



Financial Resource Management Sport, Tourism, and Leisure Services

**Russell E. Brayley
and
Daniel D. McLean**

Sagamore Publishing, L.L.C.
Champaign, Illinois

TABLE OF CONTENTS

PREFACE.....	xv
SECTION A - FINANCIAL MANAGEMENT IN CONTEXT	1
CHAPTER 1. Financial Management in Public, Private Not-for-Profit, and Commercial Sport, Tourism, and Leisure Service Organizations	3
Introduction.....	3
Public Enterprises.....	3
Legislative/Legal Parameters.....	4
Social Roles/Expectations.....	4
Market Management Techniques.....	4
Indicators of Success	5
Financial Management Opportunities and Challenges.....	5
Other	5
Private Not-for-Profit Enterprises.....	6
Legislative/Legal Parameters.....	6
Social Roles/Expectations.....	7
Market Management Techniques.....	7
Indicators of Success	7
Financial Management Opportunities and Challenges.....	7
Other	8
Commercial Enterprises.....	8
Legislative/Legal Parameters.....	8
Social Roles/Expectations.....	8
Market Management Techniques.....	9
Indicators of Success	9
Financial Management Opportunities and Challenges.....	9
Competition and Cooperation	10
Summary	11
CHAPTER 2. Financial Management in Public and Not-for-Profit Leisure Service Organizations	13
Introduction.....	13
Public Leisure Service Enterprises	13
Organizational Structure	13
Operational and Fiscal Authority.....	14
Financial Objectives	15
Debt Management	15
Accounting Management	16
Reporting.....	16
Performance Evaluation	16
Not-For-Profit Leisure Service Enterprises.....	17
Organizational Structure	17
Financial Objectives	17
Debt and Account Management.....	17
Reporting.....	18
Performance Evaluation	18
Summary	19
CHAPTER 3. Financial Management in Sport Organizations	21
Introduction	21
Sport as an Industry	22
Public Subsidization of Sport Facilities	23

Television Ratings and Broadcasting Fees	24
Franchise Values and Player Salaries	25
Attendance Costs of Sporting Events.....	27
Summary	29
References.....	29
CHAPTER 4. Financial Management in Tourism and Commercial Recreation Organizations	31
Introduction	31
Financial Objectives.....	32
Debt and Inventory Management	32
Account Management.....	33
Reporting.....	33
Performance Evaluation	34
Summary	34
SECTION B - ORGANIZATION	35
CHAPTER 5. Functions	37
Introduction	37
Financial Responsibility.....	38
Financial Functions of the Organization.....	38
Director of Finance	39
Controller (also called “Comptroller”)	39
Treasurer	39
Assessor	39
Purchasing Agent	39
Auditor	40
Summary	40
CHAPTER 6. Departmentalization.....	43
Introduction	43
Organization for Financial Management in the Public Sector.....	43
Organization for Financial Management in the Private-Not-for-Profit and Commercial Sectors	45
Program, Unit Involvement in Financial Management	45
Politics and the Financial Management Organization	49
Summary.....	50
SECTION C - ECONOMICS	51
CHAPTER 7. Economic Principles	53
Introduction	53
Supply and Demand	54
Estimating Supply and Demand	57
Inflation	60
Interest	62
Future Value	63
Present Value.....	65
Depreciation.....	65
Sensitivity to Changes in Price	67
Economic Impacts.....	70
Summary	73
SECTION D - REVENUE MANAGEMENT.....	75
CHAPTER 8. Revenue Sources	77
Introduction	77
Types of Income Sources.....	77

Compulsory Income Sources.....	79
Types of State and Municipal Taxes	79
Other Sources of Compulsory Income.....	84
Federal Government Sources	87
Gratuitous Income	88
Earned Income.....	88
Investment Income.....	90
Contractual Receipts.....	91
Partnerships and Collaborations.....	91
Revenue Structure Plan	93
Summary	94
References.....	95
CHAPTER 9. Pricing	97
Introduction	97
Purposes of Pricing	97
Pricing to Recover Costs.....	97
Pricing to Create New Resources (Added Value Pricing)	98
Pricing to Establish Value.....	98
Pricing to Influence Behavior	98
Pricing to Promote Efficiency	99
Pricing to Promote Equity.....	99
The Appropriateness and Feasibility of Pricing.....	100
The Nature of Price	101
Monetary Price.....	101
Opportunity Price.....	102
Psychological Price.....	102
Effort Price.....	102
Approaches to Establishing Price	103
Calculating Costs for Unit Pricing.....	104
Subsidization and Unit Pricing.....	106
Other Considerations in Establishing Price	107
Willingness to Pay/The Going Rate.....	108
Sensitivity to Changes in Price	109
Adjusting Prices	110
Summary	111
CHAPTER 10. Grantseeking	113
Introduction	113
Why Pursue Grants?	113
The Granting Environment.....	114
The Grantseeking Process	116
Step 1: Identifying a Potential Idea.....	116
Step 2: Discovery, Selection, and Contact with a Granting Agency	117
Step 3: Preparation of the Grant Proposal.....	121
Step 4: Submitting the Grant Proposal	129
Step 5: Grantmaker's Decision	129
Step 6: Grant Administration.....	130
Summary	131
References.....	131
CHAPTER 11. Philanthropy and Fundraising	133
Introduction	133
Philanthropy	133
Why Fundraising is Important	134
The Role of Fund Development.....	135

Why People Give	136
Charitable Organizations	136
Activities of a Charitable Organization Established to Support the Park System	137
Fund Development.....	137
Fundraising Sources.....	140
Goal Setting, Relationships, and the Gift Pyramid	141
Goal Setting	143
The Gift Pyramid	143
Fundraising Strategies.....	144
Annual Campaigns.....	145
Planned Giving	146
Special Events.....	148
Support Organizations.....	149
Selecting Fundraising Strategies.....	150
Summary	150
References.....	151
 CHAPTER 12. Sponsorship	 153
Introduction	153
Causes of Sport Sponsorship Growth	155
Setting Sponsorship Objectives	158
Sponsorship: The Corporate Perspective	160
Sponsorship Acquisition: The Sport Organization's Perspective.....	161
Selling the Sponsorship Opportunity	162
The Sponsorship Proposal Document	163
Marketing Benefits of Sponsorship	163
Cross Promotions	164
Virtual Advertising	164
Hospitality	164
Evaluation.....	164
Summary	166
References.....	166
 SECTION E - EXPENDITURE MANAGEMENT.....	 169
 CHAPTER 13. Budgeting Basics	 171
Introduction	171
Budget Construction Guidelines.....	171
Gathering Information	172
Identifying the Budget Goal.....	173
Essential Information.....	173
Gathering New Information	173
Organizing the Data	173
Determining Costs	174
Organizing the Data	175
Organizing the Data	176
Organizing the Data	179
Budgeting for Contingencies	179
Summary	179
 CHAPTER 14. Budget Preparation	 181
Introduction	181
Budget Processes	181
What is a Budget?	181
The Budget Cycle	182
Funds.....	186
Government Funds.....	188

Proprietary Funds.....	190
Fiduciary Funds	190
Budget Preparation Format.....	191
Budget Preparation Activities	191
The Relationship of Strategic Planning to Budget Preparation	191
Budget Preparation Philosophies	194
Preparing the Departmental Work Plan.....	195
Estimating Personnel Service Requirements	195
Staffing Issues	197
Contractual Service Requirements.....	198
Materials, Supplies, and Equipment Costs.....	199
Reviewing Budget Estimates at the Departmental Level.....	200
Summary.....	201
References.....	201
CHAPTER 15. Budget Formats	203
Introduction	203
Common Budget Formats.....	203
Object Classification and Line Item Budgets.....	204
Program Budget.....	208
Performance Budget.....	212
Running Budget.....	215
Zero-Based Budgeting	217
Summary	221
References	221
CHAPTER 16. Capital Budgeting.....	223
Introduction	223
Benefits of Capital Budgeting	223
The Capital Budgeting Process	225
Capital Improvement Revenue Sources	230
Bonds	230
Other Capital Improvement Revenue Sources	235
Capital Budgeting in the Commercial Sector	237
Decision Processes.....	237
Income Sources of Commercial Capital Projects	240
Summary	240
References.....	240
CHAPTER 17. Budget Presentation.....	243
Introduction	243
Purposes of Budget Presentations.....	243
The Written Budget Document	244
Presenting the Budget	246
Principles of Effective Presentation.....	246
Presentation Tips	250
Summary	251
CHAPTER 18. Accounting and Reporting.....	253
Introduction	253
Stock and Flow.....	254
The Balance Sheet	255
The Income Statement (a.k.a. Profit/Loss Statement).....	256
Internal Control.....	257
Petty Cash	257

Reporting.....	260
The Budget Statement	260
Project/Event Report.....	261
RevPAR (Revenue Per Available Room)	261
Daily Operations Report.....	262
Summary	262
SECTION F - PLANNING.....	265
CHAPTER 19. Business Planning	267
Introduction	267
Format of the Business Plan.....	268
Title Page	268
Front Matter	269
Executive Summary.....	269
The Enterprise	270
The Industry	270
Product/Service Offering.....	271
Market Analysis	272
Marketing Plan.....	272
Development Plan	273
Production/Operations Plan.....	273
Management Team	274
Financial Plan.....	275
Appendices	279
Summary	280
References.....	280
APPENDIX.....	281
INDEX.....	285