PMA 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.

Instructor

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Office hours by appointment

BRIGHTSPACE will be used to communicate with students between classes; Jung-In Soh and Jessica Hickman are GRAs for this course and will manage the Brightspace site (jinsoh@gmail.com; jhickman6@student.gsu.edu)

Time and Location: Tuesdays from 4:30 pm until 7 pm in Sparks 304

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 the instructor 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 approximately 5 students each on a term assignment to analyze the income strategy or new income initiative of a selected nonprofit organization and make recommendations for its future development. These projects will be undertaken in active cooperation with nonprofit organizations based in Atlanta.

The following organizations have agreed to be clients for the course:

Cambridge Heights Academy
Georgia Justice Project
Woodlands Garden
Park Pride

A dropbox on BRIGHTSPACE will be set up for each project. Project teams are expected to access all key available data sources such as the 990 tax returns available through Guidestar and annual reports available on the internet, as well as information solicited directly from the client organization through interviews and correspondence. Student teams are expected to develop close working relationships with their client organizations, producing useful results while facilitating their own learning.

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

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<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Final Team Project Report</td>
<td>40%</td>
</tr>
<tr>
<td>Written Assignments</td>
<td>40%</td>
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<tr>
<td>Class Participation</td>
<td>20%</td>
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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 instructor.

**Prerequisites:** PMAP 8141 Microeconomics for Public Policy
PMAP 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 and how they may be best addressed through different sources of financing
- To provide students with an understanding of how nonprofit organizations can manage risk and maintain financial health through development of appropriately diversified income portfolios, the building of endowments and other means

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:


Suggested Secondary Reference Text:

Other Helpful References:


Chao Guo and Wolfgang Bielefeld (2014), *Social Entrepreneurship*, San Francisco: Jossey-Bass


Week by Week Sequence:

January

13th: Introduction and Overview of Financing Patterns of Nonprofit Organizations

20th: A Conceptual Framework for Nonprofit Finance:
Readings: Chapters 1 and 15 in Young (2007); Young (2010)

27th: Discussions with executive officers of Atlanta-based nonprofit organizations that will work with student teams on term projects. Organization of team projects.

February

3rd: Theory and Practice in Fee and Commercial Income
Readings: Chapters 5 and 6 in Young (2007); Chapter 10 in Seaman and Young (2010); case study of Famicos Foundation (see BRIGHTSPACE class website for vignette)

10th: Theory and Practice in In-Kind Support
Readings: Chapters 8, 9 and 10 in Young (2007); Chapter 12 in Young (2006b)

17th: Theory and Practice in Fund Raising, Individual Giving and Institutional Philanthropy – guest speaker: David King, President and CEO, Alexander Haas Inc.
Readings: Chapters 2 and 3 in Young (2007); Chapter 11 in Young (2006); Chapter 3 in Seaman and Young (2010); case study of Lakeview Cemetery Foundation (see BRIGHTSPACE class website for vignette)

24th: Theory and Practice in Government Funding – guest speaker: Valarie Wilson, former Executive Director, The Atlanta Beltline Partnership and Democratic Candidate for Georgia School Superintendent
Readings: Chapter 4 in Young (2007); Chapter 22 in Seaman and Young (2010); Boris et al (2010); case study of Centers for Families and Children (see BRIGHTSPACE class website for vignette)

March

3rd: Case Studies Exercise 1: Nonprofits coping with Economic Downturn:

New York Botanical Garden; Wang/Citi Performing Arts Center; Salvation Army, Shriners Hospitals; National D-Day Memorial; New York City Opera; Hull House; Cooper Union; Cleveland Orchestra
10th: Capital Needs and Sources of Capital for Nonprofit Organizations
Readings: Chapter 11 in Young (2007); Chapter 4 in Seaman and Young (2010)

17th: Spring Break, no class

24th: Analyzing and Synthesizing Nonprofit Income Portfolios
Readings: Chapters 13 and 15 in Young (2007); Chapter 1 in Seaman and Young (2010); Chapter 10 in Bowman (2011)

31st: Assessing Nonprofit Financial Health and Risk – guest speaker: Joe Arnold, VP, Sun Trust Bank, Not-for-Profit and Government Banking Division
Readings (invited): Chapters 4, 5 and 14 in Young (2007); Chapter 11 in Seaman and Young (2010)

April
7th: Investment Income and the Role of Endowment – guest speaker: Clay Rolader, President, Fuqua Capital
Readings: Chapters 7 and 12 in Young (2007); Chapter 3 and 8 in Bowman (2011); Weisbrod et al (2010); case study of the Cleveland Museum of Art (see BRIGHTSPACE class website for vignette)

14th: Case Studies Exercise 2 - Nonprofit Capital and Income Portfolio Development: Steppenwolf Theater; The New-York Historical Society

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

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

3/1/2015