

## **PA 3003: Nonprofit/Public Financial Analysis and Budgeting**

**Spring 2021**

Humphrey School of Public Affairs

University of Minnesota

Thursday 4:40pm-7:25pm

**Location:** Blegen Hall 415

### **1 . Course Description**

There is an increasing demand for public and non-profit organizations to manage their finances well while effectively providing quality services. Governments are pressured to “do more with less” and nonprofit organizations are expected to “do better in doing good”. To meet these challenges, it is important that managers and employees of public and nonprofit organizations possess the fundamental skills of budgeting and financial analysis.

This is an introductory course designed for students who have some background in financial analysis but wish to gain a clearer understanding of managing the finances for a public/non-profit organization. The primary objective of this course is to help you make sense of and use financial information available from financial documents such as budgets, balance sheets, and activity statements, among others. We will use conceptual frameworks and analytical techniques to analyze real-world financial problems. By the end of this course, you will understand the important concepts required for managing the finances of nonprofit/public organizations.

### **2 . Learning Objectives**

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

- Identify aspects of financial management as an integral part of nonprofit/public management
- Define basic terminology and skills required in budgeting and accounting
- Develop the capability to perform basic budget and financial analysis of nonprofit/public organizations
- Analyze and prepare financial documents such as budgets, balance sheets, activity statements, cash flow statements, annual financial reports etc.
- Compare various scenarios and recommend the one with best financial outcomes.
- Improve communication and writing skills regarding financial matters.

### **3 . Instructor Details**

Wenchen Wang  
(Instructor)

Email: wang6054@umn.edu

Office Hours: Wednesday 2:00 to 4:00 PM

Other appointments by request.

### **4.1 . Expectations of Students**

You are expected to:

- Read the assigned material and watch the pre-recorded videos before each class
- Actively participate in class discussions and class problem-solving
- Complete a problem set due before each class
- Work in groups on solving real-life case studies
- Be respectful and inclusive to all classmates and instructors
- Notify me of excused absences to obtain missed course materials
- Ask me questions in class, or in office hours, when anything is unclear or if you need help

### **4.2 . Instructor expectations**

You can expect me to:

- Come prepared and on time for class
- Communicate any changes to class and office hour schedule in a timely manner in-person and via Canvas announcements
- Answer all questions to the best of my ability
- Create a welcoming and inclusive environment
- Utilize your feedback to improve our class
- Provide timely feedback to assignments and exams
- Admit that I am not perfect and be open to discussing any errors in grading, assignments, or exam questions
- Treat you with respect and understanding
- Respond to emails within 24 hours (except on weekends when there may be a longer delay)

## **5. Class Design**

### **5.1 . Recommended Textbook**

Finkler, S. A.; Smith, D. L.; and Calabrese, T. D. (2017). Financial Management for Public, Health, and Not-for-Profit Organizations. Sixth Edition. SAGE, CQPRESS.

*Note: You have enrolled in a course using Inclusive Access (IA). This means your course materials will be delivered electronically to the Canvas course website. They will be available by the first day of class, and you will be charged automatically for them through your student account. You will access your IA course materials through the course page in Canvas. If you do not want to participate in the IA program, you can opt out of the access and the fee will be refunded as long as you opt out before the deadline. The Bookstores will send an IA welcome email near the beginning of the semester, and this email will have instructions about how to opt out and when the deadline is for opting out. Typically, you have about a week into the semester to opt out. The welcome email will also contain other useful information about IA, so please watch for it. The subject line of the welcome email will be "Important Course Materials Info: Charges to Your Student Account" and it will come from [no-reply@verbasoftware.com](mailto:no-reply@verbasoftware.com). If you have any questions about inclusive access, please contact the Bookstores at [inclusiveaccess@umn.edu](mailto:inclusiveaccess@umn.edu).*

### **5.2 . Active Learning Culture**

We will follow a flipped learning model, where I will post the required readings in relate to the class topics each week at least 5 days in advance. I expect you to come to the class having read the materials so that we can use the synchronous class time on active learning activities. Prior feedback from students has shown that in-class group activities significantly improved their learning outcomes. Hence, I have incorporated several activities into the class structure. This classroom environment therefore relies on you to come to class prepared and ready to participate, and you will be expected to respect and value the opinions of your peers.

### **5.3 . Assessment**

Each week there will be a 1) set of problems and 2) a case study and/or a real example that you are to prepare in writing. Problem sets will be worth 2 points each week to check basic understanding of the weekly course content and must be submitted through canvas before due date. There are in total of 11 problem sets and you can choose one week's problem set to be dropped out of grading. The case studies are not graded on their own, and we will solve the case studies together in class. You should actively participate in class discussions and class problem-solving. Class discussion and attendance also count toward your participation grade. Participation represents 15% of your grade or 1 point per week. Refer to the attendance policy for more details.

There are six graded assignments for the course. The assignment problems are designed based on real-life situations to test your higher-level application of the concepts. These assignments are helpful for you to grasp the concepts learned in class. They constitute 30% of the final grade.

Assignments must be submitted through canvas before 11:00 PM on the day they are due.

There will be a midterm and a final exam for this course. The midterm will be an analysis of a real budget of a nonprofit/public organization, word questions, and financial problems. The final will be an analysis of a real annual financial report of a nonprofit/public organization, word questions, and financial problems. The midterm and final exams are a great opportunity for students to use their analytical and communication skills regarding financial issues.

<b>Assessment</b>	<b>Weightage</b>	<b>Due Date</b>
Problem Sets	20 points	Every Week
Assignment 1	5 points	Week 3
Assignment 2	5 points	Week 5
Assignment 3	5 points	Week 7
Midterm	15 points	Week 8
Assignment 4	5 points	Week 9
Assignment 5	5 points	Week 11
Assignment 6	5 points	Week 14
Finals	20 points	Week 15
Class Participation	15 points	

#### **5.4 . Attendance**

This is an active learning environment which means your absence affects your learning as well as that of your peers. Please keep this in mind when deciding if missing class is necessary.

However, I acknowledge that we all have different life situations which sometimes restricts our abilities to be in class. Therefore, each student may have two absences with no consequence to their grade. Points will be deducted from your Participation Grade for repeatedly missing class.

If you are absent from a session, you must make arrangements to obtain notes and handouts from other students or me and turn in your missed problems/case studies.

#### **5.5 . Assignment Extension and Late Submission Policy**

All assignments should be submitted by the due date listed in the course schedule. If an extension is required, please email me with the reason and the time you would be able to submit the assignment. Students who fail to submit work on time and do not ask for an extension will be subject to a 10% per day reduction for up to five days. After that point, the assignment will be graded zero.

#### **5.6 . Grading**

For each assessment component, I will review your work, make comments on it, and return it to you with points earned in the following class. Grading levels are as follows:

A	100-94 points
A-	<94-90 points
B+	<90-87 points
B	<87-84 points
B-	<84-80 points
C+	<80-77 points
C	<77-74 points
C-	<74-70 points
D+	<70-67 points
D	<67-64 points
D-	<64-61 points
F	<61 points

You may request to receive an “I” (Incomplete) if you were prevented from completing your coursework on time due to extenuating circumstances. The assignment of an Incomplete requires a written agreement specifying the time and manner in which you will complete your unfinished work.

### **5.7 . S-N Grading**

If you are taking the class S-N, you will receive an S if you receive a C- or higher in the course. If you receive a D+ or lower, you will receive an N.

### **5.8 . Extra Credit**

I might give opportunities for extra credit on activities that help you engage with the course material outside of the class. I will announce them in class and on canvas.

## **6 . Student Collaboration**

Your classmates are an excellent source of knowledge and I encourage you to work with each other on all aspects of the course to help each other learn the material and master the course objectives. This includes, but is not limited to study sessions, sharing notes, and asking each other questions. However, I expect you to work entirely by yourself on your problem sets, assignments, and exams.

## **7 . Academic Dishonesty**

Academic dishonesty will not be tolerated in this class. You are expected to complete all graded assignments by yourselves. The University of Minnesota's Student Conduct Code will be strictly applied to these issues.

### **8.1 . Canvas**

Some or all of our class readings, resources, and assignments are available on the course Canvas site. Find the site at [canvas.umn.edu](https://canvas.umn.edu), or go to "Key Links" on [MyU.umn.edu](https://myu.umn.edu) and scroll down to Canvas. For help with Canvas, go to <https://z.umn.edu/CanvasHelpandSetup> or click the "Canvas Help" link on our course Canvas site.

### **8.2 . Set Your Canvas Notification Preferences**

This course depends upon your ability to receive communications from your instructor and/or about the class. It's important that you set up your Canvas "notification preferences" to choose how and when you'd like to receive messages via text, email, or both. Find easy-to-follow instructions at "How do I set my Canvas notification preferences as a student?":

<https://community.canvaslms.com/docs/DOC-10624-4212710344>. We strongly recommend that you opt to receive notification of Announcements, Conversation Messages, and Added to Conversation so that you don't risk missing important class communication.

## **9 . Disability Accommodations**

If you have, or think you have, a disability in any area such as, mental health, attention, learning, chronic health, sensory, or physical, please contact the Disability Resource Center ([drc@umn.edu](mailto:drc@umn.edu)) to arrange a confidential discussion regarding equitable access and reasonable accommodations. If you are registered with the DRC and have a disability accommodation letter dated for this semester or this year, please contact me early in the semester to review how the accommodations will be applied in the course.

## **10 . Equity, Diversity, Equal Opportunity, and Affirmative Action**

The University provides equal access to and opportunity in its programs and facilities, without regard to race, color, creed, religion, national origin, gender, age, marital status, disability, public

assistance status, membership or activity in a local commission created for the purpose of dealing with discrimination, veteran status, sexual orientation, gender identity, or gender expression. For more information, please consult Board of Regents

Policy: [https://regents.umn.edu/sites/regents.umn.edu/files/2019-09/policy\\_equity\\_diversity\\_equal\\_opportunity\\_and\\_affirmative\\_action.pdf](https://regents.umn.edu/sites/regents.umn.edu/files/2019-09/policy_equity_diversity_equal_opportunity_and_affirmative_action.pdf).

## **11 . Sexual harassment, sexual assault, stalking and relationship violence**

The University prohibits sexual misconduct and encourages anyone experiencing sexual misconduct to access resources for personal support and reporting. If you want to speak confidentially with someone about an experience of sexual misconduct, please contact your campus resources including the Aurora Center, Boynton Mental Health or Student Counseling Services (<https://eoaa.umn.edu/report-misconduct>). If you want to report sexual misconduct or have questions about the University's policies and procedures related to sexual misconduct, please contact the Title IX office or relevant policy contacts.

Instructors are required to share information they learn about possible sexual misconduct with the campus Title IX office that addresses these concerns. This allows a Title IX staff member to reach out to those who have experienced sexual misconduct to provide information about personal support resources and options for investigation. You may talk to me about concerns related to sexual misconduct, and I will provide support and keep the information you share private to the extent possible given my University role.

[https://regents.umn.edu/sites/regents.umn.edu/files/2019-09/policy\\_sexual\\_harassment\\_sexual\\_assault\\_stalking\\_and\\_relationship\\_violence.pdf](https://regents.umn.edu/sites/regents.umn.edu/files/2019-09/policy_sexual_harassment_sexual_assault_stalking_and_relationship_violence.pdf)

## **12 . Mental Health and Stress Management**

As a student you may experience a range of issues that can cause barriers to learning, such as strained relationships, increased anxiety, alcohol/drug problems, feeling down, difficulty concentrating and/or lack of motivation. These mental health concerns or stressful events may lead to diminished academic performance and may reduce your ability to participate in daily activities. University services are available to assist you. You can learn more about the broad range of confidential mental health services available on campus via the Student Mental Health Website: <http://www.mentalhealth.umn.edu>.



### 13 . Course Outline

#### Planning

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|--------|--------|---|
| Week 1 | Sep-8  | <b>Introduction to Financial Management</b><br>Read: Chapter 1  |
| Week 2 | Sep-15 | <b>Planning for Success: Budgeting</b><br>Read: Chapter 2<br>Prepare Case Study: Denison Specialty Hospital<br>Due on Sep 14: Problem set 1 |
| Week 3 | Sep-22 | <b>Additional Budgeting Concepts</b><br>Read: Chapter 3, Appendix 3A<br>Due on Sep 21: Problem set 2<br>Assignment 1                        |

#### Implementing & Controlling

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|--------|--------|---|
| Week 4 | Sep-29 | <b>Understanding Costs</b><br>Read: Chapter 4<br>Prepare Case Study: Meals on Wheels Center<br>Due on Sep 28: Problem set 3 |
| Week 5 | Oct-6  | <b>Capital Budgeting</b><br>Read: Chapter 5<br>Due on Oct 5: Problem set 4<br>Assignment 2                                  |
| Week 6 | Oct-13 | <b>Evaluating Capital Investments (Zoom)</b><br>Read: Chapter 5<br>Due on Oct 12: Problem set 5                             |

Week 7	Oct-20	<b>Managing Short-Term Resources and Obligations (Zoom)</b> Read: Chapter 7 Due on Oct 19: Problem Set 6 Assignment 3
Week 8	Oct` 27	<b>Midterm (Zoom)</b>  <b>Taking Stock of Where You Are: The Balance Sheet</b> Read: Chapter 9
<b>Reporting</b>		
Week 9	Nov-3	<b>Reporting Results of Operations: Activity Statement</b> Read: Chapter 10 Case Study: University of Minnesota's income statement  Due on Nov 2: Problem set 7 Assignment 4
Week 10	Nov-10	<b>Cash Flow Statement</b> Read: Chapter 10 Case Study: Financial Statements of Wikimedia Foundation  Due on Nov 9: Problem set 8
Week 11	Nov-17	<b>Unique Aspects of Accounting for Nonprofit Organizations and State and Local Governments</b>  Read: Chapter 11 and 12  Case Study: Hennepin County  Due on Nov 16: Problem set 9 Assignment 5
Week 12	Nov-24	<b>Thanksgiving</b> No Class

## **Analyzing**

Week 13 Dec-1

### **Financial Statement Analysis**

Read: Chapter 14

Case study: Red Cross Financial Statements

Due on Nov 29: Problem set 10

Week 14 Dec-8

### **Financial Condition Analysis**

Read: Chapter 15

Case Study: City of Minneapolis

Due on Dec 7: Problem set 11

Assignment 6

Week 15 Dec 15

### **Final Exam**