

NEW YORK UNIVERSITY
ROBERT F. WAGNER GRADUATE SCHOOL OF PUBLIC SERVICE

CORE-GP.1021 FINANCIAL MANAGEMENT
Fall 2016
Professors Calabrese, Shiau, and West

COURSE DESCRIPTION

In this introductory core course in financial management, students will learn the fundamentals of budgeting and accounting for public, health, and not-for-profit organizations. Through readings, lectures, real-world case studies, and assignments, students will gain an understanding of how to use financial information in organizational planning, implementation, control, reporting, and analysis. In addition, students will develop their spreadsheet skills by using Microsoft Excel to perform financial calculations and create financial documents.

The first half of the course focuses on managerial accounting, a set of tools used by managers for internal planning, implementation, and control. Topics in this portion of the course include operating budgets, cash budgets, break-even analysis, cost allocation, variance analysis, the time value of money, capital budgeting, and long-term financing.

The second half of the course focuses on financial accounting, a set of tools used by managers and external observers for reporting on and analyzing an organization's financial position and performance. Topics in this portion of the course include the preparation and analysis of financial statements (balance sheet, activity statement, and cash flow statement), ethics in financial management, government accounting, and government financial condition analysis.

COURSE OBJECTIVES

By the conclusion of the semester, students will learn to:

1. Prepare organizational budgets on the accrual and cash bases of accounting.
2. Make resource allocation and pricing decisions using break-even analysis, the time value of money, cost allocation, and variance analysis.
3. Prepare balance sheets, activity statements, and cash flow statements using Generally Accepted Accounting Principles (GAAP) for not-for-profit and healthcare organizations, and analyze these statements.
4. Interpret and analyze governmental financial statements that have been prepared on the accrual and modified accrual bases of accounting.
5. Use Microsoft Excel and a financial calculator to prepare financial statements and perform financial analyses.

PROFESSORS

Thad Calabrese

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Mike West

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TEACHING COLLEAGUES (TCs)

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TUTORS

Sundays, 4:00-6:00 pm

Bobst, LL01-09A

Junyan Wang

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Mondays, 4:15-6:15 pm

Puck 3024 (The Study)

Abby Lane Kulawitz

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Tuesdays, 6:45-8:45 pm

Puck 3024 (The Study)

Katie Tobin

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PREREQUISITES

The only prerequisite for this course is a basic familiarity with Excel. If you have limited or no experience using Excel, we strongly recommend that you register for the Excel instruction module (NONCR-GP.932), which meets for several weeks at the beginning of the semester. Please note that it is up to each student to determine whether or not he or she is familiar with Excel; taking the Excel module and passing the Excel proficiency exam are *not* prerequisites for enrollment in this course.

COURSE MATERIALS

Textbook

Finkler et al., *Financial Management for Public, Health, and Not-for-Profit Organizations*, Fifth Edition (2016), CQ Press/Sage Publishing, ISBN: 1506326849. This book is available at the NYU Bookstore located at 726 Broadway and on Amazon.com. Do not buy an earlier edition. If you do not wish to buy the textbook, there are several copies on reserve at Bobst Library. Students who plan to take additional finance courses at Wagner should consider retaining this book as a reference.

Calculator

You must have a calculator that can do time value of money calculations (it must have buttons labeled PV, FV, PMT, and NPV). If you do not already have such a calculator, please buy the HP10 BII (or the HP10 BII+). This calculator is available at the NYU Computer Store (inside the NYU Bookstore) and many other locations such as Staples and Amazon.com. If you choose to use a different financial calculator, please be advised that the professors, TCs, and tutors will not be able to assist you with your calculator. Also, please note that you will not be permitted to use calculators with graphing capabilities during the exams.

COURSE WEBSITE

The course website can be found on the NYU Classes system, accessible via the “Academics” tab on NYU Home (<http://home.nyu.edu>). Throughout the semester, we will post documents such as lecture slides, homework solutions, and practice exams to this site. In addition, we will occasionally send emails about course logistics to your NYU email account. Therefore, you should check both the course website and your NYU email account on a regular basis.

GRADING

Your course grade will be determined as follows:

Homework Assignments:	20%
Midterm Examination:	40%
Final Examination:	40%

HOMEWORK ASSIGNMENTS

There are a total of 12 assignments, each worth 1% to 2% of your course grade.

Assignments are graded on the basis of completeness rather than accuracy. If you complete the entire assignment, you will receive full credit even if your work contains errors. If you do not complete the entire assignment, you will not receive full credit.

Assignments are to be submitted online via NYU Classes before lecture. Assignments and templates (when applicable) can be found on NYU Classes.

Assignments will *not* be accepted by email, nor will they be accepted during or after lecture. Late assignments will not receive any credit except in extreme circumstances such as serious medical emergencies.

You must complete the quantitative parts of your assignments in Excel and the written parts in Excel or Word. Templates will be provided for some assignments (posted on NYU Classes).

Each student must write and submit his or her own assignments. We encourage you to work on the assignments in small groups, but two or more students turning in identical homework assignments constitutes cheating and will be reported to the administration and subject to disciplinary action.

EXAMS

The midterm and final exam will each last two hours and thirty minutes. You are expected to complete the exam with your registered course section. The final exam is not cumulative; it covers the second half of the course only. You may bring a financial calculator (but graphing calculators are not permitted) and one 8 ½-by-11 page of notes (front and back) to both the midterm and the final exam. Your notes may be either typed or handwritten. There are no restrictions on the font size or the contents of your page of notes. You will be asked to hand in your notes with the completed exam. Students with disabilities should contact both the Head TC and the Moses Center for Students with Disabilities (<http://www.nyu.edu/csd>) as soon as possible, but no later than two weeks before the exam, to make arrangements.

COURSE RULES AND REQUIREMENTS

To do well in this course, you must devote a minimum of ten hours per week (three hours of lecture, one hour of discussion session, and about six hours of reading, studying, and working on assignments). Please keep in mind that the material presented in the course builds cumulatively. Do not fall behind. Students who fall behind find it very hard to catch up.

If you need to miss class, you do not need to notify your professor. We do not take attendance; however, you are responsible for finding out what you missed—including any announcements made in class—from one of your classmates. If possible, you should try to attend a different lecture that week. You do not need to ask for that professor's permission in advance.

There are no extra credit assignments and no make-up exams. Please note the dates of the midterm and final exams on the following page; if you have a conflict please do not enroll in the course at this time.

If you have a logistical question, please check the syllabus and website. You can find the answer to almost every conceivable question there. For any remaining questions, please contact the Head TC.

The Wagner School has a strict policy regarding incompletes. The grade of "Incomplete Pass" will only be available in extreme circumstances such as serious medical emergencies. 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.

Academic dishonesty will not be tolerated. Cheating, forgery, plagiarism and collusion in dishonest acts undermine the Wagner School's educational mission and your own personal and intellectual growth. You are expected to bear individual responsibility for your work and to uphold the ideal of academic integrity. Any student who compromises or devalues the academic process will be reported to the administration and be subject to disciplinary action.

LECTURES

Lectures will meet on the following dates:

<u>Wednesdays</u>		<u>Thursdays</u>	
Professor Calabrese 9:30 am – 12:15 pm Silver 414 Professor West 6:45 – 9:30 pm Silver 401		Professor Shiau 6:45 – 9:30 pm Silver 206	
Sep 7	Class 1	Sep 8	Class 1
Sep 14	Class 2	Sep 15	Class 2
Sep 21	Class 3	Sep 22	Class 3
Sep 28	Class 4	Sep 29	Class 4
Oct 5	Class 5	Oct 6	Class 5
Oct 12	Class 6	Oct 13	Class 6
Oct 19	Class 7 Midterm Exam	Oct 20	Class 7 Midterm Exam
Oct 26	Class 8	Oct 27	Class 8
Nov 2	Class 9	Nov 3	Class 9
Nov 9	Class 10	Nov 10	Class 10
Nov 16	Class 11	Nov 17	Class 11
Nov 23	Thanksgiving Break – No Class	Nov 24	Thanksgiving Break – No Class
Nov 30	Class 12	Dec 1	Class 12
Dec 7	Class 13	Dec 8	Class 13
Dec 14	Class 14	Dec 15	Class 14
Dec 21	Class 15 Final Exam	Dec 22	Class 15 Final Exam

DISCUSSION SESSIONS

In addition to the lectures, there are optional one-hour discussion sessions (CORE-GP.1021, Sections 004-007) led by the TCs. **IMPORTANT:** You may attend the discussion session of your choice, but you may only attend *after* attending that week's lecture. Discussion sessions will meet on the following dates:

Thursdays 12:30 – 1:30 pm Sanya Agrawal Silver 101A	Thursdays 9:35 – 10:35 pm Anu Gupta Silver 206	Fridays 4:15 – 5:15 pm Anu Gupta Silver 520	Mondays 8:45 – 9:45 pm Noah Branman Silver 401
Sep 8 Class 1	Sep 8 Class 1	Sep 9 Class 1	Sep 12 Class 1
Sep 15 Class 2	Sep 15 Class 2	Sep 16 Class 2	Sep 19 Class 2
Sep 22 Class 3	Sep 22 Class 3	Sep 23 Class 3	Sep 26 Class 3
Sep 29 Class 4	Sep 29 Class 4	Sep 30 Class 4	Oct 3 Class 4
Oct 6 Class 5	Oct 6 Class 5	Oct 7 Class 5	Oct 10 <i>None</i>
Oct 13 Class 6	Oct 13 Class 6	Oct 14 Class 6	Oct 17 Class 6
<i>Oct 20 None</i>	<i>Oct 20 None</i>	<i>Oct 21 None</i>	<i>Oct 24 None</i>
Oct 27 Class 8	Oct 27 Class 8	Oct 28 Class 8	Oct 31 Class 8
Nov 3 Class 9	Nov 3 Class 9	Nov 4 Class 9	Nov 7 Class 9
Nov 10 Class 10	Nov 10 Class 10	Nov 11 Class 10	Nov 14 Class 10
Nov 17 Class 11	Nov 17 Class 11	Nov 18 Class 11	Nov 21 Class 11
<i>Nov 24 None</i>	<i>Nov 24 None</i>	<i>Nov 25 None</i>	<i>Nov 28 None</i>
Dec 1 Class 12	Dec 1 Class 12	Dec 2 Class 12	Dec 5 Class 12
Dec 8 Class 13	Dec 8 Class 13	Dec 9 Class 13	Dec 12 Class 13
Dec 15 Class 14	Dec 15 Class 14	Dec 16 Class 14	Dec 19 Class 14

COURSE OUTLINE

Reading assignments must be completed before each lecture. (Note that you have a reading assignment for the first class!) You are not required to read the chapter appendices unless specifically noted below. Handout readings can be found on the course website.

Homework assignments consist primarily of analytical problems based on the previous week's readings and lecture, but also include a few short-answer questions about the current week's readings. All assignments can be found on the course website. Solutions will be posted each week after the last lecture has met (Thursday nights).

Discussion session practice problems are designed to help you prepare for the homework assignments. Your TC will bring copies of all practice problems to discussion session, so you do not need to bring your textbook, but the problems are listed below in case you either want to start thinking about them in advance or you cannot make it to discussion session and want to solve the problems on your own. Most problems are from the textbook, but in a few cases they are from handouts distributed in discussion session and posted on the website.

CLASS 1: OPERATING BUDGETS & CASH BUDGETS

Read before class: Chapter 1, Chapter 2, and "Excel & Calculator Tips 1" handout

Homework #0 due: Student Bio Survey

Discussion session: Practice problems: handout

CLASS 2: FLEXIBLE BUDGETS & BREAK-EVEN ANALYSIS

Read before class: Chapter 3 up to p. 87, Chapter 4 up to p. 145, Appendix 4-A

Homework #1 due: Jobs University (2% of course grade)

Discussion session: Practice problems: 3-23, 4-41, handout

CLASS 3: COST ALLOCATION & VARIANCE ANALYSIS

Read before class: Chapter 4 from p. 145-end, and Chapter 8 up to p. 299

Homework #2 due: QwikShare (2% of course grade)

Discussion session: Practice problems: 8-27, 8-29, handout

CLASS 4: TIME VALUE OF MONEY

Read before class: Chapter 5 up to p. 190, Appendices 5-A and 5-B, “Excel & Calculator Tips 2” handout, and “New York State Lottery” handout

Homework #3 due: Dearborn Center (2% of course grade)

Discussion session: Practice problems: 5-14 through 5-20

CLASS 5: CAPITAL BUDGETING & LONG-TERM FINANCING

Read before class: Chapter 5 from p. 190-end and Chapter 6

Homework #4 due: Investment Management (2% of course grade)

Discussion session: Practice problems: 5-32, 5-34, 5-36, 5-37, 6-18

CLASS 6: MIDTERM EXAM REVIEW & CASE STUDIES

Read before class: Case Study Handouts

Homework #5 due: Harper Hospital (2% of course grade)

Discussion session: Practice problems: handout

CLASS 7: MIDTERM EXAM**CLASS 8: THE BALANCE SHEET**

Read before class: Chapters 7 and 9

Homework #6 due: City Cares (1% of course grade)

Discussion session: Q&A about midterm solutions. Practice problems: 9-27, 9-28, 9-29.

CLASS 9: THE ACTIVITY STATEMENT

Read before class: Chapter 10 up to p. 371

Homework #7 due: Forever Friends Rescue (1% of course grade)

Discussion session: Practice problems: 10-16, 10-17 (balance sheet & activity statement), 10-19

CLASS 10: ACCOUNTING FOR NOT-FOR-PROFIT & HEALTH ORGANIZATIONS

Read before class: Chapter 11

Homework #8 due: Child's Play, Part I (2% of course grade)

Discussion session: Practice problems: handout

CLASS 11: THE CASH FLOW STATEMENT

Read before class: Chapter 10 from p. 371-end

Homework #9 due: Second Chance Bakery, Part I (2% of course grade)

Discussion session: Practice problems: cash flow statements for 10-17 and WPR Public Radio

CLASS 12: FINANCIAL STATEMENT ANALYSIS

Read before class: Chapter 14

Homework #10 due: Child's Play and Second Chance Bakery, Part II (1% of course grade)

Discussion session: Practice problem: 14-10

CLASS 13: BUDGETING AND ACCOUNTING FOR STATE AND LOCAL GOVERNMENTS, GOVERNMENT FINANCIAL CONDITION ANALYSIS & ETHICS IN FINANCIAL MANAGEMENT

Read before class: Chapter 12, Chapter 13, Chapter 15 (including Appendix 15-A), and Chapter 8 from p. 283-end

Homework #11 due: Do Something (2% of course grade)

Discussion session: Practice problem: 12-4

CLASS 14: FINAL EXAM REVIEW & CASE STUDY

Read before class: Case Study Handout

Homework #12 due: Dennis Township (1% of course grade)

Discussion session: Practice problems: handout

CLASS 15: FINAL EXAM