

**Commerce 4FX3  
Financial Management for Arts Organizations  
Winter 2013 Course Outline**

**Finance and Business Economics Area  
DeGroote School of Business  
McMaster University**

**COURSE OBJECTIVE**

This course will help students learn fundamental concepts of financial theory and apply these to management of Arts Organizations. This will involve understanding and applying concepts such as financial statement analysis, profit planning, working capital management, sources and forms of financing, cost of capital, time value of money, capital budgeting and business valuation.

**INSTRUCTOR AND CONTACT INFORMATION**

**Section C01: TH 19:00 – 22:00**

Class Location: KTH B104

**Rahman Khokhar, MBA, PhD Candidate**

Instructor

[khokhaar@mcmaster.ca](mailto:khokhaar@mcmaster.ca)

Office: DSB A-210

Office Hours: **Thursdays 10:00 – 11.00 a.m.** and by appointment

Tel: (905) 525-9140 x 26175

**Course Website:** <http://avenue.mcmaster.ca/>

**COURSE ELEMENTS**

Credit Value:	3	Leadership:	Yes	IT skills:	No	Global view:	Yes
Avenue:	Yes	Ethics:	No	Numeracy:	Yes	Written skills:	Yes
Participation:	Yes	Innovation:	Yes	Group work:	Yes	Oral skills:	Yes
Evidence-based:	Yes	Experiential:	No	Final Exam:	Yes	Guest speaker(s):	No

## COURSE DESCRIPTION

This course is taught primarily through the interactive lecture based approach but also includes readings, problem solving and case analysis. Through this course, students will learn fundamental financial management concepts and practical issues related to management of Arts Organizations.

## LEARNING OUTCOMES

At the end of the course, students are expected to possess a broad knowledge of financial theory and practice as it pertains to the Arts Organizations. Upon completion of this course, students will be able to complete the following key tasks:

- Understand and explain fundamental concepts of financial theory;
- Identify and explain salient factors necessary in financial analysis of Arts Organizations;
- Conduct short and long term financial analysis of arts organizations;
- Assess the relative applicability and limitations of alternative financial analysis tools; and
- Develop proficiency in applying financial theory to Arts Organizations.

## REQUIRED COURSE MATERIALS AND READINGS

- Finance for Non-Financial Managers, Bergeron, P.G. 6<sup>th</sup> Edition, Nelson Education, Canada, 2011.
- Avenue registration for course content, readings, and case materials <http://avenue.mcmaster.ca>.

## SUPPLEMENTARY COURSE MATERIALS AND READINGS

- Finance for Arts in Canada, Young, H.C., First Edition, AGMV Marquis at Quebec, Canada, 2004.
- Additional Material, Available through Avenue to Learn.

## EVALUATION

The evaluation in this course will be based on a combination of lectures, discussions, problem solving and case analyses. Students are expected to attend classes having read the material and encouraged to contribute to class discussions. The final grade will be calculated as follows:

## ***Components and Weights***

In-class and On-line Quizzes	10%
Group Case Submission (2@10%)	20%
Midterm	30%
Final Exam	40%
<b>Total</b>	<b>100%</b>

NOTE: The use of a McMaster standard calculator is allowed during examinations in this course. See McMaster calculator policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/examinationindex.html>

## ***Grade Conversion***

At the end of the course your overall percentage grade will be converted to your letter grade in accordance with the following conversion scheme.

LETTER GRADE	PERCENT	LETTER GRADE	PERCENT
A+	90 - 100	C+	67 - 69
A	85 - 89	C	63 - 66
A-	80 - 84	C-	60 - 62
B+	77 - 79	D+	57 - 59
B	73 - 76	D	53 - 56
B-	70 - 72	D-	50 - 52
		F	00 - 49

## ***Communication and Feedback***

Students who are uncomfortable in directly approaching an instructor regarding a course concern may send a confidential email to the Area Chair ([chambert@mcmaster.ca](mailto:chambert@mcmaster.ca)) or the Associate Dean ([adbusac@mcmaster.ca](mailto:adbusac@mcmaster.ca)).

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants.

Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #8 in the term.

Instructors may conduct an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

Students who wish to have a course component re-evaluated must complete the following form:

[http://www.mcmaster.ca/policy/Students-AcademicStudies/Form\\_A.pdf](http://www.mcmaster.ca/policy/Students-AcademicStudies/Form_A.pdf)

In order for the component to be re-read:

- the component must be worth 10% or more of the final grade in the course
- students pay a fee of \$50 in Gilmour Hall #209 (receipt is then brought to APO)
- the Area Chair will seek out an independent adjudicator to re-grade the component
- an adjustment to the grade for the component will be made if a grade change of three points or greater on the 12 point scale (equivalent to 10 marks out of 100) has been suggested by the adjudicator as assigned by the Area Chair
- if a grade change is made, the student fee will be refunded

### ***Quizzes – In-class and On-line***

The quizzes are worth **10%** of your final grade and will be marked individually. A total of 5-6 quizzes will be administered during the course and the best 4 will be counted towards the final grade. 4FX3 is primarily quantitative, so, the quizzes will be problem oriented. You will get zero for all missed in-class and on-line. All quizzes will be time constrained and in-class quizzes will be closed book/closed notes.

### ***Group Case Assignments***

The two cases will be assigned to teams of 2 students to conduct financial analysis of an Arts Organizations. Further details will be posted on Avenue to Learn.

### ***Exams – Mid-Term and Final***

Exams are problem-based and would include multiple choice, true/false, and short problems. They are closed books and individual exams.

## **ACADEMIC DISHONESTY**

It is the student's responsibility to understand what constitutes academic dishonesty. Please refer to the University Senate Academic Integrity Policy at the following URL:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicIntegrity.pdf>

This policy describes the responsibilities, procedures, and guidelines for students and faculty should a case of academic dishonesty arise. Academic dishonesty is defined as to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. Please refer to the policy for a list of examples. The policy also provides faculty with procedures

to follow in cases of academic dishonesty as well as general guidelines for penalties. For further information related to the policy, please refer to the Office of Academic Integrity at:

<http://www.mcmaster.ca/academicintegrity>

## REQUESTING RELIEF FOR MISSED ACADEMIC WORK

1. Students may request relief from a regularly scheduled midterm, test, assignment or other course component in the following two ways:

- a) **for absences from classes lasting up to five (5) days; or**
- b) **for absences from classes lasting more than five (5) days.**

**a) For absences from classes lasting up to five (5) days**

Students must use the MSAF (McMaster Student Absence Form). This is an on-line, self-reporting tool, for which submission of medical or other types of supporting documentation is normally not required. Students may use this tool to submit a maximum of one (1) request for relief of missed academic work per term as long as the weighting of the component is worth 29% of the final grade or less. Students must follow up with their course instructors regarding the nature of the relief within two days of submitting the form. Failure to do so may negate the opportunity for relief. It is the prerogative of the instructor of the course to determine the appropriate relief for missed term work in his/her course.

If the value of the component is worth 30% or more, students must report to the APO to discuss their situation and will be required to provide appropriate supporting documentation.

**b) For absences from classes lasting more than five (5) days**

Students cannot use the MSAF. They **MUST** report to the APO to discuss their situation and will be required to provide appropriate supporting documentation.

Students who wish to submit more than one request for relief of missed academic work per term cannot use the MSAF. They must report to the APO and discuss their situation with an academic advisor. They will be required to provide supporting documentation and meet with the Director.

The MSAF cannot be used during any final examination period.

Students who require accommodations to meet a religious obligation or to celebrate an important religious holiday must make their requests in writing within three weeks of the start of term to the APO.

Students seeking relief due to: work-related (for part-time students only) commitments; representing the university at an academic or varsity athletic event; and/or conflicts between two (or more) overlapping scheduled midterm exams, have the option of applying for special exam arrangements. Such requests must be made to the APO at least ten (10) working days before the scheduled exam along with acceptable documentation. There will be only one common sitting

for the special exam. Instructors cannot themselves allow students to unofficially write make-up exams/tests. Adjudication of the request must be handled by the APO.

## **STUDENT ACCESSIBILITY SERVICES**

Student Accessibility Services (SAS) offers various support services for students with disabilities. Students are required to inform SAS of accommodation needs for course work at the outset of term. Students must forward a copy of such SAS accommodation to the instructor normally, within the first three (3) weeks of classes by setting up an appointment with the instructor. If a student with a disability chooses NOT to take advantage of an SAS accommodation and chooses to sit for a regular exam, a petition for relief may not be filed after the examination is complete. The SAS website is:

<http://sas.mcmaster.ca>

## **POTENTIAL MODIFICATIONS TO THE COURSE**

The instructor and university reserve the right to modify elements of the course during the term. The university may change the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

<b>COURSE SCHEDULE</b>
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DATE	CHAPTER	TOPIC	ASSIGNMENT
January 10	Introduction & 1	Overview of Financial Management	A2L Assigned Readings, Practice Questions and Problems.
January 17	2	Accounting and Financial Statement	A2L Assigned Readings, Practice Questions and Problems.
January 24	3	Statement of Cash Flow	A2L Assigned Readings, Practice Questions and Problems.
<b>January 31</b>	4	Financial Statement Analysis	<b>Case Assignment #1 Due</b>
February 7	5	Profit Planning and Decision Making	A2L Assigned Readings, Practice Questions and Problems.
February 14	6	Working Capital Management	A2L Assigned Readings, Practice Questions and Problems.
February 21		No Class – Reading Week	
<b>February 28</b>			<b>Mid Term</b>
March 7	7	Planning, Budgeting and Controlling	A2L Assigned Readings, Practice Questions and Problems.
March 14	8	Sources and Forms of Financing	A2L Assigned Readings, Practice Questions and Problems.
<b>March 21</b>	10	Time Value of Money Concept	<b>Case Assignment #2 Due</b>
March 28	11	Capital Budgeting	A2L Assigned Readings, Practice Questions and Problems.
April 4	12	Business Valuation	A2L Assigned Readings, Practice Questions and Problems.
April 12 – April 30			<b>Final Exam Period</b>