

**MAM 704: Finance and Budgeting for Arts Administrators I**  
**Fall 2009**  
**Tuesdays 7:20 pm to 10:00 pm**

Text: Financial Management for Nonprofit Organizations: Policies and Practices  
Jo Ann Hankin, Alan Seidner, John Zietlow  
Wiley  
ISBN-10: 0471741663  
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**Other readings and case studies as assigned**

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**Overview**

This course is a hands-on introduction to the financial management of non-profit arts organizations, focusing on the basics of accounting and financial statements. Students will learn how arts organizations report on their activities, how those reports are monitored and analyzed, and the importance of accurate and useful financial reporting.

**The focus of this course will be the understanding and development of financial statements within an arts organization – how financial transactions are recorded, and how those transactions are collected and reported in the organization’s financial statements. The accounting processes involved will be taught in the context of properly managing an arts organization today, with necessary consideration given to organizational stability, ethics, compliance, tax reporting, and building financial policies for both the management and protection of non-profit institutions.**

We will view current financial practices as an evolution of past practices and with an eye toward future developments in the field. Financial management processes, and financial statements, are dynamic – they are not static and carved in stone. The goal of this course is to equip tomorrow’s arts manager with the knowledge to thoroughly understand the mechanics and the value of proper accounting and financial reporting, with an awareness of the environmental trends that will continue to cause non-profit financial management practices to evolve.

**Grading**

Periodic quizzes	20%
Mid-term exam	20%
Analysis project	20%
Final exam	40%

The analysis project will be a thorough review and analysis of the financial statements of an arts organization of your choice. You will need both the audited financial statements and the Form 990 for the same fiscal year. The analysis will be a determination of the financial health of the organization, as far as you can determine, from the financial information contained in the two documents. You will also give your opinion as to why the financial statement display format is used, and what you think the organization is trying to communicate about its financial activities and its financial condition.

Grades: A+ is worth no more than an A for a final grade, but is given when a student achieves a grade of 97 or higher as a percentage. It carries a weight of 98 when used to compute the final grade.

A = this is 93-96  
A- = 90-92  
B+= 87-89  
B = 83-86  
B- = 80-82  
C = 70-79  
F = 69 or lower

**An incomplete grade (IN)** is used only if the student requests it in writing. An IN counts as a failing grade until completed, and it automatically turns into an F if a grade is not turned in by the deadline in the Schedule of Classes.

**Honor Code Statement:** To promote a stronger sense of mutual responsibility, respect, trust, and fairness among all members of the George Mason University community and with the desire for greater academic and personal achievement, we, the student members of the University Community have set forth this honor code: *Student members of the George Mason University community pledge not to cheat, plagiarize, steal, or lie in matters related to academic work.*

GMU Honor Code: <http://www.gmu.edu/catalog/apolicies/index.html#Anchor12>

### **Disability & Accommodation Needs**

**If you are a student with a disability and you need academic accommodations**, please see me and contact the Disability Resource Center (DRC) at 703.993.2474. All academic accommodations must be arranged through that office.

Students must inform the instructor at the beginning of the semester, and the specific accommodation will be arranged through the Disability Resource Center.

### **Mason Alert System**

**Students are encouraged to sign up for the Mason Alert System** by visiting the website <https://alert.gmu.edu>. Also note that an emergency poster exists in each classroom explaining what to do in the event of crises and that further information about emergency procedures exists on <http://www.gmu.edu/service/cert>.

GMU student information and resources: <http://www.gmu.edu/mlstudents/>

### **Weekly Course Outline**

Class/Wk 1    September 1, 2009

Assignment: Review chapter 1 of the text

- Introduction & overview
- Non-profit organization legal and structural overview
- For profit compared to non-profit
- Generally Accepted Accounting Pinciples (GAAP)
- External auditors
- Rule makers: FASB and AICPA
- Cash vs. accrual basis accounting
- The basic Accounting Equation
- Intro to fundamental terminology

Class/Wk 2 September 8<sup>th</sup>

Assignment: Read chapter 2 of the text and re-read Chapter 1  
Also print copies and read **2009** financial statements from  
<http://www.lyricopera.org/about/financial.asp>

- Liquidity management in non-profits
- Organizational stability
- Stability of revenue sources
- Chart of accounts – defined & example(s)

Class/Wk 3 September 15<sup>th</sup>

Assignment: read chapter 6 of the text

- Financial statements: statement of financial position, or balance sheet
- Building a balance sheet

Class/Wk 4 September 22<sup>nd</sup>

Assignment: review chapter 6 of the text

- Financial statements: Statement of Activities, Statement of Changes in Net Assets, or Income Statement
- Building a statement of activities

Class/Wk 5 September 29<sup>th</sup>

Assignment: review chapter 6 of the text

- Financial statements: Statement of Cash Flows
- Building a statement of cash flows

Class/Wk 6 October 6<sup>th</sup>

Assignment: review chapter 6 of the text

- Financial statements: Statement of Functional Expenses
- Footnotes to the financial statements
- Disclosure

**Columbus Day recess – no Tuesday classes**

Class/Wk 7 October 20<sup>th</sup>

Assignment: download the most recent Form 990 for Lyric Opera of Chicago

- Tax reporting
- Form 990: content
- Form 990: revisions & the new Form 990
- Form 990-T: tax reporting
- Form 990: public availability, Guidestar and its role

Class/Wk 8 October 27<sup>th</sup>

Assignment: read chapter 4 of the text

**MID-TERM EXAM** (approx ½ class session)

- Ethics
- Accountability
- Internal control mechanisms
- State attorneys general
- Watchdogs and scandals
- Sarbanes-Oxley

Class/Wk 9 November 3<sup>rd</sup>

Assignment: read chapter 5 of the text

- Financial policies
- Importance of financial policies
- Monitoring and developing financial policies

Class/Wk 10 November 10<sup>th</sup>

Assignment: read chapter 7 of the text

- Financial reports and financial ratios
- Internal control mechanisms
- Internal reports
- Public external reports

Class/Wk 11 November 17<sup>th</sup>

Assignment: read chapters 10 and 11 of the text

- Cash management
- Non-profits and banking
- Short-term investments
- Short-term borrowing
- Tax-exempt borrowing

Class/Wk 12 November 24<sup>th</sup>

Assignment: read chapter 12 of the text

- Endowment and investing
- Investment policies; role of committees
- Asset allocation
- Total return and spending rate policies
- Investment advisors

Class/Wk 13 December 1<sup>st</sup>

Assignment: read chapter 13 of the text

- Information technology
- Data management and security
- Industry trends
- Technology investment

Class/Wk 14 December 8<sup>th</sup>

**ANALYSIS PROJECT DUE**

Assignment: Read chapter 14 of the text

- Risk management
- Personnel risk
- Board of directors risk
- Insurance, disaster preparedness

Class/Wk 15 December 15<sup>th</sup>

- **FINAL EXAM**