Accounting and Control in Not-for-Profit Organizations : 90-744
Summer 2017  Mini 5

Course Information

Instructor:
Kathy Smith
3027 Hamburg Hall
Phone:  (412) 268-4408
Email:  ks54@andrew.cmu.edu

Office Hours:  Thursday  7:30 – 8:00 or by appointment

Prerequisites:
Financial Analysis 90-724 or 91-804 , or equivalent
Ability to prepare basic spreadsheets and report in Excel

Course Materials:
How to Read the New IRS Form 990, a document prepared by the Nonprofit Coordinating Committee of New York


Course Description:
This course provides an exposure to the concepts of nonprofit accounting and the financial skills required of managers of in not-for-profit organizations. Through the study and discussion of cases set in private nonprofit organizations, you will gain a basic background in financial management which will enable you to better use financial information in managing NPOs.

Course Objectives:
At the end of this course, you should be able to
• Locate financial, governance, and accountability information about NPOs
• Describe and explain typical accounts found in NPO financial reports
• Use the relationships between the financial statements and accounts to infer financial activity in a not-for-profit organization
• Prepare and analyze a five year trend analysis for an NPO
• Recognize, identify and interpret trends in five-year financial statements
• Clearly articulate, using proper terminology, the information contained in nonprofit financial statements and the Form 990 and in a five-year trend analysis
Performance Measures

Class Participation / Weekly Discussion Questions:
I expect that you will come to class each week prepared to discuss the case or organizations that will be discussed that week. Each week, no later than Saturday afternoon, I will post the organization(s) that we will be studying along with several questions for you to prepare to discuss. In addition, I expect that you will contribute field specific knowledge and perspectives to the problems, cases and situations discussed. Class participation will account for 30% of your final grade in the class.

Mini-Assignments (if necessary):
*If necessary*, I will require the discussion questions to be typed up and submitted at the beginning of class. If I do this, I will grade these questions and re-allocate the 30% participation grade to include the mini-assignments.

Organization Analysis and Presentation:
Your primary evaluation in this class will be from an in-depth analysis of a not-for-profit organization of your choice, which may be done individually or with one or two other students. This analysis should incorporate information and insights found in the financial statements and from other sources, and it should incorporate the tools and types of analyses that you learned in this class. Additional details about this assignment will be made in class.

Two preliminary reports will be due during the semester on June 8 and June 29. I will give you more details about these reports as they become due. The preliminary reports will contribute 10% of your final course grade.

The presentation will be during the last class on Thursday, June 29, with a written draft due on June 28 and the final paper due on July 3. The written analysis and presentation will constitute 60% of your final grade.

Academic Integrity
You may work with other students on the mini-assignments. If you work with other students, I realize that your analyses may essentially say the same thing. However, *the words that you submit must be your own, and written in the style that you use on exams and other items*. If this is not done, it is plagiarism. If anything is copied from (that is, you use the same words as) another student or any other source, it will be considered to be cheating.

You are not permitted to be in possession of any assignments or organizational analyses from another student either from the current semester or from past semesters whether they are electronic or paper. Possession of or sharing such files constitutes an infraction of the academic integrity policies of this course.

If you submit plagiarized or copied work, you will receive a grade of zero on the assignment or exam. In addition, all cheating and plagiarism infractions will be reported in writing to the Associate Dean for the program, the Dean of Student Affairs, and the Dean. They will review and determine if expulsion should be recommended. The report will become part of the student’s permanent record. Further information about cheating and your rights can be found on the CMU website at [http://www.cmu.edu/policies/documents/Academic%20Integrity.htm](http://www.cmu.edu/policies/documents/Academic%20Integrity.htm)
This is a *tentative* syllabus only. There may be changes and additional readings as we go along. In particular, I will address topics in the last two classes that are relevant to the specific organizations that you are analyzing for your projects. You should check Canvas each week for relevant announcements and readings.

<table>
<thead>
<tr>
<th>Date</th>
<th>Topics</th>
<th>Organizations</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 May</td>
<td>Characteristics of NPOs</td>
<td>National Humane Education Society: 2016 Annual Report, 2016 Form 990, 2016 AFS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial Documents – Form 990, AFS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial Statement Components</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Preliminary Analysis of an NPO</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Introduction to Trend Analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 June</td>
<td>The B/S and Net Assets: TRNA and PRNA</td>
<td>American Liver Fdn: 2015 AFS</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial Condition of an NPO</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ratios: DR, CR, DCOH</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Five Year Trend Analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>Expenses, Programming and Profitability: Operating Position – Meeting the Mission Ratios: PS, Increase in TE, Increase in PE Form 990 Impact</td>
<td>TBA</td>
<td>Organization Report #1 due</td>
</tr>
<tr>
<td>8</td>
<td>Operating Position – Covering Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>CFO and NI (Change in Net Assets)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ratios: TM, UM, Revenue Sustainability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 June</td>
<td>Revenue and Support</td>
<td>TBA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Contributed vs. Earned Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Special Events, Multi-Year Donations, Donated Goods and Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investments and Endowments; Realized and Unrealized Gains and Losses</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ratios: FR, Income Types, Increase in TRS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 June</td>
<td>Organizational Structure and Management: Budgeting as a Planning Tool</td>
<td>TBA</td>
<td>Organization Report #2 (Trend Statements) due</td>
</tr>
<tr>
<td></td>
<td>Boards and Governance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Decision Making in NPOs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 June</td>
<td>Student Presentations</td>
<td>Draft of Paper due Wed., June 28 at 9:00 p.m.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Final Paper due Monday, July 3 at 9:00 a.m.</td>
<td></td>
</tr>
</tbody>
</table>
Useful websites

General Information Sites

http://www.npccny.org/new990/new990.htm
The document that gives excellent instruction and analysis of the ‘new’ Form 990. This was prepared and provided by the Nonprofit Coordinating Committee of New York

http://www.nonprofitaccountingbasics.org/
From the Greater Washington Society of CPAs Educational Fdn. Gives basics of financial reporting, budgeting, and more. Also has articles and videos that are of interest.

http://www.minnesotanonprofits.org/nonprofit-resources

http://www.npgoodpractice.org/

https://www.councilofnonprofits.org/tools-resources/principles-and-practices

http://www.startnonprofitorganization.com/

Sources of Financial Statements of NPOs

https://www.guidestar.org/Home.aspx
Guidestar. A repository of Form 990s for non faithbased NPOs. You must register, but registration is free.

http://www.charities.ago.state.ma.us/

https://www.charitiesnys.com/home.jsp

http://www.pittsburghgives.org/

http://www.ag.state.il.us/charities/search/index.jsp

Charity Watchdog Sites

https://www.charitywatch.org/home
American Institute of Philanthropy Charity Watch. A charity watchdog organization that ‘grades’ charities from an A+ to an F, based on specific criteria

http://www.charitynavigator.org/
Charity Navigator. Grades charities from 0 Stars to 4 Stars

http://www.give.org/
Assesses charities’ compliance with 20 Standards