

George Mason University  
College of Visual and Performing Arts  
Master of Arts in Arts Management Program

AMGT 705: Finance & Budgeting for Arts Organizations II	2 Credit Hours (Spring 2012)
Professor: Richard Kamenitzer	Lecture: Fridays, 1:30 – 3:20pm
Office: Truland 400II	Room: Arl FH 207
Office Hours: By appointment, one hour prior to class	Prerequisites: AMGT 704
Phone: 703.993-9194 (office) or 703-229-2874 (mobile)	e-mail: rkamenit@gmu.edu

The goal is to understand and practice the conceptual framework of “mission to money”: generating, conserving and sustaining the human, physical and financial resources to advance the missions of cultural organizations.

To move toward this goal, Managers’ objectives are to:

- Use financial analysis to understand the financial health and capacity of the organization
- Implement and maintain monitoring and controls, understanding that assets are held in the public trust
- Communicate effectively the financial status, issues and strategic implications to staff, the Board, and outside constituencies
- Use financial analysis and a broader understanding of organizational capacity to recognize and evaluate risks and opportunities, and inform sound decision making and strategic planning

As per the Association of Arts Administration Educators, sound financial management skills should include:

- Annual revenue and expense planning, including development of a realistic operating budget that sustains and advances the mission
- System design and control techniques to ensure that plans are followed sensibly and adjusted as needed
- Cash flow management
- Managing reserves, endowments and generally protect the company’s long-term stability
- Implementing necessary financial systems, reporting, and controls

Additionally, Managers should have an understanding of, and be active participants in, the broader non-profit sector, especially their local cultural community.

**Required Text:**

Author: Dropkin, Murray and Jim Halpin and Bill LaTouche, **“The Budget Building Book for NonProfits”** (Jossey-Wiley & Sons, Jossey-Bass: Publisher), 2007. ISBN#978-0-7879-9603-1 (paper.CD)

## Suggested Reading:

**Author:** Dropkin, M & Hayden, A; **Title:** The Cash Flow Management Book; **Publisher:** Jossey-Bass; **Edition:** 2001; **ISBN:** 0-7879-5385-7

**Author:** Bell, J & Schaffer, E; **Title:** Financial Leadership for Nonprofit Executives: Guiding Your Organization to Long-term Success; **Publisher:** Fieldstone Alliance/Turner Publishing; **Edition:** 2005; **ISBN:** 978-0-940069-44-2

Additional handouts may be provided as required readings and /or homework assignments.

## Special Assignments:

From the NonProfit Finance Fund –

### 1. **Rising in Stages: How Steppenwolf Excelled, First on the Boards, Then in the Boardroom, and Ultimately on the Balance Sheet**

<http://nonprofitfinancefund.org/files/docs/2010/SteppenwolfWebVersion.pdf>

The Steppenwolf Theater Company grew from an 88-seat facility in a suburban church basement to become a nationally acclaimed theater. This monograph explores how Steppenwolf achieved success through the continual balancing and rebalancing of business operations, capital investment, and artistic innovation. It's the "gold standard" story of nonprofit growth over 25 years.

### 2. **On the Boards: Sustaining a Vibrant Seattle Arts Institution**

[http://nonprofitfinancefund.org/files/ontheboardsdraft\\_111010sng.pdf](http://nonprofitfinancefund.org/files/ontheboardsdraft_111010sng.pdf)

Boards (OtB) is recognized as a leader in contemporary performance. As with many nonprofits that expand, growing pains were inevitable. In 1998, a wonderful performance space was for sale, and OtB found the support to purchase and renovate it. Though their audiences loved it, revenue couldn't the increased expenses of the new facility. See how their participation in Mid-Sized Presenting Organizations (MPO) Initiative helped them turn Around



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### 3. **Why Do Balance Sheets Matter?**

[http://nonprofitfinancefund.org/files/22-1\\_christopher\\_why-do-balance-sheets-matter1.pdf](http://nonprofitfinancefund.org/files/22-1_christopher_why-do-balance-sheets-matter1.pdf)

This article by Rodney Christopher for Grantmakers In the Arts' GIAREader explains how and why an understanding of an organization's balance sheet is can help funders make informed decisions:

If we agree that the capitalization of arts organizations is important, and that evidence of capitalization can be found on the balance sheet, what should you, as grantmakers, be looking for?

4. **Top Ten Finance Essentials for Nonprofits and Funders**

[http://nonprofitfinancefund.org/files/Top\\_Tens.pdf](http://nonprofitfinancefund.org/files/Top_Tens.pdf)

What we do and how we serve is inspired by our commitment to create a financially strong nonprofit sector that's better able to serve the community. Throughout our 30 years, we've developed some core concepts and philosophies on nonprofit finance that inform all our practices. Our Top Ten crafted for both nonprofits and funders, give a concise summary of these Ten concepts.



Ten

5. **Financial Self-Assessment Worksheet (For Arts Organizations)**

[http://nonprofitfinancefund.org/files/docs/2010/Self-Assessment\\_Portrait.pdf](http://nonprofitfinancefund.org/files/docs/2010/Self-Assessment_Portrait.pdf)

This worksheet customizes the long version of NFF's Self-Assessment worksheet to the specific needs of arts organizations. If you answer Yes to many questions, you're likely weathering the current economic climate well and have a good grasp of your financial dynamics. If you're answering No or Not Sure often, you may want to review what actions you are or could be taking to manage areas of concern. With support from your funders, NFF can help you interpret the results and consider next steps.

**Grading:**

**Project.** Sixty percent (60%) of the grade will be based on a project. For the project, students will form management teams to prepare, present and defend a cultural organization's budget before a Board of Directors and the class (40%). The same team in turn will comprise the Board to review, question and approve (or not) another management team's budget proposal (20%). Detailed description of the project will be handed out separately.

**Mid-term exam.** Twenty percent (20%) of the grade will come from a mid-term exam based primarily on budgeting terminology, methodologies, concepts and the integration of accounting with planning covered in the first half of the semester.

**Class participation.** Ten percent (10%) of the grade will be based on class participation.

**Special Assignment:** Ten percent (10%) of the grade will come from one of the readings from the NonProfit Finance Fund. You are to hand in a paper of no less than 5 pages in length that synthesizes the article and includes a separate section on how this article relates to the financial planning of an arts organization.

**Final exam.** Due to the rigorous and comprehensive nature of the project, there is no final exam.

**Grading Scale:**

A+	100-99
A	98-94
A-	93-90
B+	89-87
B	86-84
B-	83-80
C	79-70
F	69-

**Grading reminder:** Once final grades have been recorded, faculty is not to accept any work to change a grade. Grade changes can only be approved when they are due to a calculation or recording error on the part of faculty.

**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.

**Schedule:**

Week/(Date)	Lecture title	Reading for this session
1 (1/27)	Introductions; Course Plan & Expectations	
	Review Project; Team assignments	Handout on Project; Assignment of NPF Reading
2 (2/3)	Basic concepts of budgeting: Types of budgets; Roles and Responsibilities;	Chapts. 1-6
	Course Project Proposal – Organization name/mission	
3 (2/10)	Building the budget: Historical accounting; budget policies; budget calendar; involving the rest of the staff	Chapts. 7 -10,
4 (2/17)	Budget package; Organization-wide budgets, Program budgets, Income, Expenses, Budget narrative	Chapts.11-14
5 (2/24)	Estimating income and expenses; allocating administrative overhead; revising.	Chapts. 15-17
6 (3/2)	Zero-based budgeting; Review of Classes 1 - 6	Chapt. 18

Week/(Date)	Lecture title	Reading for this session
7 (3/9)	<b>Mid-Term Exam</b>	
3/12-3/18	<b>Spring Break</b>	
8 (3/23)	Capital Budget; Project Review/Updates;	Chapt. 19
9 (3/30)	Cash Flow Management; Cash Flow sample/worksheet	Chapt. 22
10 (4/6)	(This is Good Friday)Presenting the Budget: Management and Board roles & responsibilities; Board Review and approval; Project Review/Updates	Chapts.20-21
11 (4/13)	Monitoring and Modifying Budgets and Cash Flows; Communicating Progress	Chapt. 23;
12 (4/20)	<b>Class Presentations</b> (Management Groups 1 & 2 ) (Board Groups 4 & 3)	
13 (4/27)	<b>Class Presentations</b> (Management Groups 3 & 4) (Board Groups 1 & 2)	
14 (5/4)	Post mortem on presentations	

## Disability

If you are a student with a disability and you need academic accommodations, please see me and also contact the Office for Disability Services (ODS) at 993-2474, <http://ods.gmu.edu>. All academic accommodations must be arranged through the ODS.

## Official Communication with Students

**Web:** [www.gmu.edu/email](http://www.gmu.edu/email)

Mason uses electronic mail to provide official information to students. Examples include notices from the library, notices about academic standing, financial aid information, class materials, assignments, questions, and faculty feedback. Students are responsible for the content of university communication sent to their Mason e-mail account, and are required to activate that account and check it regularly.

## Academic Integrity

GMU is an Honor Code university; please see the [Office for Academic Integrity](#) for a full description of the code and the honor committee process. The principle of academic integrity is taken very seriously and violations are treated gravely. What does academic integrity mean in this course? Essentially this: when you are responsible for a task, you will perform that task. When you rely on someone else's work in an aspect of the performance of that task, you will give full credit in the proper, accepted form. Another aspect of academic integrity is the free play of ideas. Vigorous discussion and debate are encouraged in this course, with the firm expectation that all aspects of the class will be conducted with civility and respect for differing ideas, perspectives, and traditions. When in doubt (of any kind) please ask for guidance and clarification.

## Writing Center

Students who are in need of intensive help with grammar, structure or mechanics in their writing should make use of the services of the Writing Center, located in Robinson A116 (703-993-1200). The services of the Writing Center are available by appointment, online and, occasionally, on a walk-in basis.

**Students are encouraged to sign up for the Mason Alert System** by visiting the website <https://alert.gmu.edu>, and please place this information on course syllabi. Students can also be reminded 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>.

**Please direct any questions about the above information to:**

Victoria Salmon, Assistant Dean, Graduate Programs ([vsalmon@gmu.edu](mailto:vsalmon@gmu.edu))

Alice Watts, Academic Coordinator

([awatts@gmu.edu](mailto:awatts@gmu.edu))