

ARTM 340: ARTS FINANCIAL MANAGEMENT

Spring 2006

Thursday 4:00 – 6:45 pm

Bell 415

Instructor: Chris Burgess
E-mail: burgess.100@osu.edu
Office Hours: by appointment

Course Description

Welcome to Arts Management 340 – Arts Financial Management. This syllabus is your guide to the course and should be kept for reference.

The primary emphasis for this course is the study of the financial aspects of nonprofit arts organizations, aspects which must be understood for an arts manager to be truly effective and achieve organizational growth and success. Topics to be studied include budgeting, earned and unearned income, trend analysis, fund management, grant writing, fundraising, cash management, project proposal development, economic impact studies, and financial decisions. Because basic accounting knowledge is assumed and required, as is an understanding of central financial issues facing arts organizations, the prerequisites of ACCT 200 and ARTM 200 are vital to success in this class.

Course Requirements

1. Attendance and participation - - Regular and timely attendance is required. Attendance sheets will be circulated during each lecture and it is your responsibility to sign your name each day. More than one unexcused absence will result in the loss of a half-letter grade. Active participation in classroom activities and discussions is a course requirement and counts for a significant portion of the final course grade. Class participation is evaluated at each class meeting and it is important to remember that attendance does not equal participation.
2. There are announced quizzes and assignments based on the lectures and readings. These serve to reinforce class material and to supplement data collection and analysis for the final project.
3. The readings for the class are a major information source but will not be replicated in class so as to avoid boredom for all involved. Rather, the readings will act as supplementary material to the lectures. Remember though, you are responsible for all information in the readings as well as the lectures on quizzes and exams.
4. The midterm exam will be given on **Thursday, March 16th** and will cover course material to that point.
5. Class Project - - Obtain Financial Statements from a nonprofit arts organization and write a thorough analysis and summary of the information presented. IRS Form 990s may easily be found at <http://www.guidestar.org/>. As part of your analysis, organizational

information beyond that found solely on financial statements will be necessary. More information on the assignment will be provided as part of a separate handout detailing the final project requirements and expectations.

6. The Final Exam is take-home and is due by 7:00 pm on Thursday, April 27 through instructor email. Students should not consider the exam turned in until a confirmation email has been received from the instructor.

Required Texts

There is no required textbook available for purchase. Rather, all reading and assigned material will be made available online through WebCT. It is your responsibility to obtain materials in a timely manner and bring them to class.

Grading

Performance in this class will be measured using a standard 100 point grading scale. In the interest of fairness, late assignments cannot be accepted and there are no makeup allowances for exams or quizzes missed. If there is a valid reason which may force such an occurrence, please see me beforehand. *All assignments are due at the beginning of class.*

- Class Participation (5%)
- Assignments/Quizzes (30%)
 - Test/Assignment Dates:
 - Thursday, January 26 – Quiz I (5%)
 - Thursday, February 9 – Budgeting Assignment (10%)
 - Thursday, February 16 – Quiz II (5%)
 - Wednesday, March 29 (by email) – Trend Analysis Assignment (10%)
- Midterm (25%)
- Financial Statement Project and Presentation (25%)
 - Preliminary Summary (5%)
 - Presentation (10%)
 - Paper (10%)
- Take-home Final Exam (15%)

Grades will be assigned as follows:

A	93-100
B+	90-92
B	83-89
C+	80-82
C	73-79
D	60-72
F	below 60

Academic Integrity: Students must adhere to the college honor code. (<http://www.cofc.edu/StudentAffairs/HonorBoard/HonorBoard.htm>)

Students with Special Needs/Disabilities: If there is any student in this class who has a documented disability and has been approved to receive accommodations through Disability Services, please contact me as soon as possible to discuss arrangements and go over the SNAP-issued Professor Notification Letter. The Center for Disability Services is located in Suite B31, Lower Level of the Lightsey Conference Center (phone #: 953-1431; email: SNAP@cofc.edu).

Calendar

January 12: Introduction to Course

Topics: What topics will be covered in the course? What are the course assignments and objectives?

January 19: An Overview

Topics: Why is this subject matter important to arts administrators? Is mission impacted by financial management? What are the types of accounting? Is one better than another? How does organizational structure impact financial management? How does nonprofit financial management differ from its for-profit counterpart?

Readings:

1. Burdett (2003). *Financial Management: The Basics for Non-Financial Managers* (pp. 369-396)
2. Hankin, et al (1998). *Using Financial Management to Accomplish your Mission* (pp. 43-52)
3. Peters and Schafer (2005). *Financial Leadership for Nonprofit Executives* (pp. 7-17)

Assignment:

1. Quiz, January 26: Prepare for a quiz at the beginning of the next class based on the readings and lectures thus far.

January 26: Contributions

Topics: Are all contributions the same? What kinds of restrictions may be placed on a donation? How are contributions and pledges recorded? What is an endowment? What are in-kind contributions?

Readings:

1. Ruppel (2002). *Accounting for Contributions* (pp. 69-88)
2. Gross, et al. (2000). *Contributions, Pledges, and Noncash Contributions* (pp. 142-190).

February 2: Budgeting

Topics: How do arts organizations budget? What are the different types and the components of each? How do you read a budget? Why should a budget be monitored after organizational acceptance and implementation? What problems may arise?

Readings:

1. Peters and Schafer (2005). *Financial Planning* (pp. 65-91)
2. Dropkin & LaTouche (1998). *Developing Operating Budgets for Individual Programs, Units, or Activities* (pp. 50-57).
3. Quick and New (2001). *Fundamentals of Project Budgets: Concepts and Terms* (pp. 73-104).

Assignment:

1. Due February 9: Create a program/project budget using the grant application and organizational parameters on WebCT. Include a two page justification for the numbers used. **See instructions on WebCT** for further information and guidelines. Be prepared to present your work in class.

February 9: Budgeting and Project Budget Presentations

Topics: How do responsibilities vary between board members and the staff? How are organizational priorities and mission integrated within the budget? Are there inevitable tensions?

Readings:

1. Dropkin & LaTouche (1998). *Key Board and Staff Roles and Responsibilities in Nonprofit Budgeting* (pp. 10-13)
2. Byrnes (2003). *Organizational Controls and Budgets* (pp. 205-217)
3. Bryce (2000). *The Budget as a Tool of Control and Contracting* (pp. 379-432)

Assignment:

1. Quiz, February 16: Prepare for a quiz at the beginning of the next class based on the readings and lectures of the last three weeks (Contributions and Budgeting).

February 16: Cash Flow Management

Topics: How does effective cash flow management benefit arts organizations? How might strategic planning lead to better liquidity? Why is forecasting important? How do strategies differ for varying types of income?

Readings:

1. Dropkin & Hayden (2001). *The Cash Flow Management Book for Nonprofits*
 - a. The Importance of Proper Cash Flow Management (pp. 3-6)
 - b. Cash Flow Forecasting (pp. 55-65)
 - c. Strategies for Improving Cash Flow Management (pp. 75-93)

February 23: No Class

Project Assignment:

1. Due March 2: Use this off-day to secure your organizational financial statements and write a short, yet specific, summary of the information found (2 pages, double-spaced). This is due in-class and represents a portion of your final project grade (5%). Be prepared to discuss your findings in some detail.

Assignment:

1. Due March 1st by email: Since we will be using a portion of the next class for midterm review, each student is required to email five potential exam questions to the instructor in any format except true/false. Some of these may be chosen for inclusion on the test itself.

March 2: Student Discussion of Arts Organization Statements & Midterm Review

Topics: What did you find out about the financial state of your chosen arts organizations? How should you prepare for the midterm? Are there any questions or concepts that need clarification?

March 9 No Class – Spring Break

*****March 16 Midterm Exam*****

March 23: Financial Statements

Topics: What are the primary means of documenting the financial status of a nonprofit arts organization? Why is this important? What are IRS 990 forms? What information is contained? How can past organizational 990s be found? What can they tell us? Is it important that these forms be made publicly available? Why or why not?

Readings:

1. Ruppel (2002). *Basic Financial Statements of a Not-for-Profit Organization* (pp. 45-67)
2. Shim & Siegel (1997). *Financial Statement Analysis and Avoiding Financial Distress* (pp. 63-87)
3. Ruegg and Venkatrathnam (2005). *Financial Statements 101* (pp. 33-42).

Assignment:

1. **Due no later than 5:00 pm, March 29th by email:** By means of the arts organization 990s you are studying for the final project, conduct a numerical trend analysis using the most recent data and write a two page paper detailing preliminary findings. **See instructions on WebCT** for further information and guidelines. You will also use this assignment as part of a larger analysis for the final project in which you will be asked to further interpret the results in a broader context. Therefore, be prepared to present and discuss preliminary determinations in class.

March 30: Financial Statements and Trend Analysis Presentations

Topics: What trends did you discover in your analysis? Is the organization headed in a positive direction? How might you address any problems? What might be some reasons for the data seen? How are you reaching your conclusions?

Readings:

1. Ruppel (2002). *Analyzing the Financial Health of Not-for-Profit Organizations* (pp. 205-230)
2. Peters and Schafer (2005). *Assessing Your Organization's Financial Health* (pp. 37-63)

April 6: Economic Impact Studies

Topics: What are economic impact studies? Who creates them? For what audience? How might they be used? What are their benefits? Limitations?

Readings:

1. American Symphony Orchestra League (1997). *Show Them the Money: Calculating the Economic Impact of America's Orchestras* (pp. 1-12)
2. University of South Carolina/S.C. Arts Commission (2002). *The Economic Impact of the Cultural Industry on the State of South Carolina* (pp. 1-10)

April 13: Project Presentations

Project Assignment:

1. Assigned students will give a short presentation (8-12 minutes) on the financial status of the arts organizations chosen for analysis as well as recommendations addressing organizational shortcomings. Multimedia presentations are strongly encouraged. The final paper is due next week for all students.
 - a. All PowerPoint presentations must be emailed to the instructor by 12:00 pm so they may be loaded on the class computer in order.

April 20: Project Presentations (Take-home final handed out)

Project Assignment:

1. Today, the remaining students will give their presentations. Again, multimedia presentations are strongly encouraged. The final paper is also due at the beginning of class.
 - a. All PowerPoint presentations must be emailed to the instructor by 12:00 pm so they may be loaded on the class computer in order.

*****April 27 Take-home Final Exam due by 7:00 pm through email*****

Topical Calendar

January 12	Introduction to Course
January 19	Overview
January 26	Contributions <i>Quiz 1</i>
February 2	Budgeting
February 9	Budgeting and Project Budget Presentations <i>Project Budget Due with 2 page justification paper</i>
February 16	Cash Flow Management <i>Quiz 2</i>
February 23	No Class
March 2	Student Discussion of Arts Organizations and Midterm Review <i>Project Financial Statement Summary Due</i> <i>Five Potential Midterm Exam Questions Due (March 1)</i>
March 9	No Class – Spring Break
March 16	Midterm Exam
March 23	Financial Statements
March 30	Financial Statements continued <i>Trend Analysis Due with 2 page preliminary conclusions paper</i>
April 6	Economic Impact Studies
April 13	Project Presentations
April 20	Project Presentations, Hand out Take-home Finals <i>Project Paper Due</i>
April 27	Take-home Final Exam due by 7:00 pm through email