SW693J
Nonprofit Financial Management
CRN 85752

Monday, 6-8:50 PM
Knapp Hall 200

Roger A. Lohmann, Ph.D.
Office hours: Tues., 1-3:30
Email: rlohmann@wvu.edu
Office: (304) 293-3501
Home: (304) 599-0193

I. Course Description and place in the Curriculum

This course offers an intensive examination of the current state of the art of nonprofit financial management, with attention to accountability, budgeting, cost measurement, and related topics. It is an offering in the Nonprofit Management Certificate curriculum but may also be taken independently or, with your advisor’s approval, as part of a graduate program of study.

II. Course Objectives

Upon completion of this course, students should be able to:

1. Identify basic terms and concepts and current arguments associated with nonprofit accountability.
2. Identify the basic nonprofit financial statements, their functions and uses.
3. Identify the role and function of generally accepted principals of nonprofit accounting (GAAPs).
4. Recognize the distinctive roles and expectations of budgets in nonprofit governance and identify different types of nonprofit budgets.
5. Understand the role of the cost model and its applicability and limitations in the nonprofit setting.
6. Identify the role of Break-Even Analysis using fixed and variable costs and contribution margins as a model of nonprofit decision-making.
7. Identify the role of Balanced Scorecards in relating organizational mission and outcomes to financial information.
8. Understand the Management Control model and the role of cost, quantity and quality controls in nonprofit financial management.
9. Identify and discuss issues of performance management in nonprofit management.
10. Identify and discuss the contribution of social accounting to nonprofit financial management.
11. Identify and discuss the contributions of grants and contracts to nonprofit finance.
12. Identify and discuss the contributions of fees and user charges in nonprofit finance.
13. Identify and discuss the contributions of gift, donations and fundraising campaigns in nonprofit finance.
14. Identify and discuss the role of risk assessment in nonprofit financial management.
15. Identify and discuss the role of borrowing and investment in nonprofit finance.
III. Required and Recommended Texts

There are no required texts for this course. Books currently available are too expensive and offer too little return for the investment. All of the readings will be made available on electronic reserve.

IV. Course Calendar and Units of Content Outline

1. Introduction to Nonprofit Financial Management (August 18)

   Reading Assignment:


2. The Problem of Accountability (August 25)
   a. The Issues & Values
   b. The Accounting ‘Solution’
      i. Accountability as a measurement issue
      ii. GAAP
      iii. Fund or Enterprise Accounting?
      iv. Audit Opinions
      v.
   c. Types of Accountability
      i. Stewardship
      ii. Control
      iii. Performance
   d. Basic Elements of Accounting
      i. T-Accounts
      ii. Major Measurement Categories
         1. Inflows
         2. Assets
         3. Liabilities
         4. Equity
         5. Outflows
Reading Assignment:


3. **Financial Statements** (September 1)
   a. Balance Sheet
      i. \( A - L = FB \)
   b. Activity Statement
   c. Cash Flow Statement
   d. Statement of Functional Expenditures
   e. IRS-990
   f. Other Statements

4. **Budgets** (September 8)
   a. Budgeting as Planning
   b. Programs Structures and Responsibility Centers
   c. Budget Systems

5. **Additional Budget Topics** (September 15)
   a. Periodic vs. Flexible Budgeting
   b. Capital Budgeting

Reading Assignment:


6. **Cost** (September 22)
   a. The Cost Model
      i. Cost Objects
      ii. Projected Cost vs. Measured Cost
      iii. Outlay Cost vs. Opportunity Cost
      iv. Cost Analysis and Cost Accounting
   b. Basic Cost Terminology
      i. Direct, Full, Fixed
      ii. Nonprofit Cost Categories
         1. Administration
         2. Fundraising
         3. Program
      iii. Centers
         1. Support Centers
         2. Mission Centers
      iv. Responsibility Centers
         1. Revenue Centers
         2. Expense Centers
         3. Profit Centers
4. Investment Centers
5. Mixed Centers

**Reading Assignment**


7. **Additional Cost Topics** (September 29)
   a. Differential Cost Analysis
   b. The Cost-Benefit Model
   c. Cost-Effectiveness Models
   d. Ratio Analysis
      i. Basic ratios
      ii. Distress analysis
         1. Tuckman-Chang
         2. Greenlee-Trussel


8. **Break-Even Analysis** (October 6)
   a. The B-E Model
      i. Contrasted with microeconomic model of firm
   b. Fixed supports & variable revenues
   c. Fixed & variable costs
   d. Contribution margin

Limitations of the B-E Model

**Reading Assignment:**


9. **Balanced Scorecard** (October 13)
   a. The basic BSC model
b. Limitations of the BSC Model

**Reading Assignment:**


10. **Management Control** (October 20)
   a. The Basic M-C Model
   b. Cost, Quantity and Quality Controls
   c. Budgets as Controls
   d. Contracts as Controls
   e. Management Control Principles

**Reading Assignment:**


11. **Performance Measurement & Social Accounting** (October 27)
   a. Output, Quality & Outcome Measures
   b. The basic P-M Model
      i. GPRA & Performance Movement
      ii. Kettner-Martin
   c. The basic Social Accounting movement
      i. Thirty years of S-A
      ii. Quarter-Richmond

12. **Grants and Contracts** (November 3)

13. **Fees & User Charges** (November 10)

14. **Gifts, Donations and Fundraising** (November 17)

**Assigned Readings:**


15. **THANKSGIVING BREAK - (November 24) –NO CLASS**

16. **Additional topics** (December 1)
   a. Risk Assessment & Management
      i. Insurances
   b. Auditing
      i. Purpose of Audits
      ii. Types of Audits
c. Borrowing

V. Assignments and Grading Section

1. Students are expected to enroll in the CYB-ACC discussion list and to monitor the discussion regularly. (10%)

2. Readings and Class discussion (25%)

3. Because of the diversity of backgrounds of students enrolled in the course, major term assignments will be handled on an individual, negotiated basis between each student and the instructor. It is anticipated that agreements will be reached on assignments before the end of the third week of the semester. (65%)
VI. Miscellaneous Information

GUIDELINES FOR SCHOLARLY WORK*

The faculty of the School of Social Work are increasingly concerned about the issue of appropriate scholarly ethics, and agree that all of the statements which follow constitute a framework of minimum scholarly standards recognized in higher education.

In submitting a paper or class project at the School of Social Work, the student warrants and affirms the following:

1. That the work presented is an original piece of research/scholarship/creativity done entirely by the listed author(s).

2. That the entire work, or a substantial portion thereof, is not copied or directly paraphrased from the published work of another author.

3. That all direct quotations, direct paraphrases, empirical research findings, and other suitable restatements of the research, scholarship, or creative work of others is appropriately annotated with standard bibliographic citation methods.

4. That the work in question was prepared especially for the class assignment for which it is submitted, and has not been submitted previously, and will not be submitted later in substantially its present form.

5. That in those instances when a similar or identical topic, theme, issue, population, problem, or method is examined in the course assignments for two or more courses, the written consent or approval of both instructors has been obtained before the assignment is turned in. Instructors are under no obligation to provide their consent.

6. That appropriate credit is provided, in a footnote, for assistance provided by faculty, other students, etc., in preparing the paper.

7. That no part of the assignment was prepared by a commercial or nonprofit term paper preparation service.

8. That the student has read or examined all sources cited and has personal knowledge that the quotations and findings attributed to those sources in the student's work are substantially correct.

* Adopted by the School of Social Work Faculty, August, 1984.

GRADING CRITERIA FOR MAJOR PAPERS*

1. DEMONSTRATION OF KNOWLEDGE: Literature chosen for the paper must be appropriate, relevant, and suitably applied. Discussion of the topic must be thoughtful and thorough. Writer must demonstrate an ability to apply theory to practice. Paper must relate well to the content of the course and its objectives.

2. CLARITY OF EXPRESSION: Paper must communicate thoughts and theory effectively, i.e., non-ambiguously and coherently. Each thought should lead to the next in a clear and logical manner. Paper must be well organized and make use of
subheadings, following the guidelines in the syllabus. Papers that seem disjointed and incoherent do not meet this criterion.

3. TECHNICAL WRITING: This criterion includes spelling, grammar, sentence structure, and proofreading. The writer is to demonstrate control of the standard conventions of American prose (proper use of idiom, appropriate diction, good syntax, correct spelling, etc.). Papers with lots of careless errors will suffer when graded. Corrections may be made in pen when proofreading.

4. DOCUMENTATION OF SOURCES: Research papers must show appropriate references in a standard format. I require that you use the APA (American Psychological Association) style manual in preparing your references. Excerpts from this manual are on reserve in the Evansdale library in the vertical file under "Style Manual Excerpts."

* Adopted by the School of Social Work Faculty, October, 1988.

ETHICAL CONDUCT

All students formally admitted to the School of Social Work are bound by the Code of Ethics as established by the National Association of Social Workers. A copy of this code may be found in the Student Handbook provided to you by the School of Social Work. Failure to abide by and conduct yourself within the parameters of this code may be grounds for initiating disciplinary review.

SOCIAL JUSTICE STATEMENT

West Virginia University is committed to social justice. The instructor of this course concurs with West Virginia University's commitment and expects to maintain a positive learning environment based upon open communication and mutual respect. Any suggestions as to how to further such an environment will be appreciated and given serious consideration.

CONDITIONS FOR GIVING AN "I"

Students are expected to complete course work in the semester in which the course is taken. From time to time events that are clearly beyond the control of the student may prevent the timely completion of a course. Should you find yourself facing such circumstances, you may wish to discuss this with your instructor and see if an incomplete should be given until the late work can be completed. Faculty are not required to give an incomplete and would not be expected to do so where there are not compelling reasons to justify the request.

VII. Course Bibliography (All courses should have a bib from the last 10 years or so)