The Hebrew University of Jerusalem

Syllabus

FINANCIAL MANAGEMENT OF NONPROFIT ORGANIZATIONS - 3144

 Last update 06-08-2023

HU Credits: 4

Degree/Cycle: 2nd degree (Master)

Responsible Department: Non profit Management and Leadership

Academic year: 0

Semester: Yearly

Teaching Languages: Hebrew

Campus: Mt. Scopus

Course/Module Coordinator: Elli Malki

 Coordinator Email: malki@netmedia.net.il

Coordinator Office Hours: By appointment

Teaching Staff:
  Mr. Elli Malki

Course/Module description:
  The significant increase in the scope and importance of the Third Sector is a big challenge for the managers of nonprofit organizations. Limited resources, the need for transparency and the requirement for proper use of donors' funds, leads to non-profit organizations being required to conduct their activities professionally and efficiently. To do that NGOs must adopt effective managerial tools that will allow them to make better decisions and improve the organization's performance.
This course will present quantitative tools for economic and financial management that are adapted to the unique characteristics of NGOs.
The financial tools that will be presented are either unique to NGOs, or were adapted fro them.
In general the course presents the financial management of NGOs as a unique and separate sub-discipline of financial management.

Course/Module aims:
  The purpose of the course is to provide students with tools and skills in economic and financial management of non-profit organizations. The course will focus on tools for planning, prioritization, budgeting, financial reporting, monitoring, control and risk management in NGOs.

Learning outcomes - On successful completion of this module, students should be able to:
  The students will acquire the necessary tools for preparing an organizational budget in two formats: for internal management and for presentation to external parties.
The students will acquire the necessary tools for analyzing the financial statements of an NGO, understanding its financial position and using the information for budgetary planning.
The students will acquire the necessary tools for budgetary control, identifying risk factors and managing the cash flow.
The students will acquire the necessary tools for analyzing multi-year budgets and discerning between nominal and real changes.

Attendance requirements(%):
  100

Teaching arrangement and method of instruction: Frontal lectures, demonstrationת

using case studies, practice by using Excel spreadsheet.

Course/Module Content:
   Main Topics:
A) Planning the budget in NGO.
a-1) Budgeting for economic management.
a-2) The economic map .
a-3) Feasibility analysis.
a-4) Budgeting for external reporting.
B) Monitoring, control and risk management.
b-1) The financial statements.
b-2) The simplified balance sheet.
b-3) Estimating the budgetary balances.
b-4) Income forecasts.
b-5) The dynamic budget
b-6) Cash flow management.
C) Multi-year budget
c-1) Changes in prices
c-2) The Fisher formula

Other Topics:
D) Combining economic and social considerations,
E) Efficiency

Required Reading:
 מלכי א., קווים מנחים להכנה ולהצגה של תקציב בארגונים שלא למטרות רווח, אפריל 2010.
http://www.inbest.co.il/NGO/Budget_Guide.pdf

 מלכי א., מודל פשוט לניהול תזרים מזומנים בעמותות, נובמבר 2015.
http://www.inbest.co.il/NGO/Cash%20Flow%20Management.pdf

Malki E., Guidelines for the Preparation of Budgets in Not-for-Profit Organizations,
SSRN, 2010.
http://papers.ssrn.com/sol3/papers.cfm?abstract_id&eq;1667575

Malki E., A servant of two masters: The dual role of the budget in nonprofits,
Journal of Accounting, Auditing and Taxation, 1(1): 002-007, 2014
http://premierpublishers.org/jaat/020920141690

Malki E., A Simple Model for Cash Flow Management in Nonprofit, SSRN, 2016.
http://papers.ssrn.com/sol3/papers.cfm?abstract_id&eq;2732052

<u>Additional Reading Material:</u>

  Abt Associates Inc., *Fundamentals of NGO Financial Sustainability, Chapter 5: Financial Accounting; Chapter 6: Budgeting; Chapter 7: Cost Accounting.*
http://www.inbest.co.il/NGO/NGOFinancial.pdf

Bradley B., Jansen P. & Silverman L., *The Nonprofit Sector's $100 Billion Opportunity, Harvard Business Review, 2003.*
http://www.inbest.co.il/NGO/Bradley.pdf

Brown M. & Malki E., *"Nonprofit Overhead Efficiency in the Israeli Welfare Sector: How Economies of Scale Could Lead to Administrative Savings", SSRN, 2011.*
http://papers.ssrn.com/sol3/papers.cfm?abstract_id&eq;1950374

Goggins Gregory A. & Howard D., *The Nonprofit Starvation Cycle, Stanford Social Innovation*
Review, Fall 2009.
http://www.ssireview.org/images/articles/2009FA_feature_Gregory_Howard.pdf

Haas R. & Meixner O., *An Illustrated Guide to the Analytic Hierarchy Process, Institute of Marketing & Innovation, University of Natural Resources and Applied Life Sciences, Vienna.*
http://www.inbest.co.il/NGO/ahptutorial.pdf

Kamal M. A-S. A-H., *Application of the AHP in project management, International Journal of Project Management 19, 2001.*
http://www.civil.uwaterloo.ca/tarek/AHP-2.pdf

Keating E. Fischer M. & G., Teresa P. and Greenlee J., *"Assessing Financial Vulnerability in the Nonprofit Sector (January 2005)". KSG Working Paper No. RWP05-002; Hauser Center for Nonprofit Organizations Paper No. 27.*
http://papers.ssrn.com/sol3/papers.cfm?abstract_id&eq;647662

Malki E., *Measuring the things that count: Quantitative methods for the management of nonprofits, LAP Lambert Academic Publishing, 2010. Chapters III, IV and V.*

Neuhoff A. and Searle R., *More Bang for the Buck, Stanford Social Innovation Review, Spring 2008.*
http://www.ssireview.org/images/articles/2008SP_feature_neuhoff_searle.pdf

מלכי א., *דיבורים לחוד ומעשים לחוד: התאמת תקציב הארגון למטרותיו, מרץ 2009.*
https://www.researchgate.net/publication/281643855_sylwbm_sl_syqwlym_klklyym_bqbyt_sdry_dypwywt_sl_mlkrym

מלכי א., שילובם של שיקולים כלכליים בתכנון אסטרטגי של מלכ"רים, ינואר 2010. https://www.researchgate.net/publication/281643855_sylwbm_sl_syqwlym_klklyym_ bqbyt_sdry_dypwywt_sl_mlkrym

מלכי א., מודל לדירוג ולבחירה בין השקעות חברתיות, יוני 2017. https://www.researchgate.net/publication/317415294_mwdl_ldyrwg_wlbhyrh_byn_hs qwt_hbrtywt

Grading Scheme:
Essay / Project / Final Assignment / Home Exam / Referat 100 %

Additional information:
1) During the course we will use Excel files extensively. It is recommended to the students to acquire a basic knowledge of the software.
2) The final assignment is divided to two parts which will be submitted at the end of each semester. The final grade is the average grade of the two parts. T