

NCAR Inaugural Report

Introduction



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The Report

Welcome to the first NCAR Report, in which we share evidence-based insights from our inaugural exploration into the health of U.S. arts and cultural organizations. There is no one-size-fits-all performance measure or objective for such a diverse field, only answers to relevant questions that provide an array of useful measures and vantage points. Some anomalies also point to additional questions to explore. **We care about numbers not for their own sake, but because we believe that healthier arts and cultural organizations will have more resources to invest in artistic and cultural offerings and in community engagement.**

All feedback, questions and comments are welcome, so please let us hear from you!

We organize the report into six broad sections.

1. Introducing Our Arts & Culture Performance Indices

This section describes how we developed our arts and culture performance indices. In total, we have identified 184 performance indices to examine over time. Each index provides insight into the financial, operational, and engagement health of an arts and culture organization. We currently have data to examine 128 indices, and we know what data we need to work towards gathering in order to answer the rest. These performance indices fall into 9 general areas: Contributed Revenue, Earned Revenue, Expenses, Marketing Impact, Bottom Line, Balance Sheet, Community Engagement, Program Activity, and Staffing. In this first report we take a deep dive on 8 of the 128 indices, one for each of the first 8 general areas listed above. We will tackle new sets of questions and indices in future reports.

2. Reporting on Average Performance

For each of the 8 indices, we report on the 2012 results for: 1) the average for all arts and cultural organizations, 2) the average by arts and cultural sector, and 3) the average by organizational size (i.e., total operating budget). In each case we report the index average (a ratio) as well as the average for its component parts: the numerator and denominator of the index (each a general number). We then report the index average by geographic market cluster and provide some additional traits of these clusters. For those who want to know more, we provide the index averages for 2008, 2009, 2010, and 2011.



3. Modeling the Arts & Culture Ecosystem

We conceptualize the arts and culture ecosystem as a set of interdependent relationships among individual artists, arts organizations, their communities and audiences, and the cultural policies that influence the production and consumption of arts and culture. This section documents our data sources and how we organize arts & culture organizations into 11 arts sectors. We also provide details on how we created the spatial model that mathematically captures the relationships between arts & culture organizations and their communities and audiences.

4. What Drives Performance

We don't want to only report on 'what performance was', we want to dig deeper to see what drives performance on every measure. Combining organizational data with our spatial model, we examine a host of predictors of performance for the numerators and denominators used in the indices. These predictors include the organizational activities, practices and decisions that impact performance. But arts and cultural organizations don't operate in a vacuum. They operate in communities so we use the spatial model to explore community and cultural policy factors that positively or negatively impact performance.

5. Identifying High Performance & Key Intangible Performance Indicators (KIPIs)

The same models that we used to tell what Arts & Culture Ecosystem factors predict performance also produce Key Intangible Performance Indicators (KIPIs) that estimate the intellectual capital — i.e., unobservable managerial and artistic expertise — that drives organizational performance on each index.

6. Where We Go From Here

Going forward, we will integrate new data as they become available, continue to refine our analytic techniques, and examine the additional indices that you are most interested in. We also are working with IBM to bring you an online dashboard that will provide you with your organization's individual KIPI scores.

Modeling the Arts & Culture Ecosystem



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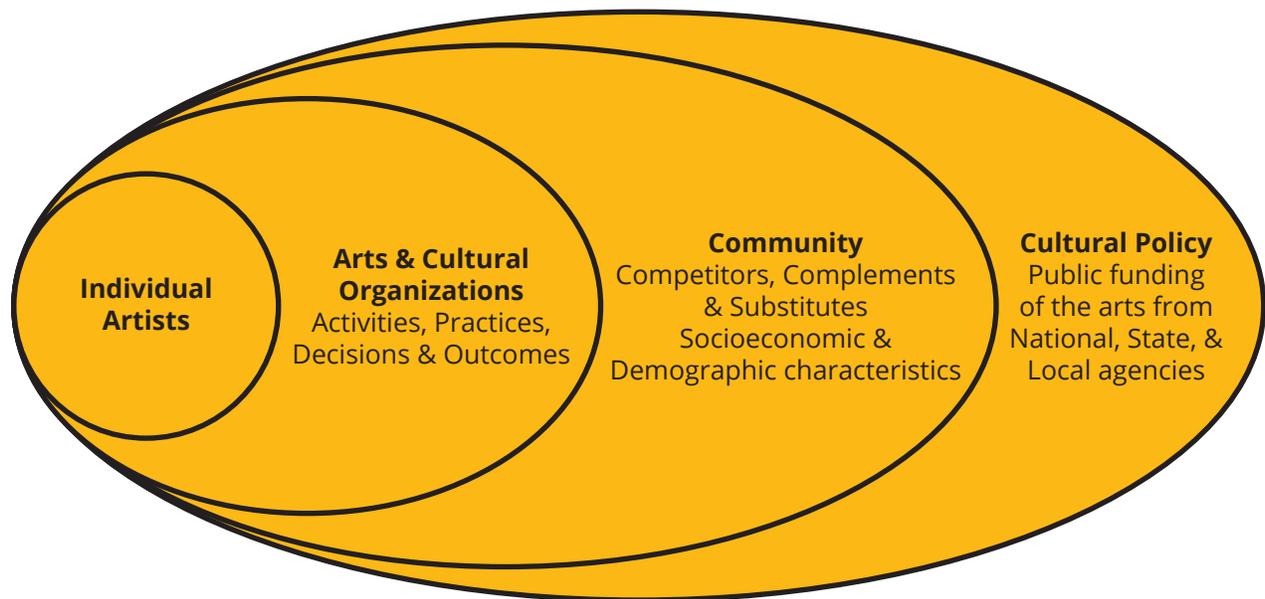


Modeling the Arts & Culture Ecosystem

To advance our mission and answer important questions about the health of arts and cultural organizations, we are building a database that will allow us to create a data-driven model of the US arts ecosystem. This will be an ongoing effort that will evolve over time. In this section, we describe our efforts to date along with initial results.

The Arts & Culture Ecosystem features a complex and interdependent set of relationships among individual artists, arts organizations, their communities and audiences, and the cultural policies that influence the production and consumption of arts and culture (see Figure 1).

Figure 1: Modeling the Arts & Culture Ecosystem



To understand what drives the performance of individual arts organizations that reside in distinct communities around the country, we attempt to model all of these different factors. Doing so requires collecting, integrating, and aggregating data from a variety of sources. At present, our data collection covers fiscal years 2007-2012 and our models and results focus on performance in 2008-2012, with data from 2007 acting as a baseline.



Arts and Cultural Organization Data

We have arts and cultural organization data from three distinct sources:

- The National Center for Charitable Statistics (NCCS)
- The Cultural Data Project (CDP)
- Theatre Communications Group (TCG)

By cross-referencing these distinct data sources, we identified 55,341 unique arts and cultural organizations that have reported activity during fiscal years 2007-2012¹. These 55,341 organizations form our Organizational Index database, which includes addresses, longitudes, latitudes, and overlapping organization identification numbers when an organization appears in multiple datasets. We went line-item by line-item in the organizational surveys to match responses to the same question asked in multiple surveys, determining whether the survey question was asking for identical information or whether it would be possible to create exact equivalents with the information available.

As discussed in the section on spatial modeling, geocoding allows us to model the geographic proximity of arts and cultural organizations to each other, to other complementary or substitute business activities (e.g., hotels and restaurants), and to potential audiences that live within the organization's trading radius.

The organizational data sources vary in terms of population coverage and in terms of data completeness. Data from the National Center for Charitable Statistics (NCCS), which collects and disseminates data from IRS 990 tax form filings, provides the most complete coverage. The number of arts and cultural organizations filing IRS form 990s varies each year, ranging from a low of 38,861 in 2007 to 42,550 in 2011. CDP provides the most complete data, collecting more than 1200 data points for individual arts organizations on an annual basis. CDP's current coverage is 13 states and the District of Columbia. From 2007-2012, the CDP data represent over 30,000 individual records for some 15,000 organizations. Some organizations respond to the CDP survey only once; perhaps some of these organizations no longer exist. Other organizations have responded 2-3 years, reflecting the roll-out of CDP's services over time. And we have detailed CDP data for many organizations for 4-6 years.

We use the organizational data for two purposes.

1. To model Arts & Cultural Organizations' activities, practices, decisions, and outcomes, as depicted in Figure 1. Only the CDP and TCG data are comprehensive enough for this purpose. Because TCG data are limited to a single arts sector, our Arts Ecology modeling efforts tend to focus on CDP-covered markets.

¹ We examine organizations with total expenses of \$20,000 or more. Organizations with less than \$50,000 in annual gross receipts are not required to file a 990 or 990-EZ with the IRS (this figure was \$25,000 in 2008, 2009 and 2010). TCG membership requires minimum operating expenses of \$50,000 in the most recently completed fiscal year. We were as inclusive as possible given available and reliable data.



2. To model interactions among arts and cultural organizations (i.e., competitors and complements) at the Community level, as depicted in Figure 1. Some measures — like Total Expenses, Total Contributed Revenue and Total Program Revenue — appear in all four data sources. When that occurs, our default is to use the CDP measure if it exists. If not, we then use the TCG measure (there is no overlap in membership between these two). Finally, we use the IRS measure. We use these measures to model total arts and cultural activity in the Community, specifically, Total Number of Arts Organizations, Total Expenses on Arts Activity, Total Contributed Revenue to Arts Organizations, and Total Program Revenue earned by Arts Organizations. We also allocate these activity measures to distinct arts and cultural sectors.

The resulting company database features 232,333 unique records for the five-year (2008-2012) period — more than 46,000 organizations per year. We modeled the Arts and Culture Ecosystems in 189 metropolitan and micropolitan statistical areas. In 2012, these 189 markets represent 52% of the US population, and the organizational activity captured by our database for these markets represents 51% of the total nonprofit arts and cultural activity in the United States². Our coverage will increase with time, and the findings presented in this report should be interpreted within the context of our current reach and coverage.

We also include data on federal grants requested and the grant amounts awarded for all organizations that received some level of funding from 2008 through 2012. We don't report these funding levels but examine them as factors that influence performance in a number of areas. These data came from the National Endowment for the Arts and the Institute of Museum and Library Services, and was obtained through the Freedom of Information Act.

Community Data

As noted above, we used Arts and Cultural Organization data to model total arts activity in the Community. We also collected Consumer Confidence Index data and Census Bureau data to create a more complete model of the Arts Ecology at the Community level. These Census Bureau measures included:

- Individual-level estimates: for example, total population, median income, the percentage of individuals with bachelors or graduate degrees, the percentage of individuals in the labor force;
- Household-level estimates: for example, average household size, family households, single-parent households, same-sex households, percentage of households with income greater than \$200,000;
- Arts-related business-level estimates: for example, number of fine arts schools, number of art dealers, number of grants-making foundations;

² In June 2012, Americans for the Arts estimated economic activity generated by the US arts and cultural industry at \$61.1 billion (http://www.huffingtonpost.com/robert-l-lynch/arts-and-economy_b_1588034.html). Total economic activity (i.e., Total Expenses) for the organizations in our database residing in the 189 markets examined was \$30.9 billion in 2012.



- Complementary & substitute business-level estimates: e.g., number of hotels, restaurants, cinemas, sports teams, and zoos; and
- Overall business-level activity: number of businesses by size (estimated as the number of employees).

We added data from the Internet Broadway database on the number of Broadway visitors per year as a proxy so that we can examine the effects of arts-related tourism in New York since it is such a large anomaly in the arts and culture ecosystem.

The Community data estimates were collected on an annual basis and geocoded by their longitude and latitude at the zip-code level. These measures combined to create a Spatial Model with 221,710 records, representing data for more than 44,000 zip codes over five years. We did this because arts organizations don't exist in a vacuum. Geocoding lets us match each organization to its local market and examine how much that market's characteristics affect the organization, and in what ways.

Individual Artists and Cultural Policy Data

The weakest aspect of our data collection to date is in the realm of Individual Artists and, to a lesser extent, Cultural Policy.

- We include an estimate of the number of Individual Artists in the Community using Census Bureau data. As with the Community data, this measure is geocoded at the zip-code level and integrated into our Spatial Model.
- Using data from the National Endowment for the Arts and Institute of Museum and Library Services, we estimate the level of Federal funding for each arts organization and for the Community.
- We also incorporate data from the CDP survey related to organizational-level funding from Federal, State, and Local governments.



Organizing Organizations Into Arts & Culture Sectors

We examined the data to see whether some arts disciplines hold similar enough characteristics to group them together into Sectors for purposes of our analysis. For example, should all museums be studied together or are there significant enough differences to warrant a separate look at art museums versus other museums in each analysis? Some sectors clustered, but some stand out as unique enough to report on separately. The number of sectors and their clustering may change in future reports as we add data.

We do not assign organizations to arts disciplines, they assign themselves. Organizations self-identify according to the National Taxonomy of Exempt Entities (NTEE), which is a classification system to identify nonprofit organization types. The NCCS website gives an excellent summary description of what NTEEs are and how they came about: <http://nccs.urban.org/classification/NTEE.cfm>. Organizations report their NTEE when filing their IRS 990 and they report it as part of the CDP survey. If an organization has a parent organization, we opted for their arts discipline NTEE (e.g., performing arts center) rather than their parent organization's NTEE (e.g., university), if available. "Arts and Culture" is one of the NTEE's 10 major groups of tax-exempt organizations (the "A" category), and within Arts and Culture there are 10 subcategories that contain 30 additional subdivisions.

We came up with 11 distinct categories of arts and cultural sectors.

Arts Education: Arts Education/Schools (A25) and Performing Arts Schools (A6E)

Art Museums: Art Museums (A51)

Community: Arts, Cultural Organizations — Multipurpose (A20), Cultural & Ethnic Awareness (A23), Folk Arts (A24), Arts & Humanities Councils and Agencies (A26), Community Celebrations (A27), Visual Arts (A40)

Dance: Dance (A62) and Ballet (A63)

Music: Music (A68), Singing & Choral Groups (A6B), and Bands & Ensembles (A6C)

Opera: Opera (A6A)

Performing Arts Centers: Performing Arts Centers (A61)

Symphony Orchestra: Symphony Orchestras (A69)

Theater: Theater (A65)

Other Museums: Museums & Museum Activities (A50), Children's Museums (A52), History Museums (A54), Natural History & Natural Science Museums (A56), and Science & Technology Museums (A57)

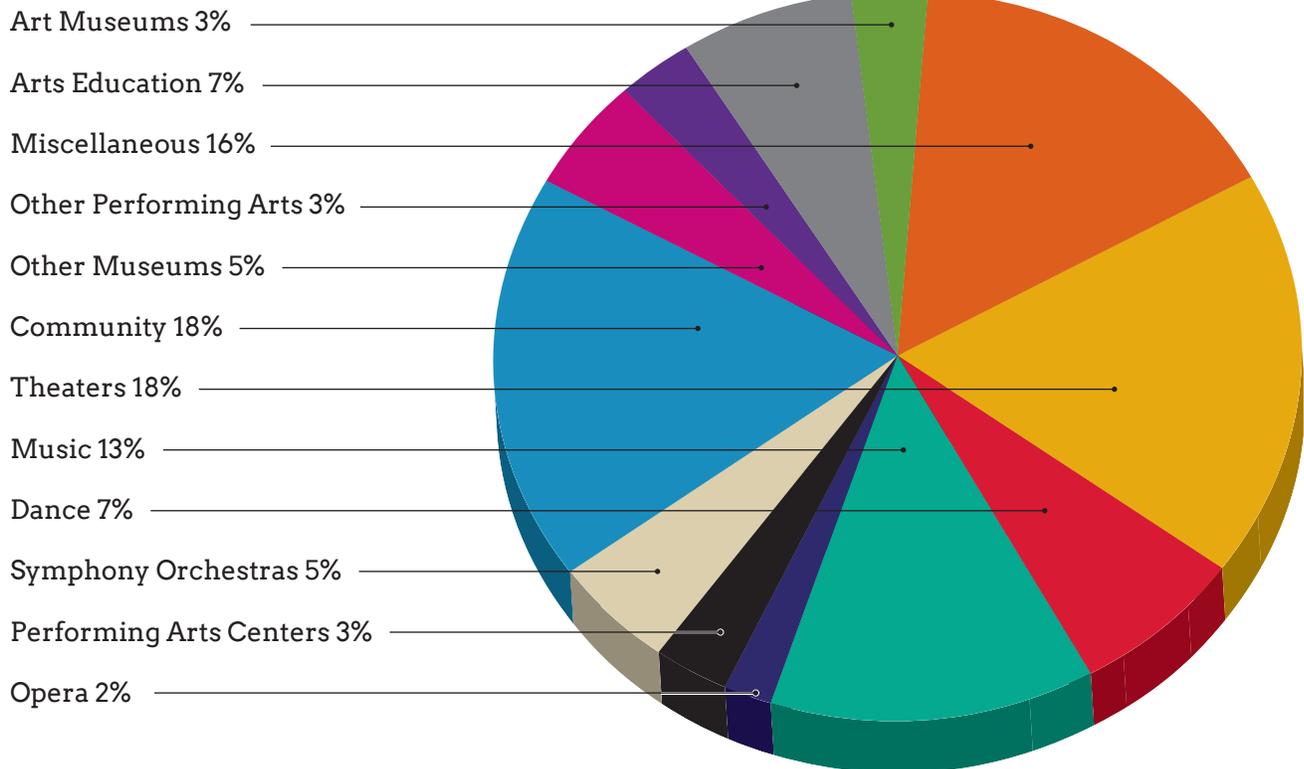
Other Performing Arts: Performing Arts (A60)



One additional category — Miscellaneous — captures all organizations that did not fit into one of the categories above. This sector includes everything from Film Festivals to Humanities, Historical, and Arts Service Organizations.

Here we show the average that each arts and cultural sector represents proportionally in our data, which spans 2008 through 2012:

The Make-up of Our 5 Years of Data by Sector





Building a Spatial Model: Arts and Cultural Organizations and a Sense of Place

A spatial model is a mathematical representation of a geographic marketplace, what is frequently referred to as a trade area in retail terminology. The basic idea is that most customer patronage is constrained by geographic distance; in other words, consumers prefer to limit travel distance when making purchases. By extension, most arts patronage occurs on a local basis, which implies that competition for nonprofit arts and cultural patronage also occurs mostly within a limited radius. At the same time, there should be some allowance for arts and cultural patronage and competition effects beyond the immediate trade area.

To mathematically model trade areas, we calculated geographic distances between every arts organization in our database and every zip code and census tract, using the centroid longitude and latitude. We then applied the following weighting model to diminish the importance of more distant zip codes and census tracts.

$$\frac{1}{1 + (d/10)^2}$$

Where d equals the distance in kilometers.

This weighting formula produces the following weights and spatially-adjusted market sizes, assuming 10,000 people and 100 competitors in census tracts located 1 kilometer, 10 kilometers, and 100 kilometers away from the focal organization.

Distance	Weight	Of 10,000 people, the number in the organization's trade area	Of 100 competitors, the number in the organization's trade area
1 kilometer (.6 miles)	≈ .99	9,901	99
10 kilometers (6.2 miles)	≈ .50	5000	50
100 kilometers (62 miles)	≈ .01	99	1
1000 kilometers (620 miles)	≈ .0001	1	.01

The implication is that demand and supply effects diminish as distance increases. We eliminated effects for markets further than 1000 kilometers.



Table 2 (below) highlights two interesting features of the spatial model that are consistent with intuition. Rather than show the data for individual organizations in different markets, we have grouped organizations into 9 clusters of markets that are similar to each other. Five very large markets (including the combination of Washington-Arlington-Alexandria and Bethesda-Rockville) stand on their own.

Table 2: Spatially-Adjusted Markets

Market Cluster	Average Population	Spatially-Adjusted Population	Average # of Arts Organizations	Spatially-Adjusted # of Arts Organizations
New York	14,097,606	4,544,684	3148	1739
Los Angeles	9,962,789	2,102,186	1520	385
Chicago	7,318,387	1,632,589	1382	423
San Francisco	1,565,174	1,050,005	864	527
Washington-Arlington-Alexandria & Bethesda, MD	3,853,092	1,255,220	674	444
Very Small Markets (e.g., Akron, OH; Ann Arbor, MI; Santa Cruz, CA)	236,574	271,229	39	57
Small Markets (e.g., Albany, NY; Allentown, PA; Tucson, AZ)	995,705	495,909	155	103
Medium-sized Markets (e.g., Boston, MA; Columbus, OH; Philadelphia, PA)	2,267,604	1,028,264	397	270
Larger Markets (e.g., Anaheim, CA; Minneapolis, MN; Phoenix, AZ; Riverside, CA; San Diego, CA)	4,303,821	855,665	437	147

First, spatially-adjusted population and competition are relatively higher in markets featuring greater density and relatively lower in markets featuring less density. For example, our spatial model estimates that the trade area for the typical organization in New York features a population of 4.5 million people (32% of the population listed for the New York MSA in the 2012 census) and 1,739 competing nonprofit arts organizations (55% of the total number in our database). The trade area for the typical organization in Los Angeles, on the other hand, features a population of 2.1 million people (21% of the population) and 385 competing nonprofit arts organizations (25% of the total). The percentages reflect the fact that, in Los Angeles, the population and arts organizations are more or less equally dispersed geographically and that the arts organizations in New York are more concentrated in Manhattan than the population, which spills out into the surrounding boroughs.

Second, when smaller, lower-density markets are located next to larger, higher-density markets, the spatially-adjusted population and competition numbers can be larger than the local numbers. In other words, the size of the trade area for a small market can exceed the size of its local market. This is



true for customers but even more so for competition. Arts patrons and managers in smaller markets recognize the competition from arts organizations in nearby, larger markets. This is evident in the numbers for the very small markets like Akron, OH (40 miles from Cleveland), Ann Arbor, MI (40 miles from Detroit), and Santa Cruz, CA (30 miles from San Jose and 70 miles from San Francisco). The trade area for the typical organization in these markets features a population of 271,000 people (115% of the average population) and 57 competing nonprofit arts organizations (147% of the average number in the immediate market) because their trade area picks up the neighboring big city.

It is important to remember that this table is a gross simplification of the spatial database, which features nearly 200 spatialized measures for every arts organization in over 44,000 zip codes each year, from 2008-2012.

Organizational Size

Size matters. We would expect that small organizations face different pressures or challenges than medium-sized organizations, which in turn perform differently than large organizations.

Rather than prescribe arbitrary cut-off points for assigning organizations into small, medium, and large categories based on their total expenditures, we turned to the data to tell us the point in each sector at which performance outcomes will differ depending on the organization’s budget size — i.e., where the performance change point lies. To tease this information out of the data, we analyzed total in-person attendance, unrestricted contributed revenue, and total marketing expenditures using all 5 years of data (2008-2012). It turns out that each arts and cultural sector has different change points. With the addition of new data and new organizations over time, these change points may shift in future reports. The really high figures for ‘Large’ organizations in Music and Community organizations are driven by outliers. Their activity is dramatically different from that of other organizations in their sectors.

Here are the budget ranges of small, medium and large, defined for — and by — organizations in each arts and cultural sector in our dataset (the number of arts organizations per sector are in parentheses):

The Make-up of Our 5 Years of Data: Arts and Cultural Sectors by Size

Arts Sector	Small	Medium	Large
Arts Education (1607)	\$346,105 or less	\$346,106-\$4,914,988	\$4,914,989 or more
Art Museums (762)	\$225,054 or less	\$225,055-\$717,694	\$717,695 or more
Community (4195)	\$302,155 or less	\$302,156-\$41,342,433	\$41,342,434 or more
Dance Companies (1695)	\$144,277 or less	\$144,278-\$4,197,500	\$4,197,501 or more
Music (3015)	\$220,929 or less	\$220,930-\$26,227,000	\$26,227,001 or more
Opera Companies (377)	\$133,491 or less	\$133,492-\$3,726,201	\$3,726,202 or more
Performing Arts Centers (783)	\$306,109 or less	\$306,110-\$48,783,367	\$48,783,368 or more
Symphony Orchestras (1161)	\$280,687 or less	\$280,688-\$5,477,722	\$5,477,723 or more
Theater (4059)	\$240,986 or less	\$240,987-\$2,074,435	\$2,074,436 or more
Other Museums (1160)	\$178,241 or less	\$178,242-\$1,360,550	\$1,360,551 or more
Other Performing Arts (764)	\$355,080 or less	\$355,081-\$3,179,707	\$3,179,708 or more
Miscellaneous (6220)	\$329,093 or less	\$329,094-\$3,421,535	\$3,421,536 or more

Arts & Culture Performance Indices



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Introducing Our Arts & Culture Performance Indices

Mission: To be the leading provider of evidence-based insights that enable arts and cultural leaders to overcome challenges and increase impact.

To generate insights essential to our mission, we started with questions. What are the questions about organizational health and impact that we'd like to answer? What general areas of an organization's activity should the questions address? Realistically, what areas can be examined with data? We identified the questions as well as the outcomes to examine in order to answer those questions. We refer to these outcomes as 'indices' since each reveals performance on one factor relative to performance on another.

Rather than re-create the wheel, we began with research into measures of health and impact already in use. We then turned to experts in a variety of areas. First, we turned to our thought partners: Nonprofit Finance Fund and TRG Arts. NFF's Rebecca Thomas was instrumental in helping us shape all questions and indices related to financial measures. We had help shaping community engagement questions and indices from our partners at TRG Arts, the late Rick Lester, Jill Robinson, and Joanne Steller and colleagues. We sought the input of arts and cultural leaders from a variety of arts disciplines and organizational sizes. In total, ten people reviewed the indices and contributed their feedback and ideas, some through multiple iterations. They gave valued insights and suggestions about what is important to ask and examine from their experience running art museums, theatre companies, dance companies, symphony orchestras, opera companies and performing arts centers. Others we tapped have considerable cross-sector experience as arts consultants and helped us to see issues from a variety of vantage points (see Acknowledgements).

Once we decided what questions to ask, we determined what would be the necessary pieces of information to examine in order to answer the questions, and whether or not we had those pieces in hand. In total, we have identified 184 indices to examine over time, each of which provides insights into one of the questions. We have data to answer 128 of them, or 70% of the questions, and we know what data we need to work towards gathering in order to answer the rest.

These questions fall into 9 general areas that all involved agreed were important to address: Contributed Revenue, Earned Revenue, Expenses, Marketing Impact, Bottom Line, Balance Sheet, Community Engagement, Program Activity, and Staffing.

In this first report we have selected 8 of the 128 questions and indices to examine, one for each of the first 8 general areas listed above. You may wonder, "Why only 8 when there is so much to explore?" Rather than report on an overwhelming variety of outcomes with only a cursory look, we decided to focus on a limited number and go deep with them.

We examine these 8 questions and related indices in this first report:



Contributed Revenue

Question: “To what extent do unrestricted contributions cover expenses?”

Index: Unrestricted Contributed Revenue/Total Expenses (before depreciation)

Want to know more?

Unrestricted Contributed Revenue: Unrestricted contributed revenue includes revenue from individuals, corporations, foundations, and government agencies that derive no direct benefit from products or services of the organization in exchange for the funds. Unrestricted contributed revenue supports operating activity but it may include unrestricted capital campaign gifts or other funds for non-operating purposes.

Total Expenses (before depreciation): Following Nonprofit Finance Fund’s encouragement to examine performance on a strictly operating basis, we look at expenses before depreciation since depreciation is a non-cash expense that accounts for the reduced value of assets due to their use over the year.

What CDP survey line items did we use?

Total unrestricted contributed revenue and net assets released from temporary restrictions/(Total expenses-total depreciation)

Section 3 Line 33 Unrestricted/(Section 6 Line 45 Total - Section 6 Line 14 Total)

Earned Revenue

Question: “What is program revenue per attendee?”

Index: Program Revenue/Total In-Person Attendance

Want to know more?

Program Revenue: Program revenue in this case includes revenue from all activity provided to the organization in return for its provision of mission-related products or services that generate attendance or engage people as participants.

Total In-Person Attendance: Total in-person attendance accounts for the number of people who physically attended or participated in the organization’s activity, whether they paid or attended free of charge. According to the CDP’s survey instructions, “This includes general visitors, ticket holders, members, subscribers, students taking classes, workshop participants, those attending outreach activities, etc.”

What CDP survey line items did we use?

All unrestricted earned revenue lines except those related to non-fundraising special events, rentals, royalties/rights & reproductions, investments, and interest & dividends/Total physical attendance
The sum of Section 3 Lines except 6, 6A, and 12 through 19/Section 11 Line C3 Physical



Expenses

Question: “What is the relationship between total operating revenue and investment in paying program-related personnel — including artists, curators, artistic program coordinators, arts educators, collections and production staff, etc. — whether contracted or on staff?”

Index: Total Operating Revenue/Salaried & Non-Salaried Artists & Program Personnel Expenses

Want to know more?

Total Operating Revenue: We follow Nonprofit Finance Funds’ recommendation to eliminate capital gains and losses as well as unrestricted gifts to capital campaigns to focus solely on unrestricted operating revenues, which are most germane to the activity generated by program personnel.

Salaried & Non-Salaried Artists & Program Personnel Expenses: Different arts and cultural sectors hire different types of people to create, perform, curate, preserve, produce and present their mission-related activity. In some sectors the norm is to hire more individuals on a per contract basis to work on individual program-related projects whereas in other sectors the norm is to hire more individuals on a full-time or part-time staff basis to carry out this work. That’s why we include those hired on a contract or non-salaried basis and those who are salaried.

What CDP survey line items did we use?

Total unrestricted revenue intended for operating-programmatic purposes/The sum of (total artist salary and fringe, total program salary and fringe, artist commission fees, artist consignments, non-salaried artist and performer fees, and program royalties, rights, and reproduction fees)

Section 3 Line 37/The sum of (Section 5 Line 9 Art, Section 5 Line 9 Prg, Section 6 Line 4 Total, Section 6 Line 4A Total, Section 6 Line 5 Total, Section 6 Line 38B)

Marketing Impact

Question: “How many people attend for every marketing dollar spent?”

Index: Total In-Person Attendance/Marketing Expenses

Want to know more?

Total In-Person Attendance: Total in-person attendance accounts for the number of people who physically attended or participated in the organization’s activity, whether they paid or attended free of charge. According to the CDP’s survey instructions, “This includes general visitors, ticket holders, members, subscribers, students taking classes, workshop participants, those attending outreach activities, etc.”

Marketing Expenses: We include marketing salaries and fringe since employee efforts are part of the greater investment in marketing.

What CDP survey line items did we use?

Total physical attendance/Total marketing expense

Section 11 Line C3 Physical/Section 5 Line 14



Bottom Line

Question: “Is the organization breaking even or better, considering operating activity only?”

Index: $(\text{Total Operating Revenue} - \text{Total Expenses (before depreciation)}) / \text{Total Expenses (before depreciation)}$

Want to know more?

Total Operating Revenue: There are a variety of ways that an organization can evaluate its bottom line, depending on what it leaves in or takes out of the calculation. For example, non-operating and non-cash items like depreciation, capital gains and losses, and unrestricted gifts to capital campaigns can all be left in. Doing so complies with generally accepted accounting principles but it often portrays bottom line health as being more robust than it would be if operating funds alone were considered. Here we follow Nonprofit Finance Funds’ recommendation to eliminate capital gains and losses as well as unrestricted gifts to capital campaigns and base our calculation only on unrestricted operating revenues. We do so to get a look at whether operating expenses are managed within the constraints of available operating revenue.

Total Expenses (before/after depreciation): In reporting on averages, we follow Nonprofit Finance Funds’ recommendation to look at the bottom line two ways — considering expenses before depreciation and after depreciation — and compare. We present calculations based on both approaches because: 1) each provides valuable information, 2) not every organization will always cover depreciation every year, and 3) running regular deficits after depreciation can be indicative that an organization is not saving funds for critical fixed asset improvements or replacements that come with the regular wear and tear on their facilities.

For the bottom line Key Intangible Performance Indicator, we calculate expenses before depreciation to focus solely on cash outlays tied to operations that organizations encounter regardless of whether they own the land, building and equipment that they use.

What CDP survey line items did we use?

Index 1: $[\text{Total unrestricted revenue intended for operating/programmatic purposes} - (\text{Total expenses} - \text{total depreciation})] / (\text{Total expenses} - \text{total depreciation})$
 $[\text{Section 3 Line 37} - (\text{Section 6 Line 45 Total} - \text{Section 6 Line 14 Total})] / (\text{Section 6 Line 45 Total} - \text{Section 6 Line 14 Total})$

Index 2: $(\text{Total unrestricted revenue intended for operating/programmatic purposes} - \text{Total expenses}) / \text{Total expenses}$
 $(\text{Section 3 Line 37} - \text{Section 6 Line 45 Total}) / \text{Section 6 Line 45 Total}$



Balance Sheet

Question: “How many months of working capital does the organization have?” (i.e., “How many months could the organization pay its operating expenses with readily-available (unrestricted and undesignated) funds if it had no more revenue coming in?”)

Index: Working Capital/Total Expenses (before depreciation)

Want to know more?

Working Capital: Working capital refers to liquid assets in the form of unrestricted and undesignated cash or other current assets that can be readily converted to cash for operations. Organizations need working capital to pay their bills even at times of the year when cash inflow is slow. They also should be prepared with cash for the unexpected, such as seizing an unexpected artistic opportunity, facing payments that arrive later than expected from funding sources, or shows unexpectedly not reaching their admission goals. Negative working capital means the organization has to borrow to meet day-to-day operating expenses. Working capital is fundamental to the fiscal health of organizations. As was the case with the calculation for the bottom line, working capital can be calculated various ways depending on whether or not you include temporarily restricted current assets and board-designated unrestricted endowment funds.

Total Expenses (before depreciation): Following Nonprofit Finance Fund’s encouragement to examine performance on a strictly operating basis, we look at expenses before depreciation since depreciation is a non-cash expense that accounts for the reduced value of assets due to their use over the year.

What CDP survey line items did we use?

[(Unrestricted current assets-unrestricted endowment investments) - unrestricted current liabilities]/
(Total expenses-total depreciation)

[(Section 8 Line 13 Unrestricted-Section 8 Line 8 Unrestricted) - Section 8 Line 30 Unrestricted] /
(Section 6 Line 45 Total - Section 6 Line 14 Total)



Community Engagement

Question: “What is the reach of our community engagement?”

Index: Total Touch Points/Population

Want to know more?

Total Touch Points: Arts and cultural organizations engage many stakeholders in many ways. Here we take into account the total number of people per year that an organization engages, whether as in-person visitors, participants in online programs, volunteers, students, donors, employees of all types, etc. At this point we do not have data on cross-over engagement — e.g., knowing that someone is a volunteer for an organization, a student of its educational programming, and an audience member. Instead, we count aggregate touch points per organization, knowing that some people will have only one touch point and others will have many. We compare aggregate touch points to the spatially-adjusted total population of the local market.

What CDP survey line items did we use?

The sum of the number of (individual contributors, board members, total attendance, full-time employees, part-time employees, full-time volunteers, part-time volunteers, independent contractors, and interns)/(Total expenses-total depreciation)
(Section 1 Line A1, A2, C3 Total, I1, I2, I4, I5, I7, I9)/Population



Program Activity

Question: “What is the amount of total unrestricted operating revenue generated per programmatic offering?”

Index: Total Operating Revenue/Total Offerings

Want to know more?

Total Operating Revenue: We follow Nonprofit Finance Funds’ recommendation to eliminate capital gains and losses as well as unrestricted gifts to capital campaigns to focus solely on unrestricted operating revenues, which are most germane to the activity generated by the organization’s programmatic offerings. The organization attracts contributions and earns support because of the mission-related programs it offers.

Total Offerings: Total offerings takes into account all of the different products and services offered by an organization. These offerings take on various forms of activity such as productions, concerts, exhibitions, educational programs, catalogs, online programs, films, lectures, and tours. Here we look at the variety of offerings (e.g., a six-play season would count as 6 offerings) rather than the total volume of supply provided (e.g., 6 plays that each received 24 performances, so total volume of 144 performances provided).

What CDP survey line items did we use?

Total unrestricted revenue intended for operating-programmatic purposes /The sum of (live self-produced programs, live presented programs, online radio or TV programs, permanent exhibitions, temporary exhibitions, public classes and workshops, professional classes and workshops, publications, tours, films, lectures, other programs, and off-site school programs)

Section 3 Line 37/(Section 11 Lines G1, G1A, G3A, G4, G5, G6, G7, G7A, G8, G9, G10, G17, G18)

Index Averages



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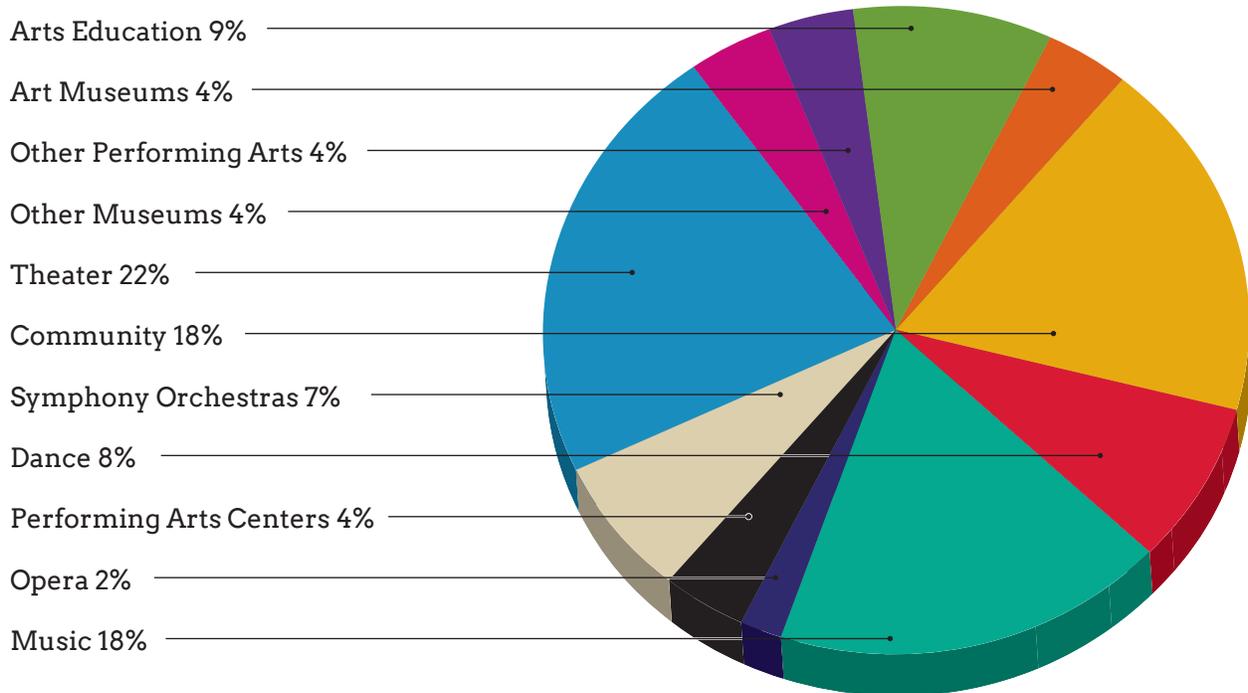
Averages

For each of the 8 indices, we report on the 2012 results for: 1) the average for all arts and cultural organizations, 2) the average by arts and cultural sector, 3) the average by organizational size (i.e., total operating budget). In each case we report the index average (a ratio) as well as the average for its component parts: the numerator and denominator of the index (each a general number). We then report the index average by geographic market cluster and provide some additional traits of these clusters.

We also offer the opportunity to see what the index was in prior years, for those interested. We do this with the caveat that we are only reporting on what the index was in prior years, not providing a trend analysis since the mix of organizations responding to the surveys changes over time. This being the case, we would not be able to say, for example, that shifts in an index over time were due to expense growth that exceeded inflation over the 5-year period since a big change in expenses may just be due to a large organization participating in 2012 and not the previous years. What we find particularly interesting — and highlight — is when the index reported in 2012 is very similar to that reported in previous years *regardless* of the shifting mix of organizations.

Here we show the representation of each arts and cultural sector in our 2012 data for the analyses of Averages; it is worth noting that the size of each pie slice changes very little from year to year. We report on all sectors except Miscellaneous since it is so varied. However, we acknowledge the diversity and magnitude of arts and cultural activity that extends beyond the more traditional sectors that we examine in this part of the report. We include them in our investigation of Drivers of Performance and Key Intangible Performance Indicators.

The Make-up of Our Data by Sector for the Analyses of Averages





Index Averages for All Arts & Cultural Organizations

Area	Index	2008	2009	2010	2011	2012
Contributed Revenue	Unrestricted Contributed Revenue/ Total Expenses (before depr.)	54.0%	54.1%	56.9%	54.8%	53.1%
	Ave. Unrestricted Contributed Revenue/ Ave. Total Expenses (before depreciation)	<u>\$1,240,670</u> \$2,295,622	<u>\$1,112,030</u> \$2,053,654	<u>\$1,099,084</u> \$1,930,861	<u>\$1,106,451</u> \$2,018,253	<u>\$1,344,690</u> \$2,533,482
Earned Revenue	Program Revenue/Total In-Person Attendance	\$18.34	\$17.93	\$17.40	\$15.83	\$22.26
	Ave. Program Revenue/ Ave. Total In-Person Attendance	<u>\$887,978</u> 48,414	<u>\$781,692</u> 43,614	<u>\$766,246</u> 44,027	<u>\$818,549</u> 51,693	<u>\$1,040,389</u> 46,734
Expenses	Total Operating Revenue/Salaried and Non-Salaried Artists & Program Personnel Expenses		\$2.38	\$2.52	\$2.39	\$2.24
	Total Operating Revenue		<u>\$1,462,963</u>	<u>\$1,642,050</u>	<u>\$1,973,579</u>	<u>\$2,414,349</u>
	Ave. Salaried and Non-Salaried Artists & Program Personnel Expenses		\$613,628	\$651,529	\$826,532	\$1,077,309
Marketing Impact	Total In-Person Attendance/Marketing Expenses	0.28	0.29	0.31	0.34	0.24
	Ave. Total In-Person Attendance/ Ave. Marketing Expenses	<u>48,414</u> \$171,123	<u>43,614</u> \$150,599	<u>44,027</u> \$142,541	<u>51,693</u> \$151,467	<u>46,734</u> \$192,009
	Marketing Expenses/ Total In-Person Attendance	\$3.53	\$3.45	\$3.24	\$2.93	\$4.11
Bottom Line (Index 1)	(Total Operating Revenue — Total Expenses (BEFORE depr.))/Total Expenses (BEFORE depr.)		-6.5%	1.3%	0.4%	-4.9%
	Ave. (Total Operating Revenue — Total Expenses (BEFORE depr.)/		<u>\$(101,743)</u>	<u>\$21,808</u>	<u>\$8,601</u>	<u>\$(124,755)</u>
	Ave. Total Expenses (BEFORE depr.)		\$1,564,706	\$1,620,242	\$1,964,978	2,539,104
Bottom Line (Index 2)	(Total Operating Revenue — Total Expenses (AFTER depr.))/Total Expenses (AFTER depr.)		-12.3%	-5.6%	-6.0%	-11.7%
	Ave. (Total Operating Revenue — Total Expenses (AFTER depr.)/		<u>\$(204,697)</u>	<u>\$(97,769)</u>	<u>\$(125,682)</u>	<u>\$(319,130)</u>
	Ave. Total Expenses (AFTER depreciation)		\$1,667,659	\$1,739,819	\$2,099,261	\$2,733,479
Balance Sheet	Months of Working Capital	2.5	2.1	2.8	2.6	2.5
	Working Capital/Total Expenses (before depr.)	21%	17%	24%	22%	21%
	Ave. Working Capital/ Ave. Total Expenses (before depr.)	<u>\$663,350</u> \$3,122,631	<u>\$509,163</u> \$2,916,997	<u>\$658,855</u> \$2,793,566	<u>\$644,898</u> \$2,922,587	<u>\$801,057</u> \$3,814,770
Community Engagement	Total Touch Points/ Population	3.9%	4.3%	6.3%	11.6%	10.3%
	Ave. Total Touch Points/ Ave. Population	<u>60,830</u> 1,566,003	<u>64,129</u> 1,480,030	<u>87,888</u> 1,397,649	<u>183,922</u> 1,579,194	<u>136,213</u> 1,320,926
Program Activity	Total Operating Revenue/ Total Offerings		\$23,519	\$22,459	\$23,294	\$33,205
	Ave. Total Operating Rev./ Ave. Total Offerings		<u>1,462,963</u> 62	<u>1,642,050</u> 73	<u>1,973,579</u> 85	<u>2,414,349</u> 73



Highlights

Contributed Revenue

Question: “To what extent do unrestricted contributions cover expenses?”

Index: Unrestricted Contributed Revenue/Total Expenses (before depreciation)

In future reports we will unpack total ‘unrestricted contributed revenue’ into its component parts and report out on them separately.

The average arts and cultural organization paid for just over half of its cash expenses with unrestricted contributed funds.

Unrestricted contributions covered a similar level of expenses over the years regardless of annual shifts in the mix of organizations.

Earned Revenue

Question: “What is program revenue per attendee?”

Index: Program Revenue/Total In-Person Attendance

Arts and cultural organizations earned an average of \$22.26 per person who participated in the organization’s program offerings.

Expenses

Question: “What is the relationship between total operating revenue and investment in paying program-related personnel — including artists, curators, artistic program coordinators, arts educators, collections and production staff, etc. — whether contracted or on staff?”

Index: Total Operating Revenue/Salaried and Non-Salaried Artists and Program Personnel Expenses

We can reverse the ratio and ask, “How much operating revenue goes to payment of program-related personnel?”

Every dollar of payment to artists and other program personnel relates to \$2.24 of revenue for the average arts and cultural organization. This translates to 45% of all operating revenue going to payment of artists and other program personnel.

The relationship between operating revenue and program-related personnel has been fairly consistent over recent years regardless of annual shifts in the mix of organizations.

Unrestricted operating revenue was a new CDP line item in 2011. Many organizations submitted updates to report it for prior years, but too few organizations provided the information for 2008 for us to include that year in our analyses.



Marketing Impact

Question: "How many people attend for every marketing dollar spent?"

Index: Total In-Person Attendance/Marketing Expenses (including personnel)

Since individuals visit organizations as whole people, we can reverse the ratio and ask, "How much marketing investment does it take to bring in one person?"

The average arts and cultural organization brings in .24 people for every marketing dollar spent, including marketing staff compensation. This translates to \$4.11 in marketing expenditures to bring each attendee.

Bottom Line

Question: "Is the organization breaking even or better, considering operating activity only?"

Index 1: (Total Operating Revenue - Total Expenses (before depreciation))/Total Expenses (before depreciation)

Index 2: (Total Operating Revenue - Total Expenses (after depreciation))/Total Expenses (after depreciation)

There are different figures that can be included in bottom line calculations. Here we compare two approaches, which give us slightly different information.

In Index 1 we exclude all non-operating revenues and non-cash expenses and focus only on unrestricted operating revenue and total expenses before depreciation. This way we only take into account only revenue and cash expenses related to operations. Unrestricted operating revenue includes any endowment draws or unrestricted funds designated by the board for these purposes. To get an apples-to-apples comparison, we include in this analysis the expenses only of those organizations that reported their unrestricted operating revenue — i.e., the numerator and denominator are both for the same set of organizations.

In Index 2 we stay with the same numerator — unrestricted operating revenues — but we base our bottom line figure on expenses after depreciation. Including depreciation produces a lower figure. Running regular deficits after depreciation can be indicative that an organization is not saving funds for critical fixed asset improvements or replacements that come with the regular wear and tear on their facilities. To get an apples-to-apples comparison, we include in this analysis the expenses only of those organizations that reported their unrestricted operating revenue — i.e., the numerator and denominator are both for the same set of organizations.

The average organization had a negative bottom line in 2012. Depreciation was responsible for a 6.8-point spread between the bottom line results using Index 1 versus Index 2 in 2012.

Unrestricted operating revenue was a new CDP line item in 2011. Many organizations submitted updates to report it for prior years, but too few organizations provided the information for 2008 for us to include that year in our analyses.



Balance Sheet

Question: “How many months of working capital does the organization have?” (i.e., “How many months could the organization pay its operating expenses with readily-available (unrestricted and undesignated) funds if it had no more revenue coming in?”)

Index: Working Capital/Total Expenses (before depreciation)

Not every organization completes the balance sheet section of the surveys. Most organizations that have a parent organization, for example, do not report balance sheet items since their assets are not accounted for separately from the parent organization’s assets. To get an apples-to-apples comparison, we include in this analysis the expenses only of those organizations that reported balance sheet information — i.e., the numerator and denominator are both for the same set of organizations.

There are different figures that can be included in working capital calculations. Over time we will examine a number of them to provide different perspectives on organizational health. Here we include the unrestricted investments and marketable securities that organizations reported as unrestricted current assets in the CDP survey but we exclude any reported unrestricted, board-designated endowment funds in this category of assets. Also, we focus on expenses before depreciation since depreciation is a non-cash item.

The average organization had 2-3 months of working capital in each of the past 5 years.

Community Engagement

Question: “What is the reach of our community engagement?”

Index: Total Touch Points/Population

Whereas total in-person attendance focuses strictly on the number of people who attend or participate in programmatic offerings in person, the community engagement measure — what we refer to as ‘total touch points’ — throws a wider net to capture all stakeholder interaction with the organization. It includes everything from volunteers to artists to donors to audiences for online or digitally-transmitted programming. The average arts and cultural organization engaged the equivalent of 10.3% of its local population.

We acknowledge that audiences for digitally transmitted programs can come from people who live anywhere, not just in the organization’s vicinity. We use total population as a point of comparison to see how many people engage with the organization and its programs compared with the population of the organization’s local community. The population reported changes slightly year-to-year depending on the mix of the organizations that respond to the surveys.

In future reports we will unpack ‘touch points’ into its component parts and report out on them separately.



There has been tremendous change in touch points over each of the past 5 years as more and more organizations report online and digitally-transmitted programming.

Program Activity

Question: "What is the amount of total unrestricted operating revenue generated per program offering?"

Index: Total Operating Revenue/Total Offerings

In 2009, 2010, and 2011, arts and cultural organizations generated roughly \$22,500 to \$23,500 per program each year. These years stand in contrast to the figure for 2012.

Unrestricted operating revenue was a new CDP line item in 2011. Many organizations submitted updates to report it for prior years, but too few organizations provided the information for 2008 for us to include that year in our analyses.

Performance Index Averages for All Arts & Cultural Organizations by Sector

Area	Index	Arts Education	Art Museums	Community	Dance	Music	Opera	PACs	Symphony Orchestras	Theater	Other Museums	Other Performing Arts
Contributed Revenue	Unrestricted Contributed Revenue/ Total Expenses (before depr.)	46%	52%	73%	47%	64%	60%	42%	51%	51%	60%	81%
Earned Revenue	Program Revenue/ Total In-Person Attendance	\$33.54	\$27.59	\$4.10	\$39.57	\$9.22	\$53.72	\$36.21	\$36.80	\$28.77	\$13.15	\$16.89
Expenses	Total Operating Revenue/ Artist & Program Personnel Expenses	\$ 2.09	\$ 2.69	\$ 3.21	\$ 1.87	\$ 2.34	\$ 1.66	\$ 2.19	\$ 1.58	\$ 2.19	\$ 2.26	\$ 2.08
	<i>Artist & Program Personnel Expenses/Total Operating Revenue</i>	48%	37%	31%	54%	43%	60%	46%	63%	46%	44%	48%
Marketing Impact	Total In-Person Attendance/ Marketing Expenses	0.37	0.45	0.71	0.12	0.39	0.09	0.15	0.16	0.12	0.54	0.17
	<i>Marketing Expenses/ Total In-Person Attendance</i>	\$ 2.70	\$ 2.24	\$ 1.42	\$ 8.65	\$ 2.56	\$ 11.72	\$ 6.55	\$ 6.31	\$ 8.03	\$ 1.84	\$ 6.02
Bottom Line	(Total Operating Revenue — Total Expenses (before depr.))/ Total Expenses (before depr.)	7.4%	-11.9%	3.2%	-6.0%	-2.1%	-5.8%	-1.9%	-10.2%	-0.2%	-10.3%	2.1%
	(Total Operating Revenue — Total Expenses (after depr.))/ Total Expenses (after depr.)	2.0%	-20.8%	-0.9%	-9.1%	-4.0%	-8.5%	-9.8%	-12.5%	-4.8%	-21.1%	-0.1%
Balance Sheet	Working Capital/ Total Expenses (before depr.)	1.4	4.3	4.4	0.8	2.1	0.4	2.9	2.0	1.4	2.3	(0.4)
Community Engagement	Total Touch Points/ Population	9%	19%	5%	1%	10%	60%	25%	48%	3%	27%	3%
Program Activity	Total Operating Revenue/ Total Offerings	\$14,811	\$46,891	\$7,383	\$32,197	\$11,832	\$226,686	\$53,166	\$48,323	\$69,356	\$41,922	\$19,148



Index Averages for Arts & Cultural Organizations by Sector

Contributed Revenue by Sector

Question: "To what extent do unrestricted contributions cover expenses?"

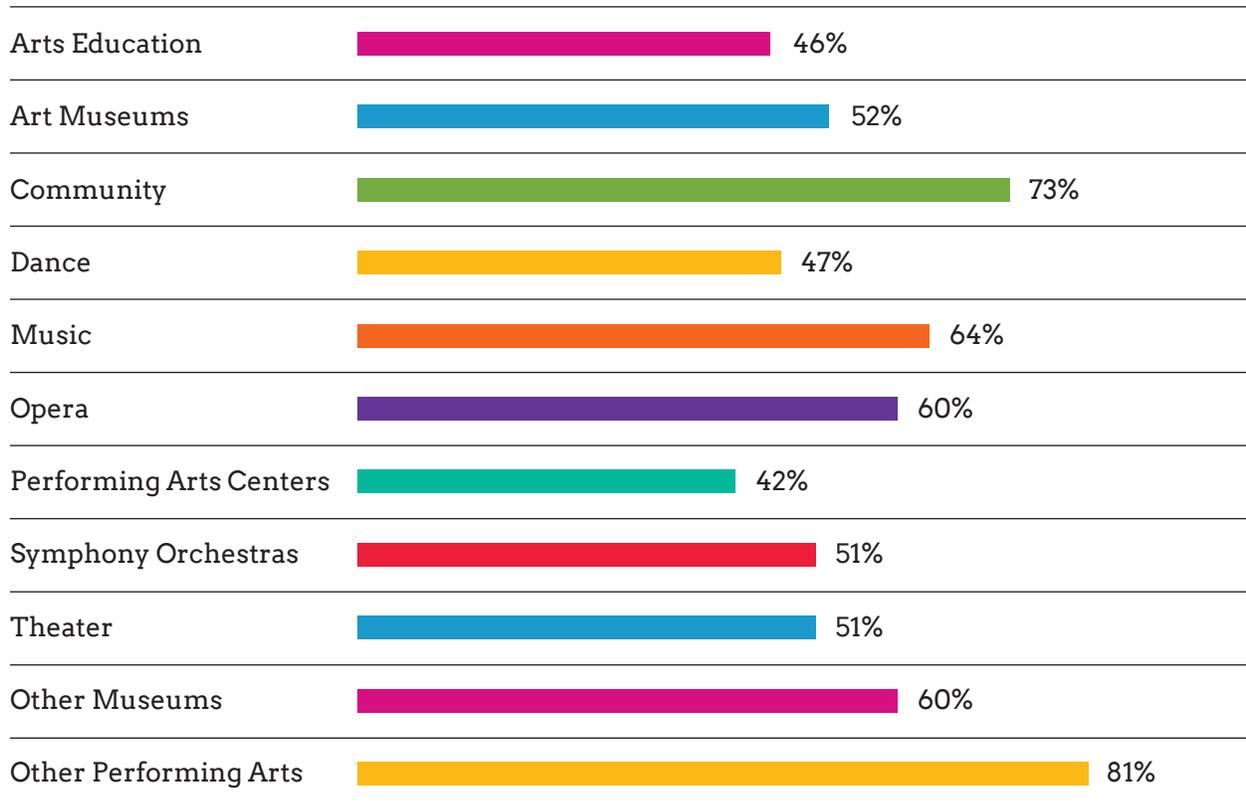
Index: Unrestricted Contributed Revenue/Total Expenses (before depreciation)

A&C Sector	2008	2009	2010	2011	2012
Arts Education	58%	47%	50%	55%	46%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>879,585</u> 1,505,603	<u>680,026</u> 1,457,855	<u>684,546</u> 1,375,618	<u>731,813</u> 1,332,339	<u>705,006</u> 1,539,243
Art Museums	58%	47%	61%	59%	52%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>6,932,885</u> 11,918,661	<u>4,758,301</u> 10,057,312	<u>6,396,430</u> 10,492,696	<u>6,248,991</u> 10,659,611	<u>8,180,833</u> 15,626,213
Community	62%	74%	66%	64%	73%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>556,645</u> 895,735	<u>601,875</u> 817,437	<u>487,689</u> 733,810	<u>485,993</u> 765,316	<u>562,878</u> 775,700
Dance	47%	52%	52%	51%	47%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>529,138</u> 1,123,500	<u>536,368</u> 1,040,506	<u>527,791</u> 1,010,275	<u>584,544</u> 1,139,772	<u>741,388</u> 1,574,359
Music	58%	59%	63%	60%	64%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>264,111</u> 457,019	<u>243,132</u> 412,519	<u>227,757</u> 364,202	<u>229,440</u> 380,755	<u>186,922</u> 294,161
Opera	45%	46%	52%	53%	60%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>3,737,455</u> 8,316,046	<u>3,567,261</u> 7,789,402	<u>3,942,351</u> 7,547,559	<u>4,080,030</u> 7,739,719	<u>3,582,736</u> 6,005,064
Performing Arts Centers	46%	68%	59%	38%	42%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>2,588,052</u> 5,669,212	<u>3,225,659</u> 4,769,489	<u>2,832,194</u> 4,806,971	<u>2,148,862</u> 5,654,478	<u>3,161,158</u> 7,523,981
Symphony Orchestras	46%	39%	47%	51%	51%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>1,856,719</u> 4,003,661	<u>1,383,181</u> 3,530,485	<u>1,486,217</u> 3,136,812	<u>1,595,142</u> 3,130,254	<u>1,277,261</u> 2,510,430
Theater	47%	49%	47%	51%	51%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>761,764</u> 1,609,211	<u>716,835</u> 1,460,396	<u>643,844</u> 1,360,731	<u>772,376</u> 1,520,491	<u>1,181,560</u> 2,302,846
Other Museums	66%	65%	66%	65%	60%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>3,441,074</u> 5,244,396	<u>3,182,003</u> 4,869,236	<u>2,959,272</u> 4,511,100	<u>3,218,976</u> 4,916,051	<u>4,676,642</u> 7,775,563
Other Performing Arts	54%	55%	53%	57%	81%
Ave. Unrest. Contributed Rev./ Ave. Expenses (before depr.)	<u>640,406</u> 1,190,531	<u>590,228</u> 1,067,347	<u>520,195</u> 980,356	<u>525,173</u> 915,873	<u>899,674</u> 1,106,921



Contributed Revenue Index Average by Sector

Unrestricted Contributed Revenue/Expenses (before depreciation)



Performing arts centers supported the lowest level of expenses with unrestricted contributed revenue as compared with other groups. Symphonies and theater companies brought in the same average level of unrestricted contributed revenue relative to expenses, as did opera companies and 'other' museums. Community organizations brought in high unrestricted contributed support relative to expenses.

Organizations that self-classify as general performing arts supported the highest level of expenses with unrestricted contributed revenue compared to other groups in 2012. This was primarily due to one large organization in a capital campaign.

Even if the index varies somewhat from year-to-year within each sector, the relative pattern of this contributed revenue index across sectors is fairly stable over time. In other words, the sector-to-sector standing on this index is just about the same regardless of which year you examine. When it isn't, it's usually because of an outlier organization.



Earned Revenue by Sector

Question: "What is program revenue per attendee?"

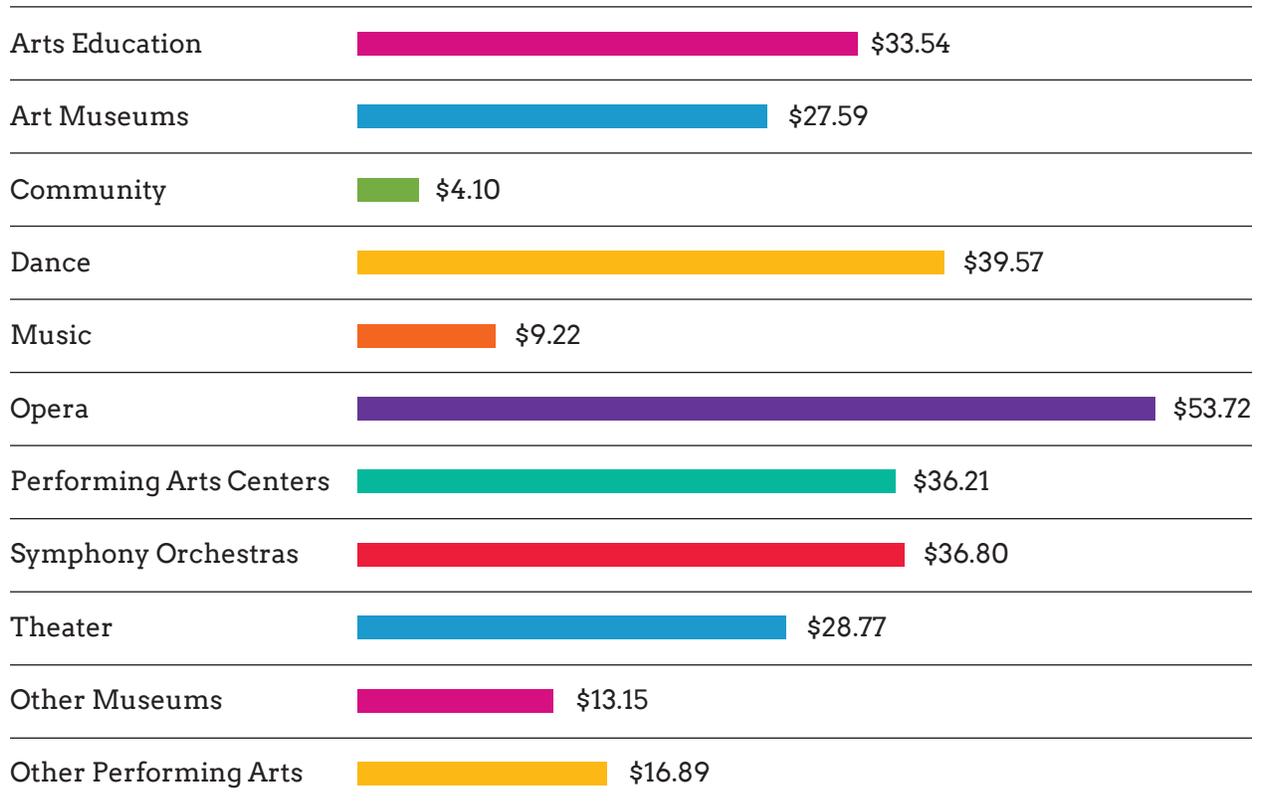
Index: Program Revenue/Total In-Person Attendance

A&C Sector	2008	2009	2010	2011	2012
Arts Education	\$37.06	\$37.32	\$39.30	\$32.89	\$33.54
Ave. Program Rev./ Ave. In-Person Attendance	<u>739,389</u> 19,951	<u>761,634</u> 20,406	<u>742,565</u> 18,894	<u>714,255</u> 21,718	<u>869,765</u> 25,932
Art Museums	\$24.87	\$22.26	\$22.26	\$23.46	\$27.59
Ave. Program Rev./ Ave. In-Person Attendance	<u>3,721,346</u> 149,622	<u>3,108,153</u> 139,613	<u>3,610,464</u> 162,198	<u>3,722,698</u> 158,689	<u>5,475,030</u> 198,461
Community	\$4.99	\$5.04	\$4.54	\$3.01	\$4.10
Ave. Program Rev./ Ave. In-Person Attendance	<u>256,693</u> 51,479	<u>234,641</u> 46,558	<u>215,720</u> 47,553	<u>237,152</u> 78,916	<u>184,627</u> 45,010
Dance	\$29.54	\$29.50	\$28.83	\$28.95	\$39.57
Ave. Program Rev./ Ave. In-Person Attendance	<u>514,492</u> 17,418	<u>473,899</u> 16,064	<u>477,220</u> 16,552	<u>529,247</u> 18,283	<u>727,996</u> 18,396
Music	\$8.31	\$9.01	\$7.14	\$6.17	\$9.22
Ave. Program Rev./ Ave. In-Person Attendance	<u>154,321</u> 18,574	<u>135,088</u> 14,996	<u>122,913</u> 17,213	<u>129,290</u> 20,966	<u>109,533</u> 11,880
Opera	\$64.49	\$68.78	\$67.22	\$83.23	\$53.72
Ave. Program Rev./ Ave. In-Person Attendance	<u>3,340,289</u> 51,797	<u>3,020,703</u> 43,921	<u>3,040,551</u> 45,236	<u>3,283,885</u> 39,453	<u>2,357,652</u> 43,887
Performing Arts Centers	\$26.19	\$25.34	\$28.25	\$30.12	\$36.21
Ave. Program Rev./ Ave. In-Person Attendance	<u>2,263,970</u> 86,448	<u>1,680,758</u> 66,319	<u>1,836,902</u> 65,014	<u>2,333,453</u> 77,478	<u>3,260,310</u> 90,036
Symphony Orchestras	\$34.09	\$33.74	\$33.78	\$34.88	\$36.80
Ave. Program Rev./ Ave. In-Person Attendance	<u>1,674,098</u> 49,110	<u>1,346,858</u> 39,915	<u>1,238,105</u> 36,651	<u>1,283,991</u> 36,810	<u>998,688</u> 27,138
Theater	\$23.23	\$23.31	\$23.44	\$24.49	\$28.77
Ave. Program Rev./ Ave. In-Person Attendance	<u>794,423</u> 34,203	<u>729,210</u> 31,289	<u>696,278</u> 29,702	<u>756,474</u> 30,891	<u>1,179,659</u> 41,002
Other Museums	\$11.32	\$12.17	\$11.68	\$12.06	\$13.15
Ave. Program Rev./ Ave. In-Person Attendance	<u>1,786,890</u> 157,862	<u>1,720,009</u> 141,345	<u>1,607,439</u> 137,588	<u>1,782,731</u> 147,784	<u>2,793,731</u> 212,450
Other Performing Arts	\$21.16	\$12.77	\$11.85	\$13.13	\$16.89
Ave. Program Rev./ Ave. In-Person Attendance	<u>552,492</u> 26,113	<u>459,369</u> 35,985	<u>431,148</u> 36,377	<u>388,123</u> 29,568	<u>377,857</u> 22,375



Earned Income Index Averages by Sector

Program Revenue/In-Person Attendance



There are significant differences in the program revenue per attendee between the various arts and cultural sectors. The most striking difference is between opera and community organizations. As with all indices, this one has no prescribed ideal point that all organizations should strive for. Different sectors have different operating models, a fact which these results reinforce.

Performing arts centers and symphony orchestras had very similar averages on this measure, as did art museums and theater companies. Key differences emerge between art museums and other museums, as well as between symphony orchestras and other music-based organizations such as choruses, choirs, bands and ensembles.

Even if the index varies somewhat from year-to-year within each sector, the relative pattern of this earned revenue index across sectors is fairly stable over time. In other words, the sector-to-sector standing on this index is just about the same regardless of which year you examine.



Expenses by Sector

Question: “What is the relationship between total operating revenue and investment in paying program-related personnel — including artists, curators, artistic program coordinators, arts educators, collections and production staff, etc. — whether contracted or on staff?”

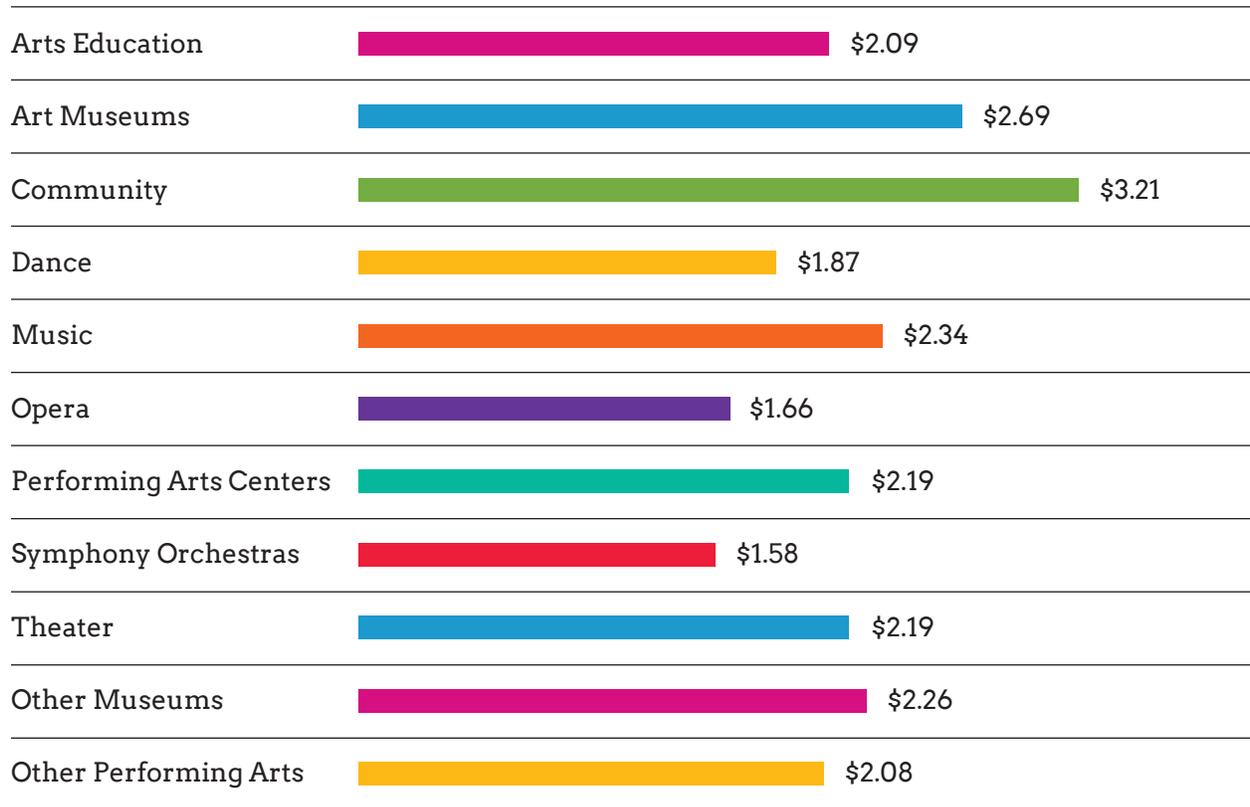
Index: Total Operating Revenue/Salaried and Non-Salaried Artists and Program Personnel Expenses

A&C Sector	2009	2010	2011	2012
Arts Education	\$1.95	\$2.07	\$2.30	\$2.09
Ave. Operating Revenue	952,854	1,101,914	1,642,700	1,677,111
Ave. Artists & Program Personnel Exps.	487,646	31,725	712,868	801,907
<i>Program Personnel Exps./Operating Rev.</i>	51%	48%	43%	48%
Art Museums	\$2.86	\$3.78	\$3.07	\$2.69
Ave. Operating Revenue	7,529,227	9,001,360	10,565,973	14,069,847
Ave. Artists & Program Personnel Exps.	2,630,245	2,379,436	3,436,179	5,228,373
<i>Program Personnel Exps./Operating Rev.</i>	35%	26%	33%	37%
Community	\$2.68	\$2.92	\$2.74	\$3.21
Ave. Operating Revenue	826,668	771,456	764,300	727,225
Ave. Artists & Program Personnel Exps.	308,426	264,269	279,257	226,498
<i>Program Personnel Exps./Operating Rev.</i>	37%	34%	37%	31%
Dance	\$2.46	\$2.44	\$2.13	\$1.87
Ave. Operating Revenue	488,858	676,376	1,178,995	1,495,165
Ave. Artists & Program Personnel Exps.	198,923	276,722	552,495	801,456
<i>Program Personnel Exps./Operating Rev.</i>	41%	41%	47%	54%
Music	\$2.57	\$2.62	\$2.57	\$2.34
Ave. Operating Revenue	307,630	302,050	333,590	276,366
Ave. Artists & Program Personnel Exps.	119,605	115,207	130,041	118,284
<i>Program Personnel Exps./Operating Rev.</i>	39%	38%	39%	43%
Opera	\$2.69	\$1.95	\$1.64	\$1.66
Ave. Operating Revenue	581,391	2,660,669	8,527,231	5,825,139
Ave. Artists & Program Personnel Exps.	216,520	1,365,722	5,209,381	3,516,064
<i>Program Personnel Exps./Operating Rev.</i>	37%	51%	61%	60%
Performing Arts Centers	\$1.79	\$1.91	\$2.45	\$2.19
Ave. Operating Revenue	1,832,246	3,688,000	4,177,021	8,073,675
Ave. Artists & Program Personnel Exps.	1,024,788	1,927,548	1,707,762	3,693,787
<i>Program Personnel Exps./Operating Rev.</i>	56%	53%	41%	46%
Symphony Orchestras	\$1.85	\$1.89	\$2.06	\$1.58
Ave. Operating Revenue	833,256	2,744,492	2,608,311	1,448,571
Ave. Artists & Program Personnel Exps.	450,126	1,455,445	1,269,058	917,871
<i>Program Personnel Exps./Operating Rev.</i>	54%	53%	49%	63%
Theater	\$2.03	\$2.19	\$2.17	\$2.19
Ave. Operating Revenue	1,805,161	1,280,170	1,599,488	2,417,508
Ave. Artists & Program Personnel Exps.	888,910	584,257	738,741	1,105,181
<i>Program Personnel Exps./Operating Rev.</i>	49%	46%	46%	46%
Other Museums	\$3.10	\$2.86	\$1.73	\$2.26
Ave. Operating Revenue	3,893,423	4,749,917	4,919,066	6,584,695
Ave. Artists & Program Personnel Exps.	1,256,118	1,660,998	1,728,787	2,914,075
<i>Program Personnel Exps./Operating Rev.</i>	32%	35%	35%	44%
Other Performing Arts	\$1.87	\$2.36	\$2.01	\$2.08
Ave. Operating Revenue	514,325	636,396	988,871	1,196,464
Ave. Artists & Program Personnel Exps.	275,098	269,944	491,338	575,571
<i>Program Personnel Exps./Operating Rev.</i>	53%	42%	50%	48%



Expense Index Average by Sector

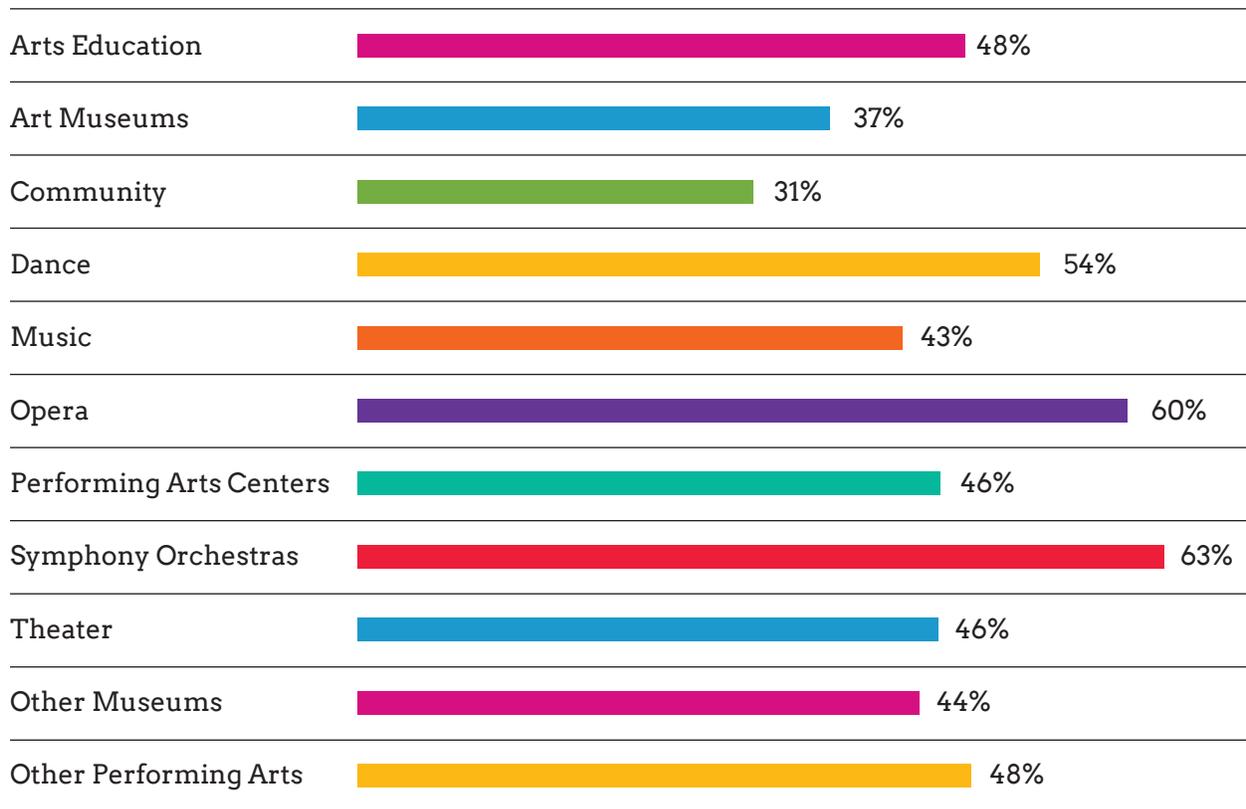
Operating Revenue/Artist & Program Personnel Expenses





Expense Index Average by Sector

Artist & Program Personnel Expenses/Operating Revenue



The differences are less pronounced between the various arts and cultural sectors when considering the relationship between operating revenue and payment of artists and program-related personnel — including artists, curators, artistic program coordinators, arts educators, collections and production staff, etc. — whether contracted or on staff.

Performing arts centers and theater companies had very similar averages on this measure, as did arts education and general performing arts organizations, and music and other museums. Opera companies and symphony orchestras, the most labor-intensive art forms, have a comparatively low level of operating revenue per dollar spent on artists and program personnel as they invest more of their operating revenue in artist and program personnel pay. Community organizations spend comparatively less of their operating budget than other sectors paying program-related personnel. Key differences emerge between expenses for symphony orchestras and opera companies and those of other music-based organizations such as choruses, choirs, bands and ensembles.

Unrestricted operating revenue was a new CDP line item in 2011. Many organizations submitted updates to report it for prior years, but too few organizations provided the information for 2008 for us to include that year in our analyses.



Marketing Impact by Sector

Question: "How many people attend for every marketing dollar spent?"

Index: Total In-Person Attendance/Marketing Expenses (including personnel)

A&C Sector	2008	2009	2010	2011	2012
Arts Education	0.28	0.30	0.29	0.33	0.37
Ave. Total In-Person Attendance/	<u>19,951</u>	<u>20,406</u>	<u>18,894</u>	<u>21,718</u>	<u>25,932</u>
Ave. Marketing Expenses	71,762	68,137	65,784	66,620	70,050
Marketing Expenses/					
Total In-Person Attendance	\$3.60	\$3.34	\$3.48	\$3.07	\$2.70
Art Museums	0.40	0.42	0.45	0.43	0.45
Ave. Total In-Person Attendance/	<u>149,622</u>	<u>139,613</u>	<u>162,198</u>	<u>158,689</u>	<u>198,461</u>
Ave. Marketing Expenses	376,416	334,899	361,199	364,843	443,710
Marketing Expenses/					
Total In-Person Attendance	\$2.52	\$2.40	\$2.23	\$2.30	\$2.24
Community	0.73	0.73	0.82	1.37	0.71
Ave. Total In-Person Attendance/	<u>51,479</u>	<u>46,558</u>	<u>47,553</u>	<u>78,916</u>	<u>45,010</u>
Ave. Marketing Expenses	70,666	63,634	58,231	57,489	63,793
Marketing Expenses/					
Total In-Person Attendance	\$1.37	\$1.37	\$1.22	\$0.73	\$1.42
Dance	0.15	0.16	0.17	0.17	0.12
Ave. Total In-Person Attendance/	<u>17,418</u>	<u>16,064</u>	<u>16,552</u>	<u>18,283</u>	<u>18,396</u>
Ave. Marketing Expenses	117,839	98,593	94,972	104,681	159,174
Marketing Expenses/					
Total In-Person Attendance	\$6.77	\$6.14	\$5.74	\$5.73	\$8.65
Music	0.41	0.35	0.48	0.55	0.39
Ave. Total In-Person Attendance/	<u>18,574</u>	<u>14,996</u>	<u>17,213</u>	<u>20,966</u>	<u>11,880</u>
Ave. Marketing Expenses	45,715	42,738	36,136	38,043	30,377
Marketing Expenses/					
Total In-Person Attendance	\$2.46	\$2.85	\$2.10	\$1.81	\$2.56
Opera	0.11	0.10	0.10	0.09	0.09
Ave. Total In-Person Attendance/	<u>51,797</u>	<u>43,921</u>	<u>45,236</u>	<u>39,453</u>	<u>43,887</u>
Ave. Marketing Expenses	453,916	420,623	436,559	439,093	514,215
Marketing Expenses/					
Total In-Person Attendance	\$8.76	\$9.58	\$9.65	\$11.13	\$11.72
Performing Arts Centers	0.09	0.19	0.18	0.17	0.15
Ave. Total In-Person Attendance/	<u>43,887</u>	<u>66,319</u>	<u>65,014</u>	<u>77,478</u>	<u>90,036</u>
Ave. Marketing Expenses	514,215	341,087	361,540	462,948	589,614
Marketing Expenses/					
Total In-Person Attendance	\$11.72	\$5.14	\$5.56	\$5.98	\$6.55
Symphony Orchestras	0.13	0.13	0.13	0.13	0.16
Ave. Total In-Person Attendance/	<u>49,110</u>	<u>39,915</u>	<u>36,651</u>	<u>36,810</u>	<u>27,138</u>
Ave. Marketing Expenses	368,386	312,590	284,723	289,307	171,204
Marketing Expenses/					
Total In-Person Attendance	\$7.50	\$7.83	\$7.77	\$7.86	\$6.31
Theater	0.15	0.16	0.17	0.15	0.12
Ave. Total In-Person Attendance/	<u>34,203</u>	<u>31,289</u>	<u>29,702</u>	<u>30,891</u>	<u>41,002</u>
Ave. Marketing Expenses	223,071	193,209	176,980	202,949	329,387
Marketing Expenses/					
Total In-Person Attendance	\$6.52	\$6.17	\$5.96	\$6.57	\$8.03
Other Museums	0.54	0.50	0.50	0.52	0.54
Ave. Total In-Person Attendance/	<u>157,862</u>	<u>141,345</u>	<u>137,588</u>	<u>147,784</u>	<u>212,450</u>
Ave. Marketing Expenses	293,071	285,452	277,598	286,049	390,504
Marketing Expenses/					
Total In-Person Attendance	\$1.86	\$2.02	\$2.02	\$1.94	\$1.84
Other Performing Arts	0.21	0.32	0.31	0.33	0.17
Ave. Total In-Person Attendance/	<u>26,113</u>	<u>35,985</u>	<u>36,377</u>	<u>29,568</u>	<u>22,375</u>
Ave. Marketing Expenses	127,137	112,170	118,190	90,814	134,763
Marketing Expenses/					
Total In-Person Attendance	\$4.87	\$3.12	\$3.25	\$3.07	\$6.02



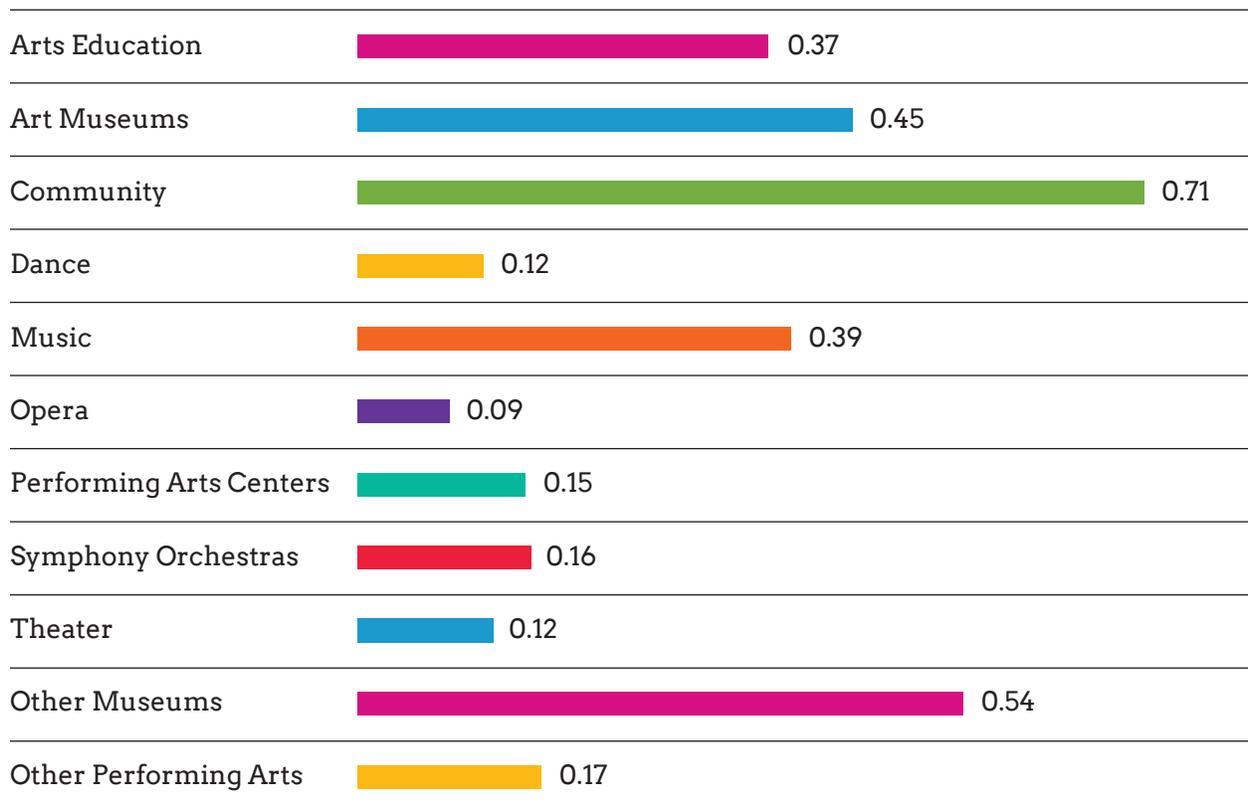
Across arts sectors there are sizeable differences in the number of people that each dollar of marketing expenditure attracts to the organization’s paid or free programming. Community organizations and museums of all kinds bring in more people for every dollar invested in marketing than other sectors. Opera, theater, performing arts centers, symphony orchestras and dance require a greater marketing investment.

Turning this index on its head, we get a look at how much marketing investment (including personnel) it takes to bring in one attendee. The average opera company invested nearly ten times the marketing expenses to bring in one patron as did community organizations. Dance and theater companies tend to experience similar return on marketing investments, as do performing arts centers, symphony orchestras, and general performing arts organizations.

This index remains remarkably consistent over time for opera, dance, art museums, performing arts centers, symphony orchestras, theater, and other museums. The most variation over time came for arts education, community organizations, music, and general performing arts organizations. Also, the relative pattern of this marketing impact index across sectors is fairly stable over time. In other words, the sector-to-sector standing on this index is just about the same regardless of which year you examine. When there are inconsistencies they are typically due to an outlier with unusual activity in a given year. Arts education and music organizations, art museums, community organizations, and other museums consistently spend under \$4 in marketing to bring in each attendee.

Marketing Impact Index Average by Sector

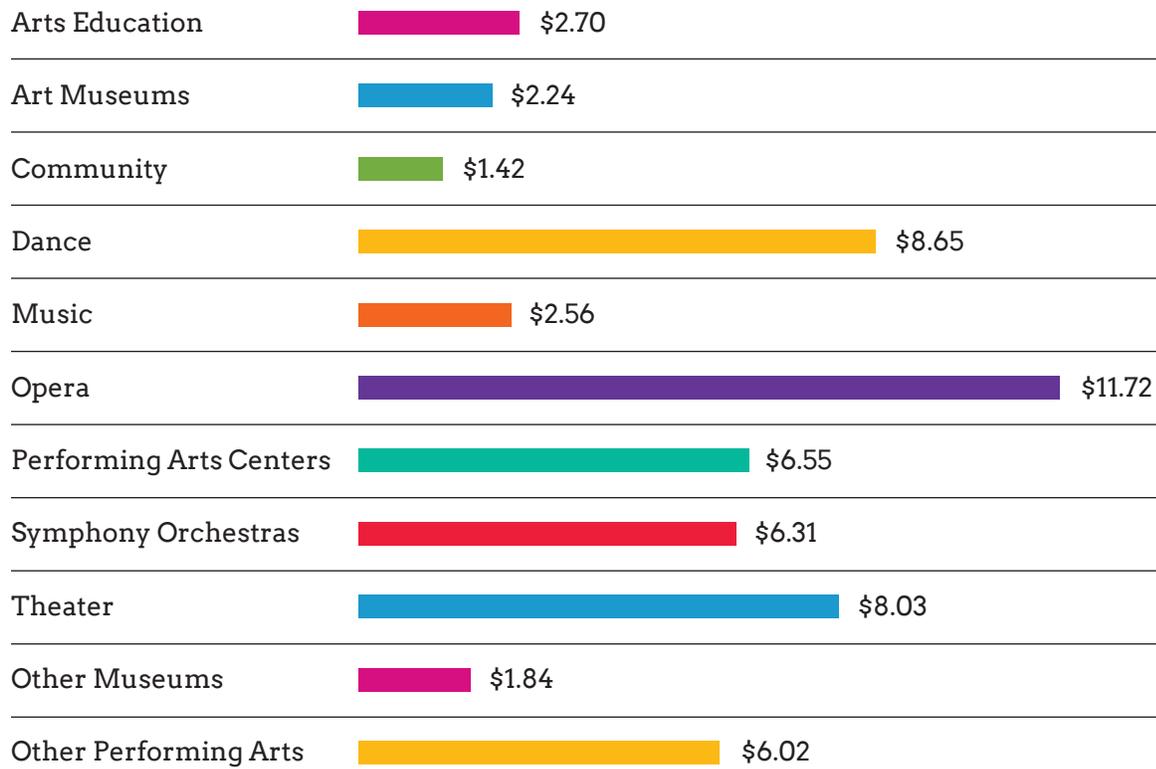
In-Person Attendance/Marketing Expenses





Marketing Impact Index Average by Sector

Marketing Expenses/In-Person Attendance





Bottom Line by Sector

Question: "Is the organization breaking even or better, considering operating activity only?"

Index 1: (Total Operating Revenue — Total Expenses (before depr.))/Total Expenses (before depr.)

Index 2: (Total Operating Revenue — Total Expenses (after depr.))/Total Expenses (after depr.)

Note: Results apply only to those organizations that report their unrestricted operating revenue.

A&C Sector		2009	2010	2011	2012
Arts Education	Index 1	-9.9%	2.0%	23.6%	7.4%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)/ Ave. Expenses (BEFORE depr.)		<u>(104,637)</u> 1,057,491	<u>21,656</u> 1,080,258	<u>313,263</u> 1,329,437	<u>115,679</u> 1,561,432
	Index 2	-14.1%	-2.3%	16.8%	2.0%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)/ Ave. Expenses (AFTER depr.)		<u>(156,064)</u> 1,108,918	<u>(25,635)</u> 1,127,549	<u>236,024</u> 1,406,675	<u>33,396</u> 1,643,715
Art Museums	Index 1	-15.9%	9.8%	-4.3%	-11.9%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)/ Ave. Expenses (BEFORE depr.)		<u>(1,418,857)</u> 8,948,084	<u>801,111</u> 8,200,249	<u>(477,795)</u> 11,043,767	<u>(1,903,099)</u> 15,972,945
	Index 2	-21.4%	-0.1%	-13.2%	-20.8%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)/ Ave. Expenses (AFTER depr.)		<u>(2,048,527)</u> 9,577,755	<u>(10,413)</u> 9,011,773	<u>(1,605,096)</u> 12,171,069	<u>(3,694,436)</u> 17,764,282
Community	Index 1	-4.5%	-1.8%	0.9%	3.2%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)/ Ave. Expenses (BEFORE depr.)		<u>(39,072)</u> 865,740	<u>(14,494)</u> 785,950	<u>6,526</u> 757,774	<u>22,212</u> 705,013
	Index 2	-7.7%	-6.3%	-4.0%	-0.9%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)/ Ave. Expenses (AFTER depr.)		<u>(68,707)</u> 895,375	<u>(51,746)</u> 823,202	<u>(31,842)</u> 796,142	<u>(6,285)</u> 733,510
Dance	Index 1	-1.2%	3.2%	1.0%	-6.0%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)/ Ave. Expenses (BEFORE depr.)		<u>(6,114)</u> 494,972	<u>20,868</u> 655,508	<u>11,426</u> 1,167,569	<u>(95,076)</u> 1,590,241
	Index 2	-3.5%	-0.1%	-2.4%	-9.1%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)/ Ave. Expenses (AFTER depr.)		<u>(17,897)</u> 506,755	<u>(696)</u> 677,072	<u>(29,196)</u> 1,208,192	<u>(150,427)</u> 1,645,592
Music	Index 1	0.9%	3.7%	3.8%	-2.1%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)/ Ave. Expenses (BEFORE depr.)		<u>2,772</u> 304,858	<u>10,900</u> 291,151	<u>12,074</u> 321,516	<u>(5,976)</u> 282,341
	Index 2	0.0%	2.8%	2.4%	-4.0%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)/ Ave. Expenses (AFTER depr.)		<u>60</u> 307,570	<u>8,228</u> 293,823	<u>7,879</u> 325,711	<u>(11,605)</u> 287,971
Opera	Index 1	-3.2%	-3.2%	5.8%	-5.8%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)/ Ave. Expenses (BEFORE depr.)		<u>(19,150)</u> 600,540	<u>(88,662)</u> 2,749,331	<u>469,429</u> 8,057,802	<u>(356,156)</u> 6,181,295
	Index 2	-4.6%	-4.2%	3.8%	-8.5%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)/ Ave. Expenses (AFTER depr.)		<u>(27,783)</u> 609,174	<u>(117,147)</u> 2,777,816	<u>310,734</u> 8,216,497	<u>(542,533)</u> 6,367,673



Bottom Line by Sector (cont.)

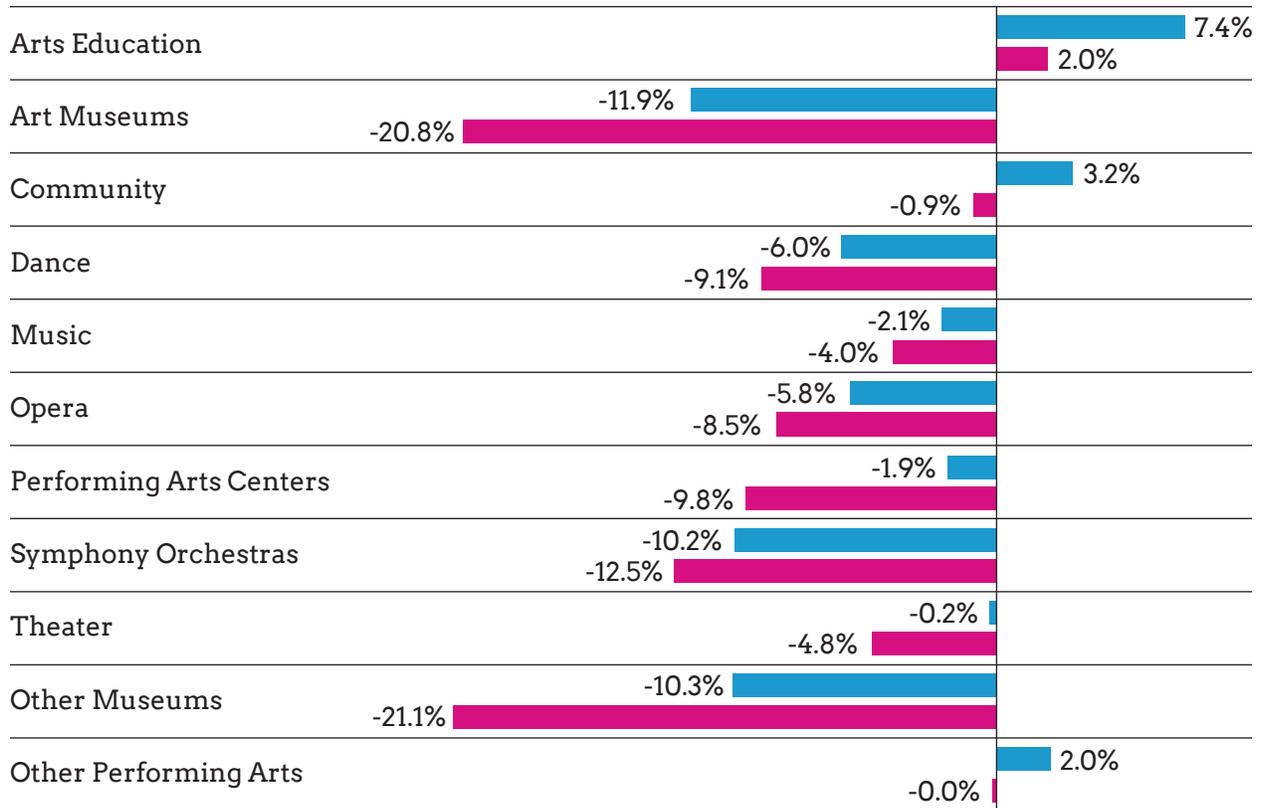
A&C Sector		2009	2010	2011	2012
Performing Arts Centers	Index 1	-7.1%	-7.7%	-11.1%	-1.9%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)		<u>(140,372)</u>	<u>(307,191)</u>	<u>(521,261)</u>	<u>(156,703)</u>
Ave. Expenses (BEFORE depr.)		1,972,618	3,995,191	4,698,282	8,230,379
	Index 2	-12.9%	-14.6%	-16.9%	-9.8%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)		<u>(271,727)</u>	<u>(630,771)</u>	<u>(847,155)</u>	<u>(873,405)</u>
Ave. Expenses (AFTER depr.)		2,103,973	4,318,771	5,024,176	8,947,080
Symphony Orchestras	Index 1	-10.6%	-5.1%	4.6%	-10.2%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)		<u>(98,956)</u>	<u>(147,794)</u>	113,523	<u>(163,856)</u>
Ave. Expenses (BEFORE depr.)		932,212	2,892,286	2,494,788	1,612,427
	Index 2	-11.5%	-6.5%	2.7%	-12.5%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)		<u>(108,455)</u>	<u>(192,092)</u>	<u>68,621</u>	<u>(207,089)</u>
Ave. Expenses (AFTER depr.)		941,711	2,936,583	2,539,691	1,655,660
Theater	Index 1	-3.5%	1.0%	0.0%	-0.2%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)		<u>(65,000)</u>	<u>13,164</u>	<u>467</u>	<u>(3,827)</u>
Ave. Expenses (BEFORE depr.)		1,870,161	1,267,006	1,599,021	2,421,336
	Index 2	-7.9%	-3.6%	-4.4%	-4.8%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)		<u>(154,427)</u>	<u>(47,827)</u>	<u>(72,792)</u>	<u>(122,935)</u>
Ave. Expenses (AFTER depr.)		1,959,588	1,327,997	1,672,280	2,540,444
Other Museums	Index 1	0.0%	3.4%	0.1%	-10.3%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)		<u>(976)</u>	<u>155,862</u>	<u>2,932</u>	<u>(752,432)</u>
Ave. Expenses (BEFORE depr.)		3,894,399	4,594,056	4,916,134	7,337,127
	Index 2	-10.5%	-10.1%	-12.3%	-21.1%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)		<u>(482,163)</u>	<u>(532,617)</u>	<u>(690,442)</u>	<u>(1,757,664)</u>
Ave. Expenses (AFTER depr.)		4,608,749	5,282,534	5,609,508	8,342,360
Other Performing Arts	Index 1	-20%	-5%	-1%	2%
Ave. Operating Revenue - Ave. Expenses (BEFORE depr.)		<u>(125,300)</u>	<u>(33,883)</u>	<u>(8,886)</u>	<u>25,172</u>
Ave. Expenses (BEFORE depr.)		639,625	670,280	997,757	1,171,292
	Index 2	-21%	-9%	-4%	0%
Ave. Operating Revenue - Ave. Expenses (AFTER depr.)		<u>(137,430)</u>	<u>(63,632)</u>	<u>(46,009)</u>	<u>(1,532)</u>
Ave. Expenses (AFTER depr.)		651,755	700,029	1,034,881	1,197,995

Arts education organizations were the only sector that reported a positive bottom line for operations regardless of whether depreciation expenses were taken into account. Community organizations and general performing arts organizations had positive bottom line results using Index 1 and negative results for Index 2. It is not surprising that museums of all kinds, whose higher average levels of fixed assets mean higher levels of depreciation, show the greatest discrepancy in bottom line results depending upon which of the two indices are used.

There is little consistency in either bottom line index measure over time, other than the more pronounced effect of depreciation expense on museums.



Bottom Line Index Averages by Sector



■ Index 1 (before depreciation)
 ■ Index 2 (after depreciation)

**Balance Sheet by Sector**

Question: "How many months of liquid assets does the organization have?" (i.e., "How many months could the organization pay its operating expenses with readily-available (unrestricted and undesignated) funds if it had no more revenue coming in?")

Index: Working Capital/Total Expenses (before depreciation)

Note: Results apply only to those organizations that report balance sheet items.

A&C Sector	2008	2009	2010	2011	2012
Arts Education					
Months of working capital	2.7	1.6	1.8	3.3	1.4
	22%	13%	15%	28%	12%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>399,774</u>	<u>237,762</u>	<u>256,117</u>	<u>460,993</u>	<u>224,662</u>
Ave. Expenses (before depr.)	1,803,574	1,818,748	1,715,123	1,660,136	1,864,996
Art Museums					
Months of working capital	3.5	3.5	6.2	5.0	4.3
	29%	29%	52%	41%	36%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>4,345,747</u>	<u>3,828,333</u>	<u>7,104,176</u>	<u>5,862,157</u>	<u>8,024,296</u>
Ave. Expenses (before depr.)	14,847,228	13,278,877	13,750,683	14,187,811	22,502,508
Community					
Months of working capital	4.4	4.4	5.2	4.3	4.4
	37%	37%	43%	36%	37%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>382,878</u>	<u>367,979</u>	<u>402,248</u>	<u>362,911</u>	<u>365,703</u>
Ave. Expenses (before depr.)	1,033,912	1,004,081	930,210	1,018,226	995,301
Dance					
Months of working capital	3.7	2.6	2.4	2.1	0.8
	31%	22%	20%	17%	6%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>532,477</u>	<u>348,188</u>	<u>311,398</u>	<u>305,852</u>	<u>158,801</u>
Ave. Expenses (before depr.)	1,736,635	1,608,251	1,538,342	1,771,387	2,521,863
Music					
Months of working capital	1.6	0.0	1.8	2.0	2.1
	14%	0%	15%	16%	18%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>95,646</u>	<u>2,279</u>	<u>88,665</u>	<u>101,532</u>	<u>86,306</u>
Ave. Expenses (before depr.)	701,265	676,167	599,511	621,683	484,398
Opera					
Months of working capital	-1.0	-2.3	-2.7	-0.6	0.4
	-8%	-19%	-22%	-5%	3%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>(1,018,689)</u>	<u>(2,183,458)</u>	<u>(2,559,149)</u>	<u>(626,467)</u>	<u>228,328</u>
Ave. Expenses (before depr.)	12,138,345	11,468,126	11,555,141	11,732,032	7,161,963
Performing Arts Centers					
Months of working capital	1.3	4.4	2.5	2.1	2.9
	11%	37%	21%	17%	24%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>839,655</u>	<u>2,262,687</u>	<u>1,409,384</u>	<u>1,408,688</u>	<u>2,687,994</u>
Ave. Expenses (before depr.)	7,511,202	6,154,699	6,662,435	8,068,961	11,008,170
Symphony Orchestras					
Months of working capital	0.9	-0.2	0.9	1.0	2.0
	7%	-1%	7%	8%	17%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>386,988</u>	<u>(60,253)</u>	<u>308,401</u>	<u>354,318</u>	<u>581,156</u>
Ave. Expenses (before depr.)	5,241,098	4,765,704	4,258,090	4,251,084	3,403,503
Theater					
Months of working capital	2.1	0.9	0.9	1.3	1.4
	18%	7%	8%	11%	12%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>366,984</u>	<u>143,419</u>	<u>142,812</u>	<u>219,215</u>	<u>361,474</u>
Ave. Expenses (before depr.)	2,078,264	1,979,789	1,863,093	2,025,154	3,091,983
Other Museums					
Months of working capital	4.4	3.7	4.1	3.7	2.3
	37%	31%	34%	31%	19%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>2,202,800</u>	<u>1,721,652</u>	<u>1,818,221</u>	<u>1,798,363</u>	<u>1,916,494</u>
Ave. Expenses (before depr.)	5,944,312	5,528,477	5,334,294	5,845,895	10,189,752
Other Performing Arts					
Months of working capital	1.3	0.6	0.2	0.5	-0.4
	11%	5%	2%	4%	-3%
WC/Total Expenses (before depr.)					
Ave. Working Capital	<u>193,864</u>	<u>92,319</u>	<u>26,370</u>	<u>60,704</u>	<u>(63,728)</u>
Ave. Expenses (before depr.)	1,779,172	1,738,578	1,726,118	1,422,368	2,183,234



Balance Sheet Index Average by Sector

Months of Working Capital

Arts Education	1.4
Art Museums	4.3
Community	4.4
Dance	0.8
Music	2.1
Opera	0.4
Performing Arts Centers	2.9
Symphony Orchestras	2.0
Theater	1.4
Other Museums	2.3
Other Performing Arts	-0.4

Community organizations and art museums reported strong working capital. In 2012, all arts and cultural sectors except general performing arts organizations had positive working capital.

Working capital results can vary substantially depending on what gets left in and taken out of the calculation. Including depreciation expense would provide a more sober working capital figure, as would excluding unrestricted investments and marketable securities that organizations reported as unrestricted current assets in the CDP survey.

Working capital of art museums, other museums, and community organizations is consistently strong over the years. Theater, general performing arts and music organizations, opera companies, and symphony orchestras consistently have 2.1 months of working capital or less over each year.



Community Engagement by Sector

Question: "What is the reach of our community engagement?"

Index: Total Touch Points/Population

A&C Sector	2008	2009	2010	2011	2012
Arts Education	8%	2%	2%	4%	0%
Ave. Total Touch Points	<u>127,046</u>	<u>25,703</u>	<u>24,615</u>	<u>54,779</u>	<u>123,858</u>
Ave. Population	1,511,543	1,443,231	1,400,340	1,556,973	1,347,732
Art Museums	12%	12%	16%	14%	19%
Ave. Total Touch Points	<u>157,790</u>	<u>148,808</u>	<u>188,615</u>	<u>193,817</u>	<u>248,971</u>
Ave. Population	1,347,136	1,226,475	1,214,376	1,416,285	1,324,953
Community	4%	4%	12%	14%	5%
Ave. Total Touch Points	<u>54,049</u>	<u>50,939</u>	<u>152,899</u>	<u>206,025</u>	<u>59,561</u>
Ave. Population	1,437,693	1,341,583	1,237,704	1,423,326	1,130,008
Dance	1%	1%	1%	1%	1%
Ave. Total Touch Points	<u>20,121</u>	<u>19,029</u>	<u>25,568</u>	<u>29,837</u>	<u>24,617</u>
Ave. Population	2,081,425	2,015,791	1,868,973	2,075,565	1,770,517
Music	2%	9%	3%	28%	10%
Ave. Total Touch Points	<u>21,753</u>	<u>123,329</u>	<u>40,865</u>	<u>415,744</u>	<u>124,175</u>
Ave. Population	1,447,656	1,392,529	1,321,991	1,504,726	1,221,309
Opera	3%	3%	3%	16%	60%
Ave. Total Touch Points	<u>55,574</u>	<u>47,731</u>	<u>51,371</u>	<u>290,300</u>	<u>752,022</u>
Ave. Population	1,609,118	1,586,679	1,620,986	1,763,394	1,244,339
Performing Arts Centers	8%	6%	16%	18%	25%
Ave. Total Touch Points	<u>98,162</u>	<u>72,781</u>	<u>172,627</u>	<u>216,469</u>	<u>268,132</u>
Ave. Population	1,278,492	1,194,336	1,091,227	1,177,100	1,089,288
Symphony Orchestras	5%	5%	10%	31%	48%
Ave. Total Touch Points	<u>50,819</u>	<u>45,348</u>	<u>95,454</u>	<u>360,895</u>	<u>424,692</u>
Ave. Population	1,037,246	988,730	966,871	1,150,593	892,242
Theater	2%	2%	3%	3%	3%
Ave. Total Touch Points	<u>38,082</u>	<u>34,585</u>	<u>44,742</u>	<u>50,608</u>	<u>50,381</u>
Ave. Population	1,792,585	1,724,624	1,661,934	1,850,876	1,555,657
Other Museums	12%	12%	14%	15%	27%
Ave. Total Touch Points	<u>173,714</u>	<u>158,205</u>	<u>175,280</u>	<u>212,754</u>	<u>383,644</u>
Ave. Population	1,802,251	1,298,270	1,214,769	1,399,913	1,428,839
Other Performing Arts	2%	2%	4%	2%	3%
Ave. Total Touch Points	<u>27,877</u>	<u>38,138</u>	<u>66,972</u>	<u>35,605</u>	<u>32,614</u>
Ave. Population	1,802,251	1,675,791	1,557,187	1,717,644	1,302,697



We count touch points as the number of people engaged with the organization in the provision, support, and appreciation of art. The big spikes in engagement in some sectors are driven by digitally distributed programming, whether through radio or TV broadcasts of productions, recordings, or podcasts. This is not the norm for arts and cultural organizations in any sector and some sectors lend themselves more easily than others to digitally distributed programming. However, when one or two organizations in a sector reach many millions of people through digital means, it skews the average for that sector. Since these organizations and their exceptional activity are part of the fabric of 2012 arts and cultural activity — and since they do touch the lives of people regardless of how their programming is distributed — we leave them in the analyses.

Art museums, dance, theater, and general performing arts organizations engaged a consistent proportion of their local community over the years.



Program Activity by Sector

Question: "What is the amount of total unrestricted operating revenue generated per program offering?"

Index: Total Operating Revenue/Total Offerings

A&C Sector	2009	2010	2011	2012
Arts Education	\$8,595	\$12,082	\$10,024	\$14,811
Ave. Operating Revenue	<u>952,854</u>	<u>1,101,914</u>	<u>1,101,914</u>	<u>1,101,914</u>
Ave. Total Offerings	111	91	164	113
Art Museums	\$48,948	\$44,188	\$43,718	\$46,891
Ave. Operating Revenue	<u>7,529,227</u>	<u>9,001,360</u>	<u>10,565,973</u>	<u>14,069,847</u>
Ave. Total Offerings	154	204	242	300
Community	\$9,042	\$8,124	\$7,977	\$7,383
Ave. Operating Revenue	<u>826,668</u>	<u>771,456</u>	<u>764,300</u>	<u>727,225</u>
Ave. Total Offerings	91	95	96	98
Dance	\$11,981	\$13,394	\$25,796	\$32,197
Ave. Operating Revenue	<u>488,858</u>	<u>676,376</u>	<u>1,178,995</u>	<u>1,495,165</u>
Ave. Total Offerings	41	50	46	46
Music	\$12,449	\$10,886	\$3,566	\$11,832
Ave. Operating Revenue	<u>307,630</u>	<u>302,050</u>	<u>333,590</u>	<u>276,366</u>
Ave. Total Offerings	25	28	94	23
Opera	\$37,917	\$97,276	\$369,167	\$226,686
Ave. Operating Revenue	<u>581,391</u>	<u>2,660,669</u>	<u>8,527,231</u>	<u>5,825,139</u>
Ave. Total Offerings	15	27	23	26
Performing Arts Centers	\$13,500	\$34,399	\$42,313	\$53,166
Ave. Operating Revenue	<u>1,832,246</u>	<u>3,688,000</u>	<u>4,177,021</u>	<u>8,073,675</u>
Ave. Total Offerings	136	107	99	152
Symphony Orchestras	\$29,622	\$83,540	\$90,099	\$48,323
Ave. Operating Revenue	<u>833,256</u>	<u>2,744,492</u>	<u>2,608,311</u>	<u>1,448,571</u>
Ave. Total Offerings	28	33	29	30
Theater	\$79,328	\$24,793	\$46,023	\$69,356
Ave. Operating Revenue	<u>1,805,161</u>	<u>1,280,170</u>	<u>1,599,488</u>	<u>2,417,508</u>
Ave. Total Offerings	23	52	35	35
Other Museums	\$35,286	\$33,468	\$38,014	\$41,922
Ave. Operating Revenue	<u>3,893,423</u>	<u>4,749,917</u>	<u>4,919,066</u>	<u>6,584,695</u>
Ave. Total Offerings	110	142	129	157
Other Performing Arts	\$11,348	\$11,729	\$16,753	\$19,148
Ave. Operating Revenue	<u>514,325</u>	<u>514,325</u>	<u>988,871</u>	<u>1,196,464</u>
Ave. Total Offerings	45	54	59	62



Program Activity Index Average by Sector

Operating Revenue/Total Offerings

Arts Education	\$14,811
Art Museums	\$46,891
Community	\$7,383
Dance	\$32,197
Music	\$11,832
Opera	\$226,686
Performing Arts Centers	\$53,166
Symphony Orchestras	\$48,323
Theater	\$69,356
Other Museums	\$41,922
Other Performing Arts	\$19,148

In 2012, the opera, music, and symphony orchestra sectors reported the lowest average number of offerings. The operating revenue per program offering was quite similar for art museums and symphony orchestras despite the considerable differences in the average number of programs each offers. The exceptionally high average index score for opera is driven by a number of very large organizations that offer a similar number of programs as other opera companies. Community organizations tend to offer a large variety of programs given the average extent of their operating revenue.

Community organizations were fairly consistent in the number of programs they offered annually and their operating revenue was fairly stable from year to year despite shifts in the mix of organizations over time. This translated into fairly consistent results on this index. Art museums annual results were quite consistent even though there were rather large variations in average operating revenue and the average number of program offerings over the years. Art museums consistently provide more program offerings than other sectors annually, on average.

Unrestricted operating revenue was a new CDP line item in 2011. Many organizations submitted updates to report it for prior years, but too few organizations provided the information for 2008 for us to include that year in our analyses.



The average Arts Education organization . . .

Covered just less than half of its expenses with unrestricted contributed support, attracted \$2.09 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a positive bottom line regardless of whether depreciation expenses were considered in the calculation. It brought in \$14,811 in operating revenue relative to each of its programmatic offerings, had positive working capital and touched the equivalent of 9% of its local community. It spent \$2.70 to bring in every attendee, who then provided the organization with \$33.54 in earned revenue per visit.

The average Art Museum . . .

Supported just over half of its expenses with unrestricted contributed support, attracted \$2.69 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a negative bottom line greater than 10% of its budget level, regardless of whether depreciation expenses were considered in the calculation. It brought in \$46,891 in operating revenue relative to each of its programmatic offerings, had strong, positive working capital and touched the equivalent of 19% of its local community. It spent \$2.24 to bring in every attendee, who then provided the organization with \$27.59 in earned revenue per visit.

The average Community organization . . .

Paid for nearly three-quarters of its operating expenses with unrestricted contributed support, attracted \$3.21 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a positive bottom line when depreciation expenses were not part of the equation and a slightly negative bottom line when depreciation expenses were considered in the calculation. It brought in \$7,383 in operating revenue relative to each of its programmatic offerings, had strong, positive working capital and touched the equivalent of 5% of its local community. It spent \$1.42 to bring in every attendee, who then provided the organization with \$4.10 in earned revenue per visit.

The average Dance organization . . .

Covered just less than half of its operating expenses with unrestricted contributed support, attracted \$1.87 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a negative bottom line less than 10% of its budget level, regardless of whether depreciation expenses were considered in the calculation. It brought in \$32,197 in operating revenue relative to each of its programmatic offerings, had positive working capital and touched the equivalent of 1% of its local community. It spent \$8.65 to bring in every attendee, who then provided the organization with \$39.57 in earned revenue per visit.

The average Music organization . . .

Supported 64% of its operating expenses with unrestricted contributed support, attracted \$2.34 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a negative bottom line less than 5% of its budget level, regardless of whether depreciation expenses were considered in the calculation. It brought in \$11,832 in operating revenue relative to each of its programmatic offerings, had positive working capital and touched the equivalent of 10% of its local community with live and digital programming. It spent \$2.56 to bring in every in-person attendee, who then provided the organization with \$9.22 in earned revenue per visit.



The average Opera company . . .

Covered 60% of its operating expenses with unrestricted contributed support, attracted \$1.66 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a negative bottom line less than 10% of its budget level, regardless of whether depreciation expenses were considered in the calculation. It brought in \$226,686 in operating revenue relative to each of its programmatic offerings, had positive working capital and spent \$11.72 to bring in every in-person attendee, who then provided the organization with \$53.72 of earned revenue per visit. The few outlier opera companies who reach exceptional numbers of people virtually through broadcasts skew the mean for the sector to such a great extent that we refrain from talking about the community engagement index figure as the experience of the average opera company.

The average Performing Arts Center . . .

Paid for just over 40% of its operating expenses with unrestricted contributed support, attracted \$2.19 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a negative bottom line less than 10% of its budget level, regardless of whether depreciation expenses were considered in the calculation. It brought in \$53,166 in operating revenue relative to each of its programmatic offerings, had positive working capital and touched the equivalent of 25% of its local community with live and digital programming, engaging an average of just over 1,920 people in the provision, support, and appreciation of each of its programmatic offerings. It spent \$6.55 to bring in every in-person attendee, who then provided the organization with \$36.21 of earned revenue per visit.

The average Symphony Orchestra . . .

Supported just over half of its operating expenses with unrestricted contributed support, attracted \$1.58 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a negative bottom line greater than 10% of its budget level, regardless of whether depreciation expenses were considered in the calculation. It brought in \$48,323 in operating revenue relative to each of its programmatic offerings, had positive working capital, and spent \$6.31 to bring in every in-person attendee, who then provided the organization with \$36.80 in earned revenue per visit. The few outlier symphony orchestras who reach exceptional numbers of people virtually through broadcasts skew the mean to such a great extent that we refrain from talking about the community engagement index figure as the experience of the average symphony orchestra.

The average Theater company . . .

Covered just over half of its operating expenses with unrestricted contributed support, attracted \$2.19 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a negative bottom line less than 5% of its budget level, regardless of whether depreciation expenses were considered in the calculation. It brought in \$69,356 in operating revenue relative to each of its programmatic offerings, had positive working capital and touched the equivalent of 3% of its local community. It spent \$8.03 to bring in every attendee, who then provided the organization with \$28.77 in earned revenue per visit.



The average Other Museum . . .

Supported 60% of its expenses with unrestricted contributed support, attracted \$2.26 in operating revenue per dollar spent on compensation to program-related personnel, and ended the year with a negative bottom line greater than 10% of its budget level, regardless of whether depreciation expenses were considered in the calculation. It brought in \$41,922 in operating revenue relative to each of its programmatic offerings, had positive working capital and touched the equivalent of 27% of its local community with live and online programming. It spent \$1.84 to bring in every attendee, who then provided the organization with \$13.15 in earned revenue per visit.

The average Other Performing Arts organization . . .

Attracted \$2.26 in operating revenue per dollar spent on compensation to program-related personnel. It ended the year with a positive bottom line when depreciation expenses were not part of the equation and a slightly negative bottom line when depreciation expenses were considered in the calculation. It brought in \$19,148 in operating revenue relative to each of its programmatic offerings, had slightly negative working capital and touched the equivalent of 3% of its local community. It spent \$6.02 to bring in every in-person attendee, who then provided the organization with \$16.89 in earned revenue per visit. One organization in a capital campaign skews the mean for the sector's unrestricted contributed support so we refrain from representing that figure as the experience of the average general performing arts organization.



Performance Index Averages for Arts & Cultural Organizations by Size

Area	Index	Small	Medium	Large
Contributed Revenue	Unrestricted Contributed Revenue/ Total Expenses (before depr.)	65.5%	57.3%	51.7%
	Ave. Unrestricted Contributed Revenue/ Ave. Total Expenses (before depreciation)	\$69,323 \$105,822	\$713,623 \$1,244,835	\$8,498,408 \$16,441,518
Earned Revenue	Program Revenue/Total In-Person Attendance	\$3.48	\$13.25	\$31.11
	Ave. Program Revenue/ Ave. Total In-Person Attendance	\$37,999 10,909	\$497,547 37,564	\$6,818,864 219,207
Expenses	Total Operating Revenue/Salaried and Non-Salaried Artists & Program Personnel Expenses	\$2.73	\$2.50	\$2.17
	Ave. Operating Revenue/ Ave. Salaried and Non-Salaried Artists & Program Personnel Expenses	\$107,762 \$39,403	\$1,246,786 \$498,055	\$14,985,577 \$6,903,609
	Program Personnel Expense/ Total Operating Revenue	37%	40%	46%
Marketing Impact	Total In-Person Attendance/ Marketing Expenses	1.10	0.33	0.19
	Ave. Total In-Person Attendance/ Ave. Marketing Expenses	10,909 \$9,940	37,564 \$114,236	219,207 \$1,172,259
	Marketing Expenses/ Total In-Person Attendance	\$0.91	\$3.04	\$5.35
Bottom Line (Index 1)	(Total Operating Revenue — Total Expenses (BEFORE depr.))/Total Expenses (BEFORE depr.)	2.9%	3.4%	-7.1%
	Ave. (Total Operating Revenue — Total Expenses (BEFORE depr.)/ Ave. Total Expenses (BEFORE depr.)	\$3,050 \$104,711	\$1,266 \$1,205,520	\$(1,140,196) \$16,125,773
	(Total Operating Revenue — Total Expenses (AFTER depr.))/Total Expenses (AFTER depr.)	2.1%	-1.0%	-14.4%
Bottom Line (Index 2)	Ave. (Total Operating Revenue — Total Expenses (AFTER depr.)/ Ave. Total Expenses (AFTER depr.)	\$2,165 \$105,596	\$(12,163) \$1,258,949	\$(2,524,453) \$17,510,031
	Months of Working Capital	4.1	2.0	2.6
	Working Capital/Total Expenses (before depr.)	34%	17%	22%
Balance Sheet	Ave. Working Capital/ Ave. Total Expenses (before depr.)	\$45,192 \$131,052	\$217,475 \$1,298,262	\$3,827,651 \$17,606,713
	Total Touch Points/ Population	6.7%	6.0%	31.6%
Community Engagement	Ave. Total Touch Points/ Ave. Population	81,614 1,209,397	80,494 1,338,955	537,998 1,702,825
	Total Operating Revenue/ Total Offerings	\$4,112	\$14,053	\$74,296
Program Activity	Ave. Total Operating Revenue/ Ave. Total Offerings	107,762 26	1,246,786 89	14,985,577 202



The indices provide different results depending upon an organization's size. Unrestricted contributed revenue tends to cover a lower proportion of expenses as size increases, while average program revenue per attendee increases substantially with size. Small organizations spend the least in marketing dollars to bring in each attendee, with medium organizations spending more and large organizations even more. The larger the organization, the less the dollar of operating revenue attracted per dollar spent on artists and program-related personnel; said otherwise, the larger the organization, the more operating revenue goes to payment of program-related personnel. The small organizations ran a positive bottom line even after taking into account depreciation expense, medium organizations had a positive bottom line before depreciation but a slightly negative one after depreciation, and large organizations tended to end the year with a deficit by either calculation. Organizations of all sizes averaged positive working capital, with medium organizations having the lowest level and small organizations the highest. The larger the organization the greater the number of programs offered, so the greater the diversity of supply.



Index Averages for Small* Arts & Cultural Organizations

Area	Index	2008	2009	2010	2011	2012
Contributed Revenue	Unrestricted Contributed Revenue/ Total Expenses (before depr.)	64.6%	61.5%	64.5%	64.2%	65.5%
	Ave. Unrestricted Contributed Revenue/ Ave. Total Expenses (before depreciation)	<u>\$71,497</u> \$110,606	<u>\$66,018</u> \$107,329	<u>\$67,053</u> \$103,983	<u>\$66,613</u> \$103,796	<u>\$69,323</u> \$105,822
Earned Revenue	Program Revenue/Total In-Person Attendance	\$ 4.41	\$ 4.17	\$ 3.48	\$ 1.80	\$ 3.48
	Ave. Program Revenue/ Ave. Total In-Person Attendance	<u>\$38,931</u> 8,836	<u>\$38,999</u> 9,355	<u>\$38,909</u> 11,175	<u>\$38,426</u> 21,330	<u>\$37,999</u> 10,909
Expenses	Total Operating Revenue/Salaried and Non-Salaried Artists & Program Personnel Expenses		\$3.06	\$3.02	\$2.97	\$2.73
	Total Operating Revenue/ Ave. Salaried and Non-Salaried Artists & Program Personnel Expenses		<u>\$107,858</u> \$35,299	<u>\$104,740</u> \$34,705	<u>\$107,067</u> \$36,086	<u>\$107,762</u> \$39,403
	<i>Program Personnel Expense/Total Operating Revenue</i>		33%	33%	34%	37%
Marketing Impact	Total In-Person Attendance/Marketing Expenses	0.77	0.86	1.11	2.15	1.10
	Ave. Total In-Person Attendance/ Ave. Marketing Expenses	<u>8,836</u> \$11,435	<u>9,355</u> \$10,840	<u>11,175</u> \$10,111	<u>21,330</u> \$9,907	<u>10,909</u> \$9,940
	<i>Marketing Expenses/ Total In-Person Attendance</i>	<u>\$1.29</u>	<u>\$1.16</u>	<u>\$0.90</u>	<u>\$0.46</u>	<u>\$0.91</u>
Bottom Line (Index 1)	(Total Operating Revenue — Total Expenses (BEFORE depr.))/Total Expenses (BEFORE depr.)		4.9%	2.2%	4.5%	2.9%
	Ave. (Total Operating Revenue — Total Expenses (BEFORE depr.))/ Ave. Total Expenses (BEFORE depr.)		<u>\$5,014</u> \$102,844	<u>\$2,257</u> \$102,483	<u>\$4,565</u> \$102,501	<u>\$3,050</u> \$104,711
Bottom Line (Index 2)	(Total Operating Revenue — Total Expenses (AFTER depr.))/Total Expenses (AFTER depr.)		3.4%	0.7%	3.3%	2.1%
	Ave. (Total Operating Revenue — Total Expenses (AFTER depr.))/ Ave. Total Expenses (AFTER depr.)		<u>\$3,502</u> \$104,356	<u>\$ 713</u> \$104,027	<u>\$3,434</u> \$(103,632)	<u>\$2,165</u> \$105,596
Balance Sheet	Months of Working Capital	3.1	3.4	4.3	4.5	4.1
	Working Capital/Total Expenses (before depr.)	26%	29%	36%	38%	34%
	Ave. Working Capital/ Ave. Total Expenses (before depr.)	<u>\$34,758</u> \$135,299	<u>\$37,570</u> \$130,813	<u>\$45,478</u> \$126,972	<u>\$47,441</u> \$125,435	<u>\$45,192</u> \$131,052
Community Engagement	Total Touch Points/ Population	0.6%	0.8%	4.6%	13.2%	6.7%
	Ave. Total Touch Points/ Ave. Population	<u>9,538</u> 1,538,285	<u>10,799</u> 1,439,088	<u>61,344</u> 1,330,234	<u>201,086</u> 1,520,713	<u>81,614</u> 1,209,397
Program Activity	Total Operating Revenue/ Total Offerings		\$4,305	\$3,740	\$2,221	\$4,112
	Ave. Total Operating Revenue/ Ave. Total Offerings		<u>\$107,858</u> 25	<u>\$104,740</u> 28	<u>\$107,067</u> 48	<u>\$107,762</u> 26



Despite shifts in the mix of small arts organizations that participate in the surveys over time, small arts organizations have been remarkably consistent in the portion of their total expenses supported by unrestricted contributed revenue, ranging from 61.5% to 65.5%. Also, their working capital has remained in the range of 3.1 to 4.3 months, and the operating revenue per dollar spent on artists and program personnel expenses stayed in the \$2.73-\$3.06 range. Small organizations maintained a positive bottom line in every year, both before and after consideration of depreciation expense. Over the years, they spent between \$0.46 and \$1.29 in marketing expenses to bring in each attendee, and each attendee provided the organization between \$1.80 and \$3.48 in program revenue per visit. Total operating revenue per program offering ranged from roughly \$2,200 to \$4,300.

*Here are the budget ranges of small organizations by sector:

Arts Sector	*Small Budget Range
Arts Education	\$346,105 or less
Art Museums	\$225,054 or less
Community	\$302,155 or less
Dance Companies	\$144,277 or less
Music	\$220,929 or less
Opera Companies	\$133,491 or less
Performing Arts Centers	\$306,109 or less
Symphony Orchestras	\$280,687 or less
Theater	\$240,986 or less
Other Museums	\$178,241 or less
Other Performing Arts	\$355,080 or less



Index Averages for Medium*Arts & Cultural Organizations

Area	Index	2008	2009	2010	2011	2012
Contributed Revenue	Unrestricted Contributed Revenue/ Total Expenses (before depr.)	59.9%	61.4%	62.8%	57.3%	57.3%
	Ave. Unrestricted Contributed Revenue/ Ave. Total Expenses (before depreciation)	\$722,281 \$1,205,229	\$727,384 \$1,183,702	\$719,578 \$1,145,121	\$679,071 \$1,184,907	\$713,623 \$1,244,835
Earned Revenue	Program Revenue/Total In-Person Attendance	\$10.38	\$10.35	\$10.40	\$9.74	\$13.25
	Ave. Program Revenue/ Ave. Total In-Person Attendance	\$452,910 43,651	\$430,055 41,564	\$437,266 42,049	\$464,554 47,710	\$497,547 37,564
Expenses	Total Operating Revenue/Salaried and Non-Salaried Artists & Program Personnel Expenses		\$2.26	\$2.43	\$2.48	\$2.50
	Ave. Operating Revenue/Ave. Salaried and Non-Salaried Artists & Program Personnel Expenses		\$1,172,663 \$518,080	\$1,142,379 \$469,423	\$1,190,665 \$481,067	\$1,246,786 \$498,055
	Program Personnel Expense/ Total Operating Revenue		44%	41%	40%	40%
Marketing Impact	Total In-Person Attendance/Marketing Expenses	0.39	0.39	0.41	0.46	0.33
	Ave. Total In-Person Attendance/ Ave. Marketing Expenses	43,651 \$112,037	41,564 \$106,752	42,049 \$102,554	47,710 \$103,018	37,564 \$114,236
	Marketing Expenses/ Total In-Person Attendance	\$2.57	\$2.57	\$2.44	\$2.16	\$3.04
Bottom Line (Index 1)	(Total Operating Revenue — Total Expenses (BEFORE depr.))/Total Expenses (BEFORE depr.)		-4.2%	1.5%	2.7%	3.4%
	Ave. (Total Operating Revenue — Total Expenses (BEFORE depr.)/ Ave. Total Expenses (BEFORE depr.)		\$(51,973) \$1,224,637	\$17,149 \$1,125,230	\$31,825 \$1,158,840	\$41,266 \$1,205,520
Bottom Line (Index 2)	(Total Operating Revenue — Total Expenses (AFTER depr.))/Total Expenses (AFTER depr.)		-7.6%	-2.3%	-1.3%	-1.0%
	Ave. (Total Operating Revenue — Total Expenses (AFTER depr.)/ Ave. Total Expenses (AFTER depreciation)		\$(96,680) \$1,269,343	\$(26,444) \$1,168,822	\$(16,279) \$1,206,944	\$(12,163) \$1,258,949
Balance Sheet	Months of Working Capital	2.3	1.9	2.5	2.4	2.0
	Working Capital/Total Expenses (before depr.)	19%	16%	21%	20%	17%
	Ave. Working Capital/ Ave. Total Expenses (before depr.)	\$229,327 \$1,178,970	\$192,569 \$1,196,083	\$244,881 \$1,166,240	\$243,317 \$1,212,852	\$217,475 \$1,298,262
Community Engagement	Total Touch Points/ Population	4.1%	5.4%	4.0%	5.3%	6.0%
	Ave. Total Touch Points/ Ave. Population	65,609 1,600,493	83,346 1,532,716	57,980 1,462,131	85,763 1,631,600	80,494 1,338,955
Program Activity	Total Operating Revenue/ Total Offerings		\$12,935	\$10,703	\$11,421	\$14,053
	Ave. Total Operating Revenue/ Ave. Total Offerings		\$1,172,663 91	\$1,142,379 107	\$1,190,665 104	\$1,246,786 89



Despite shifts in the mix of medium arts organizations that participate in the surveys over time, medium arts organizations have been remarkably consistent in a number of areas. They consistently touch 4% to 6% of their community's population and they support between 57.3% and 62.8% of their total expenses with unrestricted contributed revenue. Also, their working capital has remained in the range of 1.9 to 2.5 months, and the operating revenue per dollar spent on artists and program personnel expenses stayed in the \$2.25 to \$2.50 range. Medium organizations had a slightly negative bottom line in every year after taking into account depreciation expense. Over the years, they spent between \$2.16 and \$3.04 in marketing expenses to bring in each attendee, and each attendee provided between \$9.74 and \$13.25 in program revenue during their visit. Total operating revenue per program offering ranged from roughly \$10,700 to \$14,000.

*The really high change point figures for the upper end of Medium organizations in the Community and Music sectors are driven by outliers. Their activity is dramatically different from that of other organizations in their sectors. Here are the budget ranges of medium organizations by sector:

Arts Sector	*Medium Budget Range
Arts Education	\$346,106-\$4,914,988
Art Museums	\$225,055-\$717,694
Community	\$302,156-\$41,342,433
Dance Companies	\$144,278-\$4,197,500
Music	\$220,930-\$26,227,000
Opera Companies	\$133,492-\$3,726,201
Performing Arts Centers	\$306,110-\$48,783,367
Symphony Orchestras	\$280,688-\$5,477,722
Theater	\$240,987-\$2,074,435
Other Museums	\$178,242-\$1,360,550
Other Performing Arts	\$355,081-\$3,179,707



Index Averages for Large*Arts & Cultural Organizations

Area	Index	2008	2009	2010	2011	2012
Contributed Revenue	Unrestricted Contributed Revenue/ Total Expenses (before depr.)	51.9%	51.5%	54.7%	53.7%	51.7%
	Ave. Unrestricted Contributed Revenue/ Ave. Total Expenses (before depreciation)	\$7,693,245 \$14,819,104	\$7,329,550 \$14,239,943	\$7,936,590 \$14,516,378	\$7,714,755 \$14,366,063	\$8,498,408 \$16,441,518
Earned Revenue	Program Revenue/Total In-Person Attendance	\$26.60	\$26.89	\$26.70	\$27.92	\$31.11
	Ave. Program Revenue/ Ave. Total In-Person Attendance	\$5,797,740 217,998	\$5,513,126 205,037	\$5,845,250 218,953	\$5,906,340 211,542	\$6,818,864 219,207
Expenses	Total Operating Revenue/Salaried and Non-Salaried Artists & Program Personnel Expenses		\$2.42	\$2.54	\$2.34	\$2.17
	Ave. Operating Revenue/Ave. Salaried and Non-Salaried Artists & Program Personnel Expenses		\$8,540,656 \$3,524,786	\$11,789,808 \$4,646,240	\$13,907,663 \$5,933,544	\$14,985,577 \$6,903,609
	Program Personnel Expense/ Total Operating Revenue		41%	39%	43%	46%
Marketing Impact	Total In-Person Attendance/Marketing Expenses	0.22	0.22	0.22	0.21	0.19
	Ave. Total In-Person Attendance/ Ave. Marketing Expenses	217,998 \$1,007,668	205,037 \$951,136	218,953 \$983,085	211,542 \$1,013,166	219,207 \$1,172,259
	Marketing Expenses/ Total In-Person Attendance	\$4.62	\$4.64	\$4.49	\$4.79	\$5.35
Bottom Line (Index 1)	(Total Operating Revenue — Total Expenses (BEFORE depr.))/Total Expenses (BEFORE depr.)		-8.2%	1.2%	-0.4%	-7.1%
	Ave. (Total Operating Revenue — Total Expenses (BEFORE depr.)/ Ave. Total Expenses (BEFORE depr.)		\$(763,195) \$9,303,851	\$143,767 \$11,646,041	\$(60,647) \$13,968,310	\$(1,140,196) \$16,125,773
Bottom Line (Index 2)	(Total Operating Revenue — Total Expenses (AFTER depr.))/Total Expenses (AFTER depr.)		-15.3%	-7.2%	-7.7%	-14.4%
	Ave. (Total Operating Revenue — Total Expenses (AFTER depr.)/ Ave. Total Expenses (AFTER depr.)		\$(1,536,970) \$10,077,626	\$(912,409) \$12,702,217	\$(1,161,961) \$15,069,624	\$(2,524,453) \$17,510,031
Balance Sheet	Months of Working Capital	2.6	2.1	2.9	2.7	2.6
	Working Capital/Total Expenses (before depr.)	22%	18%	24%	22%	22%
	Ave. Working Capital/ Ave. Total Expenses (before depr.)	\$3,341,956 \$15,444,540	\$2,658,670 \$15,077,965	\$3,726,602 \$15,465,714	\$3,425,880 \$15,336,480	\$3,827,651 \$17,606,713
Community Engagement	Total Touch Points/ Population	15.5%	15.5%	23.8%	29.3%	31.6%
	Ave. Total Touch Points/ Ave. Population	238,771 1,540,261	225,724 1,452,286	348,955 1,466,733	484,901 1,652,923	537,998 1,702,825
Program Activity	Total Operating Revenue/ Total Offerings		\$73,856	\$69,842	\$75,049	\$74,296
	Ave. Total Operating Revenue/ Ave. Total Offerings		\$8,540,656 116	\$11,789,808 169	\$13,907,663 185	\$14,985,577 202



Despite shifts in the mix of large arts organizations that participate in the surveys over time, large arts organizations have been consistent in a number of areas. They consistently support between 51.5% and 54.7% of their total expenses with unrestricted contributed revenue. Also, their working capital has remained in the range of 2.1 to 2.9 months, and their operating revenue attracted per dollar spent on artists and program personnel expenses stayed in \$2.17 to \$2.54 range. Large organizations had a negative bottom line in every year after taking into account depreciation expense, and a negative bottom line in all years but one when the calculation is made before consideration of depreciation. Over the years, they spent between \$4.49 and \$5.35 in marketing expenses to bring in each attendee, and each attendee provided between \$26.60 and \$31.11 in program revenue during their visit. Total operating revenue per program offering stayed within a narrow range of roughly \$70,000 to \$75,000.

*The really high change point figures for Large organizations in the Community and Music sectors are driven by outliers. Their activity is dramatically different from that of other organizations in their sectors. Here are the budget ranges of large organizations by sector:

Arts Sector	*Large Budget Range
Arts Education	\$4,914,989 or more
Art Museums	\$717,695 or more
Community	\$41,342,434 or more
Dance Companies	\$4,197,501 or more
Music	\$26,227,001 or more
Opera Companies	\$3,726,202 or more
Performing Arts Centers	\$48,783,368 or more
Symphony Orchestras	\$5,477,723 or more
Theater	\$2,074,436 or more
Other Museums	\$1,360,551 or more
Other Performing Arts	\$3,179,708 or more



Index Averages for Arts & Cultural Organizations by Geographic Market Cluster

Rather than show the data for every city for which we have CDP or TCG data, we do so for nine clusters of markets. We all have a hunch about which other markets are similar to ours, but cluster analysis allows the data to tell us what markets are similar to one another given a set of traits.

The characteristics we chose for determining similar markets were population, region, density of arts and cultural organizations in each sector, cultural policy (reflected by state grant dollars in the market), and median income in the community. This doesn't mean that within each sector there won't be some city-to-city variance on different traits, or that an individual organization's experience won't be different from that of the rest of the organizations in its market.

Five very large markets (including the combination of Washington-Arlington-Alexandria and Bethesda-Rockville) stand alone. These five are sufficiently dissimilar that they don't cluster with any other markets. Four additional clusters of markets emerged. The composition of the market clusters will likely change over time and new clusters will emerge as we incorporate new data from organizations already in our dataset as well as data from organizations in additional states as the CDP expands its reach.

We focus on the geographic trade areas relevant to the arts and cultural organizations for which we have data. For a complete explanation on how we determined the geographic areas relevant to arts and cultural organizations in each market, see the section on Building a Spatial Model. We report on markets according to their Core Based Statistical Area (CBSA), a U.S. geographic area defined by the Office of Management and Budget. The averages we report here are for all organizations.

The population of some markets is more densely concentrated (think dense, high-rise living) than others. The fact that the population is more spread out does not necessarily mean that the city's arts and cultural organizations are spread out. In some cases they are, but not always. For example, the numbers tell us that in Los Angeles, the population and arts organizations are more or less equally dispersed geographically and that the arts organizations in New York are more concentrated in Manhattan than the population, which spills out into the surrounding boroughs. What we care most about is what's going on in the organization's trade area.

When smaller, lower-density markets are located next to larger, higher-density markets, the spatially-adjusted population and competition numbers can be larger than the local numbers. In other words, the size of the trade area for the smaller market can exceed the size of its local market. This is true for customers but even more so for competition. Arts patrons and managers in smaller markets recognize the competition from arts organizations in nearby, larger markets. This is evident in the numbers for the very small markets like Akron, OH (40 miles from Cleveland), Ann Arbor, MI (40 miles from Detroit), and Santa Cruz, CA (30 miles from San Jose and 70 miles from San Francisco). The trade area for the typical organization in these markets features a population of 271,000 people (115% of the average population) and 57 nonprofit arts and cultural organizations (147% of the average number in the immediate market) because their trade area picks up the neighboring big city.



The Traits of the Market Clusters reveal distinct differences in arts and culture dollar activity per capita, the average number of arts and cultural organizations, the density of arts organizations by sector, average budget size, average government support at all levels, and earned and contributed support by sector relative to the other clusters.

The Market Clusters demonstrate key differences and similarities in their performance on the various indices. For example, organizations in the Los Angeles area have relatively high levels of unrestricted contributed revenue covering total expenses and spend more in marketing expenses to bring in each attendee than other clusters, while Chicago organizations spend the lowest amount to bring in every attendee. At the same time, Los Angeles and Chicago have the same ratio of program personnel expenses to total operating revenue. All clusters averaged a negative bottom line after taking into account depreciation expense, some to a greater extent than others. Organizations in the New York City area had the lowest bottom line averages both before and after depreciation, and they — along with small market organizations — had the highest ratio of program personnel expenses to total operating revenue. Organizations in very small markets averaged the highest levels of working capital.



Traits of the Market Clusters

(All figures are spatially adjusted to maximize relevance to A&C organizations)

CBSA/Market Cluster	Number of Markets	A&C Dollar Activity per Capita	Average No. of A&C Organizations per City	No. of Arts Organizations per 100,000 people	Density of A&C Organizations	Average A&C Organization Budget Size	Local Govt. \$/ Total Contributed \$	State Govt. \$/ Total Contributed \$	Federal Govt. \$/Total Contributed \$
New York-White Plains-Wayne, NY-NJ	1	\$612	3148	38	High Density across the board	\$2,739,848	18%	2%	2%
Los Angeles-Long Beach-Glendale	1	\$155	1520	18	Low Density, especially for Opera & Symphony	\$1,017,866	3%	0%	1%
Chicago-Naperville-Arlington Heights	1	\$211	1382	26	Moderate Density but lower for Opera & Art Museums	\$1,119,426	4%	2%	4%
San Francisco-Redwood City-So. S.F.	1	\$895	864	50	High Density across the board	\$1,620,433	4%	0%	1%
Washington-Arlington-Alexandria; Bethesda-Rockville-Fredericksburg	2	\$610	674	35	High Density across the board	\$3,489,531	7%	2%	7%
Very Small Markets (e.g., Akron, OH; Ann Arbor, MI; Auburn, AL; Santa Barbara, CA)	143	\$69	39	21	Lower Density across the board	\$422,200	2%	4%	3%
Small Markets (e.g., Albany, NY; Allentown, PA; Bakersfield, CA; Tucson, AZ)	16	\$93	155	21	Lower Density across the board	\$600,146	2%	3%	3%
Medium-Sized Markets (e.g., Boston, MA; Columbus, OH; Philadelphia, PA; Pittsburgh, PA)	16	\$163	397	26	Moderate Density across the board	\$932,049	5%	5%	2%
Larger Markets (e.g., Dallas, TX; Santa Ana-Anaheim, CA; Minneapolis, MN; Phoenix, AZ; Riverside, CA; San Diego, CA)	8	\$97	437	17	Low Density across the board	\$953,973	8%	2%	1%

Index Averages for Arts & Cultural Organizations by Market Cluster

CBSA/Market Cluster	Contrib. Rev. Index	Earned Rev. Index	Expense Index		Marketing Impact Index		Bottom Line Index 1	Bottom Line Index 2	Balance Sheet	Community Engagement	Program Activity
	Unrestricted Contributed Revenue/Total Expenses (before depr.)	Program Revenue/Total In-Person Attendance	Total Operating Revenue/Artists & Program Personnel Expenses	Artists & Program Personnel Expenses/Total Operating Revenue	Total In-Person Attendance/Marketing Expenses	Marketing Expenses/Total In-Person Attendance	(Total Operating Revenue - Total Expenses (BEFORE depr.))/Total Expenses (BEFORE depr.)	(Total Operating Revenue - Total Expenses (AFTER depr.))/Total Expenses (AFTER depr.)	Months of Working Capital	Total Touch Points/Population	Total Operating Revenue/Total Offerings
New York-White Plains-Wayne, NY-NJ	54.9%	\$19.07	\$2.12	47%	0.35	\$2.86	-7.1%	-13.7%	1.8	4%	\$30,897
Los Angeles-Long Beach-Glendale	60.1%	\$29.33	\$2.66	38%	0.16	\$6.24	1.4%	-2.4%	4.6	3%	\$45,086
Chicago-Naperville-Arlington Heights	49.5%	\$18.31	\$2.62	38%	0.44	\$2.30	-1.2%	-10.3%	1.7	17%	\$33,473
San Francisco-Redwood City-So. S.F.	56.1%	\$14.76	\$2.37	42%	0.31	\$3.25	3.1%	-0.5%	3.2	10%	\$19,266
Washington-Arlington-Alexandria; Bethesda-Rockville-Fredericksburg	54.0%	\$23.57	\$2.28	44%	0.19	\$5.25	0.2%	-6.8%	2.0	13%	\$32,856
Very Small Markets (e.g., Akron, OH; Ann Arbor, MI; Auburn, AL; Santa Barbara, CA)	51.1%	\$13.23	\$2.34	43%	0.32	\$3.14	0.4%	-5.6%	7.6	15%	\$10,287
Small Markets (e.g., Albany, NY; Allentown, PA; Bakersfield, CA; Tucson, AZ)	54.1%	\$15.05	\$2.13	47%	0.29	\$3.45	-3.0%	-9.2%	2.2	11%	\$14,984
Medium-Sized Markets (e.g., Boston, MA; Columbus, OH; Philadelphia, PA; Pittsburgh, PA)	55.4%	\$17.22	\$2.57	39%	0.28	\$3.53	1.3%	-5.3%	1.8	9%	\$28,024
Larger Markets (e.g., Dallas, TX; Santa Ana-Anaheim, CA; Minneapolis, MN; Phoenix, AZ; Riverside, CA; San Diego, CA)	58.1%	\$16.15	\$2.47	41%	0.27	\$3.70	3.5%	-4.0%	2.7	14%	\$33,243



Very Small Markets (CBSA Name): Wilmington, DE; Akron, OH; Alpena, MI; Altoona, PA; Ann Arbor, MI; Ashland, OH; Athens, OH; Auburn, NY; Barnstable Town, MA; Barre, VT; Battle Creek, MI; Bay City, MI; Bellefontaine, OH; Bennington, VT; Big Rapids, MI; Binghamton, NY; Bishop, CA; Bloomington-Normal, IL; Bloomsburg-Berwick, PA; Bradford, PA; Burlington-South Burlington, VT; California rural; Cambridge, MD; Canton-Massillon, OH; Chambersburg-Waynesboro, PA; Champaign-Urbana, IL; Charleston-Mattoon, IL; Danville, IL; Davenport-Moline-Rock Island, IA-IL; Decatur, IL; Duluth, MN-WI; East Stroudsburg, PA; Easton, MD; Effingham, IL; Erie, PA; Fergus Falls, MN; Findlay, OH; Flagstaff, AZ; Flint, MI; Galesburg, IL; Gettysburg, PA; Glens Falls, NY; Hagerstown-Martinsburg, MD-WV; Hanford-Corcoran, CA; Harrisburg-Carlisle, PA; Holland-Grand Haven, MI; Hudson, NY; Huntingdon, PA; Illinois rural; Indiana, PA; Ithaca, NY; Jackson, MI; Jacksonville, IL; Johnstown, PA; Kalamazoo-Portage, MI; Kankakee, IL; Kingston, NY; Lake Havasu City-Kingman, AZ; Lancaster, PA; Lansing-East Lansing, MI; Lebanon, VT; Lebanon, PA; Lewisburg, PA; Lewistown, PA; Lexington Park, MD; Lima, OH; Macomb, IL; Malone, NY; Mankato-North Mankato, MN; Mansfield, OH; Marion, OH; Marquette, MI; Maryland rural; Massachusetts rural; Meadville, PA; Merced, CA; Michigan rural; Minnesota rural; Modesto, CA; Mount Vernon, OH; New Castle, PA; New Philadelphia-Dover, OH; New York rural; Nogales, AZ; Norwich-New London, CT; Ocean Pines, MD; Ogdensburg-Massena, NY; Olean, NY; Oneonta, NY; Ottawa-Peru, IL; Pennsylvania rural; Peoria, IL; Phoenix Lake-Cedar Ridge, CA; Pittsfield, MA; Portland-South Portland, NH; Portsmouth, OH; Pottsville, PA; Poughkeepsie-Newburgh-Middletown, NY; Prescott, AZ; Quincy, IL-MO; Reading, PA; Red Bluff, CA; Rockford, IL; Safford, AZ; Saginaw, MI; Salinas, CA; Salisbury, MD; San Luis Obispo-Paso Robles-Arroyo Grande, CA; Sandusky, OH; Santa Barbara-Santa Maria-Goleta, CA; Santa Cruz-Watsonville, CA; Santa Rosa, CA; Sault Ste. Marie, MI; Sayre, PA; Scranton—Wilkes-Barre—Hazleton, PA; Selinsgrove, PA; Show Low, AZ; Sidney, OH; Sierra Vista-Douglas, AZ; Somerset, PA; Springfield, IL; Springfield, MA; Springfield, OH; St Cloud, MN; State College, PA; Stockton-Lodi, CA; Syracuse, NY; Toledo, OH; Traverse City, MI; Trenton, NJ; Truckee-Grass Valley, CA; Ukiah, CA; Utica-Rome, NY; Vallejo-Fairfield, CA; Van Wert, OH; Vermont rural; Visalia-Porterville, CA; Williamsport, PA; Wooster, OH; York-Hanover, PA; Youngstown-Warren-Boardman; PA; Yuma, AZ; Zanesville, OH

Small Markets (CBSA Name): Lake County-Kenosha County, IL-WI; Albany-Schenectady-Troy, NY; Allentown-Bethlehem-Easton, PA-NJ; Bakersfield, CA; Buffalo-Cheektowaga-Niagara Falls, NY; Dayton, OH; Fresno, CA; Grand Rapids-Wyoming, MI; Milwaukee-Waukesha-West Allis, WI; New Haven-Milford, CT; Oxnard-Thousand Oaks-Ventura, CA; Peabody, MA; Providence-Warwick, RI-MA; Rochester, NY; Tucson, AZ; Worcester, MA

Medium-Sized Markets (CBSA Name): Boston-Quincy, MA; Cambridge-Newton-Framingham, MA; Detroit-Dearborn-Livonia, MI; Edison-New Brunswick, NJ; Nassau County-Suffolk County, NY; Newark, NJ; Oakland-Hayward-Berkeley, CA; Philadelphia, PA; Warren-Troy-Farmington Hill, MI; Baltimore-Columbia-Towson, MD; Cincinnati, OH; Cleveland-Elyria, OH; Columbus, OH; Pittsburgh, PA; Sacramento—Roseville—Arden-Arcade, CA; San Jose-Sunnyvale-Santa Clara, CA

Larger Markets (CBSA Name): Atlanta-Sandy Springs-Roswell, GA; Dallas-Plano-Irving, TX; Houston-The Woodlands-Sugar Land, TX; Minneapolis-St Paul-Bloomington, MN-WI; Phoenix-Mesa-Scottsdale, AZ; Riverside-San Bernardino-Ontario, CA; San Diego-Carlsbad, CA; Santa Ana-Anaheim-Irvine, CA

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What Drives Performance?

There are many ways to consider performance. There's reporting on average performance, examining what drives performance, and probing the notion of high performance. In this section we examine what drives performance.

The Averages section of this report focuses only on the 11, fairly clear-cut arts and cultural sectors. Here we include organizations in the 'Miscellaneous' category since they are part of the larger fabric of arts and culture in the U.S., often reaching very broad audiences with popular offerings. It is a VERY varied group, including everything from historical preservation sites to film festivals, and it's a big sector, representing nearly a quarter of the total number of organizations.

To consider what drives the performance of arts and cultural organizations, we return to the concept of the Arts and Culture Ecosystem and its elements: independent artists, arts and cultural organizations, the community, and cultural policy. This means that characteristics of each element of the Ecosystem should be considered as a potential factor that impacts performance. These represent relatively easy-to-observe-and-measure determinants of organizational performance.

Each performance index reports on a relationship. We unpacked each performance index into its relationship components — a numerator and denominator. For each numerator and denominator, we then identified likely organizational, community, and policy variables that act as predictors. The only measure we have at this time regarding independent artists is the percentage of the population who self-identify as artists, which we wrap in with our community variables. In the following sections, we highlight the more interesting findings in three categories:

1. What **organizational** characteristics affect this performance?
2. How do **community characteristics** affect performance? We further divide these effects into *socio-demographic characteristics* and the number of *competitors, complements, and substitutes in the community*.¹
3. What impact does **cultural policy** have on performance?

The predictors together explain some level of variation in the performance measure. The higher the variation explained, the more the predictors are actually predicting performance. They are often referred to as explanatory variables.

Some of our findings confirm what you'd expect — i.e., they predict what you'd expect them to predict. Other findings were somewhat surprising and deserve more discussion and further exploration. Some predictors have the same effect regardless of the performance measure in question; others demonstrate patterns that hint at complex dynamics.

¹ Competitors include other organizations operating in the same arts and culture sector. Substitutes are other organizations or businesses that compete for resources and replace each other in use or consumption. The more they are present in the market, the lower performance; cinemas represent a likely substitute for nonprofit arts entertainment. Complements are other businesses that positively affect performance. For example, hotels in the immediate area support tourism and may increase arts and culture attendance.



Organizational Highlights

Organizational age and size (total expenses) boost performance in every case. Other organizational characteristics were not included in every analysis but yielded consistently positive effects each time they were included; for example, number of subscribers, number of employees, number of shows, relative amount spent on fundraising, and whether the organization was currently in a capital campaign. Several decisions related to types of offerings — e.g., number of educational programs, exhibitions, and national premieres — had a positive impact on most of the outcomes where anticipated.

Other decisions and characteristics exerted different patterns of results. For example, higher ticket prices increased program and operating revenue but decreased attendance. The number of local premieres increased program revenue, attendance and engagement but decreased contributed revenue. Funders appear to prefer giving money for national premieres and not for local premieres, whereas local audience members turn out for all types of premieres – local, national and world. Intriguingly, more working capital led to higher program salaries but fewer total offerings from the organization. Organizations that target either African Americans or young adults attract higher levels of contributed funds but tend to have a smaller footprint, with fewer offerings and lower program revenue, program salaries, attendance, engagement, and marketing expenses. Those that target Hispanics have higher contributed revenue, program salaries, and total offerings but lower marketing expenses and lower program revenue.

Community Highlights

Several socioeconomic characteristics have net positive effects although not consistently positive for all performance measures. For example, median income positively affects two outcomes and has no effect on the others; the percentage of female head-of-households has positive effects on seven outcomes, no effect on two outcomes, and a negative effect only on marketing expenses.

The percentage of households with income greater than \$200,000 provides one of the more intriguing results. Specifically, these high-income households provide more contributions and overall operating revenue to local arts and culture organizations but do not attend more and demonstrate less engagement. These results are consistent with the idea that this demographic may be more likely to support many interests but have time constraints that prohibit them from attending all offerings. They may also patronize arts and culture organizations outside of the local community, creating a “spread-the-wealth effect.”

We see similar findings for the percentage of the population with graduate degrees, which lead to higher program revenue and number of offerings but lower contributions and overall operating revenue. After controlling for income level, highly educated people are willing to spend money for high-dollar offerings but not contribute or attend more. The most negative community characteristic for arts and cultural organizations is the amount of commute time, which decreases performance on nearly every outcome measure.



Some community characteristics clearly contribute to a healthy ecosystem in which arts and cultural organizations thrive. For example, having more hotels in the market led to higher performance on nearly every performance dimension. Hotels bring in visitors to the city and contribute to a stronger entertainment and leisure scene. Larger corporations are also positively related to five of the performance outcomes and unrelated to the others. These results suggest that hotels and larger corporations are both complements to the arts and culture industries.

But there are also several competing leisure activities, including zoos, cinemas, and sports teams. Other types of businesses play both competitive and complementary roles. For example, a larger number of restaurants increases program revenue but decreases attendance and engagement. This is consistent with the idea that patrons enjoy combining a meal with an afternoon or evening attending an arts event, but that restaurants also compete for potential audience members' leisure time and money.

Organizations also have competition within their arts and culture sector, especially for contributed revenue. In addition to looking at the number of competing arts organizations in a sector, we control for the effects of the per capita revenue support in each sector. This measure, which sums all operating revenue for all organizations in a sector and divides by total population in the market, represents the level of support (in terms of contributed and program revenue) that each person in the market provides to each arts sector. As expected, per capita support has a positive effect on all outcomes.

Cultural Policy Highlights

We examine three sources of government support. The level of local government support, measured as a percentage of overall budget, is positively related to attendance, engagement, and total offerings and negatively related to contributed and operating revenue, total expenses, marketing expenses, and current liabilities. State government support, again measured as a percentage of overall budget, is positively related to current liabilities and total offerings and negatively related to contributed and operating revenue, total expenses and marketing expenses. These results are consistent with the idea that state and local governments support pro-social activities by smaller, local organizations serving the local community. Organizations that receive grants from the NEA and IMLS consistently outperform other arts and culture organizations on every performance measure, consistent with the idea that competitive national grants recognize high quality and create halo effects.



What Drives Unrestricted Contributed Revenue?

All of the predictors from the arts and cultural ecosystem described below combine to explain 30% of the variation in unrestricted contributed revenue performance.

What organizational characteristics affect this performance?

- Contributions increase with the number of national premieres, the number of employees, the amount of expenses allocated to fundraising (including staff).
- Organizations that target young adults, African Americans and Hispanics bring in higher unrestricted contributed revenue, while those that target kids or offer a high number of local premieres attract lower overall contributions.

How do socio-demographic characteristics of the community affect performance?

- Contributions are boosted with population size, as the percentage of the population that is 18-24 years old increases, with consumer confidence, and with a higher concentration of households with annual income above \$200,000.
- A higher percentage of the population with a graduate degree decreases contributed revenue, as does commute time.

How does the number of competitors, complements, and substitutes in the community affect performance?

- Increased competition from zoos and from other arts and cultural organizations in the same sector leads to lower contributed revenue.
- Higher total arts sector revenue per capita produces higher unrestricted contributed revenue for individual organizations, as does the presence of local foundations and hotels.

What impact does cultural policy have on performance?

- Local and state government support is associated with lower levels of unrestricted contributed revenue for organizations.
- Receiving an NEA or IMLS grant increases overall contributed support.



What Drives Total Expenses (before depreciation)?

All of the factors from the arts and cultural ecosystem described below combine to explain 37% of the variation in total expenses, what we often refer to as total budget.

What organizational characteristics affect this performance?

- Higher total expenses — i.e., larger budgets — occur for organizations in a capital campaign, those with high realized capital gains, those with more members and/or subscribers, those that own their space, or those that target children.
- Expenses increase with the number of programmatic offerings, the number of world premieres, and the number of board members.

How do socio-demographic characteristics of the community affect performance?

- Total expenses are greater in communities with a higher percentage of Hispanics, 18-24-year-olds, or households with annual income above \$200,000, and expenses also rise as consumer confidence goes up and population size increases.
- Organizations have lower expenses when there are more Asian Americans, as the median age goes up, as the percentage of the population with graduate degrees goes up, and when commute times are longer.
- Lower total expenses result when there is a high percentage of independent artists in the community, perhaps representing competition from the activity these artists generate.

How does the number of competitors, complements, and substitutes in the community affect performance?

- Total expenses of arts and cultural organizations tend to be higher in the presence of foundations, nonprofit media activity in the form of public radio and television stations, larger corporations, hotels, restaurants and parks.
- More sports teams, zoos, and other arts and cultural competitors in the market are related to lower levels of total expenses.
- The more total arts sector revenue per capita, the better off all arts and cultural organizations are.

What impact does cultural policy have on performance?

- Total expenses tend to decrease as local and state government support make up a greater percentage of budget. This likely reflects a commitment by local and state governments to support all arts and cultural organizations, even the smallest.
- NEA and IMLS grant awards are positively related to total expenses.



What Drives Program Revenue?

All of the factors from the arts and cultural ecosystem described below combine to explain 22% of the variation in program revenue.

What organizational characteristics affect this performance?

- Program revenue is higher for organizations that offer more live productions, more tour performances, more educational programs, and more off-site school programming.
- It is also higher for organizations with more owned square footage, more board members, more personnel (both on staff or contracted) and higher ticket/admission price.
- Organizations that target children and Asian Americans have higher program revenue and those that target young adults, African Americans or Hispanics have lower program revenue.

How do socio-demographic characteristics of the community affect performance?

- Arts and cultural organizations have lower program revenue in communities with a higher percentage of young adults between 18-24 years old, Asian Americans, African Americans, or single father households.
- There tends to be lower program revenue in communities with higher percentages of people in the labor force (perhaps due to time constraints) and as the median age in the community rises.
- Program revenue is higher as population size, median income, consumer confidence, the percentage of single mother households, and the percentage of the population with graduate degrees increase.

How does the number of competitors, complements, and substitutes in the community affect performance?

- Total program revenue of arts and cultural organizations tends to be higher in communities with a high number of foundations, hotels, restaurants and parks. These businesses have complementary effects, driving higher program revenue when their numbers increase.
- More cinemas, sports teams, and zoos in the market act as substitutes since they are related to lower levels of program revenue. And a larger number of corporations is also related to lower program revenue.
- The number of other arts and cultural competitors has relatively little impact on program revenue. This suggests that direct competition also provides some complementary effects; for example, in the form of synergies created by an arts district that becomes a cultural destination. Total arts sector revenue per capita has a consistently positive effect.

What impact does cultural policy have on performance?

- Local and state funding had no significant effect on program revenue, while receiving an NEA or IMLS grant award was positively related to program revenue.



What Drives Program Personnel Compensation?

All of the factors from the arts and cultural ecosystem described below combine to explain 25% of the variation in payment to salaried and non-salaried artists and program-related personnel.

What organizational characteristics affect this performance?

- Program personnel compensation goes up with the number of live self-produced shows, permanent exhibitions, tours, educational programs, off-site school programming and the works commissioned.
- Organizations with higher working capital also spend more on program personnel compensation, as do organizations that target kids or Hispanics.
- Targeting young adults, African Americans or Asian Americans is associated with lower program personnel compensation levels.

How do socio-demographic characteristics of the community affect performance?

- The more Asian Americans or individuals with graduate degrees there are in the market, the less organizations tend to spend on program personnel compensation.
- Higher spending occurs as consumer confidence increases and as the number of artists and households with over \$200,000 in income increase.
- Organizations spend less on program personnel compensation in markets where commute times are longer.

How does the number of competitors, complements, and substitutes in the community affect performance?

- Program personnel compensation is higher in communities with more art dealers, foundations, nonprofit media activity, restaurants, and larger corporations.
- Program personnel compensation is lower in markets with lots of cinemas, sports teams and zoos.
- The number of direct arts and cultural competitors has little or no effect on salaries while total arts sector revenue per capita has a positive effect.

What impact does cultural policy have on performance?

- Local and state funding had no significant effect on program personnel compensation, while receiving a national grant award was positively related to program salaries.



What Drives In-Person Attendance?

All of the factors from the arts and cultural ecosystem described below combine to explain 15% of the variation in physical attendance.

What organizational characteristics affect this performance?

- The more square footage an organization has, and the more local, national or world premieres it produces, the higher its attendance.
- Ticket/admission prices have a negative effect on attendance while more views of the organization's website pages draws higher attendance. Not surprisingly, attendance goes up with the number of permanent and temporary exhibitions and live productions.
- Organizations that target kids have higher attendance and those that target young adults and African Americans have lower attendance.

How do socio-demographic characteristics of the community affect performance?

- Attendance is lower for organizations in markets with large populations and in those with lots of kids and young adults, and it is higher in markets with a high percentage of Hispanics.
- Attendance goes down as average age and graduate education levels rise but increases with higher proportions of the population in the work force and single-mother households.
- Longer commutes lead to lower attendance as do elevated levels of consumer confidence, single-father households, and independent artists.

How does the number of competitors, complements, and substitutes in the community affect performance?

- Attendance declines with a high level of nonprofit media activity and with higher numbers of art dealers, foundations, restaurants, cinemas, and sports teams in the market. These appear to act as substitute activities for attending arts and cultural events.
- More corporations, especially large ones, act as complements in the market and drive higher attendance. There are positive effects for total arts revenue per capita for the sector.

What impact does cultural policy have on performance?

- State government funding had no significant effect on attendance, but local government funding and number of NEA or IMLS grant awards were both positively related to attendance.



What Drives Marketing Expenses?

All of the factors from the arts and cultural ecosystem described below combine to explain 21% of the variation in marketing expenses, including personnel.

What organizational characteristics affect this performance?

- Total square footage, higher ticket/admission prices, and more local and national premieres lead to higher marketing expenses.
- Not surprisingly, marketing expenses go up with the number of permanent and temporary exhibitions and live productions.
- Organizations that target kids, young adults, African Americans or Hispanics spend less on marketing.

How do socio-demographic characteristics of the community affect performance?

- A higher percentage of Asian Americans in the community leads to lower marketing expenses, while a higher percentage of African Americans and Hispanics leads to higher marketing expenses.
- Higher median age, longer commute times and more people with graduate degrees leads to lower marketing spend.
- Marketing spend increases as consumer confidence goes up and when there is a high proportion of households with income greater than \$200,000. It decreases when there is a high proportion of single-mother households in the community.

How does the number of competitors, complements, and substitutes in the community affect performance?

- The more foundations and sports teams there are in the local community, the less organizations spend on marketing.
- The more Broadway visitors the higher total marketing expenses, which speaks to the need for arts organizations in New York to spend more on marketing to compete for attention.
- As the number of direct sector competitors increases, organizations tend to spend less on marketing, but marketing spend increases as total arts revenue per capita for the sector increases.

What impact does cultural policy have on performance?

- Local and state funding are both negatively related to marketing expenses and the number of NEA and IMLS grants are positively related.



What Drives Total Operating Revenue and Total Expenses?

Our bottom line figure is a formula created by subtracting total expenses (before depreciation) from operating revenue. To understand the difference between the two, here we look at what drives each of the component parts. All of the factors from the arts and cultural ecosystem described below combine to explain 37% of the variation in operating revenue performance and 37% of the variation in total expenses (before depreciation).

What organizational characteristics affect this performance?

- Operating revenue and expenses both increase with space ownership, the number of board members, the number of subscribers or members, and the targeting of kids (preK-12).
- Ticket/admission price and space rental are positively related to operating revenue, as is being sheltered by a parent organization, hiring more artists and program personnel, and spending more on fundraising.
- Expenses increase when an organization is in a capital campaign and when it realizes capital gains. More permanent exhibitions and live productions are related to higher operating revenue while all programmatic offerings drive higher expenses, as do world premieres.

How do socio-demographic characteristics of the community affect performance?

- Operating revenue and expenses are higher in larger-population markets and when there is a larger number of households with income of \$200,000 or more.
- Higher levels of graduate degrees and median age in the community lead to lower operating income and lower expenses, as do high concentrations of either Asian Americans or single-father households.
- Expenses are lower as commute time increases and higher with consumer confidence.

How does the number of competitors, complements, and substitutes in the community affect performance?

- Total expenses are higher when there are a lot of foundations, nonprofit media activity, larger corporations, hotels, restaurants and parks, and lower when there are high levels of sports teams and zoos.
- Operating revenue also goes up when there are lots of foundations, hotels, and parks, and decreases with the number of sports teams and zoos.
- Both expenses and operating revenue tend to decrease when there are lots of direct competitors and increase as total arts sector revenue per capita increases.

What impact does cultural policy have on performance?

- As local and state funding increase, total expenses and operating revenue decrease.
- National grant awards are positively related to higher expenses and higher operating revenue.



What Drives Current Unrestricted Assets and Current Liabilities?

Working capital is a formula created by subtracting current liabilities from current unrestricted assets. To understand the difference between the two, we look at what drives each of the component parts. All of the factors from the arts and culture ecosystem described below combine to explain 21% of the variation in current unrestricted assets (excluding current unrestricted board designated endowment funds) and 14% of current liabilities.

What organizational characteristics affect this performance?

- Organizations currently in a capital or endowment campaign have higher current assets, as do those with larger boards, more subscribers, or higher fundraising and marketing expenses.
- Both current assets and current liabilities increase with higher levels of fixed assets, facilities and maintenance costs, and space ownership. Organizations that operate in donated space have lower current liabilities and those with more employees have higher current liabilities.
- Organizations that target kids (preK-12) have higher current assets and lower current liabilities whereas those targeting young adults have lower current assets. Current assets and current liabilities are lower for organizations that target Asian Americans.

How do socio-demographic characteristics of the community affect performance?

- Having a larger population has a negative effect on current assets and a positive effect on current liabilities, indicating limited working capital. This same pattern is repeated for organizations that target either young adults or Asian Americans.
- The higher the percentage of the population in the labor force, under 18, African American, or with a graduate degree, the lower current assets.
- Higher median income levels, more households with income \$200,000 or more, more consumer confidence, and more single-mother households lead to higher current assets. Larger households lead to lower current liabilities. Single-father households, nonfamily households, median age, and long commute times lower both current assets and current liabilities.

How does the number of competitors, complements, and substitutes in the community affect performance?

- The more hotels in the community and the higher total arts sector revenue per capita, the higher both current assets and current liabilities are.
- Foundations drive up current assets while large companies and nonprofit media outlets drive up current liabilities. More Broadway visitors equate to higher current liabilities, which relates back to the findings in the Averages section regarding lower working capital levels for organizations in New York.
- A higher number of corporations of every size leads to diminished current assets and greater current liabilities. Zoos and sports teams negatively affect current assets.



What impact does cultural policy have on performance?

- Current assets are unaffected by local and state government funding whereas local funding decreases current liabilities while state funding increases current liabilities.
- NEA and IMLS funding boost both current assets and current liabilities.

What Drives Community Engagement?

All of the factors from the arts and cultural ecosystem described below combine to explain 15% of the variation in the number of individual stakeholder touch points with the organization.

What organizational characteristics affect this performance?

- More engagement emerges for organizations that own space, have more square footage, or provide more program offerings.
- Local, national and world premieres all elevate the number of touch points.
- Organizations that spend more on fundraising and those that target kids engage more people, and those targeting African Americans or young adults engage fewer.

How do socio-demographic characteristics of the community affect performance?

- The higher the population, the greater the general presence of people under 25 years old in the market, and the higher the median age in the market, the lower total touch points.
- The higher the percentage of the population either in the labor market or Hispanics, the higher the touch points.
- As commute time, consumer confidence, and the percentage of independent artists in the community increase, total touch points go down. The more households with income \$200,000 and above, the lower total engagement, reinforcing our speculations regarding this segment and limited time.

How does the number of competitors, complements, and substitutes in the community affect performance?

- Any individual organization's number of total touch points is negatively affected by the number of art dealers, restaurants, and sports teams. Evidently, there are strong effects between arts and cultural organizations and substitute leisure activities when it comes to participation. More businesses and hotels, on the other hand, lead to higher total touch points.
- As was the case with physical attendance, there are no competitive effects from similar organizations in the same sector, and total arts revenue per capita in a sector drives up total touch points for organizations.

***What impact does cultural policy have on performance?***

- Local funding support increased engagement figures while state dollars had no effect.
- As with all other indices, the number of NEA and IMLS grants had a positive effect on an organization's number of total touch points.

What Drives the Number of Total Program Offerings?

All of the factors from the arts and cultural ecosystem described below combine to explain 11% of the variation in the number of total programs that the organization offers.

What organizational characteristics affect this performance?

- The total number of program offerings increases with space ownership, total square footage, investment income, the number of program-related personnel, and development expenditures.
- More working capital tends to decrease the number of program offerings.
- Organizations that target kids or Hispanics offer more programs while those targeting African Americans or Asian Americans offer fewer.

How do socio-demographic characteristics of the community affect performance?

- Total program offerings rise with population size, the percentage of the population 18-24 years of age, and with median age, single mom households, average household size, and prevalence of graduate degrees.
- Program offerings are fewer for organizations in communities with a high proportion of African Americans, Asian Americans, independent artists, or households with income of \$200,000 or more. Longer commute times discourage organizations from offering more programs.

How does the number of competitors, complements, and substitutes in the community affect performance?

- There are many complementary effects between arts and cultural organizations' total program offerings and a variety of businesses and organizations: art dealers, cinemas, and parks in the market. Fewer programs are offered by arts and cultural organizations in communities with a high presence of restaurants, zoos, and nonprofit media outlets.
- Higher density of competition in any arts sector brings down the number of offerings by any single organization in that sector. On the other hand, total arts revenue per capita for any sector increases the number of offerings.

What impact does cultural policy have on performance?

- Higher levels of local and state government funding encourage organizations to offer more programs. The same is true of NEA or IMLS grants.

Identifying High Performance & Key Intangible Performance Indicators (KIPIs)



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Identifying High Performance and Key Intangible Performance Indicators (KIPIs)

Stochastic frontier analysis is an analytic method that is in search of the 'above average'. It explores the frontier of maximum feasible output given a set of inputs. When we talk about 'performance' of arts and cultural organizations, there may not be one right answer or a single ideal out there towards which everyone should strive. What we do know, however, is that: 1) Arts organizations do perform differently on different outcome measures, and 2) Any conversation about outcomes or performance immediately raises the question, "Relative to what?" Traditionally, there are two ways of establishing a comparison standard.

One approach is to use quantitative methods to break down data to determine what the 'average' performance is for a group of organizations. These analyses may create average or aggregate scores and show changes over time. For example, the National Arts Index, a project and publication of Americans for the Arts, established a series of health indices using 2003 as the benchmark year, meaning that all performance is scored relative to that year. WESTAF created the Creative Vitality Index (CVI), which reflects the relative economic health of a selected geography's creative economy. These analyses use a different methodology and address outcomes more germane to cultural policy purposes than ours, but it is useful to see what story different approaches and different reference points reveal.

Another approach is to identify best practices or outcomes and try to evaluate how well an organization implements or achieves these ideal outcomes. These analyses frequently involve subjective assessments that may demonstrate questionable reliability. Scoring in many Olympic events and university rankings offer examples of this approach to establishing comparison standards.

Stochastic frontier analysis uses statistical methods to identify best outcomes and evaluate how close each organization comes to that best outcome. Scores range from 0 to 100, with scores approaching 100 representing 'high performance' outcomes. There is no predetermined 'average' score; rather, the average can be calculated after or as part of the analysis. The scores may approximate a normal bell curve, with half of the organizations performing below an arithmetic mean of 50, but it may turn out that there is an exaggerated tail in the distribution, with a small number of truly exceptional performers skewing the distribution.

So how does stochastic frontier analysis accomplish this? The basic idea begins with a simple regression analysis, which shows how a series of independent factors affect an outcome. This is useful for understanding how two variables are related; for example, human height and weight are usually correlated so that, on average, taller people weigh more than shorter people. But as we know, there are sometimes large deviations from this 'average' relationship. And these deviations



have two distinct components. One component is individual behavior, including exercise and calorie intake. Though somewhat more difficult to track and measure than height, these activities are observable and measurable. Research suggests other, less tangible characteristics also play a role, including genetic make-up or even certain types of stomach bacteria. Finally, there probably are factors that determine weight that are as yet completely unknown.

So the determinants of a person's weight can be classified into three broad categories: (1) relatively easy-to-observe-and-measure characteristics like height, exercise, and calorie intake; (2) difficult-to-observe-and-measure characteristics like genetic make-up and stomach bacteria; and (3) impossible-to-quantify variations that we may understand in the future but for now must be viewed as random variations. Using stochastic frontier analysis, we adopt the same perspective for understanding the determinants of performance on a variety of measures in arts and cultural organizations. Specifically,

1. There are a large number of relatively easy-to-observe-and-measure characteristics that can affect an organization's performance;
2. There are also some intangible, difficult-to-observe-and-measure characteristics like good decision-making, managerial and artistic expertise, and the quality of the work force that affect an organization's performance; and
3. There is some level of random variation that we can estimate but cannot explicitly model.

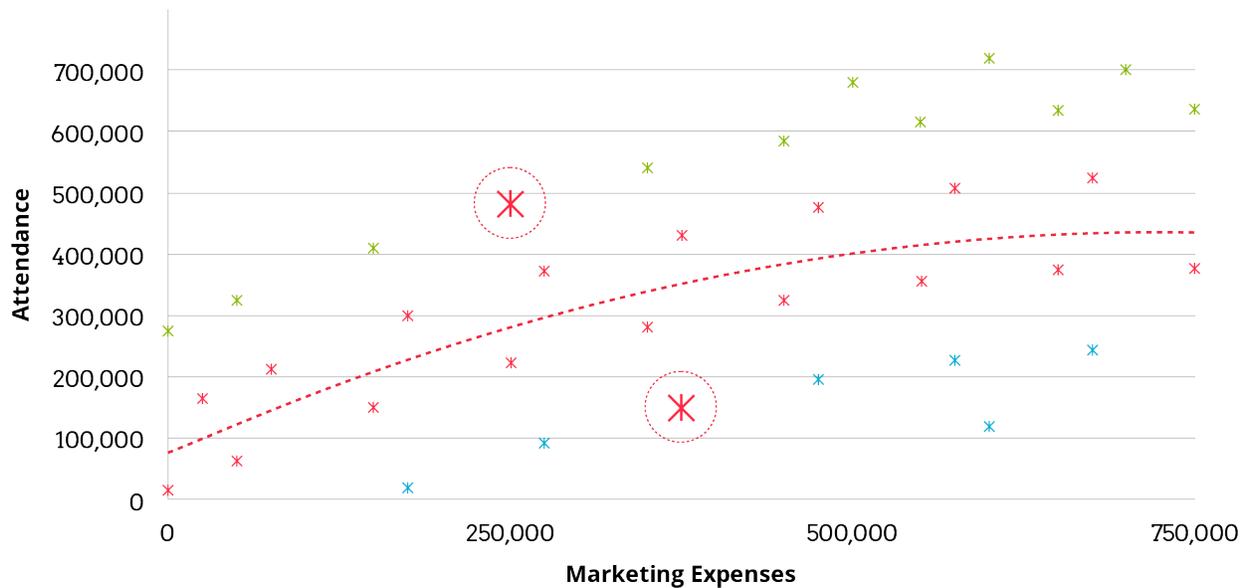
We describe the effects of four types of relatively easy-to-observe-and-measure characteristics that influence an organization's performance in the Driving Forces section. We used these measures to build a model for each of the outcome measures — i.e., one for the numerator and one for the denominator — required to construct the Arts and Culture Performance Indices, each of which is a ratio. This model simultaneously estimates:

1. The relationships between predictor and performance outcome variables, which are described in the Driving Forces section;
2. The component of unexplained variation attributable to intangible aspects of performance like good decision-making and managerial or artistic expertise; and
3. The random variation.

Think about the figure shown below, which maps different Attendance/Marketing Expense combinations (which represent the Marketing Impact Index). These combinations show a logical trend, with larger marketing expenditures generally producing greater attendance. The red dotted line captures that trend. Despite the trend, however, there is significant variation, with individual observations appearing above and below the line.



Plotting the Relationship Between Attendance and Marketing Expenses



Note: Blue asterisks represent low performers; red represent average performers; and green represent high performers.

The asterisks appearing above the red line represent higher attendance per marketing dollar spent. The asterisks appearing below the line represent lower attendance per marketing dollar spent. The color coding indicates Attendance/Marketing Expense combinations that are low (blue), about average (red), and high (green). Two exceptions or “outliers” that are circled in red will be explained below.

What explains the variations in these Attendance/Marketing Expense combinations? As described above, there are three general categories: (1) easy-to-observe-and-measure organizational, community and cultural policy factors that are detailed in the Driving Forces section; (2) the intangible, difficult-to-observe-and-measure characteristics like good decision-making, artistic expertise, and the quality of the work force that affect an organization’s performance; and (3) some level of random variation.

Controlling for organizational, community and cultural policy factors (#1 above) is critical because it creates a level playing field for all organizations. Before we can determine if an organization is truly performing poorly or well, we have to take into account the organization’s sector, its size, its location, its community characteristics, the local cultural policy conditions, and everything else we can think of that might affect its situation. Once we have done so, only then can we ask, “All else being equal, is this organization’s performance better or worse than that of other organizations on a given outcome?”



For example, we expect that an older organization with lots of resources (measured as budget size) and located in a munificent community that provides exceptional support for the arts, *should* perform better on the Marketing Impact Index. And the results in the Driving Forces section support that expectation. This means that, for this large organization in a munificent community, being above the red line in the figure above is expected. So unless the organization's Attendance/Marketing Expense combination is quite far above the line, we would view its performance as just average. This type of exception appears in the figure above as a large red asterisk circled in red above the red line.

On the other hand, a nascent organization with a small overall budget, located in a low-income community that provides less support for the arts, faces greater challenges to draw attendees. Given these challenges, an Attendance/Marketing Expense combination that is below average might be viewed as average performance rather than low. The large red asterisk circled in red that appears below the red line in the figure above represents this type of exception.

After creating a level playing field, we can then estimate how much of the remaining variation is attributable to intangible, difficult-to-observe-and-measure characteristics like good decision-making and artistic expertise and how much is simply random variation. We all recognize that the success of organizations in the arts, perhaps more than any other industry, is driven by managerial and artistic expertise. This expertise is very difficult to observe and measure but not impossible to estimate. This estimate, which we call a Key Intangible Performance Indicator (KIPI), represents the single most valuable output from our data collection, spatial model-building, and analysis efforts.

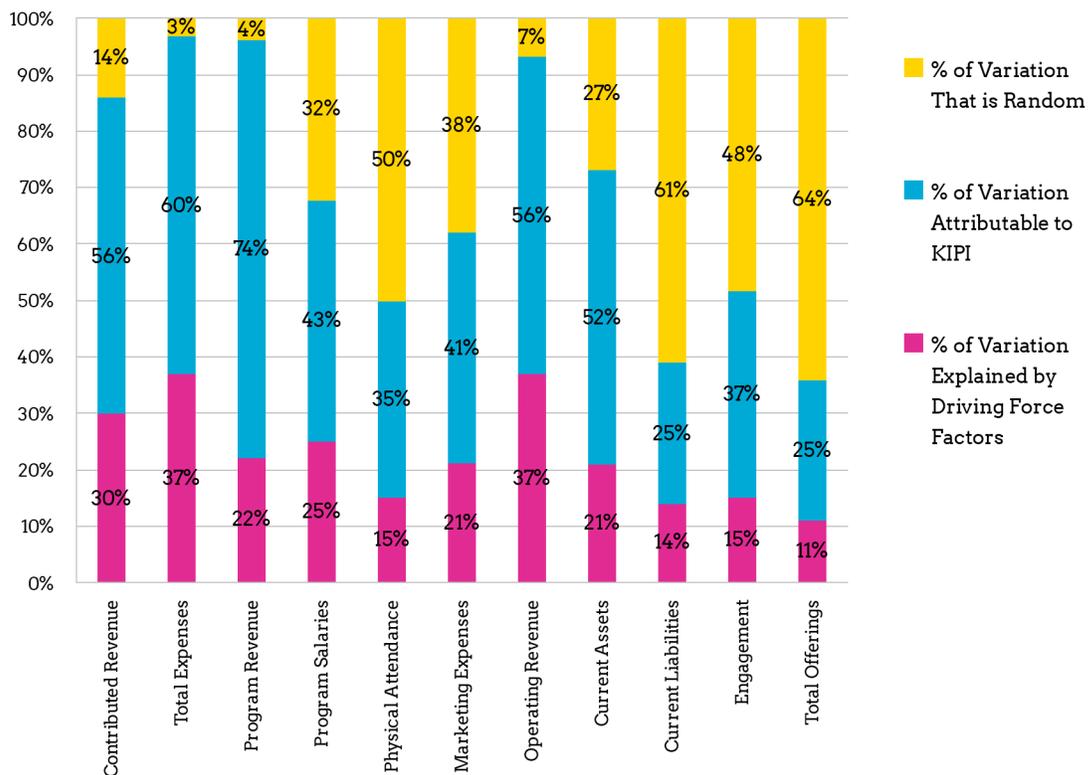
It may well be that scoring high on a KIPI would indicate that the organization is achieving its objectives, or an organization may WANT to be below the frontier. Not every organization will prioritize every performance measure, which is why we provide a menu of measures to consider. The KIPIs are not prescriptive; they are just information about performance relative to others in the field, taking organizational, community, and policy characteristics into account. For example, one earned revenue index compares the amount of program revenue earned per person in attendance. An organization that is heavily reliant on ticket revenue, charges tuition for classes that it offers, and generates parking, advertising and concession revenue may strive for a high score on this KIPI. By contrast, another organization that has a mission-related mandate to keep admission prices low, offers educational programming that is free of charge to participants, and generates only a small amount of advertising and concession revenue may judge its own success by how low it is able to keep its score on this measure.



Examining Explained & Unexplained Variation Attributable to KIPIs

To better understand what the stochastic frontier analysis tells us, we start by examining the output from the Driving Forces model. As shown in the Table below and detailed in the Driving Forces section of this report, the amount of variation explained by the driving force factors ranged from 11% for Total Offerings to 37% for Total Expenses. So our first takeaway is that there is substantial variation in our ability to predict different outcomes. By extension, we better understand the factors driving organizations' Total Expenses (which is frequently viewed a proxy for organization size) than we understand how effective arts and culture organizations are in making programming decisions and generating Attendance (15%) and Engagement (15%). Likewise, we better understand the factors driving Operating Revenue (37%) than we understand how organizations allocate resources to Marketing Expenses (21%).

Explained Variation & Unexplained Variation Attributable to KIPI & Random Variation



The KIPI scores in this Table measure the percentage of variation that is attributable to intangible skill or intellectual capital. For example, the variation attributable to KIPI is 56% for Contributed Revenue and 74% for Program Revenue. These high percentages imply that there exists a significant store of intellectual capital that is driving the difference between low-performing and high-performing arts and cultural organizations with respect to these revenue measures.



We see differences in the KIPi numbers for Program Revenue and Marketing Expenses. Although both are similarly predicted by organizational, community, and cultural policy factors, the KIPi is much greater for Program Revenue (74%) than it is for Marketing Expenses (41%). These numbers imply that firms possess greater intangible skill with respect to generating Program Revenue than for making Marketing Expense allocations. Although we can't unambiguously attribute these differences to specific causes, there are several plausible explanations for the pattern of results. The causes manifest somewhat differently, but they all come back to expertise in decision-making.

Program Revenues are easily quantified and frequently form the basis for organizational objectives. This focus intensifies evaluation of past successes and failures and encourages greater consideration of potential strategic changes that could positively influence future performance. In other words, organizational learning occurs. The result is low levels of random variation and high levels of intellectual capital value surface. Marketing Expenses allocations may attract somewhat less attention and focus in terms of organizational objectives, leading to higher levels of random variation and lower levels of intellectual capital developed by organizations.

A second plausible explanation is measurement, which ties back to managerial attention because we tend to focus on accurately tracking and measuring outcomes that matter most to us. The greater the error in measurement — i.e., sloppy or inconsistent reporting — the greater is the proportion of unexplained variance that will ultimately end up in the random error component. Inconsistent measurement across organizations in terms of what constitutes a marketing expense versus program, development, education or volunteer expense may be a partial cause. With respect to attention and objectives, how many arts organizations view marketing as an integral part of organizational success? At the executive level, do they allocate resources and effort to careful analysis of what marketing resources are necessary given revenue objectives or return on marketing? Or do they allocate a fixed amount or fixed percentage to marketing efforts each year or for each event, assuming that marketing will need the same resources for the same direct mail campaigns, list swaps, and occasional newspaper ad that they have always implemented? The relatively low Marketing Expense KIPi suggests that less attention is paid to marketing budget allocations.

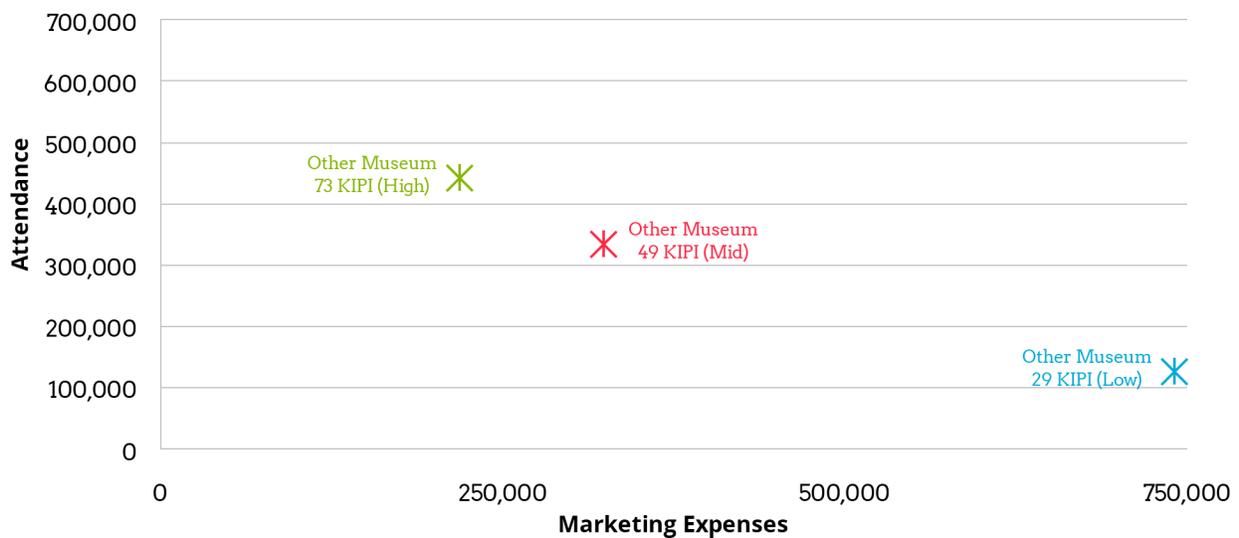
Individual KIPis that Control for Organizational, Community and Sector Characteristics

Although a high-level analysis offers some intriguing insights, more useful insight can be gleaned from examining individual KIPis at the organizational level. In this section, we again map Marketing Impact (i.e., Attendance per Marketing Dollar spent) to illustrate a KIPi's value. We now use actual examples of anonymous organizations to demonstrate how KIPis take into account the characteristics of the organization, arts and cultural sector, community, and cultural policy. In each figure, we map organizations that earned relatively low KIPis (i.e., below 30), mid-range KIPis around 50, and relatively high KIPis above 60. To simplify comparisons, we limit the examination to organizations that spent between \$100K and \$1M on marketing in 2012.



We look at six sectors, starting with a focus on Other (including Children’s, History, Natural History, and Science) Museums. We show three Other Museums in the first figure below, which plots an organization’s Marketing Expenses and its Attendance and gives the organization’s KIPi score. Note that you won’t be able to replicate the KIPi calculation from the numbers provided in the chart (it is a complex equation!). The low-KIPi (KIPi=29) museum spends nearly \$750,000 on marketing (total budget nearly \$12M). The mid-KIPi (KIPi=49) museum spends more than \$300,000 on marketing (with a total budget around \$4M). The high-KIPi (KIPi=73) museum spends a little more than \$200,000 on marketing (total budget around \$20M). These three organizations demonstrate the basic idea behind the Marketing Impact Index; that is, the KIPi goes up as the Attendance/Marketing Expense ratio increases.

A Simple Pattern of Individual KIPis for Three Other Museums



This simple idea is complicated by the fact that the playing field is not level for all organizations. Some organizations have larger physical spaces and budgets, some are located in more or less supportive communities, and some receive greater government or foundation support. In the next section, we expand our sample to six Other Museums to demonstrate how controlling for (1) organizational characteristics such as budget size and pricing decisions and (2) community factors creates a level playing field for KIPi estimation.

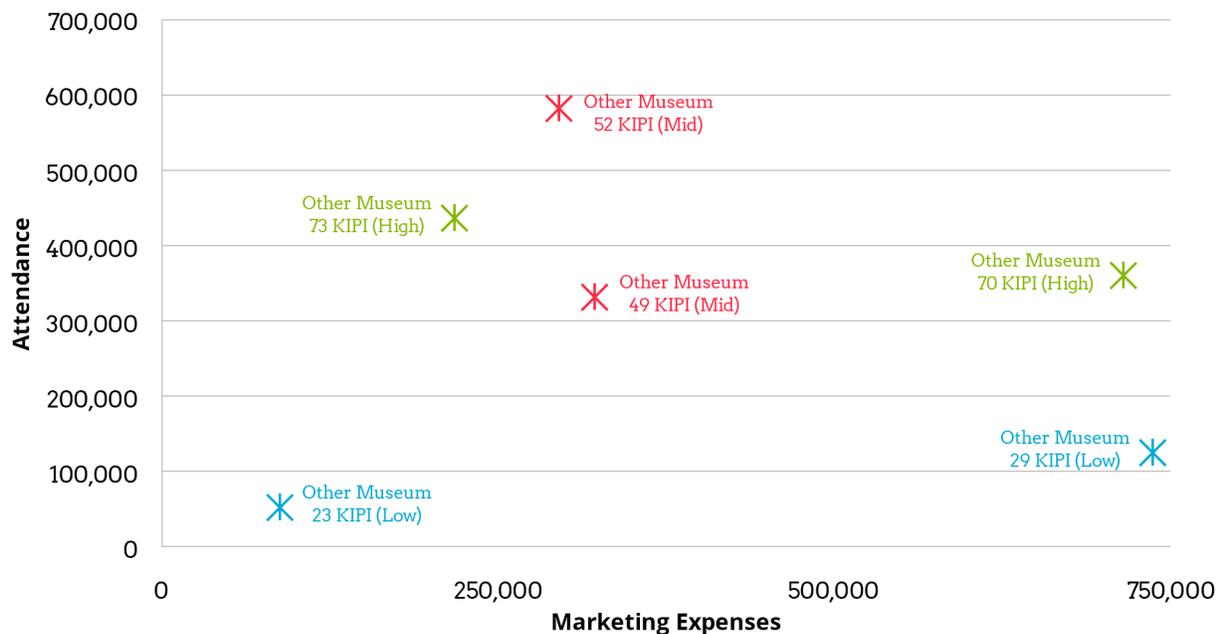


KIPIs Account for Organizational Characteristics like Budget Size & Pricing Decisions

In the figure below, we add in three more Other Museums and color-code them to indicate whether their KIPi is in the low (blue), mid (red), or high (green) range. We first note how organizational size has no obvious effect on KIPIs. For example, looking at the two low-KIPi organizations, the 23-KIPi museum spends under \$100,000 (total budget just over \$1M), and the 29-KIPi museum spends nearly \$750,000 on marketing (total budget nearly \$12M). The 73-KIPi museum spends a little more than \$200,000 on marketing (with a total budget around \$2M); the 70-KIPi museum spends over \$700,000 on marketing (total budget around \$1M).

We included budget size as one of the Driving Forces and it exerted a positive effect on both Attendance and Marketing Expenses. This means that, all else equal, a small budget-size organization that spends an equal amount on marketing and attracts an equal number of attendees as a large-budget organization receives a higher KIPi than the large budget-size organization. Budget size is one reason why the 49-KIPi museum has nearly the same score as the 52-KIPi museum even though it spends more on marketing and has far fewer attendees. The 52-KIPi museum's budget is nearly three times the size as the 49-KIPi museum.

Patterns of Individual KIPIs for Six Other Museums





But there are other organizational factors that explain why the 49-KIPI museum receives nearly as good a score as the 52-KIPI museum that spends less on marketing and attracts 70% more people. The 49-KIPI organization offers far fewer permanent (2 versus 20) and temporary (5 versus 10) exhibitions than the 52-KIPI museum; all else equal, a larger number of exhibitions has the potential to attract more people. The 49-KIPI organization also charges a higher price (\$9.50 versus \$7) than the 52-KIPI museum; all else equal, a museum charging higher ticket prices has to spend more to attract customers than a museum charging lower ticket prices. Remember, the Marketing Impact KIPI does not try to evaluate whether fewer or more exhibitions or higher or lower prices are good or bad decisions; rather, it assesses marketing effectiveness given other organizational decisions such as programming and price.

KIPIs Account for Community Characteristics

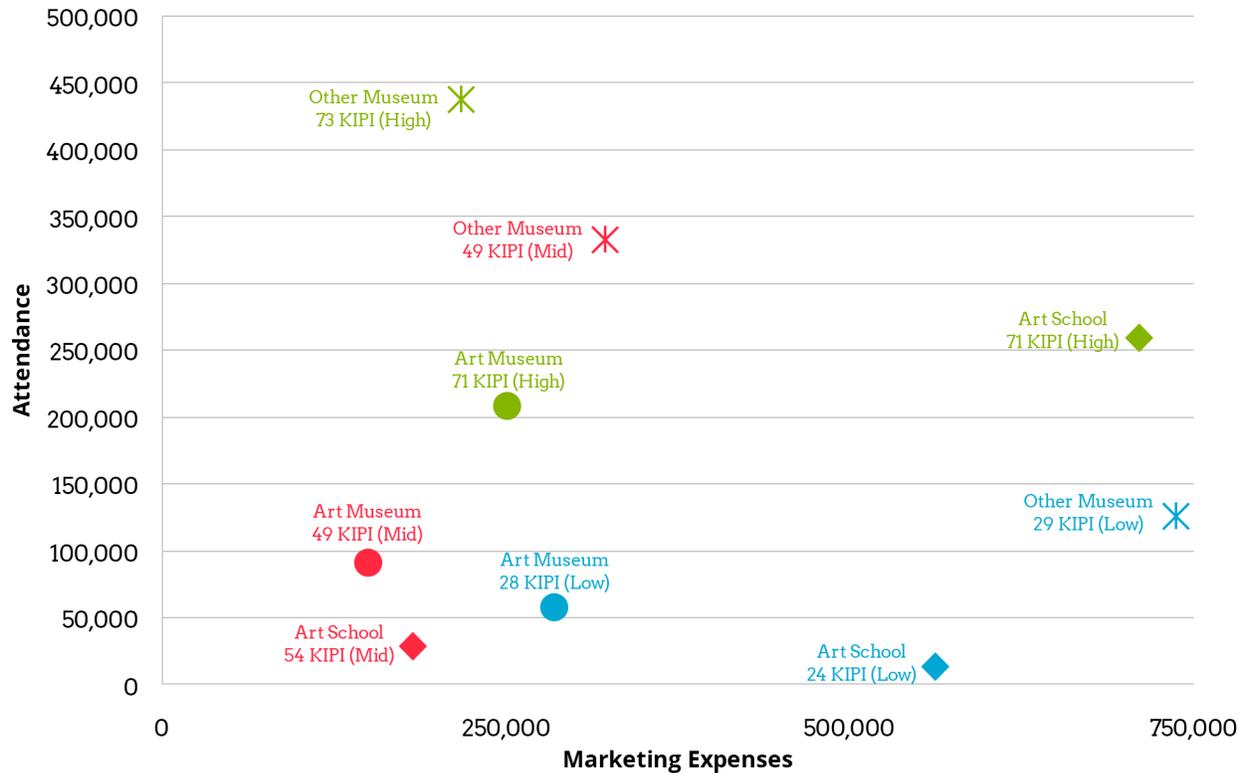
It also seems surprising at first glance that the 70-KIPI museum spends much more on marketing than the 73-KIPI museum, attracts a similar number of attendees, and receives nearly the same score. These similar KIPI scores for different Attendance/Marketing Expense ratios are attributable to both organizational and community characteristics. As with the mid-KIPI example above, the 70-KIPI museum has fewer exhibitions and charges higher prices than the 73-KIPI museum; these programming and pricing decisions place greater demands on marketing at the 70-KIPI museum to bring people in. Adding to this challenge, the 70-KIPI museum is located in a community with a median income around \$34,000, whereas the 73-KIPI museum is located in a community with a median income around \$41,000. We know from the Driving Forces section that median income is a driver of attendance, so organizations in higher income communities have an advantage that the KIPI score adjusts for. Additional community differences can be gleaned from the total community support for Other Museums, as measured by the combined total program and contributed revenue generated by this sector in each market. This figure is more than 13 times higher in the 73-KIPI museum's market than in the 70-KIPI museum's market. All else equal, a museum charging higher ticket prices in a lower-income community that provides less support for the arts has to allocate more marketing resources to attract the same number of visitors as a museum charging lower ticket prices in a higher-income community that provides less support for the arts. By including these community characteristics in the Driving Forces analysis, we have created a level playing field for these organizations that face very different marketing challenges.



KIPIs Also Account for Sector Characteristics

In the following figure, we compare the first three Other Museums highlighted above with three Art Museums and three Arts Education organizations. We continue to use the same color coding; that is, low KIPIs in blue, mid-range KIPIs in red and high KIPIs in green. The symbols in the figure indicate the sector for each organization.

Comparing Other Museums, Arts Museums, and Arts Education



We already examined these three, simply-aligned Other Museums. In the Art Museum sector (the circles), the low-KIPi organization has relatively high marketing spend and low attendance; the mid-KIPi organization has lower marketing spend and slightly higher attendance; and the high-KIPi organization has medium marketing spend and medium-high attendance. In the Art School sector (the diamonds), the low-KIPi organization has high marketing spend and relatively low attendance; the mid-KIPi organization has lower marketing spend and slightly higher attendance; and the high-KIPi organization has high marketing spend and high attendance.



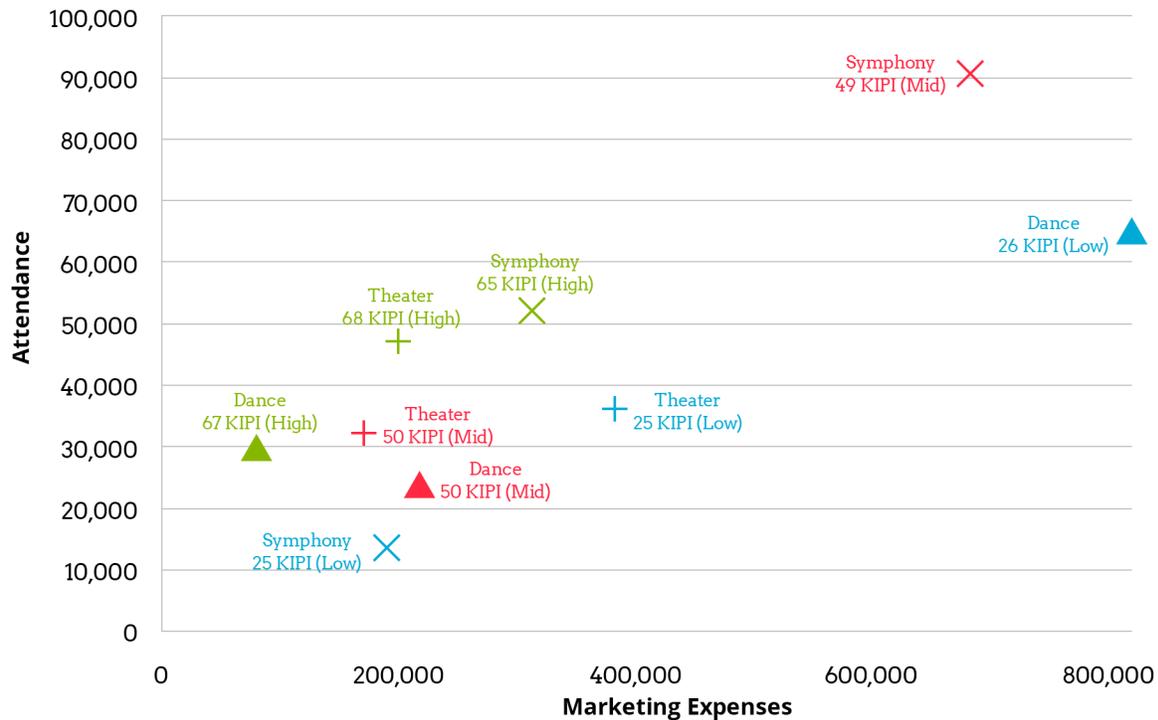
The key takeaway from this figure is how KIPIs are scaled differently for each sector. Managerial and artistic expertise and good decision-making manifests itself differently for different sectors given the inherently different sector characteristics, but it exists in all sectors nevertheless. Comparing the mid-KIPI Art School to the mid-KIPI Art Museum, we see that the Art School has a slightly higher KIPI than the Art Museum — 54 versus 49, respectively — even though the Art School spends more to attract fewer people. Comparing the high-KIPI Art Museum and the high-KIPI Other Museum, which have nearly identical KIPIs (71 and 73, respectively), we see that the Art Museum spends slightly more on marketing to attract far fewer people (approximately half). These patterns are consistent with the sector Averages for Marketing Impact, which indicate that Other Museums (\$1.84) have to spend much less per attendee than do Art Museums (\$2.24) or Arts Education (\$2.70). This doesn't mean that there is more expertise in high-KIPI Other Museums than high-KIPI Art Museums; it means that expertise produces different results for different sectors.

The previous figure demonstrates how Other Museums have to attract greater attendance per marketing dollar to earn the same KIPI on Marketing Impact as an Art Museum or Art Education organization. These differences are even greater for Dance companies (that spend \$8.65 per attendee), Symphonies (that spend \$6.31 per attendee), and Theaters (that spend \$8.03 per attendee). These differences in scale lead us to use a separate figure to map these sectors.

First, note that the Attendance axis peaks at 100,000 for these sectors compared to 500,000 in the previous figure. Again, these differences are factored into evaluating KIPIs for organizations in different sectors. For example, the mid-KIPI Symphony in the figure below (the red X) spent nearly \$700,000 to attract around 90,000 customers and received an identical KIPI (49) as the mid-KIPI Art Museum (the red ● in the figure above) that spent less than \$200,000 to attract approximately the same number of customers. It's just the nature of the different operating models in these different sectors.



Comparing Dance, Symphony and Theater Sectors



We see similarities and differences when we compare the patterns in this figure with the patterns for Arts Schools, Art Museums and Other Museums. Worth noting, in the Dance sector (the triangles) the low-KIPi organization spent a lot of money to attract a relatively large audience while the high-KIPi organization spent relatively little money to attract a much smaller audience. The pattern is much different in the Symphony sector, where the low-KIPi organization spent nearly \$200,000 to attract around 14,000 people while the mid-KIPi organization spent nearly \$700,000 to attract 90,000 people. The Theater sector (the '+' signs) features three organizations that are more similar in terms of Attendance and Marketing Expenses than organizations in the other sectors. The low-KIPi organization has relatively higher marketing spend and moderate attendance; the mid-KIPi organization has lower marketing spend and slightly lower attendance; and the high-KIPi organization achieves higher attendance with a marketing spend between the other two.



KIPIs Also Help Identify the Source of the High Performance

We would also like to point out another insightful feature of the KIPIs. Because Marketing Impact is defined as Physical Attendance/Marketing Expenses (including personnel), the Marketing Impact Index KIPi is composed of two distinct KIPIs, one for Attendance and one for Marketing Expenses. This allows us to decompose a KIPi and identify whether a low (or high) score is attributable to attracting too few people or spending too much relative to other organizations. Attracting too few people could be caused by programming choices (relatively few people want to see what you are offering) or ineffective marketing (the target audience is not aware of the offering or the message fails to stimulate action). Spending too much money suggests that the marketing effort is either ineffectively allocated or focused on objectives other than increasing attendance.

We began the analysis by looking at KIPIs in 2012 for all dance companies, symphonies, operas and theaters. We defined low-KIPi organizations as all those scoring under 30, mid-KIPi organizations as 30-59, and high-KIPi organizations as 60 and above. We scaled the Attendance and Marketing Expense KIPIs so that 0 equals the average score, 1 equals one standard deviation above average, and -1 equals one standard deviation below average (a standard deviation is a measure of how spread out the numbers are from the average). This measure simply indicates to what extent an organization or group of organizations is above or below average.

The scores suggest interesting differences between the low-, mid-, and high-KIPi organizations. The high-KIPi organizations score 5 standard deviations above average on the Attendance KIPi and .3 standard deviations below average on the Marketing Expense KIPi. In other words, high-KIPi organizations tend to overspend a little on marketing but they far outperform the average in terms of attendance. The average Marketing Expense KIPi for mid-KIPi organizations is the same as the high-KIPi organizations (i.e., -.3) but they score much lower on the Attendance KIPi, although still 1.13 standard deviations above the average. We can infer that these organizations are spending enough on marketing but that they either need to increase the appeal of their program offerings or increase the effectiveness of their marketing to increase their Marketing Impact KIPIs. Low-KIPi organizations have a radically different profile. They score .30 standard deviations above average on the Marketing Expense KIPi but -2.2 standard deviations below average on the Attendance KIPi. We are left to wonder whether poor performance on the Attendance KIPi is driven by less popular program choices, ineffective marketing activity, insufficient allocation of resources to marketing, or a conscious decision not to try to bring in more people. A key takeaway from this analysis is that scoring high on a single dimension (in this case, Marketing Expenses) does not necessarily translate into high overall performance.

Finally, we more closely examine the mid-KIPi Dance company to see how the KIPi can be used to inform managerial decisions. Remember, the analyses that estimate the KIPIs control for all of the easy-to-observe-and-measure characteristics that can affect an organization's performance; specifically, the organizational, community, and cultural policy factors described in the Driving Forces section. Understanding and controlling for these influences, we can conclude that the mid-KIPi dance company actually performs much better than average on the Attendance dimension: 3.7 standard deviations above the average. Unfortunately, it also performs much worse than average



on the Marketing Expense dimension: 3.7 standard deviations below the average. These results indicate that they're spending far too much on marketing. They may want to critically examine how they spend their marketing dollars and incrementally reduce spending in areas that reap little return without lowering attendance.

Would You Like to Know Your KIPIs?

As a service to arts and cultural leaders, we are working with IBM to create an online dashboard that will allow any arts and cultural organization to access or generate its own KIPIs. These indicators, ranging from 0-100 for each index, will situate your organization relative to all others, taking into account the characteristics of your organization, arts and cultural sector, community, and cultural policy. Over the next few months, we will be refining our analyses and adding indices. We hope to have the dashboard completed by summer 2014.

Where Do We Go From Here?



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Where Do We Go From Here?

To come up with the insights essential to our mission, we started with questions. What are the questions about organizational health and impact that we'd like to answer? What general areas of an organization's activity should the questions address? Realistically, what areas can be examined with data? We identified the questions as well as the outcomes to examine in order to answer those questions.

In total, we have identified 184 indices to examine over time, each of which provides insights into one of the questions. We have data to answer 128 of them, or 70% of the questions, and we know what data we need to work towards gathering in order to answer the rest.

We have established an ambitious agenda and, in our enthusiasm to share this — our first report — we must recognize the shortcomings. For example, some of the initial results suggest that our efforts to control for variations across arts sectors have been only partially successful.

Going forward, we will continue to explore more sophisticated methods to control for variation, but ultimately we may need to focus future efforts on some subset of arts and culture organizations. We will integrate new data as they become available and provide quarterly updates examining additional indices that you are most interested in. And we are particularly excited to be working with IBM to bring you an online dashboard that will provide you with your organization's individual KIPI scores.

Quarterly Updates

In this first report we selected 8 of the 128 questions and indices to examine. Future quarterly updates will tackle different groups of additional questions and indices.

We'd like to hear from you. What areas would you like to know more about? What did you find valuable? Intriguing? Are there content areas you'd like more focused detail on? What findings are you skeptical about? What insights or examples can you share with the field related to findings presented in this report?

We will update the data regularly so that we're reporting on the most recent facts available, and we will continue to add new sources of data.



Online Dashboard

We are working with IBM to create an online dashboard. The dashboard will allow any organization to get its Key Intangible Performance Indicator (KIPI) on each index. These scores, ranging from 0-100 for each index, will situate your organization relative to all others, taking into account the characteristics of your community, arts and cultural sector, size, etc.

If your organization already participates in the CDP survey, your scores will come up automatically unless you want to make adjustments to any of the line items to reflect updates. If your organization does not currently participate in the CDP survey, you'll receive scores after you enter information about your organization.

Resource Library

We provide links to a plethora of great resources relating to each of the index areas. We will continue to add resources on an ongoing basis.

Acknowledgments

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