

AMGT 704: Finance and Budgeting for Arts Administrators I

Spring 2017

Thursdays 7:20 pm to 10:00 pm

Arlington: Founders Hall 307

Required Text: Financial Management for Nonprofit Organizations: Policies and Practices

Jo Ann Hankin, Alan Seidner, John Zietlow

Wiley

ISBN-13: 978-0471741664

Quickbooks software will be provided in the classroom for in-class exercises

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

Class Participation	10%
Periodic quizzes	20%
Mid-term exam	20%
Analysis project	25%
Final exam	25%

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 = 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.

Academic Integrity: GMU is an Honor Code university (see Honor Code Statement below). Please see the University Catalog 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. Academic integrity means that 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. 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.

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://catalog.gmu.edu/content.php?catoid=5&navoid=410#Honor>

GMU Email Accounts: Students must use their Mason email accounts—either the existing “MEMO” system or the new “MASONLIVE” system-- to receive important University information, including messages related to this class. See <http://masonlive.gmu.edu> for more information. The instructor will only communicate with students through their GMU email accounts.

Electronic devices: Students are expected to silence all electronic devices (pagers, cell phones, etc.) during class time.

Class attendance and assignments: Students are required to attend classes. If a student must miss a class, the student must notify the instructor by Mason email. All absences will be reviewed by the instructor and affect the class participation grade. Three (3) late arrivals or early departures equal one absence. If you need to arrive late to class, please come into the classroom and settle in quietly. It is the student's responsibility to complete any assignments missed due to absence from class.

All assignments, including but not limited to the analysis project and quizzes, are due on the stated due date. Late work will only be accepted by prior arrangement with the instructor. Please contact the instructor before the due date. Late assignments will receive a grade, but there will be no marks, corrections, explanations, nor recommendations accompanying the grade. Any late work received more than one week (7 calendar days) after the stated due date will receive a grade of 0 (zero).

Assigned Quickbooks lessons must be read to get an overview of the topic. All Quickbooks exercises will be done in class on computers provided in class. While in class Quickbooks exercises will not be graded, doing the in class Quickbooks exercises will be a factor in the class participation grade.

Quizzes and exams will include assigned reading material, whether or not the material is specifically covered in class. They will also include material covered in class, whether or not the material is in the assigned readings.

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.

Disability & Accommodation Needs: George Mason University promotes a living and learning environment for outstanding growth and productivity among its students, faculty and staff. Through its curriculum, programs, policies, procedures, services and resources, Mason strives to maintain a quality environment for work, study and personal growth.

An emphasis upon diversity and inclusion throughout the campus community is essential to achieve these goals. Diversity is broadly defined to include such characteristics as, but not limited to, race, ethnicity, gender, religion, age, disability, and sexual orientation. Diversity also entails different viewpoints, philosophies, and perspectives. Attention to these aspects of diversity will help promote a culture of inclusion and belonging, and an environment where diverse opinions, backgrounds and practices have the opportunity to be voiced, heard and respected.

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>.

Other Useful Campus Resources

Writing Center: A114 Robinson Hall Fairfax Campus; (703) 993-1200 <http://writingcenter.gmu.edu>

University Libraries "Ask a Librarian" <http://library.gmu.edu/mudge/IM/IMRef.html>

Counseling and Psychological Services (CAPS); (703) 933-2380 <http://caps.gmu.edu>

University Policies

The University Catalog, <http://catalog.gmu.edu>, is the central resource for university policies affecting student, faculty, and staff conduct in university affairs.

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

Weekly Course Outline

All assignments are required to be completed before the class for which they are assigned.

Class/Wk 1 January 26, 2017

Assignment: Read chapter 1 of the Zietlow text

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

Class/Wk 2 February 2, 2017

Assignment: Read chapter 2 of the Zietlow text

- Liquidity management in non-profits

- Organizational stability
- Stability of revenue sources
- Chart of accounts – defined & examples

Class/Wk 3 February 9, 2017

Assignment: Read chapter 6 of the Zietlow text

Also print copies and review the FY 2015/16 and 2014/15 financial statements from:
<http://lyricoperamedia.s3.amazonaws.com/pdf/2016FinancialStatement/index.html> *and*
<http://berkeleyrep.org/about/pdf/Aug15AR.pdf>

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

Class/Wk 4 February 16, 2017

Assignment: Review chapter 6 of the Zietlow text

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

Class/Wk 5 February 23, 2017

Assignment: Review chapter 6 of the Zietlow text

- Review Statements of Financial Position and Activities
- Financial statements: Statement of Cash Flows
- Building a statement of Cash Flows

Class/Wk 6 March 2, 2017

Assignment: Review chapter 6 of the Zietlow text

→ *Review Footnotes to Lyric Opera of Chicago and Berkeley Rep audited statements*

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

Class/Wk 7 March 9, 2017

Assignment: download the most recent Forms 990 for Lyric Opera of Chicago and Berkeley Rep

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

SPRING BREAK March 13th – March 19th

Class/Wk 8 March 23, 2017

Assignment: read chapter 4 of the Zietlow text

MID-TERM EXAM (approx ½ class session)

- Ethics
- Accountability
- Internal control mechanisms
- State Attorneys general
- Watchdog agencies and scandals
- Sarbanes-Oxley

Class/Wk 9 March 30, 2017

Assignment: read chapter 5 of the Zietlow text

ANALYSIS PROJECT COMPANY NAMES DUE

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

Class/Wk 10 April 6, 2017

Assignment: read chapter 7 of the Zietlow text

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

Class/Wk 11 April 13, 2017

Assignment: read chapters 10 and 11 of the Zietlow text

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

Class/Wk 12 April 20, 2017

Assignment: read chapter 12 of the Zietlow text

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

Class/Wk 13 April 27, 2017

Assignment: read chapter 13 of the Zietlow text

ANALYSIS PROJECT DUE

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

Class/Wk 14 May 4, 2017

Assignment: Read chapter 14 of the Zietlow text

- Risk management
- Personnel risk
- Board of Director's risk
- Insurance, disaster preparedness

Class/Wk 15 May 11, 2017 (7:30pm – 10:15pm)

- **FINAL EXAM**