
NEW YORK UNIVERSITY
ROBERT F. WAGNER GRADUATE SCHOOL OF PUBLIC SERVICE
P11.1021 FINANCIAL MANAGEMENT
Summer 2005 - Professor Purtell
Mondays and Wednesdays 6:20 – 9:10 PM
Silver Hall Room 809

**YOU ARE RESPONSIBLE FOR MEETING ALL OF THE COURSE REQUIREMENTS
SET FORTH IN THIS DOCUMENT**

If you lose your syllabus, you can find a copy of all information in this syllabus on NYU's web-based on-line Blackboard system, at <http://classes.nyu.edu>. If you have not already done so, you should activate your NYU email account immediately. If this is not your primary email account, you can have your mail forwarded automatically from your NYU account to your primary account.

COURSE OBJECTIVES AND DESCRIPTION

The financial management core course, one of five required core courses at the Wagner School, has as its primary objective to teach you how to use financial information to make decisions in public, health, and not-for-profit organizations. Its secondary objectives are to provide a refresher for numerical and communication skills. It will also strengthen your spreadsheet skills. You must be familiar with a computer spreadsheet program to successfully complete many of the homework assignments for the course.

This course looks at financial management as a process. The process begins with the development of a plan for the future. The plan is then implemented. Actions are taken to control operations to keep to the plan. Results of operations are then reported, and those results are analyzed.

The first half of the course focuses on developing, implementing and controlling the plan. The course covers an introduction to financial management, the development of operating budgets, tools for short-term decision-making, capital-budgeting decisions, and the analysis of long-term financial options. Management of short-term resources and variance analysis are also covered in this half of the course. The material in the first half of the course is often referred to as managerial accounting.

The second half of the course focuses on summarizing, reporting on and analyzing an organization's financial position, and the results of its operations. This section covers the development of financial statements. There is heavy emphasis on how the information in financial statements can be used by managers. You will study theory and practice related to accounting principles, financial statements, financial analysis, and the unique aspects of accounting for not-for-profit, government, and health care organizations. We will consider how the information is presented, and how it can be used to provide meaningful conclusions about the

financial position and performance of a public service organization. At the end of this section, you should be able to use an organization's financial statements to communicate about the financial health of the organization. This half of the course covers material often referred to as financial accounting.

NOTE: From time to time the faculty may wish to communicate to you concerning course assignments. The communications will be initially announced by a message sent out over the course's e-mail list-serve that is built into the Blackboard program. In addition, most of the assignments for the course are only available through Blackboard. **If you have not yet received an email message welcoming you to the course, you should open a Blackboard account.** Check your e-mail at least once a week throughout the term. **This is your responsibility.**

All messages will also be posted to the course's Blackboard web-site at <http://classes.nyu.edu>

If you miss a lecture or discussion session, it is your responsibility to obtain class notes from another class member and copies of any handouts that were distributed. Copies of handouts may be obtained on the 2nd floor of the Puck Building at 295 Lafayette Street. Check with the receptionist about the location of the handouts.

Professors:

Bob Purtell

295 Lafayette Street – 3rd Floor

Phone: 212 998-7440

Email: robert.purtell@nyu.edu

Office Hours: Tuesdays 6:30 to 7:30 PM and by appointment.

Teaching Colleague:

Todd Ely – Email: todd.ely@nyu.edu

Office Hours: Times and places will be announced in the discussion sessions.

Tutor:

Margot Asher – Email: asherm@nyu.edu

Hours and locations: To Be Announced

METHODS OF INSTRUCTION

Lectures will meet for 160 minutes twice each week as indicated in the schedule below. These sessions will mix lecture, problems, case study and discussion teaching methods. Professor Purtell will teach the lectures.

In addition to the scheduled lectures, there are **optional** discussion sessions on Tuesdays, and Thursdays on the dates and at the times shown below. The discussion sessions are each one-hour long. New material will **not** be introduced in these sessions. They are designed to enhance your

understanding of material presented in the required class sessions. Todd Ely will teach the discussion sessions. The discussion sessions will go over extra problems and will allow additional time for student questions and discussion.

The lectures will focus primarily on conceptual and analytical material. The book also contains descriptive material. Even if it is not covered in class, Students will be responsible for the descriptive material. In past semesters we have run out of time in the course. In order to try to allow adequate class time to discuss critical and difficult issues, we will rely heavily on you to read required chapters prior to class and to be familiar with the descriptive material in the chapters.

Class Number	Lecture Date & Day	Related Discussion Sections Dates & Days
1	May 16 (Monday)	May 17 (Tuesday)
2	May 18 (Wednesday)	May 19 (Thursday)
3	May 23 (Monday)	May 24 (Tuesday)
4	May 25 (Wednesday)	May 26 (Thursday)
Memorial Day Holiday	May 30 no lecture	May 31 No Discussion
5	June 1 (Wednesday)	June 2 (Thursday) 8:10-9:10 PM
6	June 6 (Monday)	June 7 (Tuesday) 8:10-9:10 PM
7 - Midterm Examination	JUNE 13 (Monday)	June 14 - no discussion
8	June 15 (Wednesday)	June 16 (Thursday)
9	June 20 (Monday)	June 21 (Tuesday)
10	June 22 (Wednesday)	June 23 (Thursday)
11	June 27 (Monday)	June 28 (Tuesday)
12	June 29 (Wednesday)	June 30 (Thursday)
July 4th Holiday	July 4 & 6– no lecture	July 5 & 7 – no discussion
13	July 11 (Monday)	July 12 (Tuesday)
14	July 13 (Wednesday)	July 14 (Thursday) July 19 (Tuesday)
15 - Final Examination	July 20 (Wednesday)	

PREREQUISITES: None required. Computer spreadsheet capability required.

TEXTS, CLASS NOTES, CALCULATOR:**Required**

Text (Available at the NYU Professional Bookstore on LaGuardia Place): Steven A. Finkler, *Financial Management for Public, Health, and Not-for-Profit Organizations*, 2nd Edition, Prentice Hall, 2005. This is referred to as the “Required Text” in the course outline.

Students who plan to take additional finance courses at Wagner should retain this book as a reference. Certain chapters from this book may be assigned in courses such as P11.2842, P11.2142, P11.2143, P11.2844, and P11.4130.

The first edition will not be acceptable, because of numerous changes in this edition.

Assignment Solutions

The faculty will post solutions to assigned problems on the Blackboard “Assignments” page in a folder titled “Solutions”. Solutions will be posted to Blackboard after each lecture.

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Weekly class notes are also available as Power Point files on the Blackboard web-site. It is highly advised that you print these notes out and bring them to class with you. One option is to print the notes from the Power Point files using the “Notes Pages” format. That allows room on each page for taking notes. You can do that by choosing the “Notes Pages” option from the PowerPoint “Print What” drop-down menu.

Calculator:

You are required to have a calculator that can do time value of money calculations. Please buy a Texas Instruments BA-35 Solar calculator if you do not have a calculator that can do time value of money calculations. These are available at the NYU Professional Bookstore. The Professor, TC and Tutor will only be able to provide assistance with the BA-35 Solar calculator. Students using **other** calculators will be responsible for learning how to use it for time value of money calculations. NOTE: You should retain your calculator for future courses throughout the MPA curriculum. This is the same calculator required for the core Statistics course.

Optional Texts:

Mary Munther, *Guide to Managerial Communication*, 6th Edition, (Englewood Cliffs, NJ: Prentice-Hall Inc., 2003). This may help you with the memo assignment.

Cleverley, William O. and Andrew Cameron, *Essentials of Health Care Finance*, Fifth Edition, Aspen Publishers, Gaithersburg, Maryland, 2002.

Emery, Douglas R., John D. Finnerty, and John D. Stowe, *Principles of Financial Management*, Prentice Hall, Upper Saddle River, NJ, 1998.

Finkler, Steven A., *Finance & Accounting for Nonfinancial Managers*, 3rd Edition, Aspen Publishers, New York, 2003.

Freeman, Robert J. and Craig D. Shoulders, *Governmental and Nonprofit Accounting Theory and Practice*, Sixth Edition, Prentice Hall, Englewood Cliffs, NJ, 1998.

Granof, Michael H., *Government and Not-for-Profit Accounting: Concepts and Practices*, John Wiley & Sons, New York, 1998.

Hornigren, Charles T., Gary L. Sundem, and William O. Stratton, *Introduction to Management Accounting*, Eleventh Edition, Prentice Hall, Upper Saddle River, NJ, 1999.

Hornigren, Charles T. and Gary L. Sundem, *Introduction to Financial Accounting*, 7th Edition, Prentice Hall, Upper Saddle River, NJ, 1998.

Larkin, Richard E., *Wiley Not-for-Profit GAAP 98*, John Wiley & Sons, New York, 1998.

Razek, Joseph R., Gordon A. Hosch, and Martin Ives, *Governmental and Not-for-Profit Accounting*, Fourth Edition, Prentice Hall, Upper Saddle River, NJ, 2000.

Ruppel, Warren, *Wiley GAAP for Governments 98*, John Wiley & Sons, New York, 1998.

Stickney, Clyde P. and Roman L. Weil, *Financial Accounting: An Introduction to Concepts, Methods, and Use*, 8th Edition, Dryden Press, 1997.

COURSE REQUIREMENTS

1. We do not take attendance. However, you are responsible for all material presented and announcements made in all lecture class sessions. A weekly student count will take place in the discussion sessions so that we can better plan the number of sections needed in the future. However, individual attendance will not be recorded.
2. Complete all assignments and examinations, **on time**. (Note that assignments to be submitted and examinations count toward your grade. While other homework problems are not counted in the calculation of your grade, you will need to complete them on time in order to prepare to do well on examinations and written assignments.) Except in rare instances, where arrangements are made in advance, work must be handed in by the due date to receive **any** credit. If you have to miss a class, you may either leave your assignment in your professor's mailbox **before** the scheduled class begins or fax it to his attention at 212-995-4162. Emailed assignments will **not** receive credit.
3. Please note that there will **not** be a make-up midterm or final examination.
4. Please note that there will **not** be any extra credit assignments to raise your course grade. Your grade will be based on the requirements discussed in this document.
5. The Wagner School has a strict policy regarding incompletes. It is expected that all students will keep current with their work and will complete the course and receive the grade that has been earned. The grade of "Incomplete Pass" will only be available in extreme circumstances, such as those related to medical emergencies of a serious nature. Students

may withdraw from the course up until the date set by the Registrar. Students who withdraw will receive a grade of W and will have to pay for the course again when they retake it.

GRADING

Written assignments: combined total 20% of grade.

Mid-term examination: 40% of grade.

Final examination: 40% of grade.

Discretion in grading may be exercised in cases where the professor believes it is appropriate. Grades will be posted on the course's Blackboard web-site. This site is designed to allow individual students to access only their own grades. This will allow students faster access to their homework, midterm, final, and course grades.

WRITTEN ASSIGNMENTS

There are **TWELVE** written assignments. Make a copy of all assignments. Submit the original and bring the copy to class. Keep your copies. You may submit your written assignments **early** if you cannot make the class. Assignments that are not submitted in class should either be left in the professor's mailbox on the third floor of the Puck Building or faxed to the professor's attention at 212-995-4162. If you fax your assignment, be sure to call and confirm that the fax has been received and placed in the professor's mailbox.

No emailed assignments will be accepted. You will receive *no credit* if your assignments are not turned in on time. Treat them as if they were assignments with a firm deadline at your job.

Each of the written assignments is described in the course outline later in this syllabus. The assignments are designed to help you learn the course material and to help you learn how to write and think about financial management topics. **Assignments must be typewritten, printed on 8 1/2" x 11" paper and stapled!** You must compose the verbal parts of your assignments using a word processor such as Corel's WordPerfect or Microsoft Word, and the numerical portion using a spreadsheet program such as Lotus 123 or Excel. You should learn how to copy a spreadsheet and paste it into a word processing document, so that you submit one integrated document.

Assignment 5 is a memo, and may take longer than the other homework assignments. Start the memo early. It does not depend on the material from the earlier classes or chapters. **Assignment 5 must have a professional appearance.** This means a one-page memo must be only one page. It should NOT have a cover page. **The font used should be a standard, readable size, no smaller or denser than this font. 500 word maximum limit!!!** You must have margins of at least one inch at the top, bottom, left and right sides of your paper. Single-spaced means single-spaced not double-spaced or even space and a half. If you do not follow these directions, you will lose points. **The Templates folder on the Blackboard "Assignments" page contains EXCEL worksheets**

for many of the homework problems. The templates will help you to approach and structure your solutions. You are encouraged to use the templates when provided. All numerical exercises and problems that must be done using a spreadsheet program unless you are explicitly directed not to.

SUMMARY OF CLASS NUMBERS FOR ASSIGNMENTS AND EXAMS

<i>Assignment/Exam</i>	<i>% of Grade</i>	<i>Due</i>
Written Assignment #1	1	Class 2
Written Assignment #2	1	Class 3
Written Assignment #3	2	Class 4
Written Assignment #4	2	Class 5
Written Assignment #5	4	Class 6
Midterm Examination	40	Class 7
Written Assignment #6	1	Class 8
Written Assignment #7	2	Class 9
Written Assignment #8	1	Class 10
Written Assignment #9	2	Class 11
Written Assignment #10	1	Class 12
Written Assignment #11	1	Class 13
Written Assignment #12	2	Class 14
Final Exam	<u>40</u>	Class 15
Total	<u>100</u>	

REQUIRED COURSE COMMITMENT

To learn the material in this course, most of you will have to devote a minimum of ten hours per lecture. That means a twenty-hour-per-week commitment in the summer. Most students tell us the second half of this course contains more difficult material than the first. It is critical that you increase or at least maintain your effort following the midterm exam. Please keep in mind that the material presented in the course build cumulatively. Do not fall behind. Most students find it very hard to catch up if they do.

COURSE OUTLINE

A number of reading assignments are listed as optional. Students who plan to be finance majors will find it helpful for future course-work if they read the optional material and complete the optional problems.

Note that homework is due for the first class. The Wagner School takes several different approaches to inform students enrolled in the course or on the waiting list of this homework. An announcement is made during new student orientation. A letter is mailed by first class mail to your home, a flyer is placed in your mail folder, and messages are sent out by email using your official NYU email address, the semester you are enrolled. We apologize if you did not receive any of these messages.

CLASS 1: INTRODUCTION TO FINANCIAL MANAGEMENT; BUDGETING.

Class one provides an introduction to accounting and financial management. We will address questions like. What are not-for-profit, health and government organizations? Why do they exist? What is the role of financial management? We will also talk about mission statements and learn to prepare operating, cash and capital budgets.

Reading Due for Class 1: Preface, Chapter 1 and Chapter 2. Chapter 1 Appendix.

Complete for Class 1: Chapter 1: 1-1 to 1-8 and Chapter 2: 2-1 to 2-12. Chapter 2 Problems 2-17 and 2-18 are optional.

Class 1 Discussion Session: Problems 2-17 and 2-18 will be solved to give extra background before doing your homework for Class 2. Open question-and-answer discussion of Chapters 1 and 2.

CLASS 2: ADDITIONAL BUDGETING CONCEPTS; UNDERSTANDING COSTS

Line-item, responsibility-center and program budgets; performance budgeting, cost/benefit analysis; flexible budgeting; zero-based budgeting, political aspects of budgeting, other issues related to governmental budgeting. Basic cost concepts, cost behavior, break-even analysis, relevant costs.

Reading Due for Class 2: All of Chapter 3. (Appendices 3-A and 3-B are optional); Chapter 4 up to the middle of page 144. (Chapter 4 pp. 144 to the end and Appendix 4-A are optional.)

Complete for Class 2: Chapter 2: 2-14, 2-15, 2-19, 2-20 and Chapter 3: 3-1 to 3-15. Problems 3-24, 4-12 to 4-16, and 4-19 are optional).

Submit Class 2: Written Assignment #1 (1% of course grade): Problems 2-14, 2-15, 2-19, and 2-20 are due at the **beginning** of Class 2. **Solutions will NOT be graded for correctness.** You will receive 2 percent if you make a good faith effort to solve all of the problems. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the solutions are discussed.

Class 2 Discussion Session: Open question-and-answer discussion of Chapters 3 and 4. Review of solutions to Problems 3-24, 4-12 to 4-16, and 4-19.

CLASS 3: CAPITAL BUDGETING: Discounted cash flow – time-value-of-money concepts; Techniques for long-term decision-making.

Complete for Class 3: Chapter 4: 4-1 to 4-7 and Mead Meals on Wheels: Part I, problems 1 and 2. (Blackboard Case: Taos Case Study is optional).

Reading Due for Class 3: Chapter 5 through page 197, and Appendix 5-B. Appendix 5-A is optional.
Submit Class 3: Written Assignment #2 (1% of course grade): Case: Mead Meals Part I, Problems 1 and 2 are due at the **beginning** of Class 3. The assignment will NOT be graded for correctness. You will receive 2 percent if you make a good faith effort to solve the problems. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the solutions are discussed.

Class 3 Discussion Section: Open question-and-answer discussion of Chapters 4 and 5. Review of solutions to text problems from Chapter 4, not covered last week. Review of Blackboard Case: Taos Case Study.

CLASS 4: CAPITAL BUDGETING, continued

Complete for Class 4: Chapter 5: 5-1 to 5-6, 5-8 to 5-10 and 5-16 to 5-34. You do **not** have to use the time-value-of-money tables to solve any of these problems.

Reading for Class 4: Read Chapter 5 pages 197 to the end of the chapter (Appendix 5-A is optional.)

Submit Class 4: Written Assignment #3 (2% of grade): Chapter 5: 5-16 to 5-34. Due at the **beginning** of Class 4. These should be notes you have prepared to enable you to participate actively in class. They will not be graded for correctness of the solution. You will receive 2% if you make a good faith effort to solve the problem. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the solutions are discussed.

Class 4 Discussion Section: Open question-and-answer discussion of Chapter 5. Complete review of Taos Case Study. Review of use of calculator for Time Value of Money Computations. Review of Exercises 5-16 to 5-24 and Problem 5-28.

CLASS 5: LONG-TERM FINANCING: Long-term financing, bonds, mortgages.

Complete for Class 5: Chapter 5: 5-11 to 5-15, 5-38 to 5-44; and Mead Meals Part II Problems 3 and 4. (Problems 5-38 to 5-41 are optional).

Submit Class 5: Written Assignment # 4 (2% of course grade): Mead Meals on Wheels: Part II, Problems 3 and 4. Due at the **beginning** of Class 5. The answer to Mead Meals on Wheels Part II will NOT be graded for correctness. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the solutions are discussed.

Class 5 Discussion Section: Open question-and-answer discussion of Chapter 5. Review of Problems 5-38 to 5-44.

CLASS 6: MANAGING SHORT-TERM RESOURCES AND OBLIGATIONS, VARIANCE ANALYSIS: Implementation of plans; managing the current assets and current liabilities of the organization; controlling results to achieve plans.

Reading for Class 6: Chapters 6 and 7 (Appendices optional.)

Complete for Class 6: Chapter 6: 6-1 to 6-22; and Problems: 6-24, 6-25; Chapter 7: 7-1 to 7-22; and Problems: 7-23 and 7-25. (Problem 7-26 is optional);

Submit Class 6: Written assignment #5 (4% of grade). Problem: 6-27 and the memo assignment. **Note:** You must create the aging schedule for Problem 6-27 using EXCEL or an equivalent spreadsheet program.

MEMO: 1 page, typed, single-spaced. 500 word maximum limit! No cover page! Margins at least 1 inch all around and FONT no smaller or denser than this font. The topic for this memo will be posted to the Assignments folder on the Assignments page of Blackboard.

Class 6 Discussion Section: Open question-and-answer discussion of Chapters 1-7. Review Problem 7-26. Go over practice midterm exams.

CLASS 7: MIDTERM EXAM CHAPTERS 1-7. 40% OF COURSE GRADE

CLASS 8: TAKING STOCK OF WHERE YOU ARE: THE BALANCE SHEET: Introduction to financial accounting and financial statements. The fundamental equation of accounting. Assets, liabilities, and net assets. Recording and reporting results. The FASB and the GASB and GAAP. [Midterms will be returned in the lecture section.]

Reading for Class 8: Chapter 8. (Appendix 8-A is optional.)

Complete for Class 8: Chapter 8: 8-1 through 8-22.

Submit: Written assignment #6 (1% of course grade). Submit your answers to discussion questions 8-1 to 8-22. Due at the **beginning** of Class 8. They will not be graded for correctness of the solution. You will receive 1% if you make a good-faith effort to answer the questions. Be sure to put your name on your assignment.

Class 8 Discussion Section: Open question-and-answer discussion of Chapter 8. Review solutions to the midterm exam.

CLASS 9: THE BALANCE SHEET CONTINUED; REPORTING THE RESULTS OF OPERATIONS: THE OPERATING STATEMENT: The operating statement. Transactions that generate revenues or expenses.

Complete for Class 9: 8-23 to 8-25.

Reading for Class 9: Chapter 9 through page 366.

Submit Class 9: Written assignment #7 (2% of course grade). 8-23 to 8-25.

Due at the **beginning** of Class 9. These should be notes you have prepared to enable you to participate actively in class. **They will not be graded for correctness of the solution.** You will receive 2% if you make a good-faith effort to solve the problem. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the solutions are discussed.

Class 9 Discussion Section: Open question-and-answer discussion of Chapters 9. Review old final exam problem on recording transactions and preparing financial statements.

CLASS 10: REPORTING THE RESULTS OF OPERATIONS, CONTINUED: THE CASH FLOW STATEMENT: The cash-flow statement.

Complete for Class 10: Chapter 9: 9-1 to 9-15.

Reading for Class 10: Chapter 9 from page 366 to the end of the chapter. (Appendices 9-A through 9-D optional.)

Submit: Written assignment #8 (1% of course grade). 9-1 to 9-15.

Due at the **beginning** of Class 10. These should be notes you have prepared to enable you to participate actively in class. They will not be graded for correctness of the solution. You will receive 1% if you make a good-faith effort to solve the problem. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the solutions are discussed.

Class 10 Discussion Section: Open question-and-answer discussion of Chapters 9. A Cash-Flow Statement from an old final exam will be reviewed in detail.

CLASS 11: UNIQUE ASPECTS OF ACCOUNTING FOR HEALTH CARE, NOT-FOR-PROFIT AND GOVERNMENT ORGANIZATIONS: Accounting for not-for-profit organizations, fund accounting, depreciation, donations, investments, health care accounting. Reporting objectives, reporting entity, fund accounting, modified accrual basis of accounting, government financial statements.

Complete for Class 11: Chapter 9: 9-16 to 9-17.

Reading for Class 11: Chapter 10 (Appendix 10-A is optional); Chapter 11 through page 452.

Submit Class 11: Written Assignment #9 (2% of course grade). Problems 9-16 to 9-17. Due

at the **beginning** of Class 11. These should be notes you have prepared to enable you to participate actively in class. They will not be graded for correctness of the solution. You will receive 2% if you make a good-faith effort to solve the problem. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the solutions are discussed.

Class 11 Discussion Section: Open question-and-answer discussion of Chapters 8-10. Review a financial statement of a not-for-profit organization that was used as a basis for an old final exam.

CLASS 12: UNIQUE ASPECTS OF GOVERNMENT ACCOUNTING, CONTINUED:
Reporting objectives, reporting entity, fund accounting, modified accrual basis of accounting, government financial statements.

Complete for Class 12: Chapter 10: 10-1 to 10-16. Chapter 11: 11-1 to 11-9, Problem 11-10 (journal entries optional).

Reading for Class 12: Chapter 11: pages 452-489 (Appendices 11-A and 11-B optional.)

Submit Class 12: Written Assignment #10 (1 % of course grade). Problem 11-10. Due at the **beginning** of Class 12. These should be notes you have prepared to enable you to participate actively in class. They will not be graded for correctness of the solution. You will receive 1% if you make a good-faith effort to solve the problem. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the solutions are discussed.

Class 12 Discussion Section: Open question-and-answer discussion of Chapter 11. General discussion of Government accounting.

CLASS 13: FINANCIAL STATEMENT ANALYSIS: Financial statement review, audit letter, notes that accompany financial statements, ratio analysis and assessment.

Complete for Class 13: Chapter 11: 11-11 . (11-12, is optional).

Reading for Class 13: Chapters 12 and 13.

Submit Class 13: Written assignment #11 (1% of course grade): Financial Statement Analysis. Read the financial statements and notes for the Major Medical Center (MMC) case at the end of Chapter 12 in the Required Text. Download the spreadsheet containing the financial statements for MMC and use that spreadsheet to calculate the common size and percent change ratios for the Statement of Financial Position (using total assets as the common-size-ratio denominator), the Activity Statement (using total revenue as the common-size-ratio denominator), and the Cash-Flow Statement (using operating cash flow as the common-size-ratio denominator). After reviewing the notes and the ratios, prepare a summary of the red-flag issues that you see. **You must use a spreadsheet to calculate the ratios. Hand-calculated ratios will not receive credit.** Be sure to use “absolute cell addresses in calculating the ratios. Refer to

Wempen's Chapter Six in either Excel 2002 or Excel 2000 for more information on absolute addresses. Using Excel, calculate three charts that you believe help to either illustrate some of the red-flag issues or might facilitate the analysis. You will receive 1% if you use a spreadsheet to do the calculations and make a good faith to calculate the ratios and identify the red flags. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the case is discussed.

Class 13 Discussion Section: Open question-and-answer discussion of Chapter 11. Review Problem 11-12. Review financial statement analysis problems from old final exams.

CLASS 14: FINANCIAL STATEMENT AND FINANCIAL CONDITION ANALYSIS:
Measures of financial condition, liquidity, solvency, efficiency, risk and capacity.
Discussion of the MMC case.

Reading for Class 14: MMC Case at end of Chapter 12.

Complete for Class 14: Chapter 12: 12-1 to 12-9; Chapter 13: 13-1 to 13-9; 12-11 MMC case. (Optional: Problem 12-10).

Submit Class 14: Written Assignment #12 (2% of course grade): Financial Statement Analysis assignment. Due at the **beginning** of Class 14. In light of your analysis and the case discussion in class 13, prepare a one page memo describing the two to four key issues you feel encapsulate MMC financial condition and would be critical for their success. The MMC case-notes should enable you to participate actively in the class discussion of the case. They will not be graded for correctness. You will receive 2% if you make a good-faith effort to solve the problem. Be sure to put your name on your solutions and to bring an extra copy to class to look at as the solutions are discussed.

Class 14 Discussion Section: Review optional problem 12-10. Open question-and-answer discussion of Chapters 8-13. Review practice final exam.

CLASS 15: FINAL EXAMINATION, 40% of course grade.

GUIDELINES FOR COURSE GRADES

The following descriptive statements are guidelines for the assignment of grades to graduate students and have been endorsed by the faculty.

Grade	Interpretative Statement
A	(Excellent) Exceptional work for a graduate student. Work at this level is unusually thorough, well reasoned, methodologically sophisticated, and well written. Work is of exceptional, professional quality.
A-	(Very Good) Strong work for a graduate student. Work at this level shows some signs of creativity, is thorough and well reasoned, indicates strong understanding of appropriate methodological or analytical approaches, and meets professional standards.
B+	(Good) Competent and sound work for a graduate student; well reasoned and thorough, methodologically sound, but not especially creative or insightful or technically sophisticated. This is the graduate student grade that indicates the student has accomplished the objectives of the course, with neither unusual strength nor exceptional weakness.
B	(Adequate) Proficient work for a graduate student even though some weaknesses are evident. Moderately thorough and well reasoned, demonstrating competency in the key course objectives but showing some indication that understanding of some important issues is less than complete. Methodological or analytical approaches used are adequate but student has shown one or more weaknesses or limitations.
B-	(Borderline) Weak work for a graduate student; meets the minimal expectations for a graduate student in the course; understanding of salient issues is somewhat incomplete, methodological or analytical work performed in the course is minimally adequate. Overall performance if consistent in graduate courses, would not suffice to sustain graduate status in "good standing."
C	(Deficient) Inadequate work for a graduate student; does not meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate knowledge or technical competence expected of graduate students.
F	(Fail) Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.