

REVISED COURSE SYLLABUS – Spring 2009

PAUS 8213 *Financing and Resource Development for Nonprofit Organizations*

Description

Economic sustainability and effective pursuit of social missions are two of the principal challenges facing contemporary nonprofit leadership. Addressing these challenges requires leaders and managers to be knowledgeable and adept at securing adequate and appropriate sources of income for their organizations. Nonprofit organizations support themselves through many different sources including charitable gifts and grants, government grants and contracts, earned income from fees, memberships and sponsorships, returns on investments, volunteer labor, gifts-in-kind and other sources. They also mix these sources of income in many different ways. This course is intended to illuminate the theoretical rationales and practical considerations involved in developing and utilizing particular sources of income and in selecting appropriate combinations or portfolios, so that nonprofit organizations can effectively advance their particular missions, sustain the infrastructure of their organizations, remain financially healthy, and manage risk, change and growth.

Instructors

Dennis R. Young (dennisryoung@gsu.edu) and John O'Kane (jokane@coxecurry.com). Faculty will be available to individual students by appointment and through e-mail and telephone. Ulearn will be used to communicate with students between classes.

Time and Location: Wednesdays from 4:30pm to 7pm, Sparks Hall 423

Course Requirements

Students are required to attend every class, complete the reading assignments prior to each class session, contribute to class discussions, complete all written assignments, and participate fully in designated team projects. If it is necessary to miss a class, the student should notify one of the instructors in advance and should make up all missed readings and assignments and obtain notes for the missed class. Students are expected to meticulously follow the Policy on Academic Honesty (Section 409) as approved by the GSU Senate Committee on Faculty Affairs in 1996.

Students will be assigned at least two case studies to analyze during the semester. These assignments will entail individually written papers of approximately 5 pages in length, submitted for grading. Students will also be asked to work in teams of 4 to 5 students each on a term assignment to analyze the income portfolio of a selected nonprofit organization and make recommendations for its future resource development strategy. These projects will be undertaken in active cooperation with nonprofit organizations based in Atlanta. Instructors will facilitate the arrangement of these projects. Projects

will also access key data sources such as the 990 tax returns available through Guidestar and annual reports available on the internet.

Grades will be based on class participation, written analyses of case studies, and oral and written presentations of the group projects:

Final Team Project Report	40%
Written Assignments	40%
Class Participation	20%

Possible grades include A+, A, A-, B+, B, B-, C+, C, C-, D and F. On a 10 point scale, 8 will constitute a B, 7 will constitute a C, 6 will constitute a D and 5 or lower will constitute an F. Pluses and minuses will be designated by judgment of the instructors.

Prerequisites: PAUS 8141 Microeconomics for Public Policy
PAUS 8210 Introduction to the Nonprofit Sector

Course Objectives:

- To provide students with an appreciation of the full range of sources for financing of nonprofit organizations and how these sources are currently utilized
- To provide students with an understanding of the theoretical (micro-economic and other) underpinnings for supporting alternative nonprofit missions and services from different sources of income
- To provide students with an understanding of the particular challenges and issues associated with nonprofit dependence on alternative sources of operating income at different stages of organizational development and in different fields of activity
- To provide students with an understanding of the capital needs of nonprofit organizations or various kinds and how they may be best addressed through different source of financing
- To provide students with an understanding of how nonprofit organizations can manage risk and maintain financial health through development of appropriate income portfolios and the building of endowments

Content and Sequence of Topics

How are nonprofit organizations financed? An overview including a review of current financing patterns by sub-sector, in the U.S. and other countries

Theory and practical issues underlying the financing of nonprofit organizations from alternative sources:

- *charitable giving by individuals*
- *institutional philanthropy including foundations and corporate support*
- *government funding, including grants, contracts and demand-side subsidies*

- *fee income and commercial ventures*
- *membership income*
- *income from investments*
- *barter and gifts in kind*
- *volunteer labor*

Sustainability, risk and nonprofit financial health

- *capital structure, business models and alternative financial strategies*
- *the role of endowment*
- *borrowing and debt*
- *development of appropriate income and asset portfolios*
- *measuring nonprofit financial health*

Synthesis

- *matching benefits to sources of income*
- *adjusting to change over time*

Required Text:

Dennis R. Young (ed.), *Financing Nonprofits: Putting Theory into Practice*, New York: AltaMira Press, 2006

Supplementary Sources:

Woods Bowman (2002), "The Uniqueness of Nonprofit Finance and the Decision to Borrow", *Nonprofit Management and Leadership*, 12(3), 293-311

Clara Miller (2003), "Hidden in Plain Sight: Understanding Nonprofit Capital Structure" *Nonprofit Quarterly* 10(1), 16-23

Sharon M. Oster, *Strategic Management for Nonprofit Organizations*, New York: Oxford University Press, 1995

Sharon M. Oster, Cynthia W. Massarsky and Samantha L. Beinhacker (eds.), *Generating and Sustaining Nonprofit Earned Income*, San Francisco: Jossey-Bass Publishers, 2004

Walter W. Powell and Richard Steinberg (eds.), *The Nonprofit Sector: A Research Handbook*, 2nd Edition, Yale University Press, 2006

Burton A. Weisbrod, (ed.), *To Profit or Not to Profit*, New York: Cambridge University Press, 1998

Kennard T. Wing, Thomas Pollak and Amy Blackwood, *The Nonprofit Almanac 2008*, Washington DC: The Urban Institute Press, 2008

Dennis R. Young (ed.), *Effective Economic Decision Making for Nonprofit Organizations*, New York: The Foundation Center, 2004

Dennis R. Young (ed.), *Wise Decision-making in Uncertain Times: Using Nonprofit Resources Effectively*, New York: The Foundation Center, 2006b

Dennis R. Young and Richard Steinberg, *Economics for Nonprofit Managers*, New York: The Foundation Center, 1995

Week by Week Sequence:

January

7th: Introduction and Overview of Financing Patterns of Nonprofit Organizations
Readings: Chapters 3 and 4 in Powell and Steinberg

14th: A Conceptual Framework for Nonprofit Finance:
Readings: Chapters 1 and 15 in Young (2006); Case Study: Boston Citi-Center

21st: Presentations and discussions with executive officers of Atlanta-based nonprofit organizations that will work with student teams on term projects:
Atlanta Community Toolbank; A Friend's House; YWCA of Northwest Georgia; Callanwolde Fine Arts Center

28th: Theory and Practice in Fund Raising, Individual Giving and Institutional Philanthropy
Readings: Chapters 2 and 3 in Young (2006); Chapter 11 in Young (2006b)

February

4th: Theory and Practice in Government Funding – guest speaker Valarie Wilson, Beltline Partnership.
Readings: Chapter 4 in Young (2006)

11th: Theory and Practice in Fee and Commercial Income
Readings: Chapters 5 and 6 in Young (2006)

18th: Theory and Practice in In-Kind Support
Readings: Chapters 8, 9 and 10 in Young (2006); Chapter 12 in Young (2006b)

25th: Case Studies Exercise: Nonprofits coping with the Economic Downturn:
New York Botanical Garden; National Domestic Violence Hotline;
Baltimore Opera Company; Pillsbury Baptist Bible College (Minnesota);
Health Education & Resource Organization (HERO, Baltimore)

March

4th: Spring Break, No Class

11th: Investment Income and the Role of Endowment – guest speaker John Floyd, Marcus Institute

Readings: Chapters 7 and 12 in Young (2006)

18th: Capital Needs and Sources of Capital for Nonprofit Organizations

Readings: Chapter 11 in Young (2006); Miller (2003); and Bowman (2002)

25th: Analyzing and Synthesizing Nonprofit Income Portfolios

Readings: Chapters 13 and 15 in Young (2006)

April

1st: Managing Risk – guest speaker Joe Arnold, SunTrust

Readings: Chapters 4 and 5 in Young (2006b)

8th: Concepts and Measurement of Nonprofit Financial Health – guest speaker, Bobbi Cleveland, Tull Foundation

Readings: Chapter 14 in Young (2006)

15th: Case Studies Exercise in Nonprofit Capital and Income Portfolio

Development: Steppenwolf Theater; New-York Historical Society

22nd: Last class; presentation of term projects; client nonprofit organization leaders invited to attend

This course syllabus provides a general plan for the course; adjustments may be necessary during the semester.

Updated: 1/7/09