

Basic Concepts in Finance for NGOs (01783)

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1) Course description:

This course will introduce basic concepts in finance in the context of nonprofits and will demonstrate how such concepts are used in various managerial decisions. The course is divided to two parts.

In the first part the students will learn basic analytical tools and will practice their use. With these tools we will analyze the financial and economic aspects of both social and organizational issues.

The second part will deal with financial tools for economic decisions making. The students will practice how to use these tools for various individual and organizational decisions. We will also create and analyze financial models for business planning in the context of nonprofits.

The emphasis of this course is on the practical application of the financial tools, and we will use Excel spreadsheet extensively.

2) Detailed Topics

Part I: Analysis

1. Inflation – definition and measurement.
2. Real and Nominal values – the Fisher formula.
3. Advanced applications of the Fisher formula.
4. Interest rates – nominal, real and effective rates

Part II: Decision Making

1. Savings and pensions.
2. Loans
3. Buy or Lease decisions
4. Simple feasibility analysis - renovation
5. The effect of loans on the feasibility analysis
6. Feasibility analysis – Financial model for a small business.
7. Sensitivity analysis and randomness in financial models.
8. SROI – economic evaluation of social projects

3) Assignment:

The final assignment of the course is divided to two parts:

The first part, which is 40% of the grade, relates to Part I – Analysis.

The second part, which is 60% of the grade, relates to Part II – Decision Making.

The due date for the assignment is March 1st 2020.

4) The course's grade:

The grade of the course will be the grade of the final assignment.

5) Reading list:

There are several internal files and articles in the course's Moodle webpage, that will be presented and used during the course.

Additional optional bibliography

Capital Investment and Financial Decisions, Levy H. & Sarnat M., Prentice Hall
College Div; January 1995. **Overseas Library 658.152 L668**