J. (2011). An executive director's guide to financial leadership. *The Nonprofit Quarterly*, Fall/Winter, 8-15.

Canvas for Sept 14th:

- 1) Work on **Assignment 1**, creating your own non-profit budget. Post questions on canvas to your classmates as you go along. I'm sure others have similar questions!

**** Assignment 1 due, Creating a Non-profit Budget**, posted to Canvas assignment, Sunday, September 17th, 9pm**

Class 4
 Sept 21st

Financial Statements and Basic Accounting

Topics:

Financial Statements: Balance Sheet (Statement of Financial Position), Statement of Activities (Income Statement), and Statement of Cash Flow
Basic Accounting and Generally Accepted Accounting Principles (GAAP)
Case Study Social Service Program- Practice recording common financial transactions onto a general ledger via debits and credits
IRS Form 990- case example

Readings for Sept 21st:

- 1) Weikart et al. (2012). Chapters 5 & 6- Basic Principles of Accounting and Reporting Requirements & Understanding financial statements.
- 2) Martin, L. (2001). Chapter 3- Understanding financial statements. In *Financial management for human service administrators*. Needham Heights, MA: Allyn & Bacon.

Canvas for Sept 21st:

- 1) Look up a local non-profit's most recent 990 (try to choose different ones than your classmates) using <http://www.guidestar.org/> (registering is free). Note how the 990 contains essentially the same information found in an agency's statement of financial activities (profit and loss summary) and statement of financial position (balance sheet). In a post, state the agency you looked up, the gross receipts, where their revenue came from, expenses, assets, liabilities, and net assets. Include other information you found interesting (list of top paid staff, board members, program revenue, contributions, differences between years, fundraising events, etc). Also note how this information might be useful to you coming into a new agency. Post this in Canvas and comment on other posts.

Class 5
 Sept 28th

Financial Statements and Accounting Continued

Topics:

Basic Accounting Terms and Basic Accounting Model

Bookkeeping and Automated Bookkeeping

Readings for Sept 28th:

- 1) Martin, L. (2001) Chapter 4- The Basics of accounting. In *Financial management for human service administrators*. Needham Heights, MA: Allyn & Bacon.
- 2) Scott, L. (2010). Chapter 4- Introduction to Not-for-profit (NFP) accounting and reporting. In *The simplified guide to not-for-profit accounting, formation, & reporting*. Hoboken, NJ: John Wiley & Sons, Inc.- plus read pages 63-66.

Canvas for Sept 28th:

- 1) Start working on **Assignment 2-Accounting Practice Recording Transactions**, bring any questions to class.
- 2) Refer to the analysis of Susan G. Komen and Planned Parenthood (see Canvas). Review the Analysis document and look at the financial performance measures (net assets, revenues, expenses, Race for the Cure, and PP program expenses) from 2011 - 2016. Based on these measures, post a comment on how one or both of the controversies (Komen de-funding / re-funding PP in 2012 and the undercover videos of PP in 2015) have affected the organization(s). What do you see in the trends? Post questions that you have about the numbers / trends.

**** Assignment 2 due, Accounting Practice- Recording Transactions**, posted to Canvas assignment, Sunday, October 1st, 9pm**

Class 6
October 5th

Managing Cash Flow

Topics:

Cash-Flow Management

Liquidity

What do we do when we run Out of Cash or have a Surplus? Loans?

Cash Flow Excel Example: Using one of your non-profit program budgets

Readings for October 5th

- 1) Weikart, et al. (2012). Chapter 3- Liquidity and Managing Cash Flow. And Weikart- pgs. 166-167- The Importance of Cash Management
- 2) Dropkin, M. (2003). Improving cash flow management in challenging times: A primer. *The Nonprofit Quarterly*.
<http://nonprofitquarterly.org/2003/06/21/improving-cash-flow-management-in-challenging-times-a-primer/>
- 3) Using Loans: A Guide to Borrowing for Nonprofit Organizations - Read at the Non Profit Assistance Fund website:
<https://nonprofitsassistancefund.org/resources/item/using-loans-guide-to-borrowing-for-nonprofit-organizations#sthash.JRgNgukB.dpuf>

Canvas for October 5th

- 1) Watch the following video on cash flow projections and how to create an excel template of your organizations annual cash flow
<https://www.youtube.com/watch?t=21&v=K3kM25PY-HM> and read about cash flow file:///E:/SW%20Teaching/Financial%20Mgmt/Managing_cash_flow.pdf. Post on Canvas some reasons why it is important to monitor cash budgets at least

on a monthly basis. Also, give one example (made up or something that happened in one of your agencies or something you have heard of happening) how an agency might run into potential cash flow difficulties (e.g. waiting on a grant with salaries to cover, wanting to start a program and don't have capital).
2) Work on **Assignment 3 Cash Flow Budget Report**, bring any questions you have to class.

Class 7
October 12th

Analyzing Costs

Topics:

Direct, Indirect, Fixed, Variable, Average, Marginal and Step Costs

Break-Even Analysis: Case Example of Soup Kitchen

How much does it cost to produce a program or provide a service?

Whole-staff costs and revenue examples

How much overhead?

Readings for October 12th

- 1) Weikart et al. (2012). Chapter 4- Cost and Cost Analysis.
- 2) Colby, S., & Rubin, A. (2003). Costs are Cool: The Strategic Value of Economic Clarity. *The Bridgespan Group*.
<http://www.brynmawr.edu/neli/documents/Cost-are-Cool.pdf>
- 3) Carttar, P. (2014). Do We Have a Nonprofit Overhead Movement? *The Bridgespan Group*. <http://www.bridgespan.org/Blogs/Aligning-Government-Nonprofits-and-Philanthropy/January-2014/Do-We-Have-a-Nonprofit-Overhead-Movement.aspx->

Canvas for October 12th

- 1) Practice understanding what full-costs entail as you are learning to answer the following question: “How much does it cost to produce a program or provide a service?” Use the “[Example Employee Costs](#)” excel spreadsheet on Canvas to estimate how much different employee salaries would cost- taking into consideration benefits, overhead, G&A, and having a 2% profit margin. Practice putting in different salary amounts (in the green box) and then seeing how much this employee would actually cost (blue box). Note the cost formula of how much this is compared to the actual salary (red box).

Now see how this transfers to estimating whole staff employee costs and revenues to an example non-profit agency, “[Whole Staff Employee Costs and Revenues](#)” Notice the forecasted revenue tab and also the revenue compared to the whole costs. Create an example program using the whole staff costs (choose how many employees, think about managers only needing to provide one day per week at the school site) and show how much it's actual cost would be. See “[Example Program Cost](#)” tab as an example, but note that some of the school contracts were only for \$25,000 or \$5,000—Build a program cost example and post to Canvas explaining the staffing you choose and the cost of the program.

**** Assignment 3 due, Cash Flow Budget Report**, posted to Canvas assignment, Sunday, Oct 15th, 9pm**

Class 8
October 19th

Financial Analysis

Topics:

How to Analyze an Organizations Fiscal Health

Ratio Analysis to Understand Financial Condition

Categories of Ratios: Liquidity, Solvency, Efficiency, & Profitability

Applying Financial Health Metrics to Case of Hull House- Oldest Settlement House in US that filed for bankruptcy in 2012

Readings for October 19th

- 1) Weikart et al. (2012). Chapter 7- Financial Analysis
- 2) Finkler et al. (2013)- Chapter 15, Financial Statement Analysis pages 527-544
- 3) Clemenson, B., & Sellers, R. D. (2013). Hull House: An autopsy of not-for-profit financial accountability. *Journal of Accounting Education*, 31(3), 252-293.

Canvas for October 19th

- 1) Read the case of the Hull House and answer the following question in a post to Canvas based on this case (work in groups of 2): (1) Post one ratio (either liquidity, solvency, efficiency, or profitability) showing how you calculated that ratio with the Hull House data, (3) Give a definition of that ratio in one sentence, and (4) Explain in a sentence or two what your ratio means for the financial condition on Hull House. Please comment on different ratios/aspects than your classmates and comment on other posts.

Class 9
October 26th

Making Financial Decisions & Budgeting for State and Local Governments

Topics:

Developing Financial Tools to Inform Decisions

Budgets as an Aid to Mission Success

Quarterly Financial Reports

Unique aspects of Budgeting for State and Local Governments

Readings for October 26th

- 1) Weikart et al. (2012). Chapter 8- Financial Tools for Informed Decision Making.
- 2) Finkler et al. (2013). Sections of Chapters 13 (pgs. 440-448) & 14 (pgs. 464-475).

Canvas for October 26th

- 1) Start working on your final assignment, **Financial Analysis and Sustainability Plan**. First choose your partner to work as a team (teams of two).

In a post to Canvas (one person posts for the team), identify (a) the organization you have chosen, (b) mission and overview of organization (size, age, field of activity, location), and (c) an overview of the organizations main programs (in two paragraphs). Also explain your key contacts and what financial documents you can obtain. Remember, teams must be able to access sufficient programmatic and financial information for a fiscal year (e.g. Balance Sheet or Statement of Financial Position, Statement of Activities, at least one program Budget, the 990, statement of cash flow, etc.). The fiscal year could be the most recent or the most recent that is available. These documents will be turned in with your final assignment. Please comment on other posts if you know about the other organizations.

Class 10 RevenuesNovember 2nd Topics:**Sources of Revenues for Nonprofits****Nonprofit Revenue Strategies****Advantages and Disadvantages of Different Funding Sources****Should we apply for this grant? Would it be financially feasible?***Readings for November 2nd:*

1) Weikart et al. (2012). Chapter 9- Understanding Revenues

Canvas for November 2nd::

- 1) Nonprofits are financed by multiple revenue streams, from donations, government grants, foundation grants, fee for service, among others. Skim through a recent request for proposal (RFP) grant the previous instructor was asked to look over and decide if they should apply, “[SONYC Pilot Programs RFP](#).” This grant is a government grant, but they know from past experience that this department, the Department of Youth and Community Development (DYCD) does not often pay enough to cover your costs. They often want you to find other funds or matching funds from private donors, foundations, or fees.

After skimming through the RFP to better understand the program, read the notes she prepared to discuss with her Directors and Finance Manager, “[Notes form the DYCD SONYC RFP](#).” You will notice that she summarized the main points and added her thoughts and questions at the bottom. She then worked with the Finance Manager to look at the revenue and costs. Look at the “[SONYC After School RFP Calculations](#).” Note the calculations for both schools, Bronx Hope and Belmont. Also note the green box column on how she used the previous “[Example Employee Costs](#)” to figure out how much per day each of the staff would cost. Then, the blue and yellow boxes show you how much that staffing structure would cost per week. Finally, look at the red boxes that show you how much *revenue* would come in and how much our *costs* would be for each program school.

Comment on Canvas about what you would discuss with the Directors and Finance Manager. Would you recommend applying for this grant? Which school would be a better revenue source? Please try to build off of others comments (keep post to one paragraph).

Class 11Nov 9th**Time Value of Money & Capital Budgeting**

Topics:

Time Value of Money Formulas**Cost-Benefit Analysis****Investment Decision Making****Capital Budgets- Example***Readings for Nov 9th*

- 1) Weikart et al. (2012). Chapter 11- Time Value of Money & Cost Benefit Analysis

2) Weikart et al. (2012). Chapter 12- Capital Budgeting and Financing
Canvas for Nov 9th

1) Continue to work on your final assignment in your team, **Financial Analysis and Sustainability Plan**

Class 12
Nov 16th

Controls and Accountability

Topics:

What are Internal Controls?

Audits- Example

The Role of the Board of Directors in Finances

Sarbanes-Oxley Act

Plus:

Starting a non-profit business in Social Work

Readings for Nov 16th

- 1) Weikart et al. (2012). Chapter 14- Internal Controls
- 2) Gallagher, M., & Radcliffe, V. S. (2002). Internal controls in nonprofit organizations: The case of the American Cancer Society, Ohio division. *Nonprofit Management and Leadership*, 12(3), 313-325.
- 3) Coe, C. (2011). Chapter 4 Manage the Audit. In *Nonprofit Financial Management A Practical Guide*. Hoboken, NJ: John Wiley and Sons, Inc.
- 4) Read "Starting a Nonprofit Business article", <http://www.entrepreneur.com/article/170776>

Canvas for Nov 16th

- 1) An audit as the examination of the financial statements by an accounting professional to determine whether they conform to accounting standards. An "independent audit" is performed by a public accounting firm or an individual who is a certified public accountant ("CPA") to provide an independent opinion to the management whether or not the nonprofit's financial statements/records comply with GAAP accounting standards Most nonprofits get an annual audit, but this varies by the size of the organization and by state requirements. Read through the National Council of Nonprofits, *Nonprofit Audit Guide* : <https://www.councilofnonprofits.org/nonprofit-audit-guide> Write a short post on Canvas about one thing that you learned. Comment on one classmate's post.
- 2) Prepare for your Final Presentations

No Class November 23rd

Class 13
Nov 30th

Financial Analysis & Sustainability Plan Presentations

Topics:

Group Presentations

Readings for Nov 30th:

- 1) Read about the different non-profits being presented, so that you can actively participate in class discussion.

Canvas for Nov 30th:

- 1) If you are presenting, please post a link to the website of the non-profit you will

be presenting and also attach the most recent 990 and any other information you feel would be helpful.

Class 14 Financial Analysis & Sustainability Plan Presentations

December 7th

Topics:

Group Presentations

Readings for December 7th

- 1) Read about the different non-profits being presented, so that you can actively participate in class discussion.

Canvas for December 7th

- 2) If you are presenting, please post a link to the website of the non-profit you will be presenting and also attach the most recent 990 and any other information you feel would be helpful.

**** Final Assignment due, Financial Analysis & Sustainability Plan**, posted to Canvas assignment, Sunday, December 10th, 9pm**