

# **Financial Essentials** **for Nonprofit Managers**

## **Course Description**

---

Managers of nonprofit organizations (NPOs) generally are not skilled in financial matters. Or, managers are often preoccupied with its welfare objectives and fund raising and ignore the operations efficiency and operating cost controls. A series of appropriate questions that nonprofit financial managers must address in connection with an organization's financial condition and activity include: 1. Do we have a profit or a loss? 2. Do we have sufficient reserves? 3. Are we liquid? 4. Do we have strong internal controls? 5. Are we operating efficiently? 6. Are we meeting our budget? 7. Are our programs valid? 8. Are we competing successfully? 9. Is our prioritizing of programs and activities reasonable? The course is an attempt to help answer these questions.

**Completion Deadline & Exam:** This course, including the examination, must be completed within one year of the date of purchase.

**Course Level:** Overview. This program is appropriate for professionals at all organizational levels.

**CPE Credits:** 12 (CPA)

**Field of Study:** Finance

**Prerequisite:** Basic Accounting

**Advanced Preparation:** None

## **Course Learning Objectives**

---

### **Chapter 1: Fundamentals for Nonprofits**

After studying this chapter you will be able to:

1. Recognize financing options for NPOs.
2. Identify different cost types and classifications for NPOs.
3. Recognize costs that are relevant to nonprofit decision making.

### **Chapter 2: Accounting Concepts and Principles**

After studying this chapter you will be able to:

1. Recognize the accounting method used by NPOs
2. Identify the processes of budget recording and accountability
3. Distinguish between a contribution and an exchange transaction
4. Distinguishing between conditional and unconditional contributions

### **Chapter 3: Cost-Volume-Revenue Analysis**

After studying this chapter you will be able to:

1. Identify the concepts answered by Cost-Volume-Revenue (CVR) analysis.
2. Differentiate among the methods to analyze financial statements.
3. Recognize components of the break-even analysis.

### **Chapter 4: Financial Statement Analysis and Performance Measurement**

After studying this chapter you will be able to:

1. Recognize different examples of trend analysis.
2. Identify objectives in analyzing the statement of activities and different performance measures.

### **Chapter 5: Forecasting Methods**

After studying this chapter you will be able to:

1. Identify different examples of qualitative and quantitative forecasting methodology.

### **Chapter 6: Budgeting Process**

After studying this chapter you will be able to:

1. Identify the various types of budgets.
2. Recognize the characteristics of different budgets and how to measure their effectiveness.

### **Chapter 7: Efficiency and Cost Control**

After studying this chapter you will be able to:

1. Recognize the elements and characteristics of Zero Base Budgeting (ZBB).
2. Identify the characteristics and the time considerations of program budgeting process.

### **Chapter 8: Cost Behavior and Performance Evaluation**

After studying this chapter you will be able to:

1. Identify how cost behavior and variance analysis can assist with the budgeting process.

2. Calculate different costs and variances for the budgeting process.

## **Chapter 9: Management Control of Revenue and Expense**

After studying this chapter you will be able to:

1. Recognize use of mission centers and service centers for nonprofit organizations.
2. Identify the role of the contribution approach to cost allocation for measuring performance of responsibility centers.
3. Recognize how cost allocations can affect performance metrics for managerial control

## **Chapter 10: Financing Techniques**

After studying this chapter you will be able to:

1. Calculate costs associated with different sources financing.
2. Estimate future NPO budgets based on past donations.
3. Differentiate between fixed, variable and semi-variable costs.
4. Calculate the cost of long-term debt financing.

## **Chapter 11: Working Capital Techniques**

After studying this chapter you will be able to:

1. Identify examples of the various cash models available.
2. Recognize costs that impact working capital.
3. Differentiate between investment objectives.
4. Identify different financial instruments available for investing surplus funds

## **Chapter 12: Cost Allocation**

After studying this chapter you will be able to:

1. Recognize the purpose for allocating service center costs to mission centers.
2. Differentiate among cost allocation techniques using the direct method, step-down (two-stage) method, and reciprocal method.
3. Identify the benefits of activity-based costing (ABC) and some factors that can be used in ABC.

## **Chapter 13: Decision-Making Models**

After studying this chapter you will be able to:

1. Compute the present values and pay-back periods in a make or buy decision.
2. Identify different types of investment instruments and financial models.