## COURSE DESCRIPTION AND OBJECTIVES

Financial resources are the lifeblood of governments and non-profit organizations. As such, students who aspire to a career in public management must understand how managers effectively use financial resources to achieve their organizations’ mission.

By the end of this course, you should be able to:

- Evaluate the financial health of a non-profit organization, identify the most pressing threats to its **liquidity, solvency, profitability** and **overall performance**.

- Identify strategies to ensure the organization’s allocation of resources is financially sustainable. That includes managing the organization’s working capital, investments, and long-term obligations.

- Understand the relevance and significance of internal controls systems and how they are used to manage resources and risks.

This is a survey course and much of the subject matter is technical and a single course will not make you an expert in accounting or financial management. However, mastery of the course material should be advantageous to anyone who is aiming for a position as a manager in a not-for-profit setting, a budget analyst, or other public/not-for-profit sector positions calling for familiarity with accounting and finance. It also provides important background for those who might serve on a board of a nonprofit organization.

This course is numbers-oriented. Although you don’t have to be a math whiz, the course involves a considerable amount of number crunching and analysis of financial information. You will use spreadsheets in class and in your assignments. Exercises and case assignments will also require you to describe what your numerical analysis means in managerial and policymaking terms. These are essential skills in the workplace and your goal should be to master the use of analytical techniques and integrate that information when allocating resources or making policy recommendations.

## COURSE STRUCTURE AND EXPECTATIONS:

This course has two main components: pre-class preparation (readings and Panopto recordings) and in-class meetings. Prior to each class meeting, you should review all foundational materials. Foundational materials include assigned readings that outline foundational terms and key concepts. In some instances, I will demonstrate the application of key concepts using Panopto videos. These recordings are an especially effective way for you to learn the technical information, especially how you use Excel to implement many of...
the analytical tools you will learn over the next 10 weeks. You should review these recordings ahead of each class meeting.

In class session will focus on high-level discussion about challenges facing not-for-profit organizations. These discussions will be informed by your review of the existing materials. I will use the time in class to answer any questions you may have on the existing material and in some instances present additional examples, cases, and other material to further demonstrate key concepts or policy issues. Note that I will do little if any traditional lecturing on the basic course materials or readings.

As such, the class sessions are designed to clarify, integrate, and extend your knowledge of the material. If you do the required preparation, you will have no trouble with key concepts or analytical tools. Our meetings will be most productive if we can have an open exchange of ideas. In that spirit, we will probably stumble on topics that are important but outside the scope of what we can cover in class. I will deal with those topics by putting them on discussion board on Canvas or provide suggested readings under the lecture topic. I am also happy to engage in a longer conversation on these topics during regular office hours.

This course will be managed through an UW's internet-based course platform – Canvas. It will be the primary means of communication for this course. You will find the course announcements, course schedule, assignments, readings, Panopto recordings etc. on the course Canvas site (https://canvas.uw.edu/courses/1025195). The Canvas login page is at canvas.uw.edu. To login, enter your UW NetID and password. If you have not activated your UW account or have forgotten your password, you can activate or change your password at http://www.washington.edu/itconnect/security/uw-netids/about-uw-netids/. If you still are having problems, contact the university ITS Help Desk (help@uw.edu or 206-221-5000). Please take some time to learn how to use Canvas and get familiar with its contents.

CLASS PROTOCOL

1. Class will begin at 1:30pm and continues until 4:20pm. We will typically take a short break about halfway through. Please arrive promptly.

2. I encourage you to bring a notebook or tablet computer to class, but please do not spend your time in class sending emails, chatting on social media, or doing work unrelated to this class. If you can’t fully engage, stay home.

3. If you have a cell phone, a watch with an alarm or other distracting noisemaking devices, please be certain they are on silent (or do not disturb) mode for the duration of our meeting.

4. If you believe that you need accommodations for a disability, please contact the Disability Resource for Students (http://depts.washington.edu/uwdrs/). DRS is responsible for coordinating disability-related accommodations and will issue students with documented disabilities Accommodation Authorization Letters, as appropriate. Since accommodations may require early planning and generally are not provided retroactively, please contact DRS as soon as possible.

5. Try and communicate with me in person. I can probably address most of your questions before or after class or during office hours. The office hours listed on the first page are not the only times when I will be available to meet. If the listed times don’t suit your schedule, please send me an e-mail (skioko@uw.edu) and propose three alternative times you could meet with me and I will let you know which option works best for me. If you are unable to make it to Parrington Hall, please send me an email that concisely articulates your questions or concerns. I will check my e-mail regularly and make every effort to answer respond to your question(s) in a timely manner.
6. You will need to complete 4 assignments in the next 10 weeks. The cases will be in the nature of a problem or case that will require application of technical material, computations, problem solving, and/or written analysis. For three of your four assignments, you will need to purchase case material from Harvard Publishing at https://cb.hbsp.harvard.edu/cbmp/access/43395456 ($3.95 per case). Instructions for each assignment will be posted on Canvas the day the assignment is assigned. Your response to the case should be typed and your files (Microsoft Word and/or Excel – no PDFs please) should be submitted via Canvas. Be sure to check you have submitted the correct files before completing your submission.

Note, I do not accept late assignments. I also do not accept assignments submitted to me via email – all assignments should be submitted on the course Canvas site. Moreover, all memos and worksheets should be the students own work prepared for this class. You are strictly prohibited from reviewing materials from previous quarters or other sections of this class.

7. It your responsibility to understand the definition of academic honesty, but if you are ever in doubt, please ask me before you do something that could put your academic career in jeopardy!

8. No extra credit.

**COURSE GRADE:**

Final grades will be the weighted average of your 4 assignments. Your weighted average will be used to determine your numeric grade point.

<table>
<thead>
<tr>
<th>Assignment #</th>
<th>Assignment Description</th>
<th>Due Date</th>
<th>% of your grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial Statement Analysis (Boys and Girls Club of King County.)</td>
<td>8:00am Jan. 18th</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>Net Present Value Analysis (TechnoServe and the Tanzanian Specialty Coffee Industry)</td>
<td>8:00am Feb. 15th</td>
<td>35%</td>
</tr>
<tr>
<td>3</td>
<td>Working Capital Management (Norgan Theatre)</td>
<td>8:00am Mar. 7th</td>
<td>25%</td>
</tr>
<tr>
<td>4</td>
<td>Investment and Endowment Management (Atlanta Park Medical Center vs. Hamlin Asset Management)</td>
<td>8:00am Feb. 22nd</td>
<td>15%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

In assigning grades, I will follow the grading system required by University of Washington Graduate School (http://www.grad.washington.edu/policies/general/grading.shtml). Please refer to the Student Handbook regarding your course grades and overall grades in the program. Keep in mind that a minimum of 2.7 is required in any core course in the MPA curriculum and a minimum cumulative grade-point average of 3.0 is required for graduation.
COURSE OUTLINE AND READINGS

LECTURE 1: JAN. 4th - JAN. 11th
COURSE INTRODUCTION
FINANCIAL STATEMENT ANALYSIS

Learning outcome
- Identify the nonprofit’s business model e.g., major sources of revenue, major programs and services, cost structure etc.
- Provide an assessment of the organizations financial position (liquidity, solvency, profitability) based on a review of the financial statements (Statement of Financial Position, Statement of Activities, and Cash Flow Statement).

Readings
- Barr, K., and Bell, J., “An Executive Director’s Guide to Financial Leadership”
- Foster, W. L., and Kim, P., and Christiansen, B., “Ten Nonprofit Funding Models”
- Nonprofit Finance Fund “Financial Self-Assessment”
- Standard and Poor’s “Nonprofit Criteria Report”

Application
- Oxfam America (http://www.oxfamamerica.org/)

ASSIGN #1: Financial Statement Analysis – Children’s Center Inc. (Due 8:00am Jan. 18th).

JAN. 18th – No Class Meeting. Martin Luther King Day!

LECTURE 2: JAN 25th – FEB 1st
MANAGING LONG-TERM OBLIGATIONS

Learning outcome(s)
- Create a loan amortization schedule and estimate interest costs per period (and through maturity).
- Estimate a project’s net present value (NPV) including sensitivity analysis of project cash flows.
- Identify factors lenders will need to know about your organization

Readings
- Standard and Poor’s “Nonprofit Criteria Report”
(Panotpo Video –Time Value of Money)

Application
- Great Lakes Art Museum (in-class review of time value of money concepts)
- Hand-Me-Down Charities (in-class review of loan structures and amortization schedules)
- St. Francis Hospital (in-class review of net present value and sensitivity analysis)
- Debrief on your financial statement analysis (strengths, weakness, strategies)

ASSIGN # 2: Net Present Value Analysis – TechnoServe and the Tanzanian Specialty Coffee Industry (Due 8:00am, Feb. 15th)
LECTURE 3: FEB. 8th
WORKING CAPITAL MANAGEMENT

Learning outcome(s)
- Differentiate between revenues and inflows
- Differentiate between expenses and outflows
- Develop a cash-flow budget and estimate net cash flows
- Understand the relevance and significance of a line of credit facility

Readings
- Nonprofit Assistance Fund “Managing Cash Flows”

Application
- WBLT Public Television
  Case provides a review of key concepts including inflows, outflows, net cash flows, cash balance, interest cost calculations, draws on an existing line of credit, and tests on loan covenants.

ASSIGN # 4: Working Capital Analysis – Norgan Theatre (Due 8:00am, Mar. 7th)

FEB. 15th – No Class Meeting. Presidents Day!

LECTURE 4: FEB 22nd
INVESTMENT AND ENDOWMENT MANAGEMENT

Learning outcome(s)
- Acquaint yourself with key principles of investment management, including understanding the role and responsibilities of the investment committee, and the fiduciary responsibilities of a board of directors.
- Differentiate between true, term and quasi endowment and identify prudent use of endowment funds including endowment spending policies and the use of funds if an endowment is “underwater”.

Readings
- The CommonFund Institute “Principles of Nonprofit Investment Management”

Discussion/Application/Assignment
- Atlanta Park Medical Center vs. Hamlin Asset Management
  You will need to complete this assignment ahead of class. Be sure to bring a copy of the memo and excel files to class. We will discuss this case in class.
- Speaker: Joyce Lee - Chief Financial Officer, Marguerite Casey Foundation (Bio)
- Speaker: Rebecca Ehrlichman Blume – Assistant Dean for Advancement, Evans School (Bio)

ASSIGN # 4: Investment and Endowment Management - Atlanta Park Medical Center vs. Hamlin Asset Management - Due 8:00am, Feb. 22nd
LECTURE 7: FEB. 29th
INTERNAL CONTROLS

Learning outcome(s)
- Identify how internal controls are used to manage and control the organization’s resources and risk
- Identify threats to an organization’s internal controls and make recommendations for improvements

Readings
- Compass Point Nonprofit Services “Nonprofit Fiscal Policies and Procedures”
- The CommonFund Institute “Ethics and the Nonprofit”
- Nonprofit Quarterly “How to Steal from a Nonprofit: Who Does it and How to Prevent it”
- Minnesota Council of Nonprofits “Financial Malfeasance and Nonfeasance: Ten Pitfalls Boards Should Avoid”

Illustration
- Department of Justice – State of Montana “Greg Mortenson and the Central Asia Institute”
- The Case of St. Elsewhere Hospital
- Rita Crundwell and the City of Dixon, IL
- NY - Attorney General announces lawsuit against board of directors

LECTURE 6: MAR 7th
OTHER ISSUES RELATED TO NONPROFIT FINANCIAL MANAGEMENT

Learning outcome(s)
- Your reflections on the course and course wrap up

Discussion/Application
- Norgan Theatre (Working Capital)
- Nonprofit Finance Fund “A Domestic Violence Organization Steers Toward a More Sustainable Future”

Note: This syllabus serves as an implied contract for this course; it may change over the quarter.