

PADM 611  
Nonprofit Financial Management  
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## MPA MISSION STATEMENT

The University of Louisville's Master of Public Administration is a dynamic, collaborative, interdisciplinary degree program committed to preparing students for career success in the public and nonprofit sectors. The program content reflects the urban/metropolitan setting of the University as well as the focus of the Department of Urban and Public Affairs. We are committed to:

- Providing our pre-service and in-service students with a flexible program of study that emphasizes critical thinking, evidence-based problem solving and engaged service learning.
- Encouraging diversity and inclusiveness in the curriculum, in the classroom and by engaging with the community we serve.
- Advancing scholarship, competence and professionalism in program and public service activities.

## PUBLIC ADMINISTRATION OBJECTIVE

The Network of Schools of Public Policy, Affairs and Administration (NASPAA) is the national accrediting body for MPA programs. As an accredited program, we have to demonstrate that our MPA graduates achieve five universal competencies identified by NASPAA. They are:

1. Lead and manage in public governance;
2. Participate in and contribute to the public policy process;
3. Analyze, synthesize, think creatively, solve problems, and make decisions;
4. Articulate and apply public service perspectives; and
5. Communicate and interact productively with a diverse and changing workforce and citizenry

The courses that comprise your MPA program support these competencies. This course specifically supports the ability to lead and manage (#1) by focusing on analytical skills in nonprofit finance that support decision making (#3).

Public administration courses reinforce all universal competencies. We will engage policy problems in nonprofit finance, talk about how professional ethics guide financial policies and learn to communicate financial information clearly and effectively to the board, staff and stakeholders. Our commitment to these universal competencies make us public administrators and distinguish our training from other programs.

## COURSE DESCRIPTION

You will learn to analyze financial problems, think creatively, solve problems and make fact-based decisions. I designed the course to be a roughly equal mix of financial analysis skills and informed decision making. Informed decision making means that you identify high quality information and use it to reach your own decision about issues in financial management.

It is important to understand where basic financial information comes from (accounting, financial statements, cost analysis, audits, IRS codes) and equally important to guide your nonprofit through good budgeting practices, prudent borrowing and investing and risk management. We focus on how boards use financial information to make decisions and how potential donors view the performance of the nonprofit by what they see in publicly available financial documents. The course concludes with a segment on financial sustainability that ties all these topics together with a view toward enabling the nonprofit to meet new challenges and pursue new goals. Even though there is no such thing as a typical nonprofit, we will use a medium sized nonprofit as our metric and then talk about how things might be different for a larger or smaller nonprofit.

## COURSE OBJECTIVES

### Objective 1. Apply the tools of financial management to nonprofit organizations

- Relate the role of the Internal Revenue Service in the creation and perpetuation of nonprofit organizations to organization structure, and link the presentation format of the annual tax return to conventions in cost allocation.
- Record economic transactions and trace them into required financial statements of the nonprofit organization. Prepare required statements using summary accounting information.
- Identify and evaluate best practices in nonprofit cash flow management and debt management.
- Perform indirect cost allocation and relate the practice to the external performance goals that apply to all nonprofit organizations.

### Objective 2. Use financial management concepts to lead the nonprofit organization

- Prepare a budget that guides the nonprofit through its operating year and involves staff and board members in planning, execution and monitoring.
- Describe how the recent history of audit fraud led to new rules and enhanced controls, and apply those rules and controls to nonprofit organizations.
- Critically evaluate the concept of financial sustainability for a nonprofit organization and produce a plan for financial sustainability for your chosen organization.

## PRE-REQUISITES

There are no pre-requisites for this course, though students should have taken PADM 600, Foundations of Public Administration, prior to enrolling.

## TEXT

There is no required text for the course. All readings and other course materials can be found on the Blackboard website.

## OFFICE HOURS

I will hold virtual office hours using Microsoft Teams. If you have a camera and microphone enabled on your computer, we can see each other and talk in real time. I am available Monday through Friday during business hours by appointment. Evening and weekend appointments are also available to accommodate your work schedule.

When you enter the Blackboard website you will see “Contact Dr. Kelly” as a menu item. When you open it you will find instructions for downloading Teams and a link to a tutorial on using Teams.

You can always contact me by email. You need to use your U of L email account for emails. I may not respond to sweetpea@gmail.com but I will respond to your U of L account within four hours on weekdays or one day on weekends or holidays.

## TAKING AN ONLINE CLASS

Taking an online class is different from taking a face-to-face class. Without lectures, you will be teaching yourself to learn. I like to think of it as an essential step toward lifelong learning.

The roles of the teacher and the student are different than you may be used to. I am a facilitator, guide, coach and resource. My job is to create an effective learning environment. Your job is to use that environment to learn – interact with the materials, construct and share information, manage your time effectively, and use your time for critical thinking, reflection and application. You are in control and responsible for your own learning.

I am here to support and help you, but it is up to you to ask for help when you need it.

## TECHNOLOGY EXPECTATIONS

Because this course is held completely online, you need access to a computer and reliable high-speed internet. Blackboard works equally well with Firefox or Chrome, but IE (or Edge) has a few identified problems. Remember that Blackboard maintenance takes place every Friday from 10:00 pm – 2:00 am EST. I will be informed of any unscheduled loss of Blackboard service and will make whatever adjustments are necessary if that loss of service occurs near a deadline. Signing into Blackboard to complete an assignment, becoming distracted and allowing your session to time out before the assignment is submitted does not constitute a loss of service.

Please use Microsoft Office software for all of your assignments. The two written assignments should be in Word. All the remaining assignments will be in Excel. Blackboard won't allow me to open GoogleDocs, Page or Apple Numbers. As a student, you can get a free copy of Word and Excel. To get the **Microsoft software** you need, go to [Microsoft Office 265 Pro Plus for Students](#).

Please consult **Blackboard Help for Students** <https://help.blackboard.com/Filter/Student> if you are have difficulty downloading or installing the software.

For your privacy and security, *only* your official U of L email account will be used for email communication. No information will be sent to personal email accounts. Please check your U of L email at least once a day.

## TEACHING METHODS

The course is divided into learning modules. Each module corresponds to one week in the semester. For most modules, you will have a short introductory video lecture to watch and a reading assignment. An application exercise follows so that you can build financial management skills. I often prepare a separate video for the assignment, walking you through the steps to complete the task. That way you can watch the assignment video as many times as you need to be successful.

Each activity has a similar due date/time, which is midnight EST on Sunday of your module week. You are welcome to work ahead if you like. You cannot work backwards. The link that allows you to submit an assignment will close at midnight on the Sunday due date. Work submitted outside Blackboard (via email, for example) will not be graded.

All assignments must be submitted via Blackboard. This is for your protection and convenience. When you complete the assignment and submit it in Blackboard, we both have a record of the time and date of your submission. There is never any question as to whether a submission was received prior to the deadline. I will grade your assignment in Blackboard and your grade will automatically be recorded in your Blackboard gradebook. At any time during the semester you can look at the points accumulated divided by the points possible and know what grade you would receive.

## ASSIGNMENTS

### IRS Forms and Requirements

The second week of class you should use Guidestar to secure an IRS Form 990, Return of Organization Exempt from Tax, from a nonprofit organization of your choice. It can be large or small, but should be large enough to require the Form 990 and not the Form 990EZ. You will be referring to the form throughout the semester as we see how financial information required on the Form 990 drives the presentation of other required financial documents of the nonprofit, especially the financial statements. We will discuss how persons outside the organization (stakeholders, donors) use the information in the Form 990 to evaluate the financial condition and management practices of the nonprofit.

### Budget Interview/Budget Preparation

In the fourth learning module you are asked to interview a nonprofit organization of your choice to inquire about how they approach budgeting each year. The related assignment asks

you to compare best practices in nonprofit budgeting with what you learn in the interview. It would be prudent to identify a nonprofit organization early so that you can schedule the interview in advance. You might not be able to secure an interview during the week the assignment is due.

You need not read the material in preparation for the interview (though it would be helpful). You will simply be asking how the organization does its budgeting. Good questions include:

- How do you forecast the amount you have to spend?
- Who in the organization participates in the budgeting process?
- In what form is the proposed budget submitted to the board?
- After the budget is approved, how are expenditures monitored?

You should focus on landing that interview at any time the finance officer or the executive director (for smaller NPOs) is available to talk with you. Most interviews take about 30 minutes.

The next week you will be preparing a budget just as you would in a small nonprofit. You will have to consider revenue projections, terms of grants, salaries and benefits, program expenses and all the other getting and spending issues that the budget encompasses.

## Financial Products

You will prepare eight common financial products. They will often be simplified because the goal is for you to understand why these products are important and how they are used for decision making rather than acquiring all necessary skills to prepare them. For example, I will teach enough accounting to familiarize you with the cycle and demonstrate how transactions flow into financial statements. We will not get into the weeds of accounting or financial reporting.

The eight financial products are:

- An annual budget
- A cash flow graph
- Allocation of indirect costs for reporting purposes
- General journal entries
- T-account and ledger posting
- Statement of financial position and statement of activities
- A statement of functional expenses
- A level debt repayment schedule

## Management Tasks Related to Finance

Nonprofit financial managers often wear multiple hats, some of which fit better than others. For example, financial sustainability is a board function, but the board will rely on the finance office for direction.

Here are the three management tasks we will cover:

- Annual audit, including the single audit
- Internal controls and fraud prevention
- Financial sustainability plan

### Online Quiz

There are two online quizzes comprised of twenty multiple choice questions. They support course material that is entirely objective but does not conform to a financial product. For example, internal controls and fraud are very important to understand, but I cannot expect you to create products for controls monitoring and fraud detection. It is reasonable and appropriate to provide you with material that explains why internal controls are essential to the audit function and support fraud prevention policies. You will have 45 minutes to answer 20 multiple choice questions. You have enough time to look up some answers, but not all of them. Looking up an answer is not cheating.

### Reflection and Analysis

The last assignment invites you to reflect on everything you learned throughout the semester and develop your own plan for financial sustainability. I ask you to read three articles: one on keeping your eye on the big financial picture, one on what financial sustainability means for a nonprofit, and my favorite, “Ten Ways to Kill your Nonprofit.” Following the format of the last article, I ask you to offer ten ways to keep your nonprofit viable for the long term. In other words, your ten steps toward financial sustainability. This will be your final exam and will be due on May 1 at midnight.

*Please see the course schedule for all these activities at the end of this document.*

### GRADING

All of your grades will appear in Blackboard My Grades. I will grade your products and discussion board posts within 24 hours. That’s my deadline. If I miss it, I am either in the hospital or the funeral home. I would like 48 hours for your final assignment on sustainability so I can give it the careful consideration it deserves. Here is a short version of the assignment point values. A comprehensive version is on the website under “class schedule.”

<b>Assignment</b>	<b>Possible Points</b>
Ratings, Form 990	30
Online Quiz (2)	200
Budget (2)	175
Cash Flow	50
Accounting (2)	150
Financial Statements (2)	150
Indirect Cost Allocation	75
Level Debt Schedule	70
Financial Sustainability	100

The grading scale is the standard one. We don't even want to contemplate what would happen if the value of points accumulated were lower than 720.

Grade	Range Points	GPA Points
A	960-1000	4
A-	900-959	3.7
B+	860-899	3.3
B	820-859	3
B-	800-819	2.7
C+	760-799	2.3
C	720-759	2

## UNIVERSITY GUIDELINES AND POLICIES

### Distance Education

The University of Louisville is committed to complying with all requirements regarding the operation of online education within states and U.S. territories. This policy addresses the Department of Education regulations concerning the regular and substantive interaction requirements for online and remote courses. University online and remote courses must be designed to facilitate regular and substantive interaction between instructors and students. The University requires instructors teaching online and remote courses to have regular and substantive interaction with the students enrolled in those courses.

Individuals should report violations of this policy to appropriate University leadership, including but not limited to, the Delphi Center for Teaching and Learning, the University Integrity and Compliance at [compliance@louisville.edu](mailto:compliance@louisville.edu), or the [University's Compliance and Ethics Hotline](#).

### Title IX/Clery Act Notification

Sexual misconduct (including sexual harassment, sexual assault, and any other nonconsensual behavior of a sexual nature) and sex discrimination violate University policies. Students experiencing such behavior may obtain confidential support from the PEACC Program (852-2663), Counseling Center (852-6585), and Campus Health Services (852-6479). To report sexual misconduct or sex discrimination, contact the Dean of Students (852-5787) or University of Louisville Police (852-6111).

Disclosure to **University faculty or instructors** of sexual misconduct, domestic violence, dating violence, or sex discrimination occurring on campus, in a University-sponsored program, or involving a campus visitor or University student or employee (whether current or former) is **not confidential** under Title IX. Faculty and instructors must forward such reports, including names and circumstances, to the University's Title IX officer. For more information, see the Sexual Misconduct Resource Guide (<http://louisville.edu/hr/employeerelations/sexual-misconduct-brochure>).

## **Students with Disabilities**

The University of Louisville is committed to providing access to programs and services for qualified students with disabilities. If you are a student with a disability and require accommodation to participate and complete requirements for this class, notify me immediately and contact the Disability Resource Center (Stevenson Hall, 502-852-6938, <http://louisville.edu/disability>) for verification of eligibility and determination of specific accommodations.

## **Academic Dishonesty**

Academic dishonesty is prohibited at the University of Louisville. It is a serious offense because it diminishes the quality of scholarship, makes accurate evaluation of student progress impossible, and defrauds those in society who must ultimately depend upon the knowledge and integrity of the institution and its students and faculty.

## **Religious Holy Days and Observances**

Federal law and university policy prohibit discrimination on the basis of religious belief. It is the policy of the University of Louisville to accommodate students, faculty, and staff who observe religious work-restricted holy days.

Faculty are obliged to accommodate students' request(s) for adjustments in course work on the grounds of religious observance, provided that the student(s) make such request(s) in writing during the first two (2) weeks of term.

## **Statement on Diversity**

The University of Louisville strives to foster and sustain an environment of inclusiveness that empowers us all to achieve our highest potential without fear of prejudice or bias.

We commit ourselves to building an exemplary educational community that offers a nurturing and challenging intellectual climate, a respect for the spectrum of human diversity, and a genuine understanding of the many differences-including race, ethnicity, gender, gender identity/expression, sexual orientation, age, socioeconomic status, disability, religion, national origin or military status-that enrich a vibrant metropolitan research university.

We expect every member of our academic family to embrace the underlying values of this vision and to demonstrate a strong commitment to attracting, retaining and supporting students, faculty and staff who reflect the diversity of our larger society.

## **Basic Needs**

Doing well in classes (and in life, for that matter) means getting a good night's sleep, having enough to eat, and being able to get to where you need to go. If you are having any difficulties with these basic necessities, remember that UofL has resources to assist you. These challenges are unfortunately more common than we would wish. Please reach out to me or to one of these great resources if you find yourself in need at any time during this course or after.

- Food (fresh and non-perishable), household and toiletry items: Cardinal Cupboard (SAC W312)
- Clothing, shoes, household items and office/art supplies: UofL Free Store (SAC W303C)

## Student Success

If you're experiencing any academic, financial, or personal difficulties, a Student Success Coordinator in UofL's Student Success Center can work with you individually to provide guidance and support as well as connect you to relevant resources. Contact the UofL Concern Center for help finding and connecting with the resources you need to be successful: <https://louisville.concerncenter.com/>.

## Counseling Center

If you are having difficulty with your coursework for personal reasons, it may be helpful to work with a trained therapist at the Counseling Center in an individual or group setting. People come into the Counseling Center to discuss a range of topics, including relationships, family, identities, grief and loss, depression, stress, and many more experiences and concerns. The Counseling Center provides short term individual, group, and couples counseling, crisis intervention, and psychological testing. Clients seek services for a variety of areas of concern, including psychological, personal/social, academic, and career issues. To schedule an appointment, please contact the Counseling Center at 502-852-6585 or stop by the office in the Student Activities Center Room W-204. More info: <http://louisville.edu/counseling/>

Additional Counseling Resources:

- 24/7 Adult Crisis Line: 502-589-4313 or 800-221-0446 (available 24/7)
- The National Suicide Prevention Lifeline: 988 or 1-800-273-TALK (8255) (available 24/7)
- Crisis Text Line: Text HOME to 741741 (available 24/7)
- The Trevor Project: 1-866-488-7386 (available 24/7 for individuals ages 13-24 who identify as LGBTQ)

Any student who has difficulty accessing sufficient food, lacks a stable place to live, or faces any other hardship that may affect their performance in this class, should contact the Dean of Students Office at 502.852.5787 or <http://louisville.edu/dos>. Also, look for resources marked Basic Needs in UofLConcernCenter. For more information, visit: <https://louisville.concerncenter.com>.

## SUPPORT SERVICES FOR DISTANCE LEARNERS

### Library Services

Library services are available for students in distance education-online courses, including off-campus access to online databases and Electronic Course Reserves. The UofL librarians are

available to assist you with library services. For more information view the [Library Services for Distance Education and Online Courses page](#).

### Technical Support

If you need technical support with your university account, unlocking your password, accessing wireless, Blackboard or other technical issues, contact the HelpDesk at (502) 852-7997. You can chat with a support expert or submit an email by visiting the [HelpDesk Resources](#) website. Many useful videos can be found at the [Blackboard 9.1 Help](#) page.

### Writing Center

The University Writing Center is committed to supporting the writing of distance education students. You can schedule an online consultation through their Virtual Writing Center. They provide both online live chat sessions and can respond to your draft in writing through an eTutoring session. Learn more at the [Writing Center](#) website.

## COURSE SCHEDULE

Week	Module	Topic	Reading	Deliverable	Due Date	Points
9-Jan	1	Introduction to Financial Management	Why Ratings Matter, Overview of Big Three Rating Organizations	Charity Rating for Your Selected NPO	15-Jan	20
16-Jan	2	IRS Form 1023 and 1023-EZ	Structure of NPOs, Pros and Cons of Using Form 1023-EZ	Secure Form 990 for Your NPO via Guidestar	22-Jan	10
23-Jan	3	Deep Dive into the IRS 990	What a Form 990 Says about a Nonprofit	Online Quiz (Covers the layout of the IRS Forms 1023 and 990)	29-Jan	100
30-Jan	4	Preparing to Budget	Budgeting for Small Nonprofits; Seven Budget Priorities	Budget Interview and Analysis	5-Feb	75
6-Feb	5	Budgeting: Getting our Hands Dirty		Brightside Budget Proposal	12-Feb	100
13-Feb	6	Managing Cash Flow	Linzer, Chapter 1, Creative Frugality	Prepare Cash Flow Graph	19-Feb	50
20-Feb	7	Indirect Cost Analysis	Demystifying Allocations	Allocate Indirect Costs	26-Feb	75
27-Feb	8	Accounting I	Overview of Bookkeeping; Ruppel, Chapter 1	General Journal	5-Mar	75
6-Mar	9	Accounting II	Guide to Bookkeeping; Special Issues in NPO Accounting	T Accounts and Ledger Balances	12-Mar	75
13-Mar	<b>Spring Break</b>					
20-Mar	10	Financial Statements I	Understanding Financial Statements	Statement of Financial Position	26-Mar	75

27-Mar	11	Financial Statements II	Understanding Financial Statements	Statement of Activities, Statement of Functional Expenses	2-Apr	75
3-Apr	12	Annual Audit, Single Audit	Council of Nonprofits Audit Guide, SOX	Covered in Online Quiz next module	9-Apr	0
10-Apr	13	Internal Controls and Fraud	Four Embezzlement Risk Areas; COSO Integrated Framework	Online Quiz: Covers Module 12 and 13 Content	16-Apr	100
17-Apr	14	Borrowing	The Price of Nonprofit Debt	Level Debt Schedule	23-Apr	70
24-Apr	15	Financial Sustainability	Blazek on the Big Picture, Bowman 2011, 10 Ways to Kill Your Nonprofit	Ten Ways to Financial Sustainability	30-Apr	100