Instructor: Cleopatra Grizzle
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Class Times: Tues 5:30-8:10
Class Location: Hill Hall 203
Office Hours: Tues/Thurs 10:00-11:00
Tues 2:00 – 5:00 and by appointment

TARGET AUDIENCE: This course is designed for students who have no previous formal training (or equivalent on-the-job experience) in either business or government accounting or finance.

COURSE OVERVIEW:
This course will focus on developing, monitoring, and evaluating operating budgets for nonprofit organizations. Through the use of the textbook, assigned readings, case studies, simulations, and experiential learning; students will be offered an opportunity to advance their theoretical and practical knowledge of nonprofit budgeting. In addition, basic accounting and fundamental financial management principles will also be examined along with internal and external controls, risk management, and reporting requirements to further broaden students’ comprehension of the intricacies of nonprofit budgeting.

The first half of the course focuses on nonprofit budget context setting and the process of operating budget development from a management perspective.

The second half of the course will focus on financial analysis; capital, long term, and opportunity budgeting; governance best practices, and ethics and decision making.

Throughout the course students will work on building a nonprofit organization budget.

COURSE OBJECTIVES
At the conclusion of this course, students will be able to:
1. Identify the key steps in operating budget building
2. Lead the process of volunteer and staff involvement in budget development
3. Develop and utilize budget monitoring, forecasting, and controlling techniques
4. Demonstrate advanced skills in budget preparation and presentation

COURSE MATERIALS:
Required Textbook
Budgeting & Financial Management for Nonprofit Organizations by Lynne Weikart, Greg Chen and Ed Sermier
ISBN: 978-1-6087-1693-7

Computer with MS Excel or Financial Calculator
You will need access to either a computer with MS Excel or have a calculator that can do simple calculations.
BLACKBOARD:
This course will be managed through the University Blackboard system. Blackboard is an internet-based information display system, and it will be the primary means of communication for this course. Throughout the semester, I will post documents such as lecture slides, and homework solutions to this site. In addition, I will occasionally send e-mails about course logistics to your Rutgers e-mail account through the Blackboard system. Therefore, you should check both the course website and your Rutgers e-mail account on a regular basis.
The Blackboard login page is at:
https://blackboard.newark.rutgers.edu/webapps/portal/frameset.jsp?tab_id=1_1
To login, enter your Rutgers username and password. Please take some time to learn how to use the Blackboard and get familiar with its contents.

PROFESSIONALISM:
The MPA program is a professional program that emphasizes managerial skills, knowledge, and decision making. Therefore, professional conduct is expected, especially with respect to deadlines, participation, and attendance. Note the dates and put on your calendars immediately. YOU need to adjust your schedules to meet the requirements of this course. Homework will not be accepted late and should be turned in on due date unless otherwise specified. A grade of Incomplete is recorded only under extreme circumstances that occur at the end of the semester and with written agreement between instructor and student. It is not an automatic option and almost never used. Non-attendance will not result in a grade of Incomplete.

HOMEWORK:
Assignments are due at the beginning of lecture on the designated date. Any assignment submitted after that time will receive a penalty of 10% per class day late, but the total penalty will not exceed 50% of the points available for the assignment. Late assignments will be accepted until the start of the final examination. No assignments will be accepted after the start of the final examination. If you need to miss lecture, you may either leave your assignment in my mailbox before class begins or arrange for a classmate to submit it for you in class.

Assignments must be typed and stapled. Handwritten assignments will not receive any credit.

Each student must write and submit his or her own assignment. I encourage you to work on assignments in small groups, but two or more students turning in identical homework assignments constitutes cheating and will be reported to the administration and subject to disciplinary action.

GRADING:
Your course grade will be determined as follows:

990 Memo: 15% of grade
Scandal Paper: 15% of grade
Weekly Quiz/Assignment: 30% of grade
Budget Preparation and Presentation: 30% of grade
Class Participation: 10% of grade

PLAGIARISM
Academic dishonesty is unacceptable and will not be tolerated. Cheating, forgery, plagiarism and collusion in dishonest acts undermine the School’s educational mission and your own personal and intellectual growth. You are expected to bear individual responsibility for your work and to uphold the ideal of academic integrity. Any student who attempts to compromise or devalue the academic process will be reported to the administration and subject to disciplinary action. Additionally, academic dishonesty will also result in 0 points for the assignment.
or exam. Students should familiarize themselves with the University's policy on – and disciplinary process associated with – plagiarism at the following website:

- [http://academicintegrity.rutgers.edu/policy-on-academic-integrity](http://academicintegrity.rutgers.edu/policy-on-academic-integrity)
and with the following documentation (pdf):

**DISABILITY SERVICES:** Students who are in need of disability-related academic accommodations must register with the Office of Disability Services (ODS). Students with authorized disability-related accommodations should provide me with a current Accommodation Authorization Letter from ODS. Accommodations are not provided retroactively, so please let me know about them as early as possible. Further information is available at the ODS website, [http://disabilityservices.rutgers.edu/](http://disabilityservices.rutgers.edu/)

**PARTICIPATION/ATTENDANCE:** Come to class; it is hard to participate if you are not here! I want to reward you for taking an active role in your education. I also want to encourage you to come to class, pay attention, answer my questions, and join in class discussions. More than three absences over the course of the semester will result in serious damage to your participation grade. I will call on you to answer questions. I'm not expecting "right" answers--sometimes there isn't a right answer; I am expecting thoughtful and intelligent answers that demonstrate you have done the reading and are paying attention. Additionally, in-class writing assignments, and other in-class activities will become part of your participation grade.

A - You are an outstanding, invaluable contributor to class discussions. The class would be considerably poorer without your presence. You speak often, engage your fellow students, and always offer intelligent, thoughtful opinions. Your level of energy and enthusiasm is very high. You are passionate about learning and come to class with an open mind to new ideas; you always show great motivation and interest. You complete all the assignments, and you do an excellent, thorough job on each one. You come to every class session and you are always on time. You care about your classmates and how they are doing in class.

B - You are an active participant in class discussions. You seem to be showing a great deal of interest, even if you are a naturally quiet person. You are a very active listener, and you appear to respect the opinions of your fellow students. You often contribute many intelligent ideas to the class discussions. You complete all the class assignments, and it appears that you put a great deal of thought and effort into them. You go beyond what is required of you. You are absent or late to no more than 2 classes.

C - You have an acceptable level of class participation. You occasionally participate in a class discussion, although not very much. If you are a naturally quiet person, you at least seem to be paying attention and showing interest. You complete all the assignments and you do what is required of you. You are absent or late to no more than 4 classes.

D - You are physically present in class, but your mind seems to be somewhere else. You do not seem to pay attention (or even to disguise your boredom). You rarely participate in class discussions. Even when called on to answer a question, you have very little to say. Sometimes you seem to be on the verge of sleeping, or melting into your chair. You complete the assignments, but it appears like you put little time or effort into them. You are late or absent more than 4 times.

F - You miss class often. You do not participate at all. You show no interest whatsoever in the subject matter, the readings, or the opinions of your fellow students. You do not complete many of the assignments. Overall, you put no effort into the class. You are absent or late to class more than 7 times.
Class Schedule and Reading Assignments

Class 1 January 22\textsuperscript{nd} – Introduction – Syllabus Review

\textbf{Topic: } An Introduction to Nonprofits: Mission and Money

An introduction to the concepts of budgeting and financial management as well as a discussion of the differences/similarities between nonprofit, public, and private sector budgeting.

\textbf{Read before class: } Chapter 1
Additional readings posted on Blackboard

Class 2 - January 29\textsuperscript{th}

\textbf{Topic: } Budgeting as Part of the Planning Process

The budget planning process will be introduced and key elements identified including roles and responsibilities, the assumptions, and the strategy.

\textbf{Read before class: } Chapter 2

Class 3 - February 5\textsuperscript{th}

\textbf{Topic: } Liquidity and Managing Cash Flow

This class focuses on operational issues in financial management, including liquidity and cash-flow management. We also discuss investment strategies that nonprofits can take when short-term surpluses of cash are present.

\textbf{Read before class: } Chapter 3
**Class 4 - February 12th**

**Topic:** Costs and Cost Analysis

We focus on cost in the context of economics and financial management in nonprofit organizations. After defining cost in this context, we apply it to cost accounting and financial decision making, which are critical to successful financial management of nonprofit operations.

**Read before class:** Chapter 4

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**Spring Break - February 19th**

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**Class 5 – February 26th**

**Topic:** Understanding Financial Statements

We will focus on the content of financial statements as well as how these statements relate to one another. Financial statements are one of the key ingredients in a nonprofit’s ability to determine how successful it has been in fulfilling its mission.

**Read before class:** Chapters 5 & 6

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**Class 6 – March 5th**

**Topic:** Analyzing Operating Results

In analyzing results we will focus on how to interpret results, identifying and understanding key indicators, and looking at reports and ratios.

**Read before class:** Chapters 7 & 8
**Class 7 – March 12th**

Guest Speakers - TBA

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**Class 8 - March 26th**

**Topic:** Non-Operating Budgets: Cash, Capital, and Strategic

An introduction to three supporting budget techniques: cash flow, capital, and multi-year (rolling). The construction and application of these models will be addressed.

**Read before class:** Chapter 12; additional readings posted on Blackboard

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**Class 9 – April 2nd**

**Topic:** Performance Measurement in Financial Management

In this class we will define performance measurement; relate program evaluation to performance measurement; explain ingredients used to measure program performance and understand the role of government in improving nonprofit accountability.

**Read before class:** Chapter 10
Class 10 – April 9th

**Topic:** Understanding Revenues

*In this class we discuss nonprofit revenues, including a theoretical foundation for understanding how the benefits nonprofits provide affect their revenues, main revenue sources, and revenue strategies that nonprofit managers can use to develop, expand, and diversify financial resources in the context of mission achievement.*

**Read before class:** Chapter 9

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Class 11 – April 16th

**Topic:** Investment Strategies and Adapting to Turbulent Times

*In this class we will discuss investment principles and guidelines in the nonprofit context, emphasizing the key role of the board as the fiduciary in developing a policy statement and overseeing its implementation. We will also discuss the effects of the economic crisis on the nonprofit sector.*

**Read before class:** Chapters 13 & 15

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Class 12 – April 23rd

**Topic:** Fraud and Abuse in the Nonprofit Sector, Corporate Compliance and Internal Controls

*In this class we look at fraud and abuse in nonprofit organizations including an examination of several egregious cases. We will also study the conditions that permit fraud and abuse to occur and how to establish and monitor a system of internal controls to reduce the risk of fraud and abuse.*

**Readings:** Posted on Blackboard
Class 13 – April 30th

Topic: Governance: Structure, Roles, and Responsibilities
Policies and Practices: Internal Controls, External Audits, and Reporting (Sarbanes-Oxley)

We will consider models for effective governance and the role of staff and volunteers in the process.
The use of internal and external controls as well as the statutory responsibilities nonprofit organizations must fulfill in adhering to fiduciary obligations for State and Federal reporting.

Read before class: Chapter 14 and readings posted on Blackboard

Class 14 – May 7th

Presentations in class
Assignments

I. 990 Memo

Download a 990 form for any 501c3 organization (See guidestar.org) and write a one page memo to address the 10 questions from “How to Read the 990 Form” which can be downloaded at http://www.npccny.org/new990/new990-1.htm

The memo should follow generally accepted formatting for professional communication. The memo will be evaluated for both content and presentation. The memo is due in CLASS 8 (March 26th) but you may begin work on this project at anytime.

II. Scandal Paper

Select a case of a compliance scandal involving a nonprofit corporation. Conduct a literature and newspaper article search (review a minimum of six articles) involving the particular case you have selected. Write a brief paper (4-5 pages double spaced) summarizing the case (who was involved; what happened; when & where did it occur), indicating the elements of the “Fraud Diamond” that were in play, what internal controls within the organization failed and how the scandal might have been prevented.

Assignment is due in CLASS 13 (April 30th)

Assignment will be graded on each of the following elements:

- The paper is well written, with an organized discussion and well-backed opinions
- The background and key elements of the case are clearly described
- An approach for anticipating, managing and potentially decreasing re-occurrence of the situation is offered
- The writer makes use of appropriate references

III. Budget Preparation and Presentation

This assignment includes:

1. Creating a nonprofit organization: mission, vision, programs, structure
2. Developing an operating budget
3. Identifying key governance policies and practices for approving, monitoring, and evaluating operating budget results.

Final presentations will be made to a panel of nonprofit executives on the last day of class as noted in the syllabus.

Twenty minutes will be allocated for presentation and ten minutes for questions and answers

The final project will include:

- A Report - Description of the Organization, Organization Structure, Policies, and Operating Budget
- A Power Point Presentation – Organization Overview, Budget Planning Process, Budget Summary, Budget Overview
- Grades will be based on the review panel’s recommendation
Resources

Newspapers/Directories

The Chronicle of Philanthropy  (bi-weekly, 24 issues a year, also on the web at: http://philanthropy.com)
The NonProfit Times (also on the web at: www.nptimes.com)
New Jersey Attorney General, Division of Consumer Affairs, Directory of Registered Charities. www.state.nj.us/lps/ca/charity/chardir.htm

Academic Journals

Nonprofit Management and Leadership (Jossey-Bass)
Nonprofit and Voluntary Sector Quarterly (ARNOVA/Sage Publications).

General nonprofit periodicals

Nonprofit Quarterly
New Directions for Philanthropic Fundraising
Stanford Social Innovation Review
Nonprofit World
Association Management
Foundation News & Commentary
Board Member Contributions
Advancing Philanthropy (published by AFP, the Association of Fundraising Professionals)
Grassroots Fundraising Journal
Journal of Nonprofit and Public Sector Marketing
Voluntas (UK/international).

Selected periodicals in closely related fields (likely to include relevant articles)

Public Performance and Management Review
Review of Public Personnel Administration
Journal of Volunteer Administration
Human Resource Development Quarterly
Human Resource Management Review
Personnel Management
Research in Personnel and Human Resources Management
Public Administration Review
Harvard Business Review
Administration in Social Work
Journal of Arts Management, Law, and Society
University Business
Health Care Management Review
**Web Sites**

GuideStar: [www.guidestar.org](http://www.guidestar.org) Information on the finances and activities of the vast majority of charities of size in this country.

Internet Nonprofit Center: [www.nonprofits.org](http://www.nonprofits.org)


Skoll Foundation: [www.skollfoundation.org](http://www.skollfoundation.org) Promotes social entrepreneurship.


Nonprofit Sector Research Fund: [www.nonprofitresearch.org](http://www.nonprofitresearch.org)

National Center on Nonprofit Enterprise: [www.nationalcne.org](http://www.nationalcne.org) Focuses on the application of analytical thinking to nonprofit issues.

Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership,

Grand Valley State University: [www.npgoodpractice.org](http://www.npgoodpractice.org)


**Watchdogs**

BBB Wise Giving Alliance: [www.give.org](http://www.give.org) Reports on national charitable organizations, nonprofit standards, and related topics.

American Institute of Philanthropy: [www.charitywatch.org](http://www.charitywatch.org)

Charity Navigator: [www.charitynavigator.org](http://www.charitynavigator.org)