

## AAD 370: Financial Management for Arts Organizations II Course Syllabus

### Course Information

**Office:** 209 Fine Arts  
**Office Hours:** T/TH 10-11 AM  
**Phone:** 859.218.3737  
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**Classroom:** Whitehall Classroom Bldg 338  
**Class Hours:** T/TH 11 AM-12:15 PM  
**Credit Hours:** 3  
**Term:** Spring 2018

### Instructor Information

**Yuha Jung, Ph.D.**



### Course Description

Financial management is a core function within the management of cultural and arts organizations. It is the foundation upon which the resources (human, physical, and financial) of any organization are maintained and monitored. In the nonprofit sector, the relationship of “mission to money” is an important conceptual framework, and must be understood by arts managers. Financial analysis is an essential requisite for sound strategic planning and governance, and managers of nonprofit arts organizations are the source of financial information.

AAD 370: Financial Management for Arts Organizations, Part II is the second of the two financial management courses that will guide students through the key conceptual areas of financial management. Part II includes creating mission-driven budgets, developing cost-benefit analyses,

managing cash flow, endowment and capital management, and understanding the use and purpose of economic impact studies.

## Prerequisites

AAD 350

## Student Learning Outcomes

Upon completing this course, students will be able to:

- Demonstrate the role of financial accounting in budgeting and supporting revenue generation
- Explain how to develop systems and policies to monitor and control financial activities
- Demonstrate the ability to solve accounting and financial management problems in case studies and situation analyses
- Create a mission-driven budget for an arts organization utilizing sound budgeting techniques (e.g. budget research, reasonability calculations, etc.)
- Describe cost-benefit analysis and time value of money
- Calculate present and future value of revenues and expenses
- Create a cash-flow forecast for an arts organization
- Explain the role of capital budgets and endowment management within an arts organization
- Justify the role of an economic impact studies in the arts

## Required Texts

The following texts are required reading for the course:

- Weikart, Lynne A., Greg G. Chen, and Ed Sermier. *Budgeting and Financial Management for Nonprofit Organizations: Using Money to Drive Mission Success*. CQ Press: 2013.
- Links to additional readings are in your syllabus and online in the Learning Management System

## Course Schedule

The following schedule outlines the course topics, readings, and assignments due for each class.

Date	Topic	Readings and Assignments Due
<b>Jan. 11</b> <b>Thur</b>	Introduction and Expectations  Review of Financial Management, Part I	Reading Due: <ul style="list-style-type: none"> <li>• Syllabus</li> </ul>
<b>Jan. 16</b> <b>Tues</b>	Budget Overview & Types of Budgets	Readings Due: <ul style="list-style-type: none"> <li>• Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 2. Pages 17-25.</i></li> </ul>

<b>Jan. 18 Thur</b>	Budget Cycles and Formats <b>(Review of Operating and Program Budget Example as a Group/Select Group Organization)</b>	Reading Due: <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 2</i>. Pages 25-46.</li> </ul>
<b>Jan. 23 Tues</b>	Program Budgets <b>(Class/Group Activity)</b>	Reading Due: <ul style="list-style-type: none"> <li>Dropkin, Murray et al. <i>The Budget Building Book for Nonprofits: Chapter 13</i>. Pages 58-67.</li> </ul>
<b>Jan. 25 Thur</b>	Program Budgets <b>(Class/Group Activity)</b>	
<b>Jan. 30 Tues</b>	Operating Budgets: Overview <b>(TedTalk: Shlomo Benartzi)</b> <b>(Assignment Description: Operating Budget Expenses)</b>	Reading Due: <ul style="list-style-type: none"> <li>Peters and Schafer (2005). <i>Financial Planning</i>, pages 65-91.</li> <li>Operating Budget Assignment Description (Part I): <a href="https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit">https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit</a></li> </ul>
<b>Feb. 1 Thur</b>	Operating Budgets: Expenses	Reading Due: <ul style="list-style-type: none"> <li>Operating Budget Assignment Description (Part I): <a href="https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit">https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit</a></li> </ul>
<b>Feb. 6 Tues</b>	Operating Budgets: Expenses/Revenue <b>(Class/Group Activity)</b> <b>(Assignment Description: Operating Budget Revenue)</b>	Reading Due: <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 9 (187-196)</i>.</li> <li>Operating Budget Assignment Description (Part II): <a href="https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit">https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit</a></li> </ul>
<b>Feb. 8 Thur</b>	Operating Budgets: Revenue <b>(Class/Group Activity)</b>	Reading Due:

		<ul style="list-style-type: none"> <li>Operating Budget Assignment Description (Part II):  <a href="https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit">https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit</a> </li> </ul>
<b>Feb. 13 Tues</b>	<p>Operating Budgets: Revenue and Written Justifications  <b>(Class/Group Activity)</b>          (Assignment Description: Final Operating Budget and Written Justifications)</p>	<p>Reading Due:</p> <ul style="list-style-type: none"> <li>Operating Budget Assignment Description (Part III):  <a href="https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit">https://docs.google.com/document/d/1gNqb4fxKDarKDj8xTxYRjLkBpwakWYOFDMiez7bxBrw/edit</a> </li> </ul> <p>Assignment Due:</p> <ul style="list-style-type: none"> <li>Part I: Operating Budget Expense Draft Due.</li> </ul>
<b>Feb. 15 Thur</b>	<p>Case Study Analysis  <b>(Do the Reading and Come Prepared to Talk about the issues identified in the article)</b></p>	<p>Readings Due:</p> <ul style="list-style-type: none"> <li>McLennan, Douglas. <a href="#">Are Orchestras A Ticket or An Art? Maybe We're Thinking About The (Made Up) Model Wrong</a>. <i>Diacritical</i>. January 26, 2017.</li> </ul> <p>Assignment Due:</p> <ul style="list-style-type: none"> <li>Part II: Operating Budget Revenue Draft Due.</li> </ul>
<b>Feb. 20 Tues</b>	Costs and Cost Analyses	<p>Reading Due:</p> <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 4</i>. Pages 69-84.</li> </ul>
<b>Feb. 22 Thur</b>	Time Value of Money	<p>Reading Due:</p> <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 11</i>. Pages 227-231.</li> </ul>
<b>Feb. 27 Tues</b>	Time Value of Money and NPV	<p>Reading Due:</p> <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 11</i>. Pages 232-236.</li> </ul>

<b>Mar. 1 Thur</b>	Internal Controls and Exam Review  <b>(Case Study: Vendor Schemes)</b>  <i>Peer Evaluation of the Operating Budget Group Activities.</i>	Reading Due: <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 14.</i> Pages 288-300.</li> </ul> Assignment Due: <ul style="list-style-type: none"> <li>Part III: Operating Budget and Written Justification Due.</li> </ul>
<b>Mar. 6 Tues</b>	Internal Controls <b>(Assignment Description: Internal Control Policy)</b> <b>(Case Study)</b>	Readings Due: <ul style="list-style-type: none"> <li><a href="#">Museum Employee Steals \$900,000 in Cash. ArtNetNews.</a></li> </ul>
<b>Mar. 8 Thur</b>	<b>Exam #1: Budgeting, Cost Analysis, and Time Value of Money</b>	<b>You will take the exam in class. Bring your laptop fully charged.</b>
<b>Mar. 13 Tues</b>	<b>Spring Break</b>	
<b>Mar. 15 Thur</b>	<b>Spring Break</b>	
<b>Mar. 20 Tues</b>	Cash Flow Forecasts <b>(Assignment Description: Cash Flow Forecast)</b>	Reading Due: <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 3.</i> Pages 51-67.</li> </ul>
<b>Mar. 22 Thurs</b>	Project Work Day	Professor is away for a conference
<b>Mar. 27 Tues</b>	Cash Flow Forecasts (Cash Flow Forecasts Class Activity, compare work with group members and discuss the results)  Short-term Investing	Assignment Due: <ul style="list-style-type: none"> <li>Cash Flow Forecast <b>(before class)</b></li> </ul>
<b>Mar. 29 Thur</b>	Short-term Investing <b>(Assignment Description: Short-term Investment and Endowment Funds Management Plan)</b>	Readings Due: <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 13.</i> Pages 266-274.</li> </ul>

<b>Apr. 3 Tues</b>	Endowment Management and Investing	Readings Due: <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 13</i>. Pages 274-287.</li> </ul> Assignment Due: <ul style="list-style-type: none"> <li>Internal Control Policy</li> </ul>
<b>Apr. 5 Thur</b>	Capital Budgeting <b>Review of Exam #2</b>	Readings Due: <ul style="list-style-type: none"> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 12</i>. Pages 246-265.</li> </ul>
<b>Apr. 10 Tues</b>	<b>Exam #2: Internal Controls, Cash Flow, Capital Budgeting, Endowment Management and Investing, Economic Impact</b>	<b>You will take the exam in class. Bring your laptop fully charged.</b>
<b>Apr. 12 Thur</b>	Guest Lecturer Todd Macaulay, Financial Well-Being Officer at UK	
<b>Apr. 17 Tues</b>	Economic Impact Studies	Readings Due: <ul style="list-style-type: none"> <li>Americans for the Arts. <i>Arts and Economic Prosperity IV</i>, pages 1-24.</li> </ul>
<b>Apr. 19 Thur</b>	Conventional and Entrepreneurial Financial Strategies	Reading Due: <ul style="list-style-type: none"> <li><a href="#">A Social Entrepreneur's Quandary: Nonprofit or For-Profit? <i>New York Times</i></a>.</li> <li>Weikart, Lynne A., et al. <i>Budgeting and Financial Management for Nonprofit Organizations: Chapter 15</i>. Pages 302-322</li> </ul> Assignment Due: <ul style="list-style-type: none"> <li>Short-term Investment and Endowment Funds Management Plan</li> </ul>
<b>Apr. 24 Tues</b>	*Watch the economic impact studies videos and judge	
<b>Apr. 26 Thur</b>	Environments and Cultural Economics <b>Course Evaluation and Wrap Up</b>	Film Viewing: <i>Downside Up: How Art Can Change the Spirit of a Place</i>

## Course Policies

### *G.uky.edu Account*

All students enrolled in Arts Administration must have a g.uky.edu account in order to utilize Google Apps for Education. Students **may not** use a personal gmail account. If you do not currently have a g.uky.edu account, please set one up by following the directions in the following video:

**WATCH:** [UKY Email Settings and Chrome User Accounts](#)

If you have previously set-up a g.uky.edu account but have forgotten your password, please contact the [UKY Customer Services](#). If you have completed all of these steps and are still having difficulty, please contact [Joe French](#), Instructional Designer or stop by his office in Fine Arts, room 207A.

### *Google Apps*

The Department of Arts Administration utilizes Google Apps for Education extensively in its courses. In order to use Google Apps, you will need to have set up your g.uky.edu account. This is required for all students enrolled in a AAD course.

If you aren't already a Google Drive user, it will be helpful to watch this tutorial on using the Drive.

**WATCH:** [Google Drive 2017](#)

**WATCH:** [Google Docs and Sheets 2017](#)

Google Drive has many functionalities that we think you will really like including being able to share and collaborate on documents in real time, adding comments and seeing the revision history of documents. Here are videos that discuss additional features and how to use them.

**WATCH:** [Sharing your Documents and Files](#)

**WATCH:** [Working on the Same File at the Same Time](#)

**WATCH:** [Comments in Google Docs](#)

**WATCH:** [Revision History - Google Drive Tutorial](#)

**WATCH:** [View and Edit Your Files Offline](#)

### *Attendance*

Attendance and promptness for the course is mandatory. Unexcused absences will impact a student's attendance grade according to the following criteria:

Number of Unexcused Absences	Grade
0-1	100

2	90
3	80
4	70
5	60
6	50
7	0

### *Assignment Submissions*

Assignments should be submitted via Canvas under the Assignments tab. All assignments must be submitted **before the start of class on the due date** in order for it to be considered on time.

### *Late Submissions*

Assignments that are submitted any time after class starts on the due date are considered late. There is a 10-point deduction for each day an assignment is late. Assignments that are seven or more days late will receive a grade of "0."

Number of Days Late	Late Penalty	Highest Grade Possible
1	-10	90%
2	-20	80%
3	-30	70%
4	-40	60%
5	-50	50%
6	-60	40%
7 or more days late	0	0%

Students must contact the instructor within one full week after an **excused absence** regarding the makeup of missed work.

**There are no late grades for tests or quizzes.** If a student misses a test or quiz (except for a qualifying excused absence), he or she will receive a grade of "0" for the test/quiz. Make-ups will be given at a mutually convenient time and only for official excused absences.



### Grading

Each student's overall course grade will be computed according to the following breakdown:

Assignments	Weight
Attendance	5
Participation	10
Exam #1	12.5
Exam #2	12.5
Revenue Draft	5
Expense Draft	5
Operating Budget	15
Written Justification	5
Internal Control Policy	10
Cash Flow Forecast	10
Short-Term Investment and Endowment Funds Management Plan	10
<b>TOTAL</b>	<b>100%</b>

Students can find their current overall grade at any time—including their midterm evaluation—in Canvas website by clicking on the Grades tab. Also there might be some extra credit opportunities, which will be shared during the semester.

### Grading Scale

<i>Letter Grade:</i>	A
<i>Characterization:</i>	Excellent
<i>Explanation:</i>	Student demonstrates a full understanding of the subject matter, exemplary critical and creative thinking, strong comprehension of concepts presented in literature and previous work in the subject area, and highly developed communication and presentation skills. The work is of outstanding quality according to the criteria established for evaluation.
<i>Range:</i>	90 to 100 percent

<i>Letter Grade:</i>	B
<i>Characterization:</i>	Good
<i>Explanation:</i>	Student demonstrates above average comprehension of the subject matter, above average critical and creative thinking, familiarity with concepts presented in literature and previous work in the subject area, and above average communication and presentation skills. The work is of passing quality according to evaluation criteria.
<i>Range:</i>	80 to 89 percent
<i>Letter Grade:</i>	C
<i>Characterization:</i>	Average
<i>Explanation:</i>	Student demonstrates average comprehension of the subject matter, average critical and creative thinking, familiarity with basic concepts found in literature and previous work in the subject area, and average communication and presentation skills. The work is of passing quality according to the evaluation criteria.
<i>Range:</i>	70 to 79 percent
<i>Letter Grade:</i>	D
<i>Characterization:</i>	Poor
<i>Explanation:</i>	Student demonstrates minimal understanding of the subject matter, poorly developed communication skills, inability to apply subject matter understanding in other contexts, and little evidence of critical or creative thinking. The work is unsatisfactory.
<i>Range:</i>	60 to 69 percent
<i>Letter Grade:</i>	E
<i>Characterization:</i>	Failing
<i>Explanation:</i>	The student shows inadequate understanding of subject matter, fails to complete course requirements, shows no demonstration of critical or creative thinking, and has very poor communication skills. The work is clearly of unacceptable quality according to the evaluation criteria.
<i>Range:</i>	0 to 59 percent

### *Assignment Guidelines*

Guidelines for each assignment will be distributed in class. These guidelines can also be found within Canvas under the Assignments tab.

### *Assessment Criteria*

The assessment criteria for each assignment, including participation, can be found in the form of a rubric in Canvas. Students are encouraged to review and utilize the grading rubric to guide their completion of the assignments.

### *Academic Integrity*

Per university policy, students shall not plagiarize, cheat, or falsify or misuse academic records. Students are expected to adhere to University policy regarding cheating and plagiarism in all courses. The minimum penalty for a first offense is a zero on the assignment on which the offense occurred. If the offense is considered severe, or the student has other academic offenses on their record, more serious penalties up to suspension from the university may be enforced.

Plagiarism and cheating are serious breaches of academic conduct. Each student is advised to become familiar with the various forms of academic dishonesty as explained in the Code of Student Rights and Responsibilities. Complete information can be found at: <http://www.uky.edu/Ombud>. A plea of ignorance is not acceptable as a defense against the charge of academic dishonesty. It is important that you review this information as all ideas borrowed from others need to be properly credited.

Part II of *Student Rights and Responsibilities* (<http://www.uky.edu/StudentAffairs/Code/part2.html>) states that all academic work, written or otherwise, submitted by students to their instructors or other academic supervisors, is expected to be the result of their own original thought, research, or self-expression. In cases where students feel unsure about the question of plagiarism involving their own work, they are obliged to consult their instructors on the matter before submission.

When students submit work purporting to be their own, but that in any way borrows ideas, organization, wording or anything else from another source without appropriate acknowledgement of that fact, the students are guilty of plagiarism. Plagiarism includes reproducing someone else's work, whether it be a published article, chapter of a book, a paper from a friend or some file, or something similar to this. Plagiarism also includes the practice of employing or allowing another person to alter or revise the work which a student submits as his/her own, whoever that other person may be. Students may discuss assignments among themselves or with an instructor or tutor, but when the actual work is done, it must be done by the student, and the student alone. When a student's assignment involves research with outside sources of information, the student must carefully acknowledge exactly what, where and how the information originated. If the words of someone else are used, the student must put quotation marks around the passage in question and add an appropriate indication of its origin. Making simple changes while leaving the organization, content and phraseology intact is plagiaristic. However, nothing in these Rules shall apply to those ideas which are so generally and freely circulated as to be a part of the public domain (Section 6.3.1).

**Please note:** Any assignment you turn in may be submitted to an electronic database to check for plagiarism.

### *Classroom Behavior, Decorum and Civility*

Free discussion, inquiry, and expression are encouraged and supported in this class. Classroom behavior that interferes with either (a) the instructor's ability to conduct the class or (b) the ability of students to benefit from the instruction is not acceptable. Examples may include routinely entering class late or departing early; not silencing of cell phones and/or texting in class; repeatedly talking in class without being recognized; talking while others are speaking; or disparaging another person's opinion.

### *Accommodations*

If you have a documented disability that requires academic accommodations, please see me as soon as possible during my scheduled office hours. In order to receive accommodations in this course, you must provide me with a Letter of Accommodation from the Disability Resource Center (257-2754, Suite 407, Multidisciplinary Science Building, 725 Rose Street, [dtbeac1@uky.edu](mailto:dtbeac1@uky.edu)) for coordination of campus disability services available to students with disabilities.