



ZIMBABWE EZEKIEL GUTI UNIVERSITY

FACULTY OF LAW AND BUSINESS INTELLIGENCE

DEPARTMENT OF ENTREPRENEURSHIP, MARKETING AND ECONOMICS

EXAMINATION PAPER

COURSE CODE : CBM413
COURSE TITLE : MANAGEMENT OF NON-PROFIT ORGANISATIONS
SPECIAL REQUIREMENTS : NONE
DURATION : 3 Hours
LEVEL : 4.1
DATE : 11 JUN 2024

INSTRUCTIONS TO CANDIDATES:

1. No cell phones are allowed in the examination venue.
2. Answer question number **one (1)** in Section A (Compulsory) and any other **three (3)** questions in Section B.
3. Begin each question on a new page.
4. The number of marks for each question or part question is shown in brackets []

SECTION A (This question is compulsory)

Question 1

Read the case study below and answer the following questions

Case Study: A Non-profit's Financial Crisis and an Accountability Turnaround

A non-profit with a \$4,000,000 budget was facing an organizational crisis with the retirement of the CEO and a serious projected shortfall in the budget. The new CEO found that the board relied completely on the previous CEO to handle all fundraising and finance matters, as well as to set the direction of the organization as a whole. The board was largely uninvolved in reviewing financials and in making important strategic decisions. There was a real possibility that the organization could fail without immediate intervention.

The non-profit survived and is now thriving. How did they do it?

First, the new CEO and the board chair met with all of their major funders. They were honest about the challenges they faced and the need to move quickly. Two funders stepped up to offer immediate assistance because the non-profit provided crucial services to the community. One funder offered an immediate infusion of operating cash to keep the doors open.

The second provided a comprehensive review of the financials and programming to get an accurate picture of the cash status of the non-profit and to look for efficiencies in programs and areas where cuts could be made without compromising services. Second, the reports on current financial status and programming analysis were presented to the CEO and the board with recommendations for budget revisions and staff cuts. The board accepted the recommendations and approved a new budget and staff cuts. The board learned through this experience that they needed to become a governing board and not just a rubber stamp.

Third, because of this realization, changes were made in the governance of the nonprofit. Retired executives stepped up to volunteer to facilitate planning, board governance training and facilitation of a board retreat. Through these donated services the board established finance, governance and fund development committees. The board received training on understanding and reviewing financial statements.

Board members were surprised to find that they were excited and energized about their new and crucial roles in this nonprofit. Board members are actively participating in the business of the non-profit. They review financials, raise money and ask questions. The CEO continues to review programs for viability and efficiency. It has taken a couple of years for the non-profit to stabilize.

Question one

- a) What lessons were learned in this case study? (10 marks)
- b) Differentiate the duties and responsibilities of the board (10 marks)
- c) Outline clearly the duties of the CEO (5 marks)

SECTION B

Choose any 3 questions. Each question carries 25 marks

QUESTION TWO

With reference to the management of non-profit organisations theories, discuss why non-profit organisations exist? **(25 marks)**

QUESTION THREE

What is the relationship between values, power, and politics in organizations? **(25 marks)**

QUESTION FOUR

Why is governance of nonprofit organizations different from that of businesses and public agencies? **(25 marks)**

QUESTION FIVE

Discuss major types of foundations? **(25 marks)**

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