

**PA 5003 003 Fall 2015**  
**Introduction to Financial Analysis and Management**  
**Humphrey School of Public Affairs**  
**University of Minnesota**

**Date and Time:** 3:00 P.M. – 5:30 P.M. M, T, W, and Th (8/17/2015 – 8/27/2015)  
**Class Location:** Blegen Hall 415

**Instructor:** Jay Kiedrowski  
**Office:** HHH 248  
**E-mail:** [kiedr003@umn.edu](mailto:kiedr003@umn.edu)

**Phone:** 612-626-5026  
**Office Hours:** M, T, W, & Th 1:00-2:30 &  
by appointment

**Textbook:**

Required:

Financial Management in the Public Sector: Tools, Applications, & Cases 2014 (**3rd Edition**)  
Author: Xiaohu Wang; Publisher: M.E. Sharpe, Inc.; ISBN 978-0-7656-3689-8

Optional Readings:

Effective Financial Management in Public and Nonprofit Organizations

Author: Jerome B. McKinney; Praeger Publishers; (2004), ISBN: 1567205801

Financial Management for Public, Health, and Not-for-Profit Organizations (4th Edition) by  
Steven A. Finkler, Thad Calabrese, Robert Purtell and Daniel L. Smith; Prentice Hall, (Jun 25,  
2012), ISBN-10: 0132805669

**Course Description**

Financial management is one of the basic functions of all public and nonprofit organizations. As such, the skills and competencies required to budget and manage financial resources effectively are some of the most important that you will learn during your graduate studies.

Understanding how public and nonprofit organizations manage financial resources is vitally important to understanding their health and where they place their priorities. Being able to budget will give you an advantage in securing resources. Being able to read a financial statement of a nonprofit or NGO will assist you in understanding the net worth of that organization. Being able to analyze the financial statements of a government will suggest to you the economic vitality of its community.

The financial environments for public and nonprofit organizations are changing. Governments are pressured to “do more with less” and nonprofit organizations are expected to “do better at doing good”. In order to meet these challenges, it is important that managers and

employees of public and nonprofit organizations possess the fundamentals of budgeting and financial analysis.

Owing to this importance, the Humphrey School has made this course a core requirement. It is my hope that this course will strengthen and develop the following knowledge, skills and abilities

- **Budget planning and formulation**
- **Budget analysis**
- **Budget and cost allocation**
- **Accounting methodologies**
- **Financial statements construction**
- **Financial statements analysis**

This is an introductory course to budgeting and financial analysis for public and nonprofit organizations. The primary learning objective of this course is how to obtain accurate financial information to make sound management decisions through the analyses of financial documents such as budgets and financial statements. Conceptual frameworks and analytical techniques will be emphasized and applied to analyze real-world financial problems.

### **Student Learning Outcomes**

By the end of the course, students should:

- Understand and explain how financial management is an integral part of nonprofit/public management (Competencies: Lead, Analyze, and Public Institutions).
- Understand and accurately use the language, terminology, and skills of nonprofit/public budgeting, accounting, and financial statements (Competencies: Lead and Public Institutions).
- Effectively write and communicate about financial matters (Competencies: Diverse).
- Perform basic budget and financial analysis of nonprofit/public organizations (Competencies: Analyze and Public Institutions).

### **Instructional Methods**

This course will be taught in a “flipped learning” approach. Class presentations are videotaped in short 6-10 minute segments and available on Moodle for each week. Each week there will be an assignment that will be reviewed in class with the expectation of active student participation, including critical questioning, in-class exercises, supplemental comments, group discussion, and team projects. Rather than 2 hour and 45 minute classes, we should complete our work in class in 1 hour and a half.

The course schedule will follow the outline at the end of this syllabus, with possible adjustments along the way. Required readings and the videos are critical for you to complete the assignments and to participate in class discussions, so they should be completed prior to class. Recommended readings provide additional materials to further assist you in the related topics.

Moodle – The course website is an important part of the course and is located on Moodle (see below for instructions on usage). You must check the website each week to attain the necessary readings, videos, assignments, power points, and grades. We will also be using the website for timely class announcements.

Moodle is a course management system that emphasizes online learning communities with built-in tools, including peer-review forums and glossaries that students build together. We will use the basic functions of Moodle and will also explore opportunities to facilitate online communication and group work within the class.

If you are not familiar with Moodle, a good way to get started is to watch the “student orientation” at <https://umconnect.umn.edu/moodleorientation> or visit the support page at <http://www1.umn.edu/moodle/students/>.

Moodle sites can be accessed on any computer that has an internet connection and a web browser. The UMN Moodle support team recommends using Mozilla Firefox. For more information, including a free Firefox download, go to <http://www1.umn.edu/moodle/start/technical.html>.

To access the Moodle course website, go to <http://moodle.umn.edu>. Once logged in, you will see links to the sites to which you have access. For additional questions, you may contact maron008@umn.edu or me.

### **Student Assessment**

Each week there will be an assignment that you are to prepare in writing (You may work with others in completing the assignments.). These will not be graded, but will be collected at the end of class. You should actively participate in class discussions and class problem-solving. Class discussion, timely assignment completion, and attendance count toward your participation grade. Participation represents 12 points of your grade.

There will be a first exam (30 points) and a second exam (30 points) for this course. The first exam will be an analysis of a real budget and real financial statements of nonprofit and public organizations, word

questions, and financial problems. The second exam will be an analysis of real annual financial reports of nonprofit and public organizations, word questions, and financial problems. The second exam ONLY covers material from the second half of the course.

The final assignment is a group project in which you will review the financials of a real government or nonprofit organization and present your findings to the class. You will be assigned to groups in the second week of class. The group should submit a 5+ page paper of your findings at the last class. The group will also present a power point presentation (no more than 10 minutes) of the findings at the last class. The group should provide me a copy of the power points and any other information that would be helpful. This group paper (20 points) and presentation (8 points) are worth 28 points.

First Test	30 points
Second Test	30 points
Group Project	28 points
<u>Class Participation</u>	<u>12 points</u>
Total	100 points

Grading levels are as follows:

A	90.0-100.0 Points
A-	89.9-86.7 Points
B+	86.6-83.3 Points
B	83.2-80.0 Points
B-	79.9-76.7 Points
C+	76.6-73.3 Points
C	73.2-70.0 Points
Below Competence/No Credit	<70.0 Points

I (Incomplete) may be assigned at the instructor's discretion if, due to extraordinary circumstances, the student was prevented from completing their course work on time. The assignment of an Incomplete requires the written agreement between the instructor and the student specifying the time and manner in which the student will complete his/her unfinished work.

There is no "extra credit" available in this course.

**Attendance:**

All students are expected to attend class, be prepared to discuss that night's question with support from the readings, and complete all assignments. Due to the participatory nature of this course and the fact that there are only 9 sessions, not attending class without cause will reduce your participation grade. If you are absent from a session, you must make arrangements to obtain notes and hand-outs from other students.

**Student Conduct Code:**

The University seeks an environment that promotes academic achievement and integrity, that is protective of free inquiry, and that serves the educational mission of the University. Similarly, the University seeks a community that is free from violence, threats, and intimidation; that is respectful of the rights, opportunities, and welfare of students, faculty, staff, and guests of the University; and that does not threaten the physical or mental health or safety of members of the University community.

As a student at the University you are expected adhere to Board of Regents Policy: *Student Conduct Code*. To review the Student Conduct Code, please see: [http://regents.umn.edu/sites/default/files/policies/Student\\_Conduct\\_Code.pdf](http://regents.umn.edu/sites/default/files/policies/Student_Conduct_Code.pdf).

Note that the conduct code specifically addresses disruptive classroom conduct, which means "engaging in behavior that substantially or repeatedly interrupts either the instructor's ability to teach or student learning. The classroom extends to any setting where a student is engaged in work toward academic credit or satisfaction of program-based requirements or related activities."

### **Use of Personal Electronic Devices in the Classroom:**

Using personal electronic devices in the classroom setting can hinder instruction and learning, not only for the student using the device but also for other students in the class. To this end, the University establishes the right of each faculty member to determine if and how personal electronic devices are allowed to be used in the classroom. For complete information, please reference: <http://policy.umn.edu/Policies/Education/Education/STUDENTRESP.html>.

### **Scholastic Dishonesty:**

You are expected to do your own academic work and cite sources as necessary. Failing to do so is scholastic dishonesty. Scholastic dishonesty means plagiarizing; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; altering, forging, or misusing a University academic record; or fabricating or falsifying data, research procedures, or data analysis. (Student Conduct Code: [http://regents.umn.edu/sites/default/files/policies/Student\\_Conduct\\_Code.pdf](http://regents.umn.edu/sites/default/files/policies/Student_Conduct_Code.pdf)) If it is determined that a student has cheated, he or she may be given an "F" or an "N" for the course, and may face additional sanctions from the University. For additional information, please see: <http://policy.umn.edu/Policies/Education/Education/INSTRUCTORRESP.html>.

The Office for Student Conduct and Academic Integrity has compiled a useful list of Frequently Asked Questions pertaining to scholastic dishonesty: <http://www1.umn.edu/oscai/integrity/student/index.html>. If you have additional questions, please clarify with your instructor for the course. Your instructor can respond to your specific questions regarding what would constitute scholastic dishonesty in the context of a particular class-e.g., whether collaboration on assignments is permitted, requirements and methods for citing sources, if electronic aids are permitted or prohibited during an exam.

### **Makeup Work for Legitimate Absences:**

Students will not be penalized for absence during the semester due to unavoidable or legitimate circumstances. Such circumstances include verified illness, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, and religious observances. Such circumstances do not include voting in local, state, or national elections. For complete information, please see:

<http://policy.umn.edu/Policies/Education/Education/MAKEUPWORK.html>.

### **Appropriate Student Use of Class Notes and Course Materials:**

Taking notes is a means of recording information but more importantly of personally absorbing and integrating the educational experience. However, broadly disseminating class notes beyond the classroom community or accepting compensation for taking and distributing classroom notes undermines instructor interests in their intellectual work product while not substantially furthering instructor and student interests in effective learning. Such actions violate shared norms and standards of the academic community. For additional information, please see: <http://policy.umn.edu/Policies/Education/Education/STUDENTRESP.html>.

### **Sexual Harassment**

"Sexual harassment" means unwelcome sexual advances, requests for sexual favors, and/or other verbal or physical conduct of a sexual nature. Such conduct has the purpose or effect of unreasonably interfering with an individual's work or academic performance or creating an intimidating, hostile, or offensive working or academic environment in any University activity or program. Such behavior is not acceptable in the University setting. For additional information, please consult Board of Regents Policy:

<http://regents.umn.edu/sites/default/files/policies/SexHarassment.pdf>

### **Equity, Diversity, Equal Opportunity, and Affirmative Action:**

The University will provide 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, veteran status, sexual orientation, gender identity, or gender expression. For more information, please consult Board of Regents Policy:

[http://regents.umn.edu/sites/default/files/policies/Equity\\_Diversity\\_EO\\_AA.pdf](http://regents.umn.edu/sites/default/files/policies/Equity_Diversity_EO_AA.pdf).

### **Disability Accommodations:**

The University is committed to providing quality education to all students regardless of ability. Determining appropriate disability accommodations is a collaborative process. You as a student must register with Disability Services and provide documentation of your disability. The course instructor must provide information regarding a course's content, methods, and essential components. The combination of this information will be used by Disability Services to determine appropriate accommodations for a particular student in a particular course. For more information, please reference Disability Services: <http://ds.umn.edu/student-services.html>.

## **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 of Minnesota 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>.

## **Academic Freedom and Responsibility**

Academic freedom is a cornerstone of the University. Within the scope and content of the course as defined by the instructor, it includes the freedom to discuss relevant matters in the classroom. Along with this freedom comes responsibility. Students are encouraged to develop the capacity for critical judgment and to engage in a sustained and independent search for truth. Students are free to take reasoned exception to the views offered in any course of study and to reserve judgment about matters of opinion, but they are responsible for learning the content of any course of study for which they are enrolled.\*

Reports of concerns about academic freedom are taken seriously, and there are individuals and offices available for help. Contact the instructor, your adviser, the associate dean of the college, or the Vice Provost for Faculty and Academic Affairs in the Office of the Provost.

*\* Language adapted from the American Association of University Professors "Joint Statement on Rights and Freedoms of Students".*

## **COURSE SCHEDULE**

<b>Date</b>	<b>Topic</b>
8/17	<b>Introduction to the Course and to Budgeting and Financial Analysis</b>

### **Required reading:**

- McKinney, J. B. (2004). Chapter One – Understanding financial management. *Effective Financial Management in Public and Nonprofit Organizations*, Westport, CT: Praeger Publishers, 1-29.
- Zietlow, Hankin, & Seidner. Chapter 3 - Managing Mission and Strategy 46 – 72.

One of the following depending on your interest:

- FEDERAL GOVERNMENT - Coven, M. & Klogan, R. (2007). Introduction to the Federal Budget Process. Washington, D. C., *Center on Budget and Policy*

*Priorities.*

- STATE GOVERNMENT - MN Management and Budget (2010). MN Budget Process.
- NONPROFIT - NAF (2008). The Nonprofit Budgeting Process
- PHILLIPPINES – Menifield, C. E. (2011). Budgeting for Results: Enhancing the Budget Process in the Philippines Through Reform, *Comparative Public Budgeting: Global Perspective*, 77-89.

**Assignment 1 Due**

**8/18 Public/Nonprofit Budgeting: Revenues, Expenditures, & Outcomes**

**Required readings**

- Wang, Chapter 2
- Bland, B. L. (2007). Chapter 1: The Context of Local Government Budgeting, *Budgeting: A Budgeting Guide for Local Government*, p. 1-26.

**Optional reading:**

- Menifield, C. E. (2011). Chapter 20 – Learning from Others: Comparative Budgeting in the Millennium, *Comparative Public Budgeting: Global Perspective*, 371-386.
- NAF (2011). Scenario Planning.

**Assignment 2 Due**

**8/19 Accounting and Financial Reporting: Statement of Net Assets & Statement of Activities**

**Required reading:**

- Wang, Chapter 9 & 10

**Assignment 3 Due**

**8/20 First Exam**



8/24

## Financial Monitoring & Condition Analysis Review

### Required Reading:

- Wang, Chapter 7 & 12
- Maher, M., & Coy, P. (2011). *USA, Inc.*, Bloomberg Business Week, 1-8.

### Recommended Reading (one or the other depending for your project):

- GOVERNMENT - State Office of State Comptroller, NY, (2003). Financial condition analysis, p. 17-27.
- NONPROFIT - Nonprofit Assistance Fund (2008). Analyzing financial information using ratios, p. 1-5.

### Assignment 4 Due

8/25

## Understanding Costs

### Required :

- Wang, Chapter 3, 5, and 6
- University of Minnesota (2007). New Budget Model for University of Minnesota.

### Optional:

- NONPROFIT - Colby & Rubin, The Bridgespan Group. (2003). Costs are Cool, p. 1-17.

### Assignment 5 Due

8/26

## Statement of Cash Flow and Funds and Financial Reporting and Auditing

### Required reading:

- Wang, Chapter 11
- Nonprofit Assistance Fund (2005). What is a Cash Flow Statement?
- Nonprofit Assistance Fund (2005). Managing Cash Flow
- Nonprofit Assistance Fund Managing Restricted Funds
- Nonprofit Assistance Fund (2009). Managing Restricted Funds, p. 1-6.
- McLaughlin, T. (2009). *Financial Basics for Nonprofit Managers*. Wiley. Chapter 9: Auditing, p. 111 – 120.

### Assignment 6 Due

**8/27**            **Second Half Exam**

**9/1**             **Group Project Presentations**