



## Nonprofit Statements and Analysis: 90-744

Fall 2021 – Mini 2

### COURSE INFORMATION

#### **Instructor:**

Jacob Bacharach  
Hamburg Hall  
*e-mail:* Bacharach@cmu.edu

Office Hours: Friday 1:30 – 3:00  
by appointment

#### **Prerequisites:**

90-723: Financial Analysis of Companies or equivalent

#### **Course Materials:**

- How to Read the New IRS Form 990, a document prepared by the Nonprofit Coordinating Committee of New York
- (Optional) Ruppel, Warren. Not-for-Profit Accounting Made Easy, 1<sup>st</sup> or 2<sup>nd</sup> edition, Wiley Publishing.
- Practice Problem Sets: In the week prior to the mid-semester quiz, I will post Practice Problem Sets to Canvas. These problems will not be graded, but they will provide important opportunities to practice material that will appear on the quiz.
- Class Documents and Lecture Materials: Distributed through the mini-semester. Available after each class.

#### **Course Description:**

This course will provide a firm grounding in the concepts of nonprofit accounting, with an emphasis on financial analysis, the interpretation of financial statements, annual reports, and IRS filings. By studying and discussing real-world examples and organizations, we will develop a working knowledge of nonprofit accounting and financial reporting.

This course provides conceptual and quantitative exposure to the concepts of nonprofit accounting and the financial skills required of managers of not-for-profit organizations, including financial statement analysis and budgeting. Through study and discussion of cases set in private nonprofit organizations, we will gain a fundamental background in non-profit financial management.

### **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
- Clearly articulate, using proper terminology, the information contained in nonprofit financial statements and the Form 990
- Analyze and assess an NPO's success and ability to
  - meet its mission
  - generate income
  - manage its debt
  - pay off obligations when they come due

### **Class Sessions and Recordings:**

Classes sessions will be recorded during the mini-semester. You may use these recordings to review material that we covered in class, make up material that you missed due to illness, an interview, or other absences, and to prepare for the exams or assignments.

## **ASSIGNMENTS, QUIZZES, AND GRADES**

Your grade in this course will be based on three (3) take-home **assignments**, two (2) in-class **quizzes**, and one (1) final **group project**.

### **ASSIGNMENTS:**

Each **assignment** will consist of a short set of *qualitative* and *quantitative* questions related to a specific non-profit's statements and documents. These may include locating, identifying, and explaining features and attributes of a non-profit; interpreting and analyzing specific financial information; and performing basic financial calculations related to financial statements.

Each assignment will be worth **ten (10) points**.

Assignments should be submitted as a .pdf file to Canvas by the due date and time listed on the syllabus below in order to receive full credit. Assignments submitted within **12 hours** following the deadline (i.e., by **noon** of the following day) will be accepted, but you will receive a 10% penalty (1-point deduction) for being late.

You will receive no credit for assignments submitted more than **12 hours** late unless you have made special arrangements with me in advance.

**QUIZZES:**

There will be one **mid-semester quiz**, which will take place during the class session/date listed in the schedule below. The **quiz** will consist of a mixture of *qualitative* and *quantitative* questions pertaining to non-profit financial statements and documents. Some basic financial and accounting calculations will be required. The quiz must be completed **individually**. The quiz will be worth **thirty (30) points**.

**GROUP PROJECT — ORGANIZATIONAL ANALYSIS:**

In lieu of a final exam, you will complete a **group project** consisting of a **comprehensive analysis** of a Non-Profit Organization. You will submit a preliminary proposal, a draft report, and a final report with the analysis. You may work in groups of 4 to 6 people. The details of this assignment will be distributed in a separate document. The project will be worth **forty (40) points**.

**GRADES:**

Your final grade for the course will consist of the aggregate points from the assignments

30	Assignments
30	Quiz
40	Group Project
<b>100</b>	<b>TOTAL</b>

Your final grade will be determined by your placement on the following scale:

90 – 100	A	65 – 69	C+
85 – 89	A-	60 – 64	C
80 – 84	B+	55 – 59	C-
75 – 79	B	Below 55	R
70 – 74	B-		

**Policy on Cheating**

You may work together on **assignments**, and I encourage thoughtful collaboration. However, you must submit your own assignment that is written in your own words.

You may not collaborate on quizzes. They must be completed individually, during class time, unless you require and have requested special accommodation in advance.

If you cheat on a quiz, turn in plagiarized work, or otherwise violate the university’s [Policy on Academic Integrity](#):

- You will receive a score of zero on the paper
- A letter describing the infraction will be sent to the following persons:
  - Your Program Director; the Associate Dean; the Dean of Student Affairs at the university
 They will determine if expulsion or other further action is recommended.

For more information on cheating and your rights: <https://www.cmu.edu/student-affairs/ocsi/academic-integrity/>

<https://cmu.zoom.us/j/98779148288?pwd=aU1DbEN0eG5lWk8vRTFpc0hqVkFwUT09>

Meeting ID: 987 7914 8288

Passcode: 311675

\*\* Topics and Assignment Due Dates are *tentative* and may change slightly throughout the mini.

Week	Date	Topics	Readings and Assignments	Due Dates
1	Tues., Oct. 19, 2021	Introduction to nonprofit organizations and nonprofit statements <ul style="list-style-type: none"> <li>• Statement of Financial Position</li> <li>• Statement of Activities</li> <li>• Cash Flow Statement</li> <li>• Statement of Functional Expenses</li> </ul> The IRS Form 990	<i>How to Read the IRS Form 990</i>  <b>Assignment #1:</b> Analysis of simple financial statements and 990 filings	
2	Tues., Oct. 26, 2021	The Form 990, Continued <ul style="list-style-type: none"> <li>• Contractors and related entities</li> <li>• Disregarded Entities</li> </ul> Sources of nonprofit documentation and charity watchdogs  Assets, fixed assets, museum collections, liabilities, and Net Assets	<i>How to Read the IRS Form 990</i>  <i>Capitalizing Museum Collections</i>  <b>Assignment #2:</b> Asset and Net Asset analysis	<b>Assignment #1 DUE – 12:00 PM</b>
3	Tues., Nov. 2, 2021	Expenses and programming  Income and “profit”	<b>Quiz Practice Problems, Ungraded</b>	<b>Assignment #2 DUE – 12:00 PM</b>  <b>Final Nonprofit Analysis Proposal DUE</b>
4	Tues., Nov. 9, 2021	Practice Problem in-class review  <b>QUIZ</b>  Contributed revenue <ul style="list-style-type: none"> <li>• Special events</li> <li>• Restricted and unrestricted gifts</li> <li>• Multi-year gifts and pledges</li> </ul> Capital campaigns	<b>Assignment #3:</b> Gift and pledge analysis	<b>Quiz Practice Problems DUE</b>

5	Tues., Nov. 16, 2021	Investments, gains, and losses  Pension obligations  Financial Ratios  Operating reserves and rainy day funds  Endowments		<b>Assignment #3 DUE – 12:00 PM</b>
6	Tues., Nov. 23, 2021	Budgeting  Financial management and boards of directors		
7	Tues., Nov. 30, 2021	FINAL GROUP PROJECT PRESENTATIONS		<b>GROUP PRESENTATIONS DUE</b>