INTRODUCTION
This course provides a general introduction to the financial management practices and problems of nonprofit organizations, including colleges, schools, government agencies, and other nonprofit entities. The overall purpose of A-027B/MLD-427B is to familiarize students with the principles and techniques of financial management and control in nonprofit organizations. No prior knowledge of finance or accounting is expected or needed. The course aims to make students better managers and consumers of financial information rather than budget officers or accountants.

COURSE OBJECTIVES
The specific objectives of A-027B/MLD-427B are to:

- familiarize students with how information on the financial position of nonprofit organizations is measured and recorded and with how this information is summarized and reported;
- examine how financial statements and reports are utilized to analyze a nonprofit organization's financial condition and organizational efficiency and effectiveness;
- review the purposes and techniques of budgeting and resource allocation in nonprofit organizations;
- highlight the ways in which information produced by management control systems can aid personnel and programmatic decisions as well as how this information can be used to assist in the formulation of responses to declining or constrained resources; and
- improve students' understanding of alternative approaches to strategic planning in nonprofit organizations.
**COURSE CONTENT**

A-027B/MLD-427B is comprised of six units, each of which will address a different aspect of financial management and control in nonprofit organizations. A particular unit might include readings, a case study and/or a guest speaker. All readings and case studies are included in the A-027B/MLD-427B course packet.

A list of recommended readings is included at the end of the course syllabus. These readings add perspective and depth and elaborate on key issues and concepts that are covered in class discussions and required readings. Most items are available in one or more of Harvard University's libraries and/or in local bookstores.

**ATTENDANCE**

The class meets on Tuesdays and Thursdays from **8:30 A.M. to 10:00 A.M.** Students should make every effort to attend every class session. Please inform the instructor if you are unable to attend class.

**READINGS**

All required readings and case studies for A-027B/MLD-427B are included in the course packet or will be distributed during the session.

*Required materials are contained in the course packet, which students must purchase. The course packet is available for purchase*

**STUDENT EVALUATION/GRADING**

Grades for A-027B/MLD-427B are based on two written case analyses, class participation, and a final examination. Each case analysis will count for **25%** of the final course grade (for a total of **50%**), class participation will count for **10%**, and the final examination will count for **40%**. Final grades will be computed based on the above percentage shares and assigned as letter grades.

**Case Analyses**

We will analyze and discuss nine case studies in class during the semester. Each student will be expected to prepare a written analysis of two of the case studies. Students may select any one case in Units 2 or 3 and any one case in Units 4, 5, or 6 to fulfill this requirement. Case analyses are due at the beginning of the class session in which the case is taught. (Note: Case analyses cannot be faxed or emailed to the instructor.)

The case analysis consists of a 5 page analytic memo, with 1 inch margins, 12 point font and double spaced, which responds to a number of questions concerning the major planning and strategy issues in the case.

Students will receive written feedback on both cases. Each graded case analysis counts for **25%** of the final grade (for a total of **50%**).
Class Participation
Class participation is an important component of this course. Participation in discussions and case analyses is essential. Quality of participation is more important than quantity. Class participation counts for 10% of the final grade.

Final Examination
This is a take home, essay examination that covers the entire course, both the class lectures and discussions, as well as the reading. It will be distributed on April 26, 2011 and is due on May 3, 2011. Students will answer any four questions, out of 7-8 questions offered. The final exam counts for 40% of the final course grade. (Note: Final examinations cannot be faxed or emailed to the instructor.)

Academic Honesty
Students should familiarize themselves with HGSE/HKS policies regarding academic honesty and plagiarism. Please consult Writing with Sources and the HGSE/HKS Student Handbooks for specific details and rules.
COURSE OUTLINE AND SCHEDULE

Unit 1: Introduction to Accounting and Control in Nonprofit Organizations

Topics:
- Fund Accounting/Accounting Standards
- Chart of Accounts
- Basis of Accounting
- Original Source Documents
- Transaction Analysis
- Accounting Principles

Reading:


Unit 2: Preparation and Interpretation of Financial Statements

Topics:
- Preparation of Financial Statements
- Financial Reporting Systems

Reading:
Case Study: University of Trent [CP]

Case Questions: (1) Evaluate the strengths and weaknesses of the financial position of the University of Trent. (2) What 2 or 3 aspects of their financial condition are most significant to you? Why? (3) Were Chip Wise’s actions helpful to the financial condition of the University of Trent? Why or why not?

Unit 3: Financial Analysis and Cost Accounting

Topics:
- Financial Analysis Techniques
- Ratio Analysis
- Cost Accounting
- Special Considerations in Analyzing Different Types of Nonprofit Organizations

Reading:


Case Study: Francis W. Parker Charter Essential School (2000) [CP]

Case Questions: (1) Analyze the financial condition of the Francis W. Parker Charter Essential School. What 2 or 3 financial indicators are most significant to you? (2) What is your assessment of the five options for increasing revenues at Parker? Do these options respond to the financial challenges identified in questions (1)? (3) What are the two or three key issues concerning the school’s finances that should be discussed at the special trustees’ meeting? Why?

Case Study: The Tampa Museum of Science and Industry [CP]

Case Questions: (1) Evaluate the financial position of the Tampa Museum of Science and Industry. (2) What 2 or 3 aspects of the museum’s financial condition are most significant to you? Why? (3) Should the museum seek financial assistance from the county to purchase the Fowler Avenue land parcel? Why or why not?

**Unit 4: Budgeting and Resource Allocation in Nonprofit Organizations**

Topics:
- Types of Budgets
- Budget Process
- Approaches to Budgeting and Resource Allocation

Reading:


Case Study: Redding School: Participatory Budgeting (1994) [CP]

Case Questions: (1) Evaluate the Redding School's new financial management and budgeting system. What are its strengths and weaknesses? (2) What advice would you give Camilla Lewis concerning changes to, or improvements in, Redding's new budget system? (3) Will the Redding School's approach to financial management and budgeting help to improve the overall performance of the school? Why or why not?

Case Study: Aligning Resources to Improve Student Achievement: San Diego City Schools (A) (2004) [CP]

Case Questions: (1) What are the strengths and weaknesses of San Diego City Schools’ (SDCS) strategy for reallocating and realigning resources to the Blueprint for Student Success? (2) Would you grant more control and flexibility over resources to SDCS principals? Why or why not? (3) What are the implications of your response to question #2 regarding SDCS district strategy and organization?

**Unit 5: Cost Containment/Retrenchment**

Topics:
- Organizational Responses to Declining Financial Resources
- Cost Containment/Retrenchment Strategies
- Aligning Priorities and Financial Resources

Reading:


Case Study: SUNY College of Technology at Farmingdale (1997) [CP]

Case Questions: (1) Illustrate what retrenchment is by using one example from the case. Explain how your example highlights the challenges of coping with retrenchment. (2) How well has SUNY Farmingdale coped with the budget cutbacks up to this point? (3) How can senior administrators advance the institutional mission given current and anticipated budget cutbacks?


(1) How well has the Steppenwolf Theater Company coped with financial resource constraints and fluctuations over the years? What are the key strengths and weaknesses of their financial strategy?

(2) What key financial decisions did the Steppenwolf Theater Company make during the years covered in the case? Did these decisions present any noteworthy risks or benefits?

3) What should the leaders and trustees do next? Why?

Unit 6: Strategic Planning: Aligning Mission, Strategy, and Resources

Topics:
- Approaches to Planning and Planning Processes
- Strategy Development and Resource Allocation

Reading:


Case Study: Northern Kentucky University (A) and (B) (2001) [CP]

Case Questions: (1) Evaluate NKU’s VVV initiative. Was it effective? Why or why not? (2) Do you think that NKU has appropriate mechanisms in place to link planning goals with resource allocation? What, if anything, would you do differently to achieve this link? (3) What advice do you have for President Votruba and his colleagues concerning “next steps” for planning at NKU?

Case Study: Linking Resources to Results: The Chicago Public Education Fund’s Master Teacher Initiative [CP]

Case Questions:
1) What was the theory of change for the Chicago Public Education Fund’s Master Teacher Initiative? Were the Initiative’s strategies and activities aligned with the intended goals that were set? If so, how?

2) How loose or tight was the link between resources and results in this initiative? Did the link become stronger or weaker over time?

3) What advice do you have for President Knupp and her colleagues concerning “next steps” for planning for the Master Teacher Initiative?
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RECOMMENDED READING


