

GREATER PHILADELPHIA CULTURAL ALLIANCE

2011 *pōrtfō'liō*



greater philadelphia cultural
ALLIANCE

2011 pōrtfō'liō

The Greater Philadelphia Cultural Alliance is proud to present, with the support of 405 participating organizations, the *2011 Portfolio*.

Arts and culture is one of our region's strongest assets for growth. The *2011 Portfolio* provides information on the health, breadth, and diversity of the region's cultural sector, including the first comprehensive look at the effects of the recession on Southeastern Pennsylvania's nonprofit arts and cultural organizations.

As in our two previous *Portfolio* reports (2006 and 2008), the *2011 Portfolio* provides a single-year snapshot of the current financial and programmatic health of the region's nonprofit cultural organizations. The report comes at a critical time for our region, as the recent economic downturn has significantly altered the landscape in which cultural groups operate. This report also examines recession-period trend data for 276 organizations, enabling us to better understand the recession's impact at its height.

By examining the height of the recession and its impact to date on the region's nonprofit cultural organizations, the *2011 Portfolio* captures the sector at a moment in which we all have a stake and a powerful individual influence on the outcome. We hope that the findings of this report inform the region's thinking about how best to advance economic, educational, community, and personal growth through the cultural and civic vibrancy of Southeastern Pennsylvania.

Letter from Cultural Alliance President



This is the Cultural Alliance's third installment of *Portfolio* and perhaps its most important to date. Since our last edition, the United States has been hit by one of the most prolonged recessions in its history. The data provided within *2011 Portfolio* gives area civic, business and cultural leaders a clearer understanding of the impact that these lean economic times have had on nonprofit cultural organizations, and on the regional priorities they support.

Arts and culture helps drive our economy, unite our communities and educate our children, and it is highly valued by the residents of Greater Philadelphia. *Portfolio 2011* tells the story of adversity, but it also tells the story of adaptation in the face of adversity.

The Cultural Alliance thanks The Pew Charitable Trusts, PNC, and the William Penn Foundation for their generous support of this publication. We thank our partners at the Pennsylvania Cultural Data Project for developing and maintaining the longitudinal dataset that makes this report possible. We're grateful to our Cultural Data Project partners from across the Commonwealth and around the country for their shared counsel and investment in this data tool. We also owe a debt of gratitude to the Economy League of Greater Philadelphia for their analysis of this year's data and their thoughtful collaboration on previous editions of *Portfolio*.

We especially thank the 405 cultural organizations that submitted information. With 129 new participants this year, the *2011 Portfolio* is richer and more complete than ever before.

Finally, we'd like to thank you, the reader. Southeastern Pennsylvania's nonprofit cultural organizations are an investment held by the entire community, and it is your interest, support, and participation that makes our region a leader in cultural innovation and creativity.

Tom Kaiden

President

Greater Philadelphia Cultural Alliance

Letter from PNC Regional President



PNC is pleased to support the *2011 Portfolio*, the third edition of this landmark study of the arts and cultural sector in Southeastern Pennsylvania. We have a long-standing commitment to investing in the arts because we have a fundamental belief in the power of this sector to:

- help drive our regional economy;
- support education for all of our citizens, including our children; and
- add to the quality of life for all of us.

In 2009, PNC doubled its commitment to the arts with the launch of PNC Arts Alive, a five-year, \$5-million initiative of the PNC Foundation. Through PNC Arts Alive, regional arts groups have received support for targeted programming designed for those who don't routinely engage in the arts. Thousands of our neighbors have gained greater access to arts and culture through subsidized tickets, and have experienced free performances in unexpected places. Over the past three years, 76 regional arts groups, with innovative ideas for increasing access to the arts, have received support from PNC Arts Alive.

We are honored to continue to support this important publication and the work of the Greater Philadelphia Cultural Alliance. We pride ourselves on creating partnerships with community-based nonprofit organizations to help strengthen the economic vitality of the region and to help nonprofit organizations grow and prosper. We will continue to strive for PNC to be a corporate citizen that makes a difference in our community.

J. William Mills, III

Regional President for Philadelphia & Southern New Jersey
PNC

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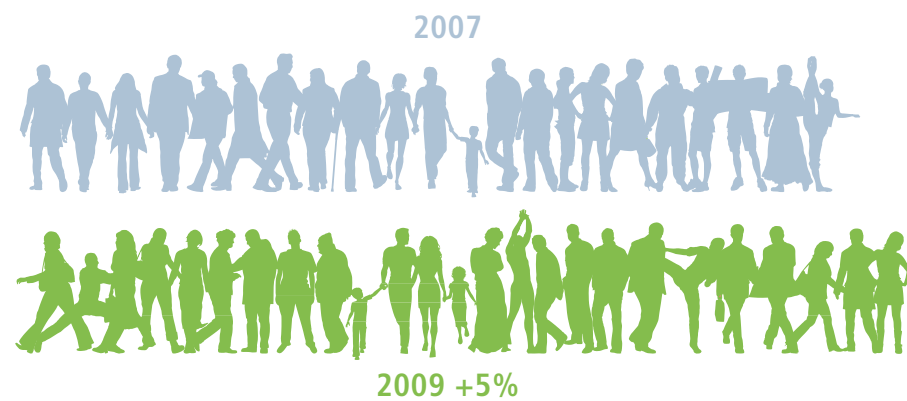
Key Findings

The show must go on...

The arts remained affordable in the recession.

Pricing was stable at a median admissions price of \$15.

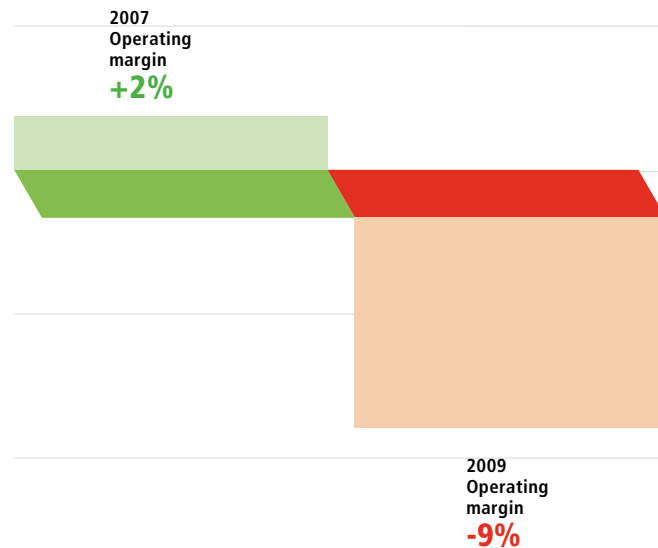
Activity was up. During the recession, attendance increased 5% while the number of events remained stable.



Expenses remained essentially flat, but revenues dropped.

Revenues fell 12% (excluding investments). Including investments, revenues fell 43%.

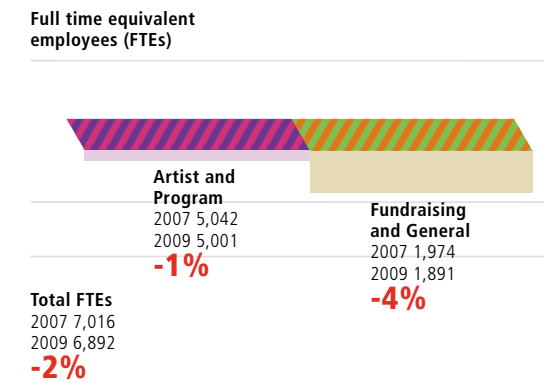
Almost half of Portfolio organizations are in the red. Operating margins (excluding investments), which had been thin in FY2007 (+2%), became negative in FY2009 (-9%).



In making hard workforce decisions, **organizations made deeper cuts to administrators than to artistic and programmatic staff.**

Employment changes left cultural workers and organizations vulnerable.

There was a 16% growth in the number of independent contractor positions and a 2% drop in full-time equivalents (FTEs). Currently, only 4 in 10 (39%) positions represent full-time employment.



Organizations deferred maintenance to keep the doors open. Expenditures on facilities-related categories, including major repairs, declined by 44%.

Organizations have less margin for error. Working capital fell 24% and liquid assets declined 12%.

...because people value arts and culture

The arts are more accessible than ever. Admission prices to cultural organizations are significantly less than the actual cost to organizations of producing events and performances. For organizations that charge admission, the median cost of production (\$48) is three times higher than the median ticket price (\$15).



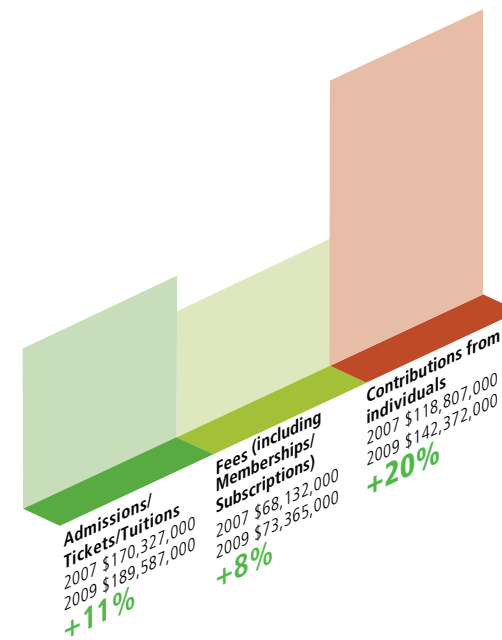
There are almost 17 million visits to cultural organizations each year. This is equivalent to more than four visits for every resident of Southeastern Pennsylvania. **More than half of all visits (52%) are free.**



Culture extends the classroom. There were 34,000 visits by school groups to cultural organizations.

Individuals saved the day. Individuals proved to be the greatest source of support for cultural organizations during the recession. Admissions, tickets, and tuition revenue rose 11%, and memberships/subscription fees grew 8%.

Individual donations rose 20% while all other sources of contributed income declined.



Volunteers are the unsung heroes of the industry. The total number of volunteer and board positions (38,000) outnumbers total employment positions (24,000), with volunteers accounting for 29% of the total work hours for the field.



Veronica Castillo Perez, Executive Director, Raices Culturales Latinoamericanas. Through her work at Raices (Spanish for "Roots"), Veronica uses art to celebrate the diverse and vibrant cultures in her neighborhood and in the region. Like other executive directors, she has been leading her organization through a challenging funding environment. From FY2007 to FY2009, while funding from institutional sources like foundations and corporations declined, income that came from individuals, such as ticket sales and individual contributions, increased markedly.

Methodology

The **2011 Portfolio** presents information on Southeastern Pennsylvania’s nonprofit cultural sector. The data used for this report were provided by the Pennsylvania Cultural Data Project (Pennsylvania CDP), a statewide data collection project for Pennsylvania’s cultural organizations, and were analyzed by the Economy League of Greater Philadelphia. Two datasets were used: (1) “Trend Data” information on 276 organizations from FY2007 through FY2009; and (2) “Most Recent Fiscal Year Data,” information from 405 organizations using their most recently-available fiscal year (in most cases, FY2009 or FY2010). All organizations from the Trend dataset are also in the Most Recent Fiscal Year dataset. The first chapter of the report focuses on the Trend data. All other chapters focus primarily on the Most Recent Fiscal Year information.

The report aims to illuminate the most broadly relevant aggregate findings of the data submitted. This report is not inclusive of all data available from the Pennsylvania CDP, but rather those highlights that we feel provide the greatest understanding of and insight into the sector. All data for this analysis were collected prior to January 2011. All data on individual organizations are strictly confidential, and no information is presented except in aggregated form. Particular emphasis was placed on obtaining data from a representative group of cultural organizations to ensure that overall totals capture the breadth of the region’s cultural sector.¹

Organizations are generally classified in the report in one of two ways—budget size or cultural discipline. Budget-size categories, based on annual expenses, are:

- Small organizations**, with budgets of up to \$250,000 per year
- Medium organizations**, with budgets from \$250,000 up to \$1,000,000 per year
- Large organizations**, with budgets from \$1,000,000 up to \$10,000,000 per year
- Very Large organizations**, with budgets of \$10,000,000 or more per year

The following types and disciplines are also used to group organizations based on their mission, self-selected type, and primary activities:

Community Arts and Education

Community Arts & Culture—providing arts and cultural programs to a specific community, including geographic, ethnic, linguistic, or religious

Education & Instruction—providing music, visual, and performing arts instruction, including schools, colleges, and universities

Museums, Visual Arts, Historic and Scientific

Media Arts—working primarily in print, sound, or visual media, including nonprofit radio and television broadcasters, publishers, literary societies, film and video producers, and film theaters

Museums, Galleries & Visual Arts—creating or displaying visual media, including painting and drawing. This category does not include science and history museums or film and video organizations.

Science & Nature—working for the advancement or presentation of science and the natural world, including science museums, horticultural organizations, zoos, planetariums, and parks

History—preserving and presenting history, historical collections, or artifacts, including history museums, historical sites, archives, and libraries

Performing Arts

Dance—performing all types of dance, including ballet and other dance companies

Theater—performing plays and other theater productions, including theater companies and related organizations

Music—performing vocal or instrumental music, including opera companies, orchestras, symphonies, bands, and ensembles

Other Performing Arts—performing or presenting multi-disciplinary work not described by the above three categories, including nonprofit performance venues and festivals

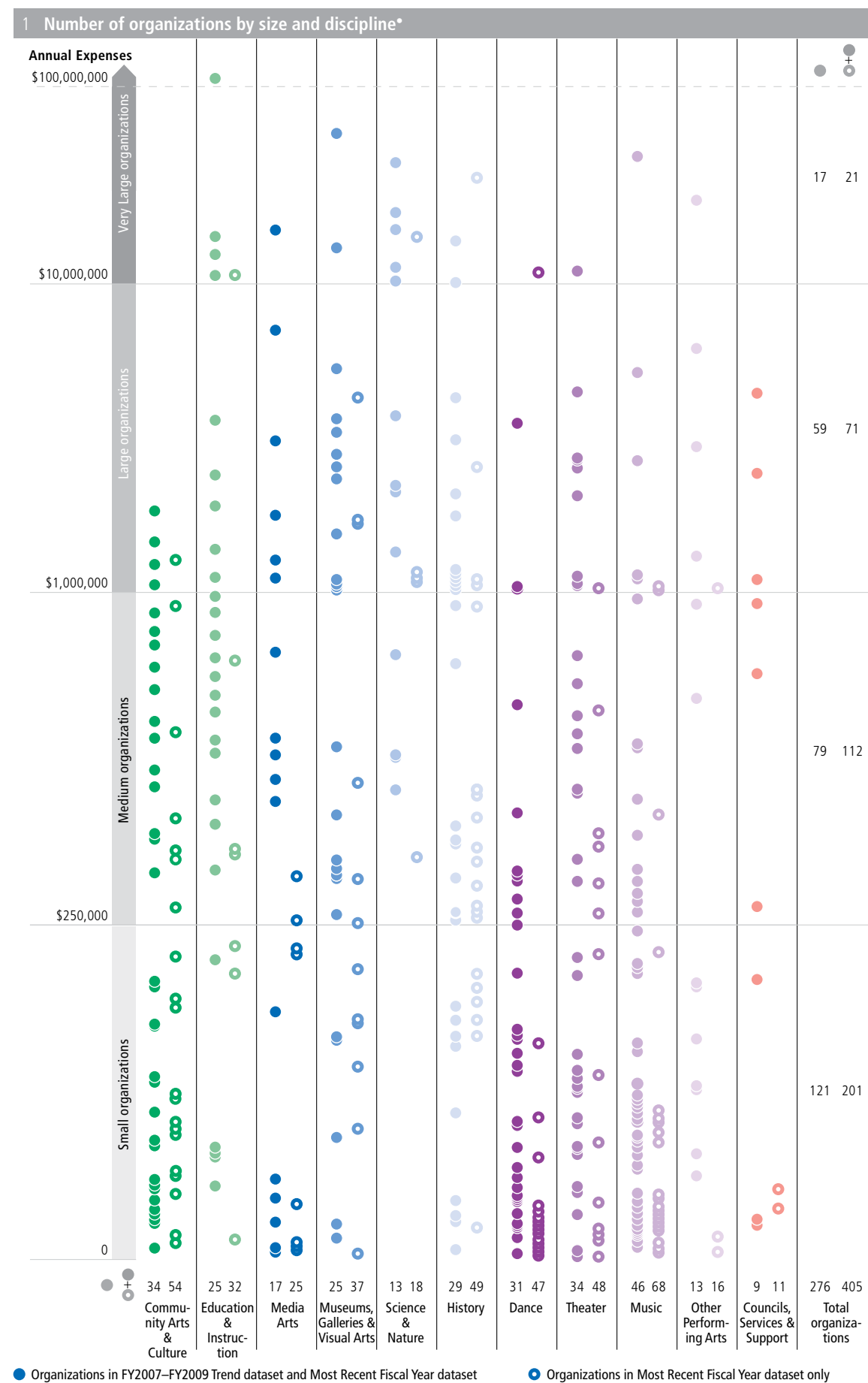
Support and Other

Councils, Services & Support—providing support services to the sector as a whole, to organizations in a specific discipline category, or to individual artists. Organizations in this category generally do not engage directly in the production of artistic or cultural presentations.

Other—organizations that do not fit in any of the above categories

For the purposes of this report, Other is always combined with Councils, Services & Support in order to meet reporting requirements designed to ensure data of individual organizations is kept confidential.

For a list of the 405 organizations in this report organized by discipline see pages 68–69.



Throughout the report, percentages are rounded to the nearest whole number, and whole numbers are rounded to the nearest thousand. There are also sets of data throughout that cannot be compiled as a series of unique items. These most often include instances where organizations are reporting on numbers of individuals involved in or contributing to their work in some way. Without the names of those individuals, it is impossible to calculate aggregate numbers of unique persons in certain categories, such as attendance, members, subscribers, school children, volunteers, artists, board members, individual contributors, and employees. (It cannot be determined, for example, whether "five visits" comprises visits by five different people or five visits by one person.) In these cases, we refer to the aggregate totals in terms of the number of instances, rather than the number of unique individuals involved in those instances. For example, the term "volunteer positions," as opposed to "volunteers," is used.

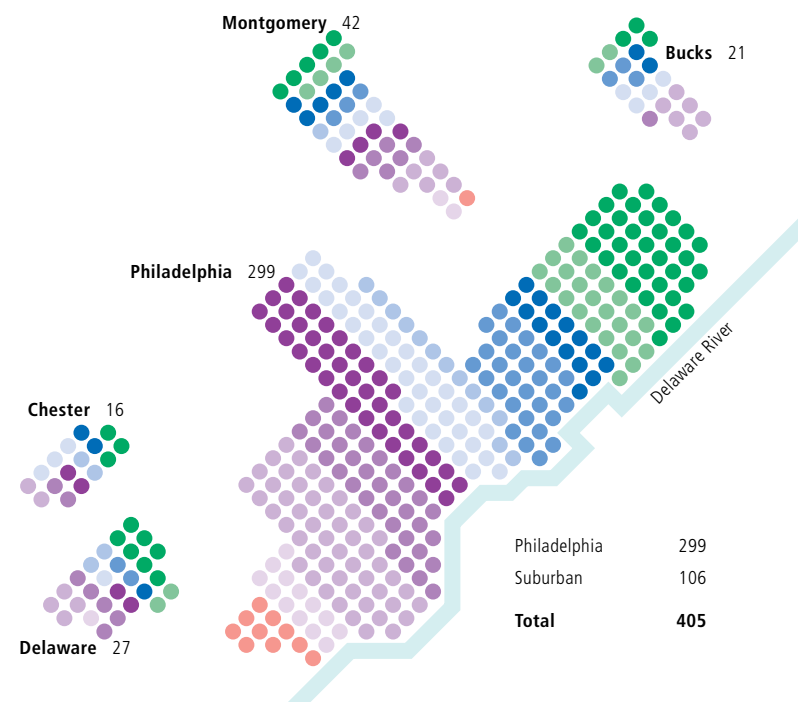
Occasionally, data from a single organization is removed from calculations in this report. This occurs only in circumstances where that information changes the results in such a way that they no longer accurately represent the combined experiences of the group of organizations represented in this report. All of these alterations are made in consultation with the Economy League of Greater Philadelphia and the Cultural Data Project, and all circumstances are noted where they occur.

We discourage drawing conclusions from direct comparisons between data in this report and previous *Portfolio* reports (2006, 2008), as differences may reflect changes in which organizations participated in the various reports, rather than shifts or changes within the field as a whole.

The data are self-reported by organizations using the Pennsylvania CDP and neither the Pennsylvania CDP nor its Governing Group make any representations or warranties concerning the accuracy, reliability, or completeness of the self-reported data. Any interpretation of the data is solely the view of the Greater Philadelphia Cultural Alliance and does not reflect the views of the Pennsylvania CDP or its Governing Group.

All figures contained in this report are ultimately the responsibility of those organizations submitting data to the Pennsylvania CDP. The Cultural Alliance, Economy League of Greater Philadelphia, and Pennsylvania CDP are not responsible for errors in data submitted by individual cultural organizations whose information is used here.

2 Number of organizations by county and discipline*



* See page 9 for color designations. Locations represented here are for the organizations in Most Recent Fiscal Year dataset.

From the Economy League



The Economy League of Greater Philadelphia is pleased to serve as a research partner for the *2011 Portfolio* report, providing independent analysis of the current state of Southeastern Pennsylvania's arts and culture industry. This marks the third time that the Economy League has collaborated with the Greater Philadelphia Cultural Alliance to assess the treasure trove of information on area arts and cultural organizations provided by the Pennsylvania Cultural Data Project. This time around, our energies focused on the impact of the Great Recession.

It would be natural to assume that arts and cultural organizations would be at a particular disadvantage as impacts of the downturn have rippled through the economy. However, while the data in this report point to some revenue and operating margin risks, there are encouraging and, in some cases, impressive signs of strength and adaptation among area arts and cultural organizations. The fact that several key attendance and employment measures grew or held steady even amidst the worst recession in decades is a testament to the vitality and significant role of this sector in our economy.

The analysis and findings in this report prove especially important during the current economic recovery, as they provide a resource for cultural organizations, civic leaders, and arts supporters to better understand the region's nonprofit cultural industry and devise strategies to ensure its ongoing success.

Steven T. Wray
Executive Director
Economy League of Greater Philadelphia

About the Pennsylvania Cultural Data Project

Information on all 405 organizations included in this report is taken from the Pennsylvania Cultural Data Project (Pennsylvania CDP). The Pennsylvania CDP is a collaborative, statewide project of the Greater Philadelphia Cultural Alliance, Greater Pittsburgh Arts Council, The Heinz Endowments, Pennsylvania Council on the Arts, The Pew Charitable Trusts and the William Penn Foundation. The project's mission is to strengthen the nonprofit arts and cultural sector by collecting and disseminating comprehensive, high-quality longitudinal data that supports fact-based decision-making.

The CDP was first launched in Pennsylvania in September 2004, after three years of development and testing. Following its success in Pennsylvania, the CDP has expanded to additional states and is now becoming the national standard for data collection on the arts and cultural sector, with 11 states and more than 11,000 arts and cultural organizations participating around the country.


The CDP's unique system enables arts and cultural organizations to enter financial, programmatic, and operational data into a standardized online form once each fiscal year. Financial data is drawn from each organization's audit or financial statements, insuring accurate and reliable information. Organizations can then use the CDP to produce a variety of reports designed to help increase management capacity, identify strengths and challenges, and inform decision-making. They can also generate reports to be included as part of the application processes to participating grantmakers.

In addition to creating a streamlined data-collection process for hundreds of arts and cultural organizations throughout Pennsylvania, the CDP provides a source of consistent and reliable information on the state's cultural sector. Now in its seventh year of operations, the Pennsylvania CDP collects information from more than 1,600 organizations located throughout the state.

To ensure the collection of high-quality data and help organizations take advantage of the CDP's management features, the project operates a highly trained help desk and provides a team of on-call financial consultants to assist organizations as they complete their CDP profiles. All data submitted by individual organizations is checked for errors in a rigorous process conducted by CDP staff. In the event that anomalies are found, organizations are notified by the CDP. Organizations then have the ability to change or correct their submissions as appropriate.

For more information on the Cultural Data Project, visit www.culturaldata.org.

What happened to arts and cultural organizations during the recent recession? The longest economic downturn since World War II led to dramatic changes in the sector's bottom line and adaption to a new economic reality.

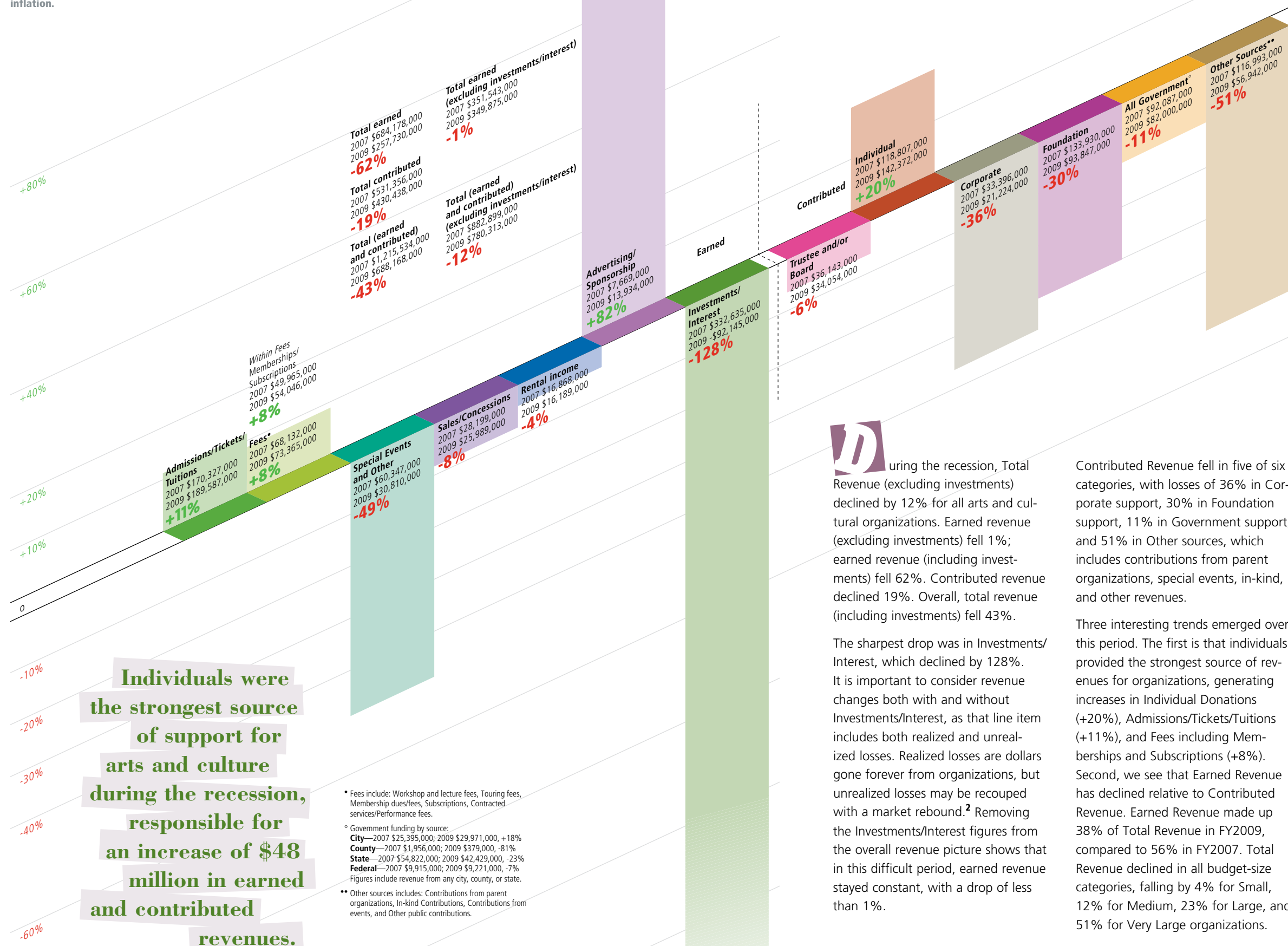


**Recession Trends:
FY2007–FY2009**

Revenue

All FY2007 figures have been adjusted for inflation.

3 Total revenue FY2007–FY2009



Individuals were the strongest source of support for arts and culture during the recession, responsible for an increase of \$48 million in earned and contributed revenues.

* Fees include: Workshop and lecture fees, Touring fees, Membership dues/fees, Subscriptions, Contracted services/Performance fees.
 * Government funding by source:
City—2007 \$25,395,000; 2009 \$29,971,000, +18%
County—2007 \$1,956,000; 2009 \$379,000, -81%
State—2007 \$54,822,000; 2009 \$42,429,000, -23%
Federal—2007 \$9,915,000; 2009 \$9,221,000, -7%
 Figures include revenue from any city, county, or state.
 ** Other sources includes: Contributions from parent organizations, In-kind Contributions, Contributions from events, and Other public contributions.



During the recession, Total Revenue (excluding investments) declined by 12% for all arts and cultural organizations. Earned revenue (excluding investments) fell 1%; earned revenue (including investments) fell 62%. Contributed revenue declined 19%. Overall, total revenue (including investments) fell 43%.

The sharpest drop was in Investments/Interest, which declined by 128%. It is important to consider revenue changes both with and without Investments/Interest, as that line item includes both realized and unrealized losses. Realized losses are dollars gone forever from organizations, but unrealized losses may be recouped with a market rebound.² Removing the Investments/Interest figures from the overall revenue picture shows that in this difficult period, earned revenue stayed constant, with a drop of less than 1%.

Contributed Revenue fell in five of six categories, with losses of 36% in Corporate support, 30% in Foundation support, 11% in Government support, and 51% in Other sources, which includes contributions from parent organizations, special events, in-kind, and other revenues.

Three interesting trends emerged over this period. The first is that individuals provided the strongest source of revenues for organizations, generating increases in Individual Donations (+20%), Admissions/Tickets/Tuitions (+11%), and Fees including Memberships and Subscriptions (+8%). Second, we see that Earned Revenue has declined relative to Contributed Revenue. Earned Revenue made up 38% of Total Revenue in FY2009, compared to 56% in FY2007. Total Revenue declined in all budget-size categories, falling by 4% for Small, 12% for Medium, 23% for Large, and 51% for Very Large organizations.

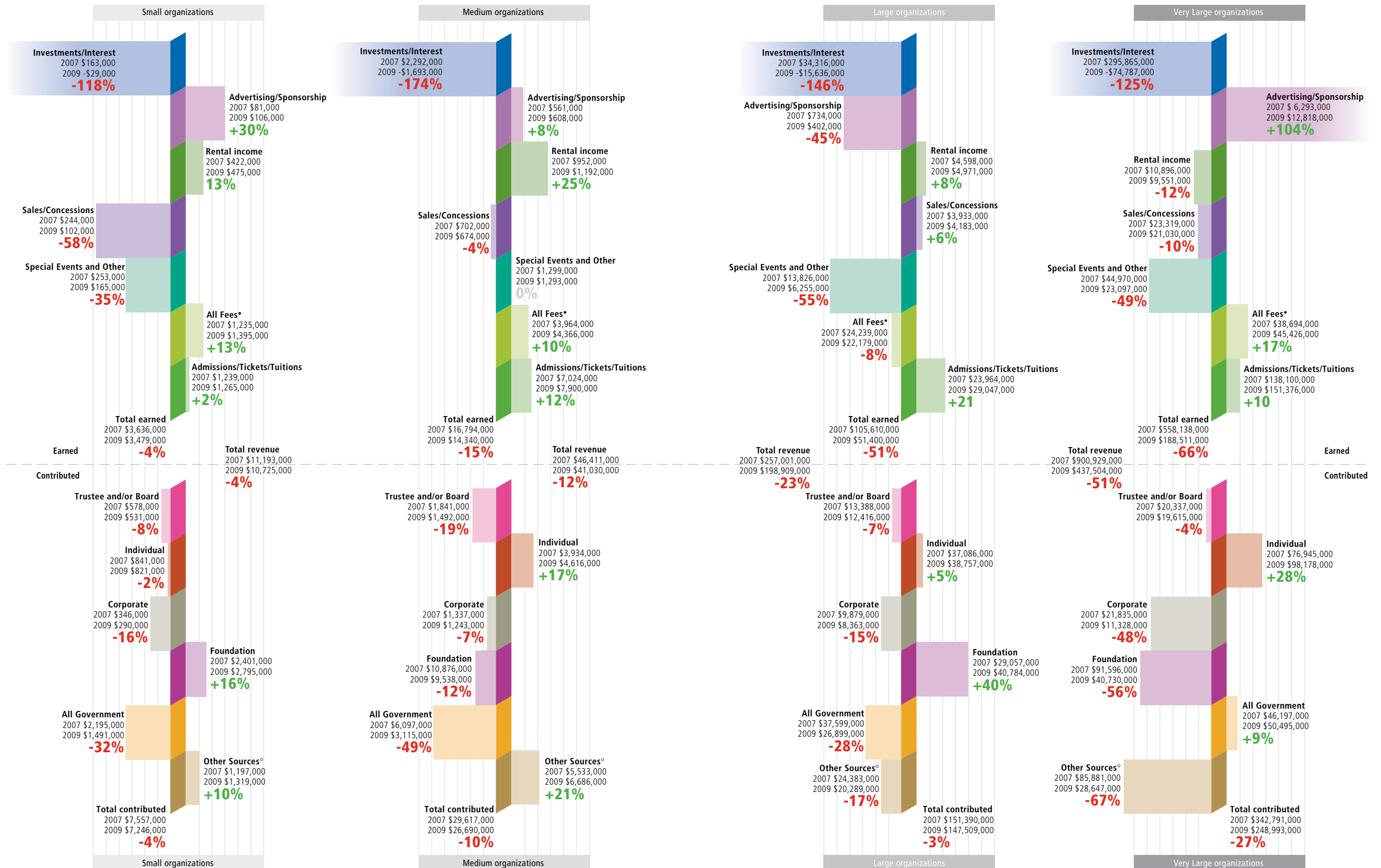
The third is a decline in Corporate support, where contributions decreased 36% but Advertising/Sponsorship revenue increased 82%. If we consider total corporate spending on arts and cultural organizations as Corporate contributed revenue plus Advertising/Sponsorship revenues, corporate spending declined by 14% overall, a net decrease of \$5.9 million.³

Underscoring the degree to which support from Individuals buttressed organizations during this period, Admissions/Tickets/Tuitions increased for all sizes of organizations, growing by 2% at Small, 12% at Medium, 21% at Large and 10% at Very Large organizations. Earned Revenues from Fees including Memberships and Subscriptions increased for Small (+13%) Medium (+10%) and Very Large organizations (+17%), and Contributed Revenues from Individual donations increased for all but the Small organizations, where it declined 2%.

Trustees and board members, the volunteer stewards of these organizations, also kept up their support despite the challenging economy, slightly increasing the number of gifts (+1%) with a 6% decline in their average value.

Contributed revenue from Corporate support fell across all size categories, while Foundation support rose for Small (+16%) and Large (+40%) organizations. Very Large organizations, hit hardest by drops of 48% in contributed Corporate support and 56% in Foundation support, made up some of the difference with a 104% increase in earned Advertising/Sponsorship revenue.

4 Revenue by organization size FY2007-FY2009



* Fees include: Workshop and lecture fees, Touring fees, Membership dues/fees, Subscriptions, Contracted services/Performance fees.

° Other sources includes: Contributions from parent organizations, In-kind contributions, Contributions from events, and Other public contributions.

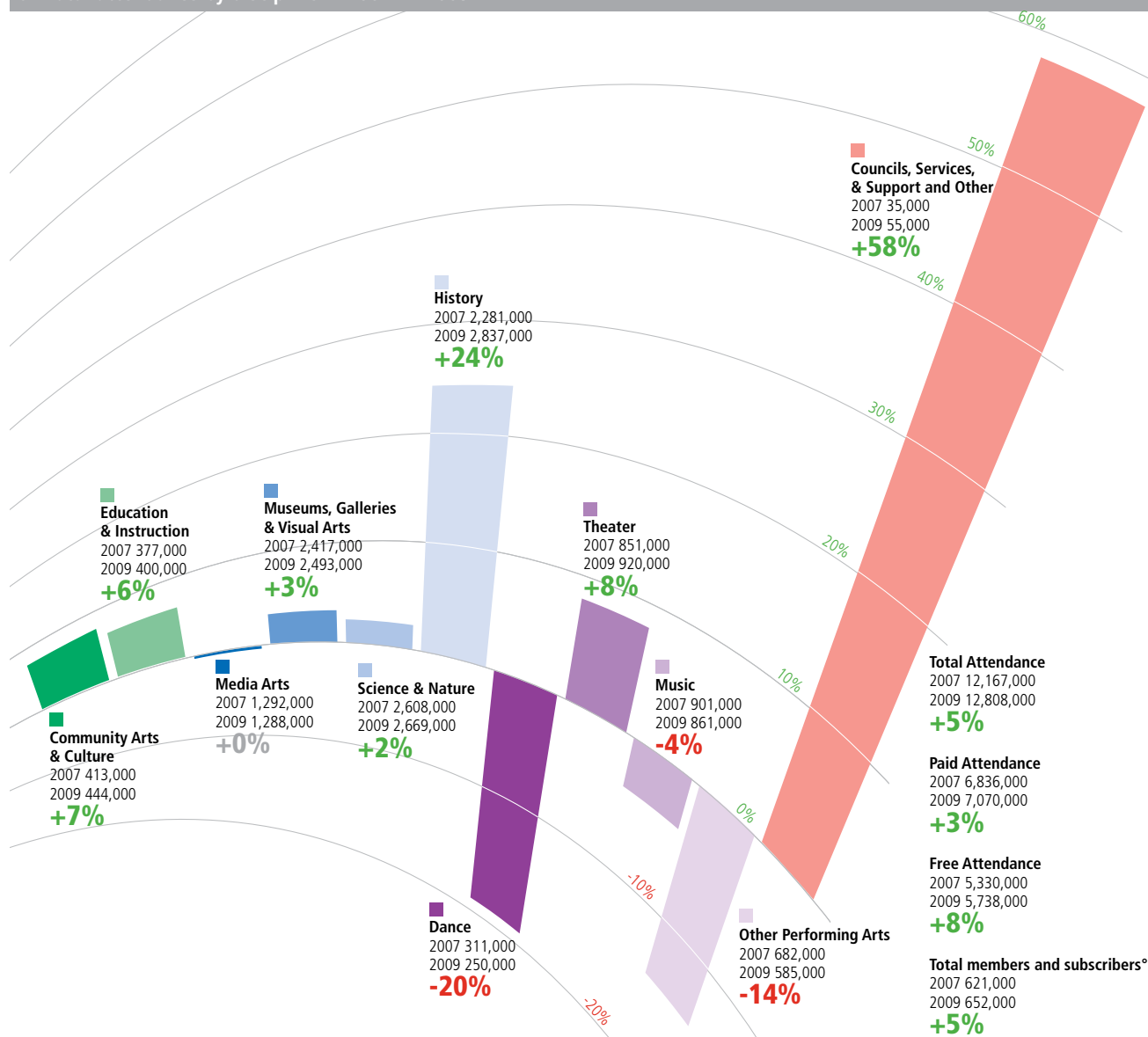
Attendance



In the two years studied, FY2007 and FY2009, total attendance (paid and unpaid) increased at arts and cultural organizations just over 5%.⁴ Free attendance increased more than paid attendance (8% vs. 3%). During this time, approximately 60% of organizations saw increases in overall attendance, with 30% of organizations seeing significant rises, defined as an increase of 20% or more.

Total attendance increased 5% from FY2007 to FY2009.

5 Total attendance by discipline FY2007–FY2009*



* See endnote 4 regarding this graph. One statistical outlier removed.

* If an individual is both a member and a subscriber of one organization, that individual is only counted once for the purposes of that organization.

Events



The number of productions at *Portfolio* organizations remained constant from FY2007 to FY2009. The number of overall performances increased very slightly, by 1%, during this time.⁵ Given the increases in attendance, this indicates that the average performance had more attendees in FY2009 than FY2007.

There were some fluctuations among types of events,⁶ with Permanent and Temporary Exhibitions increasing (+9% and +12%) while Public and Professional Classes decreased (-9% and -7%).



Blanche Burton-Lyles, Founder, Marian Anderson House. A lifelong Philadelphian and educator, Blanche founded the Marian Anderson House to preserve the legacy of the celebrated African-American vocalist and her mentor. History organizations, which work to preserve diverse cultures throughout the region, experienced a 24% increase in attendance.

6 Total events* by category FY2007–FY2009

	Productions	°Home performances	°Away performances	Permanent exhibitions	Temporary exhibitions	**Openings	°°Public classes	Professional classes	Lectures	Films	***Tours
2007	2,925	18,606	1,147	3,451	823	762	8,178	995	1,537	1,496	831
2009	2,961	18,952	1,159	3,761	922	627	7,465	924	1,663	1,465	1,132
Change	+1%	+2%	+1%	+9%	+12%	-18%	-9%	-7%	+8%	-2%	+36%
Total unique events (including productions, not performances)		2007 20,236	2009 20,293	0%							
Total events (including all performances, not productions)		2007 37,064	2009 37,443	+1%							

* All event figures count only the first instance of a production (such as a play or concert), the first session of a class, or an exhibition that continues for more than one day, except where otherwise noted.

° Performances denotes each instance of each production.
 °° Openings are included in figures for permanent and temporary exhibitions. They are not counted in totals.

°° One Dance organization removed from dataset—inconsistent reporting practices from FY2007 to FY2009.
 *** One Very Large organization removed from dataset—tours associated with attendance outlier. See endnote 4.

Prices



The median admission price for 2011 Portfolio organizations remained unchanged from FY2007 to FY2009, at \$15.00, indicating that organizations held ticket prices steady during the recession. Taking inflation into account, the price actually declined slightly overall. Median admission prices for different organization types varied, with admission to Museums, Visual Arts, Historic and Scientific organizations remaining flat (+2¢), while at Performing Arts organizations, prices increased \$1.46 over the same period.

7 Admission Price FY2007–FY2009*

	2007°	2009
All organizations**	\$15.45	\$15.00
Museums, Visual Arts, Historic and Scientific	\$7.98	\$8.00
Performing Arts	\$18.54	\$20.00

* The Greater Philadelphia Cultural Alliance is solely responsible for the research and data analysis for this chart.
 ° Throughout the report, FY2007 prices are adjusted for inflation. Non-adjusted prices: \$15.00, \$7.75, \$18.00.
 ** Few Community Arts and Education and Support and Other organizations report admission prices. Figures are not calculated separately for these organization types, but they are included in figures for All organizations.

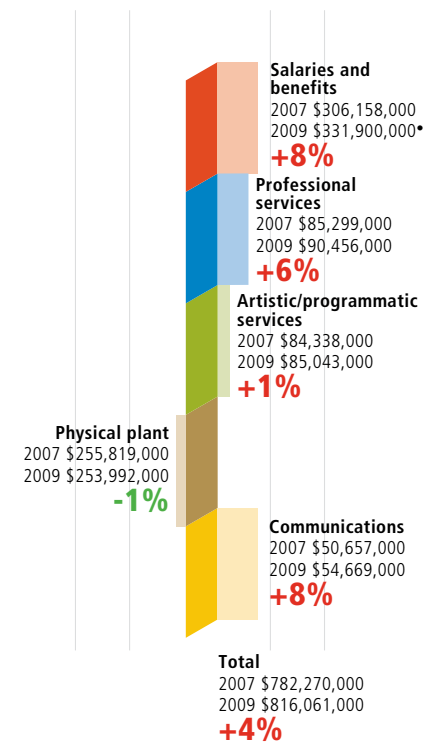
Jan Michener, Actor, Arts Educator, Philadelphia Young Playwrights and Philadelphia Theater Company. As a teaching artist, Jan believes that "there is power in stories for changing our lives." She works with people of all ages to help them share their stories in order to build community and theatrical performances. There are countless stories to be drawn out from all the people involved in the 405 organizations in the 2011 Portfolio.

Admission prices remained stable and affordable from FY2007 to FY2009.



Expenses

8 Total expenses by category FY2007–FY2009



Expense categories are comprised of the following types of expenses:

Total salaries and benefits: salary, commission, payroll taxes, health care benefits, disability, workers compensation, pension, other benefits.

Professional services: accounting, advertising/marketing, audit, bank fees, conferences & meetings, fundraising—other, fundraising professionals, honoraria, interest, investment, legal, professional development, professional fees—other, public relations.

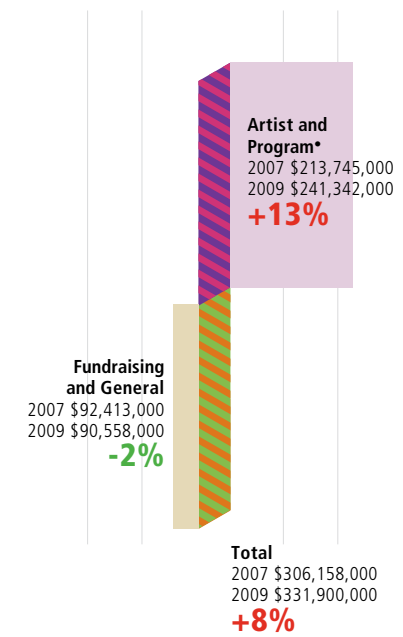
Artistic/programmatic services: artist commissions, artists & performers—non-salaried, collections conservation, collections management, grant-making, touring.

Physical plant: building, grounds maintenance, catering/hospitality, cost of sales, depreciation, equipment rental and maintenance, facilities—other, insurance, in-kind, lodging, meals, major repairs, office expense—other, other, rent, sales commission, supplies, travel, utilities.

Communications: dues and subscriptions, postage, shipping, printing, production, exhibition costs, internet, website, telephone.

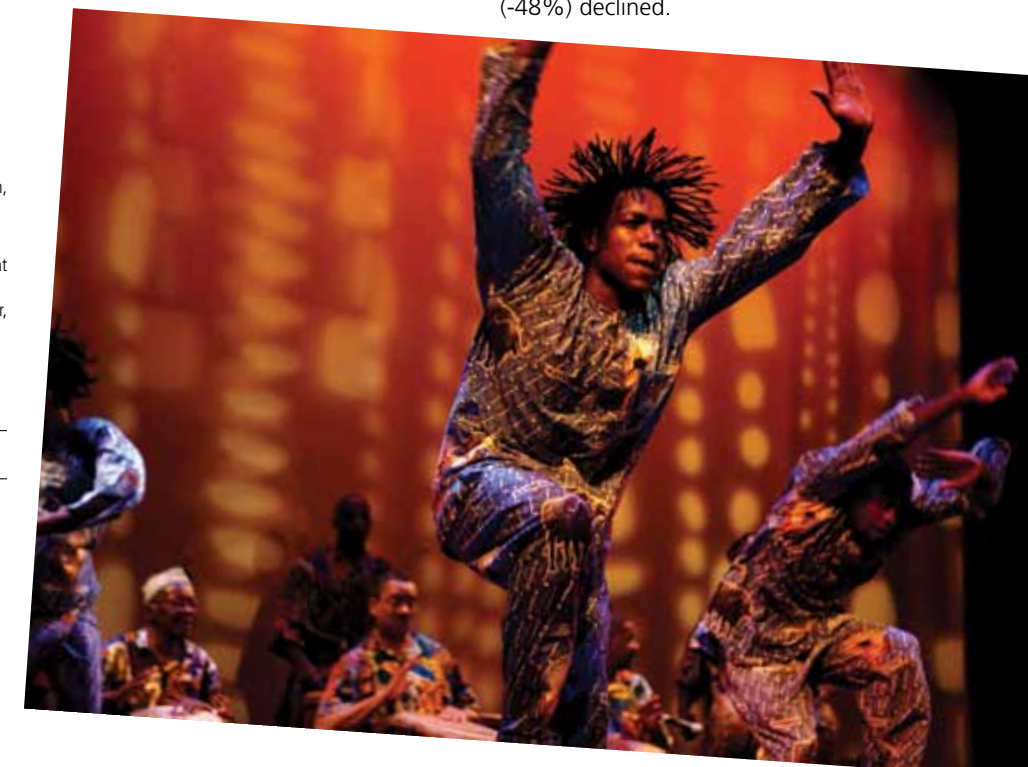
* \$17,021,000 pension allocation by one organization removed as statistical outlier. See endnote 7.

8a Salary and benefits by purpose FY2007–FY2009



Overall expenses⁷ increased slightly (4%), with the greatest increases in healthcare, pensions, depreciation, web/internet, artistic labor, and conservation/collections. Program-related costs (those related to Artistic and Programmatic Services) remained virtually the same from FY2007 to FY2009. Though expenses did not shift greatly among the five expense categories shown, organizations made some dramatic changes to allocations within these expense areas.

For example, within Physical Plant costs, expenditures on three facilities-related areas, including major repairs, declined by 44% (from \$15.3 million to \$8.6 million). Within Communications, organizations saw a decline of 11% in Printing and 21% in Postage, offset by an increase of 59% in Internet & Website expenses. In Artistic and Programmatic Services, expenses for Collections Conservation (+100%) and Collections Management (+40%) rose, while those for Touring (-22%) and Other Programs (-48%) declined.



Employment

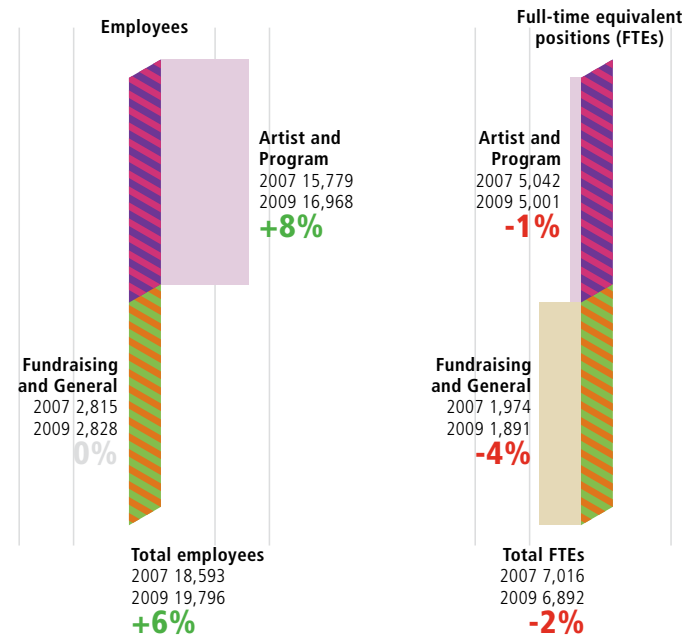


Looking at the 276 Trend organizations, aggregate levels of paid employment have remained essentially flat from FY2007 to FY2009. Where the number of Artistic and Program positions grew 8%, the total FTEs for the group declined 2%. Similarly, the number of support staff (Fundraising and General) remained unchanged, but their FTEs fell 4%. This data indicates that the average paid employee was working fewer hours in FY2009 than in FY2007.

For Fundraising and General staff, the number of Full-Time employee positions declined 4% while Part-Time and Independent Contractor positions increased by 5% and 8%, respectively. Among Artist and Program Staff, there was a shift from Part-Time employee positions (-5%) to Independent Contractors (+17%). These shifts might suggest that organizations transferred work to Independent Contractors to reduce fringe and benefits costs associated with other types of employee positions.



9 Total employees and FTEs* by purpose FY2007–FY2009



	Artist and Program	Fundraising and General	Total
Staff full-time	6%	-4%	2%
Staff part-time	-5%	5%	-4%
Staff independent contractors	17%	8%	16%
Total employees	8%	0%	6%
Total FTEs	-1%	-4%	-2%

* Full-time equivalent positions (FTEs) is an expression of how many full-time (40 hours per week, 50 weeks per year) positions there are, taking into account hours worked by full-time, part-time, and independent contractors.

Working Capital



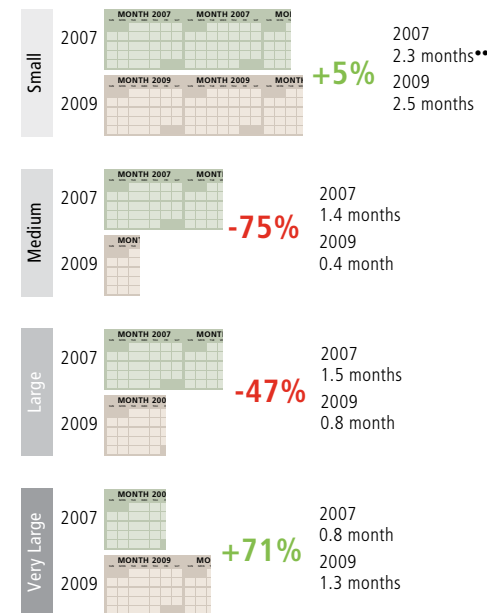
Working capital is an indicator of organizational liquidity. It measures an organization's ability to pay off all of its current liabilities (those expected to be due and payable within the fiscal year) with the assets it can reasonably expect to liquidate within a year. In this section, we calculate a "working capital ratio" defined as: [(Unrestricted Current Assets—Unrestricted Current Liabilities)/Total Expenses]. We then multiply that working capital ratio by 12 months to develop an expression

of working capital as the amount of time that an organization could operate at its current expense levels if no additional revenues were obtained.

During the recession, the median working capital of all organizations declined 24%, from 1.5 months to 1.1 months. Medium and Large organizations saw the largest drops in their working capital (75% and 47%, respectively). The working capital of Small organizations was comparatively stronger, rising 5% to 2.5 months from FY2007 to FY2009. Very Large organizations also increased, though their median working capital was only 1.3 months.

10 Months of working capital,* FY2007–FY2009°

Median for all Portfolio organizations 2007: 1.5 months
 Median for all Portfolio organizations 2009: 1.1 months (-24%^{oo})



Median working capital, a measure of financial liquidity, declined 24% from FY2007 to FY2009.

* The analysis of working capital presented here is based on formulas and methodologies developed in TDC, Inc., *Getting Beyond Breakeven: A Review of Capitalization Needs and Challenges of Philadelphia-Area Arts and Culture Organizations* (2009). These findings, including any errors or omissions, are solely the responsibility of the Greater Philadelphia Cultural Alliance.

° Working capital as analyzed here is an expression of ((Unrestricted Current Assets (including Short-term Investments) – Unrestricted Current Liabilities) / Total Expenses). This yields a ratio in terms of 1.0 = 1 year, which has been converted to the expressions of time above.

Organizations using CDP may duplicate this analysis using the Section and Line numbers as follows: Unrestricted Current Assets consists of unrestricted components of: 8.1 Cash & Cash Equivalents, 8.2 Accounts Receivable, 8.3 Pledges Receivable—Current, 8.4 Grants Receivable—Current, 8.5 Contracts Receivable, 8.6 Receivables—Other, 8.7 Inventory, 8.11 Investments—All Other Marketable Securities, 8.12 Prepaid Expenses, 8.13 Current Assets—Other.

Unrestricted Current Liabilities consists of unrestricted components of: 8.23 Accounts Payable, 8.24 Accrued Expenses, 8.25 Grants Payable—Current, 8.26 Credit Line Payable, 8.27 Mortgages Payable—Current, 8.28 Other Loans & Notes—Current, 8.29 Deferred Revenue, 8.30 Other Current Liabilities

Total Expenses consists of: 6.45 Total Expenses.

** Assuming 30 days per month.

oo Not all organizations have balance sheets in a format to facilitate this analysis. Number of organizations included in this analysis: 2007—Small: 59, Medium: 66, Large: 55, Very Large: 17, Total: 197
 2009—Small: 64, Medium: 68, Large: 56, Very Large: 17, Total: 205

Net Income

By FY2009, net income moved into the red.

Madeline Garber, Client/Participant, Art-Reach. As a middle school student, Maddy sings in choir, runs track, enjoys science courses and dislikes math. With her family and friends, she attends plays and performances through Art-Reach's Accessible Art Events, which provide braille programs, audio description

services, and touch tours. These allow her to experience the performances on her own and not rely on others to explain what is happening during the shows. There are almost two million visits by school-aged attendees to arts and cultural organizations in Southeastern Pennsylvania.



uring the recession, far fewer organizations were able to build or maintain a surplus; in fact, many more were in deficit by FY2009.

In past *Portfolios*, we have seen the sector operating on thin margins, (2% to 5%) for the field as a whole. Looking at net income excluding Investments/Interest, *2011 Portfolio* organizations were collectively 2% in the black in FY2007, while by FY2009 they were 9% in the red.



11 Unrestricted revenue vs. expenses, excluding investments FY2007 and FY2009

	Small	Medium	Large	Very Large	
2007					
Unrestricted revenue (excluding all investments)	\$9,805,000	\$41,834,000	\$201,750,000	\$545,538,000	\$798,928,000
Operating margin as a percentage of expenses excluding all investments	-3%	+2%	+10%	0%	+2%
Total expenses	\$10,127,000	\$41,203,000	\$182,715,000	\$548,225,000	\$782,270,000
Operating margin excluding all investments	-\$321,000	\$630,000	\$19,035,000	-\$2,686,000	\$16,658,000
Percentage of organizations with deficit excluding all investments	50%	44%	59%	53%	51%
Percentage of organizations with deficit over 10% excluding all investments	23%	25%	25%	29%	25%
2009					
Unrestricted revenue (excluding all investments)	\$10,488,000	\$44,368,000	\$180,905,000	\$503,074,000	\$738,835,000
Operating margin as a percentage of expenses excluding all investments	-2%	-2%	-9%	-10%	-9%
Total expenses	\$10,677,000	\$45,488,000	\$197,901,000	\$561,994,000*	\$816,061,000
Operating margin excluding all investments	-\$189,000	-\$1,120,000	-\$16,995,000	-\$58,920,000	-\$77,226,000
Percentage of organizations with deficit excluding all investments	45%	62%	59%	65%	54%
Percentage of organizations with deficit over 10% excluding all investments	27%	25%	41%	47%	31%

* \$17,021,000 pension allocation by one organization removed as statistical outlier. See endnote 7.

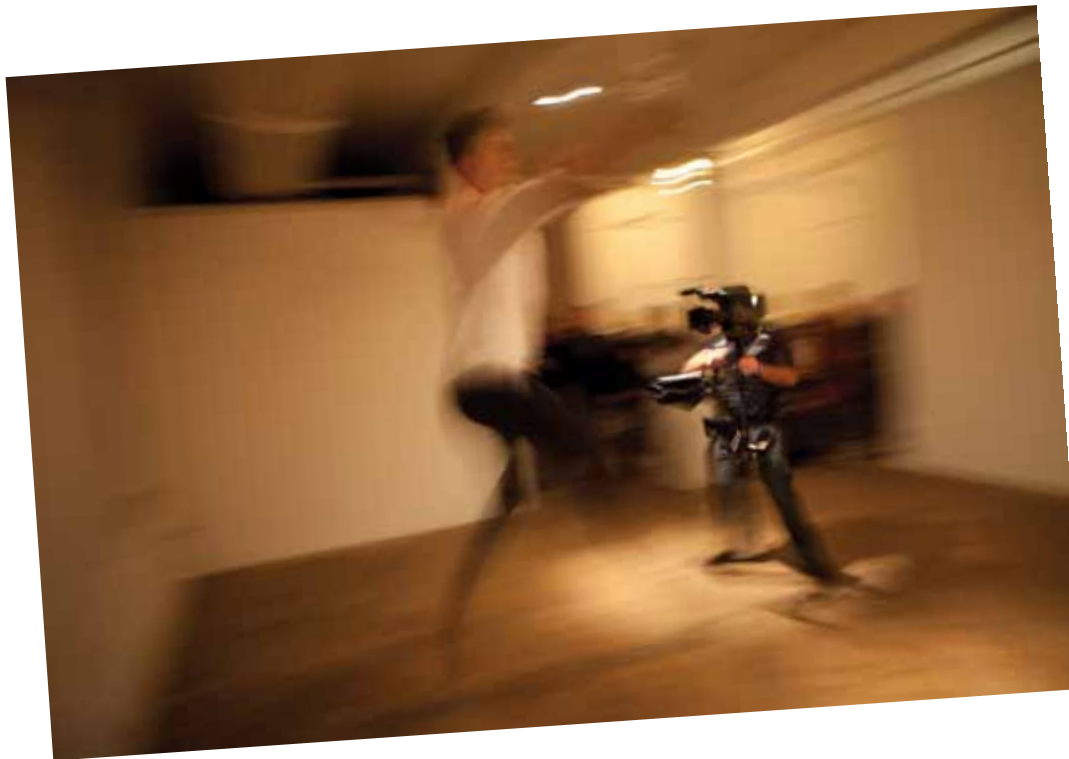
11a Unrestricted revenue vs. expenses, including investments FY2007 and FY2009

	Small	Medium	Large	Very Large	
2007					
Operating margin, including all investments	-\$191,000	\$2,237,000	\$38,583,000	\$188,710,000	\$229,429,000
Operating margin as a percentage of expenses including all investments	-2%	+6%	+21%	+34%	+29%
2009					
Operating margin including all investments	-\$281,000	-\$1,400,000	-\$25,588,000	-\$54,792,000	-\$82,031,000
Operating margin as a percentage of expenses including all investments	-3%	-3%	-13%	-10%	-10%

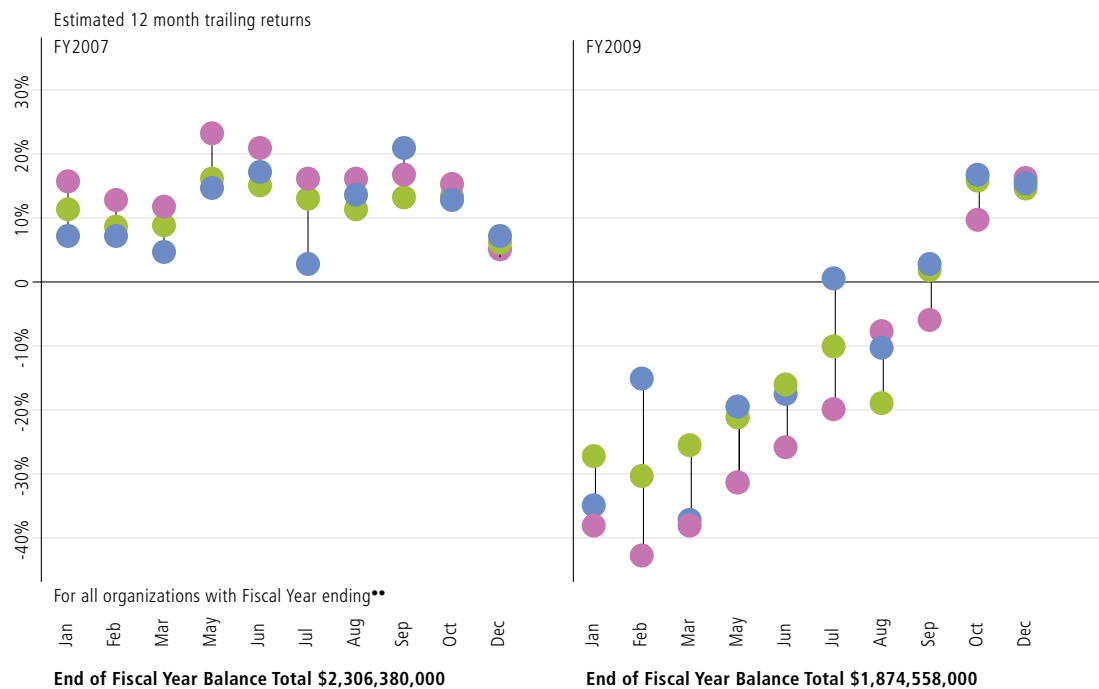
Investments



As we have seen earlier, the revenue that arts and cultural organizations garnered from their investments fell precipitously from FY2007 to FY2009. Not surprisingly, the value of the investments from which this revenue is drawn also declined. The overall dollar value of arts and cultural organizations' investments fell 19% from \$2.3 billion in FY2007 to \$1.9 billion in FY2009. A detailed examination of arts and cultural organizations' investments shows that the holdings of the 2011 Portfolio organizations tracked similarly to comparable market indices⁸ over the same time period.⁹



12 Endowments and investments* FY2007–FY2009°



● 2011 Portfolio organizations ● Lipper Balanced Fund Index ● S&P 500 Index

* This analysis includes all Endowment Investments and Other Investments (Endowments–Board Restricted, Endowments–Term, Endowments–Permanently Restricted, and Investments–All Other).

° Analysis in this graph courtesy of Prudent Management Associates.

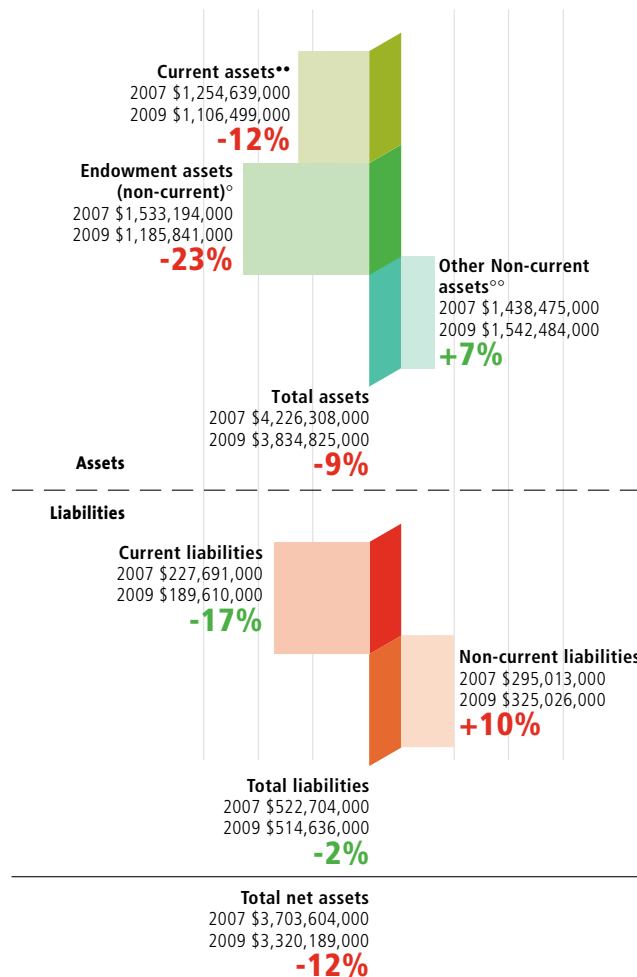
** No Portfolio organizations in the FY2007–FY2009 Trend dataset have Fiscal Years ending April or November.

Assets and Liabilities



Measures of assets and liabilities also show the effects of the recent recession on the arts and cultural organizations of Southeastern Pennsylvania. The Net Assets held by all organizations declined 12%. Significantly, organizations' liquid assets¹⁰ also declined 12% and fell for all size categories with the exception of Large organizations. Total Liabilities also fell (-2%), but not as much as Total Assets (-9%).

13 Assets and liabilities FY2007–FY2009*



* For non-arts higher educational institutions, this includes financial information reported for arts activities only. Assets do not include the value of artwork and other collections owned by organizations.


° Endowment assets (non-current)—labeled as "Non-current endowment assets" in previous editions of Portfolio.

** Current assets include receivables, inventory, and non-endowment investments (Investments–All other)—labeled as "current non-endowment assets" in previous editions of Portfolio.

°° Non-current assets include fixed assets such as land, buildings, furniture, and equipment.



Arts as Industry



Nonprofit arts and cultural organizations purchase goods and services, help revitalize neighborhoods and downtowns, and employ tens of thousands in Southeastern Pennsylvania. The state of these organizations' finances and employment affects the health of their communities, and their communities' health affects them. Although the recent recession is officially over, its effects have not subsided, and the future is uncertain.

Revenue

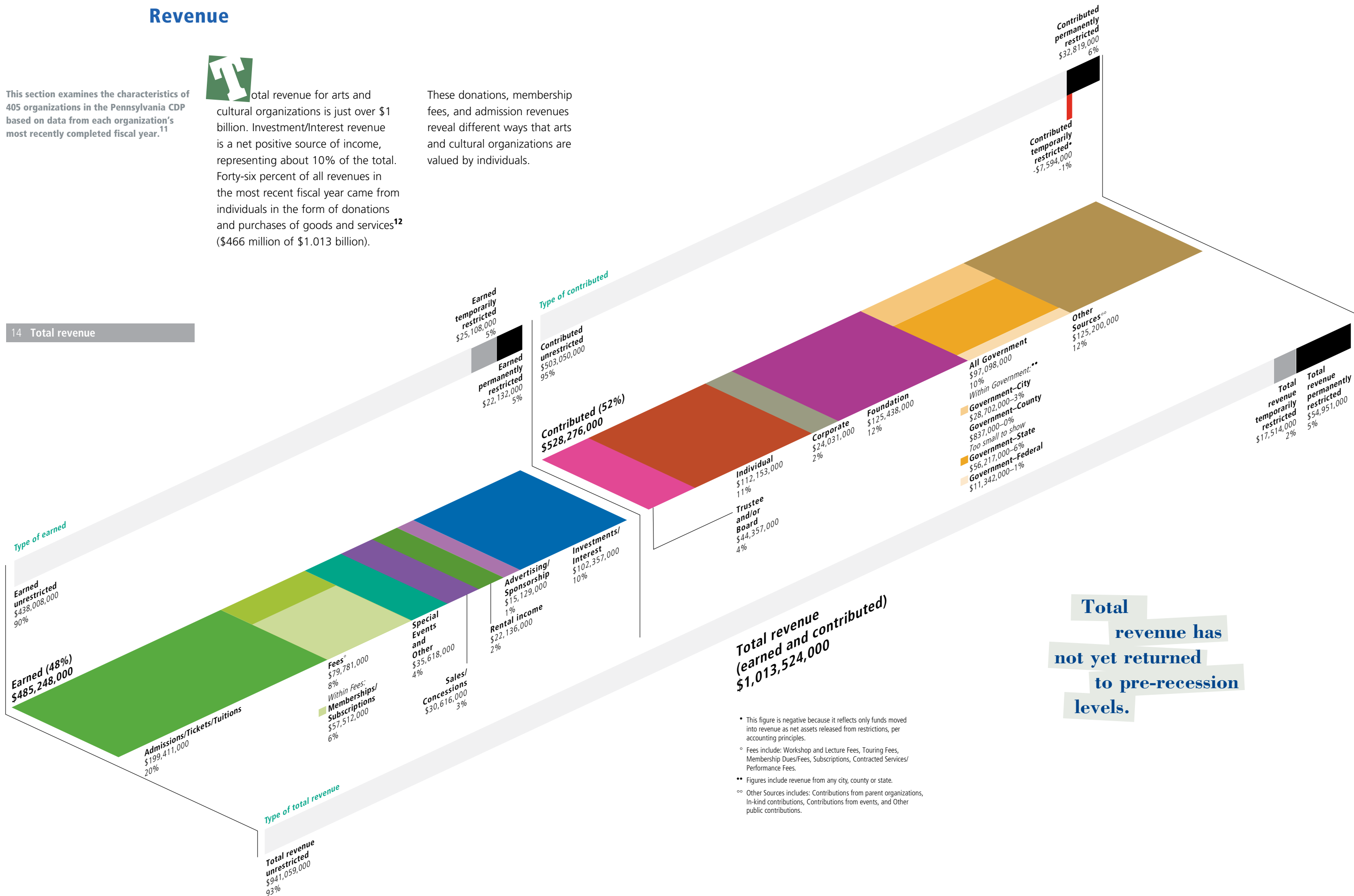
This section examines the characteristics of 405 organizations in the Pennsylvania CDP based on data from each organization's most recently completed fiscal year.¹¹



Total revenue for arts and cultural organizations is just over \$1 billion. Investment/Interest revenue is a net positive source of income, representing about 10% of the total. Forty-six percent of all revenues in the most recent fiscal year came from individuals in the form of donations and purchases of goods and services¹² (\$466 million of \$1.013 billion).

These donations, membership fees, and admission revenues reveal different ways that arts and cultural organizations are valued by individuals.

14 Total revenue



Total revenue has not yet returned to pre-recession levels.

^{*} This figure is negative because it reflects only funds moved into revenue as net assets released from restrictions, per accounting principles.
^o Fees include: Workshop and Lecture Fees, Touring Fees, Membership Dues/Fees, Subscriptions, Contracted Services/Performance Fees.
^{oo} Figures include revenue from any city, county or state.
^{ooo} Other Sources includes: Contributions from parent organizations, In-kind contributions, Contributions from events, and Other public contributions.

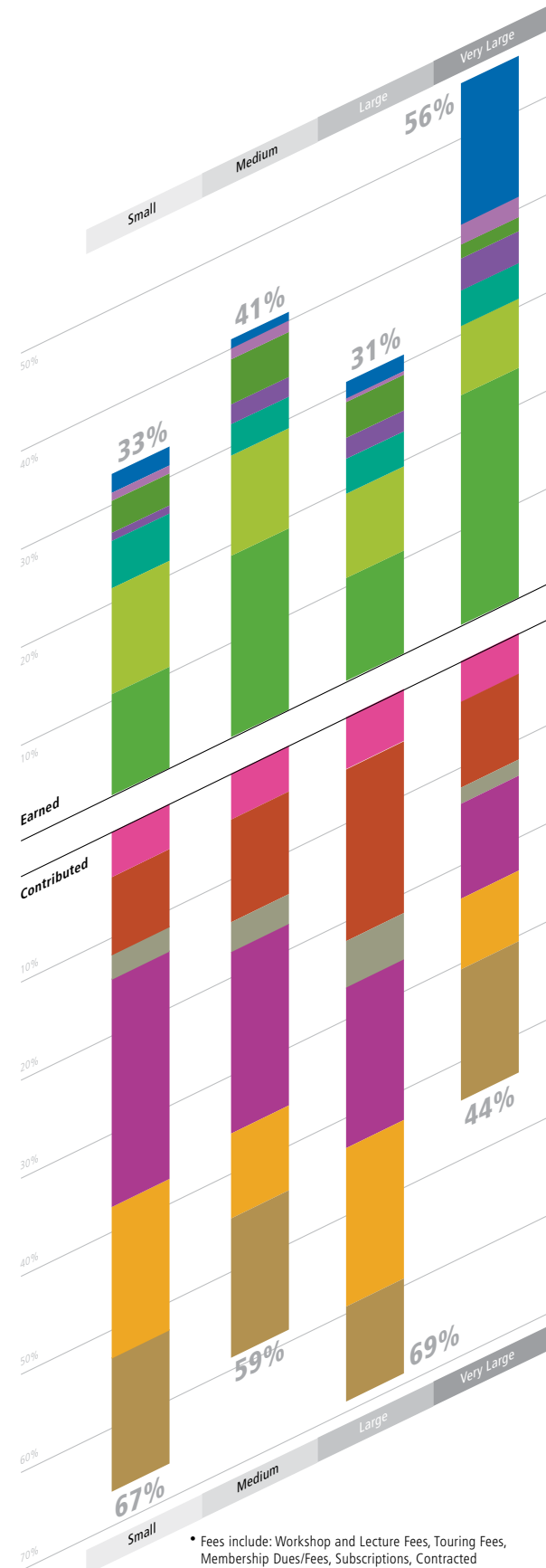


trait that has been noted in previous analyses emerges again in this dataset—the smaller the organizational size category, the more those organizations depend upon Foundation contributions, with Small organizations as a group getting close to a quarter of their revenue from Foundations.

The pattern evident in the “Revenue by organization size chart,” with Medium and Very Large organizations showing higher levels of Earned income than Small and Large, is striking. This non-linear pattern has been seen in prior analyses.

15 Revenue by organization size

Sources of revenue as percentages of total income	Small	Medium	Large	Very Large
Investments/Interest	2%	1%	2%	15%
Advertising/Sponsorship	1	1	<1	2
Rental Income	3	4	4	1
Sales/Concessions	1	3	2	3
Special Events/Other	5	3	3	4
Fees	11	10	9	7
Admissions/Tickets/Tuitions	11	19	11	24
Earned	33%	41%	31%	56%
Trustee/Board	4	5	5	4
Individual	8	1	17	9
Corporate	2	20	5	2
Foundation	23	3	16	10
Government (all sources)*	15	19	16	7
Other sources^o	14	12	10	13
Contributed	67%	59%	69%	44%
Total	100%	100%	100%	100%
Total income	\$19,929,000	\$58,153,000	\$269,495,000	\$665,946,000



* Fees include: Workshop and Lecture Fees, Touring Fees, Membership Dues/Fees, Subscriptions, Contracted Services/Performances.
^o Other Sources includes: Contributions from parent organizations, In-kind contributions, Contributions from events, and Other public contributions.

Expenses

16 Expenses by category and discipline

Discipline	Salaries and benefits						Total
	Salaries and commission	Benefits	Professional services	Artistic/ programmatic services	Physical plant	Communications	
Community Arts & Culture	34%	7%	11%	15%	27%	7%	\$21,524,000
Education & Instruction	38%	7%	9%	19%	23%	3%	189,833,000
Media Arts	37%	9%	11%	1%	22%	21%	53,497,000
Museums, Galleries & Visual Arts	30%	8%	8%	2%	45%	7%	147,262,000
Science & Nature	32%	10%	12%	3%	34%	9%	182,903,000*
History	30%	7%	10%	20%	30%	3%	128,558,000
Dance	28%	6%	19%	15%	21%	11%	25,940,000
Theater	38%	9%	15%	7%	22%	10%	48,539,000
Music	32%	9%	8%	16%	30%	5%	87,781,000
Other Performing Arts	26%	6%	11%	20%	31%	5%	61,079,000
Councils, Services & Support	28%	6%	17%	22%	11%	15%	13,652,000
Total	33%	8%	10%	12%	30%	7%	100%
	\$313,279,000	\$77,227,000	\$110,518,000	\$291,129,000	\$68,047,000	\$960,567,000	

Expense categories are comprised of the following types of expenses:

Salaries and benefits:

Salaries and commission: salary, commission.
 Benefits: payroll taxes, health care benefits, disability, workers compensation, pension, other benefits.

Professional services: accounting, advertising/marketing, audit, bank fees, conferences & meetings, fundraising—other, fundraising professionals, honoraria, interest, investment, legal, professional development, professional fees—other, public relations.

Artistic/programmatic services: artist commissions, artists & performers—non-salaried, collections conservation, collections management, grant-making, touring.

Physical plant: building, grounds maintenance, catering/hospitality, cost of sales, depreciation, equipment rental and maintenance, facilities—other, insurance, in-kind, lodging, meals, major repairs, office expense—other, other, rent, sales commission, supplies, travel, utilities.

Communications: dues and subscriptions, postage, shipping, printing, production, exhibition costs, internet, website, telephone.

* \$17,021,000 pension allocation by one organization removed as statistical outlier. See endnote 7.

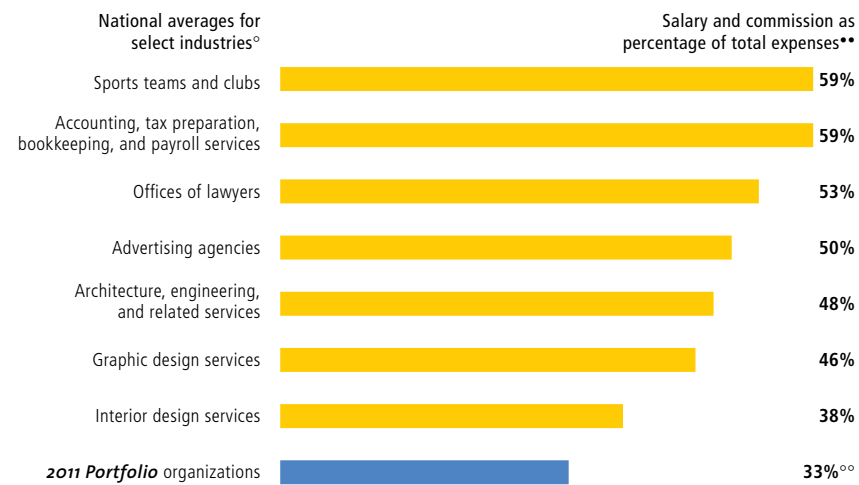


Expenses by organizations vary significantly by discipline. While Personnel and Physical Plant costs represent the two largest expense areas for all disciplines (except for Councils, Services & Support), the relationship between these two expense categories differs significantly.

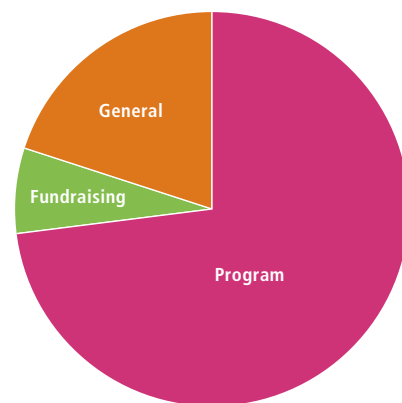
Museums, Galleries & Visual Arts; History; and Other Performing Arts have the highest Physical Plant expenses in relation to Personnel expenses. In the case of the first two categories, organizations in those disciplines indicate that they experience the high cost of maintaining historic buildings and/or HVAC systems needed to maintain conditions for collections.

The percentage of salary expense (33%) for the cultural sector is low compared to other industries, such as law offices (53%), accounting services (59%) and architectural services (48%).

17 Labor expenses for 2011 Portfolio organizations and other industries*



18 Total expenses by purpose



Purpose	Amount	Percentage
Program	\$700,377,000*	73%
Fundraising	64,715,000	7%
General	195,475,000	20%
Total	\$960,567,000	100%

* \$17,021,000 pension allocation by one organization removed as statistical outlier. See endnote 7.

* The Greater Philadelphia Cultural Alliance is solely responsible for the research and data analysis for this chart.

^o Figures from 2011 Portfolio organizations taken from this report, all other figures U.S. Census (Services Annual Survey); percentage calculated using "Annual Payroll" figures from 2007 Economic Census and "Total Expenses" for 2007 from 2009 Services Annual Survey (industry figures are benchmarked against 2007 Economic Census data and are compatible). In previous editions of Portfolio, a version of these data were available from 2002 Economic Census,

however, Total Expenses for industries are now available only through the Services Annual Survey and are only released at the national level.

^{oo} U.S. Census figures are for "Total Payroll," which consists of salary, commission, and other cash compensation.

^{oo} Comparable figures from CDP are total of "Salary" (\$312,300,000) and "Commission" (\$978,000). Total expenses are \$960,567,000.



Candace Goldstein-Lefebvre, Continuing Education Program Manager, Janney Montgomery Scott LLC.
As a participant in the Arts and Business Council's Business Volunteers for the Arts program, Candace used her professional experiences to help the Kimmel Center plan its Philadelphia International Festival of the Arts street fair in 2011. Working with Kimmel Center staff, she helped develop a plan for the recruitment and training process for over 300 volunteers who made the event a success. There are over 32,000 volunteer positions at 2011 Portfolio organizations.

Employees and Payroll

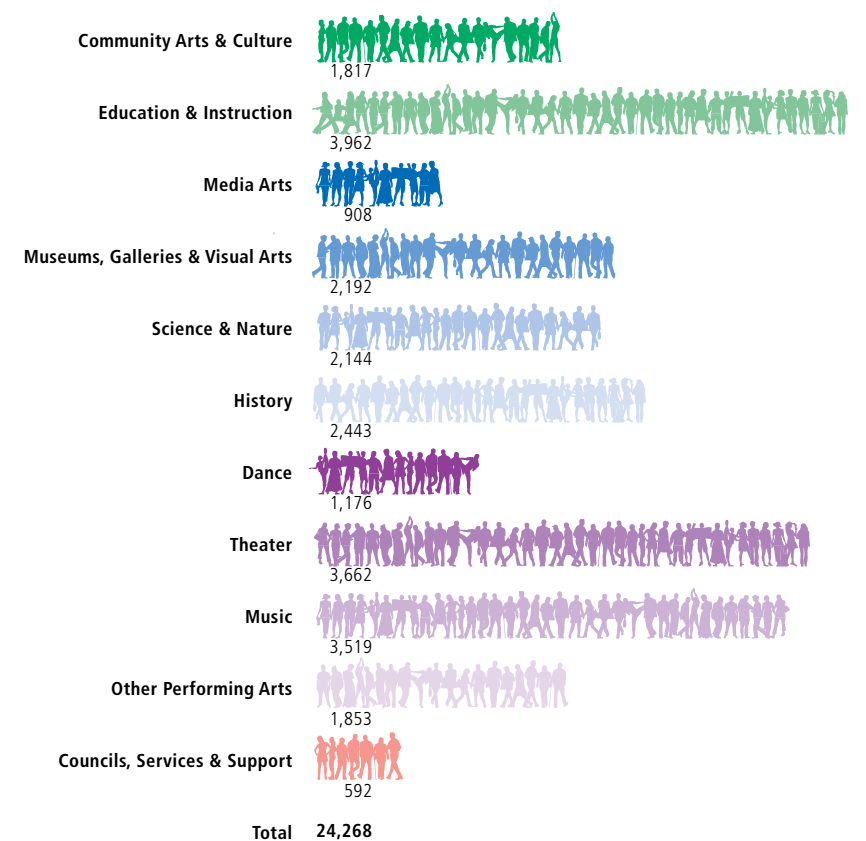


Arts and cultural organizations in Southeastern Pennsylvania contribute significantly to the region's employment picture. Among the 405 2011 Portfolio organizations, there are 24,300 employment positions.¹³ Each of nine discipline area has over 1,000 employment positions, and three disciplines, Education & Instruction, Theater, and Music, have over 3,000 positions each.

Over 20,000 of the 24,300 employment positions are in Artistic and Programmatic areas—employees who perform, teach, give tours, and work to preserve the cultural heritage of the region. Approximately 10% of positions are in General employment areas, such as management, accounting, and human resources. The fewest positions (4%) are in Fundraising. Just over half (52%) of all employment positions are independent contractors, the vast majority of whom are artists. Full-time employment accounts for one-fifth (20%) of all positions.



19 Employment by discipline*

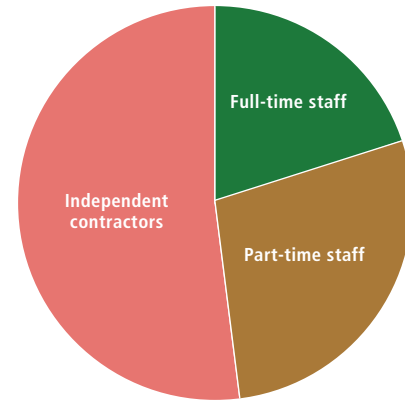


* Discipline totals include Full-time staff, Part-time staff, and independent contractors

Geoffrey Deemer, Principal Oboe, The Chamber Orchestra of Philadelphia. A graduate of the Curtis Institute of Music, Geoff began oboe lessons at the age of 10 and was performing professionally at 14. *The Philadelphia Inquirer* has called his playing "bold, detailed"; and he has worked with artists such as Elvis Costello and Ben Folds. Geoff is one of more than 10,000 artists at work in the arts and cultural organizations of Southeastern Pennsylvania.

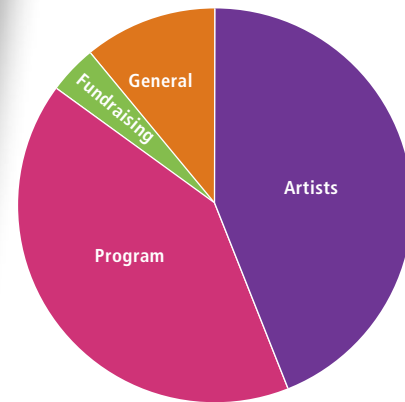


20 Employment by type



Full-time staff	4,756	20%
Part-time staff	6,886	28%
Independent contractors	12,626	52%
Total	24,268	100%

21 Employment by purpose



Artists	10,708	44%
Program	9,999	41%
Fundraising	974	4%
General	2,587	11%
Total	24,268	100%

Fundraising

Trends FY2007–FY2009

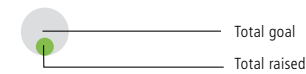
From FY2007 to FY2009, fundraising expenses declined by 3%. The change varied by organizational size, with Medium organizations showing a significant increase in fundraising expense (+16%) and Very Large organizations showing a decrease of 7%.

Organizations had to invest more to produce the same results in FY2009 than they did in FY2007. From FY2007 to FY2009, the return for every \$1 spent for fundraising decreased by 16%.

Capital and endowment campaign activity slowed down significantly from FY2007 to FY2009. Within "bricks and mortar" capital campaigns, there were fewer campaigns (-18%) seeking fewer dollars (-11%) but achieving better progress to goal (up from 52% of goal in FY2007 to 60% in FY2009). Endowment campaigns, by contrast, saw a decline in both activity and results, with decreases in the number of campaigns (-39%), total revenue goal (-54%), and progress to goal (from 47% in FY2007 to 34% in FY2009).

Of note, online fundraising rose 18% overall from FY2007–FY2009.

22 Fundraising campaigns 2007–2009*



Current capital campaigns

	2007	2009	Change
Total goal	\$839,397,000	\$744,621,000	-11%
Total raised	\$434,061,000	\$444,288,000	+2%
Number of campaigns	57	47	-18%

Current endowment campaigns

	2007	2009	Change
Total goal	\$553,011,000	\$252,800,000	-54%
Total raised	\$261,862,000	\$86,049,000	-67%
Number of campaigns	31	19	-39%

* For non-arts higher educational institutions, this includes financial information reported for arts activities only.

The overall return on every \$1 spent for fundraising was \$8.16.

Stanford Thompson, musician. As an accomplished trumpeter, trained at the Curtis Institute of Music, Stanford has travelled the world making music. Now based in West Philadelphia, he conducts an intensive music education program for young people, focused on the idea that learning music can change many aspects of children's lives. Arts and cultural organizations are visited by 34,000 groups of school-aged children in the region annually.

Most Recent Fiscal Year

Of total expenses of \$960,567,000 for all 2011 Portfolio organizations, \$64,715,000 (7%) was spent on fundraising. This percentage varies by organizational size. Fundraising expenses accounted for 4% of total operating expenses at Small organizations, 9% at Medium organizations, 11% at Large organizations, and 5% at Very Large organizations.

23 Fundraising analysis*

Every \$1.00 spent on fundraising raised:



All organizations \$8.16

* The Greater Philadelphia Cultural Alliance is solely responsible for the research and data analysis for this chart.



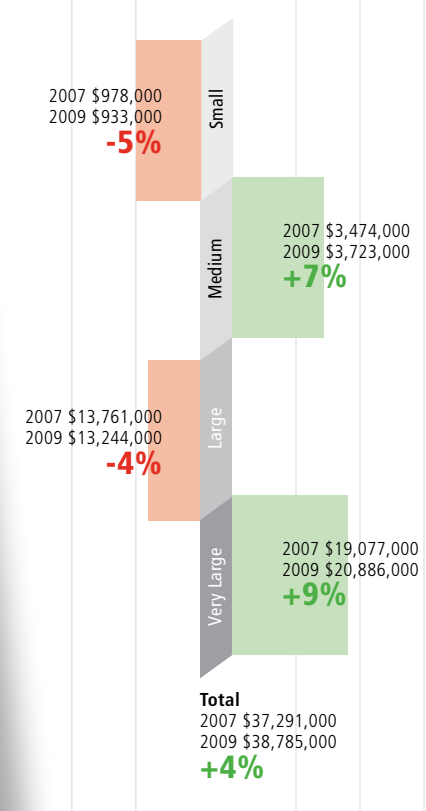
Marketing

Trends FY2007–FY2009

From FY2007 to FY2009, Marketing expenses increased by 4%, though this varied significantly by organizational size. Both Small and Large organizations decreased their marketing budgets by -5% and -4%, respectively, while increases were seen by Medium (+7%) and Very Large (+9%) organizations.

The sector continues to shift advertising and marketing activities online, with overall Internet and web expenses increasing by 49% and corresponding reductions in printing (-5%) and postage (-5%). Community Arts and Education organizations had the largest increase in Internet and web expenses (+167%).

24 Marketing expenses by size FY2007–FY2009*



* Three organizations removed from analysis as statistical outliers. One organization reported a significant decrease following the closing of a "blockbuster" exhibit. Two organizations reported 100% or more increases because of new initiatives. With these three organizations included, total marketing expenses increased 11% and marketing costs per attendee increased 14%.



The sector continues to shift advertising and marketing activities online. Internet and web expenses increased across the board by 49%.

Most Recent Fiscal Year

Of total expenses for all organizations, approximately \$50 million, or 5% is spent on marketing-related expenses. This is an average of \$2.91 spent per visit for each of the 16.9 million people who attended a cultural event.

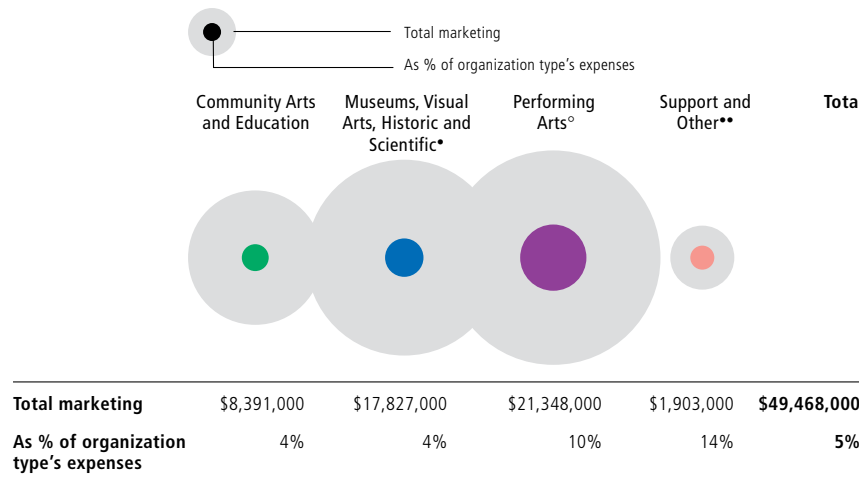
Excluding Support and Other organizations, Community Arts and Education organizations spend the most per visitor, at \$7.47. Performing Arts groups spend the second highest, at \$7.15 per visitor. Museums, Visual Arts, Historic and Scientific organizations spend the least per visitor, at \$1.39.

Of the \$50 million the sector spends on marketing, 32% is spent directly on Advertising, 27% is spent directly on Salaries, and 10% is spent on Printing.

Marketing expenses vary considerably by discipline. Support and Other organizations spend the highest percentage on marketing (14%). Of the other categories, Performing Arts groups spend the largest portion of their budgets on marketing, at 10%, and have the highest percentage of paid attendance, with 71% overall.

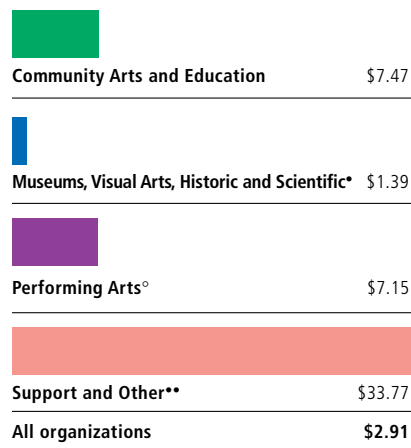


25 Marketing expenses by organization type



* Seven organizations removed that reported broadcast viewers/listeners or library circulation figures in attendance totals.
^o One organization removed that reported broadcast viewers/listeners or library circulation figures in attendance totals.
 ** 75% of marketing expenses from one Support and Other organization.

26 Marketing expenses per attendee



Financial Performance

Approximately half of organizations (46%) are in deficit. Medium, Large, and Very Large organizations, as a group, have approximately 50% or more organizations in deficit.

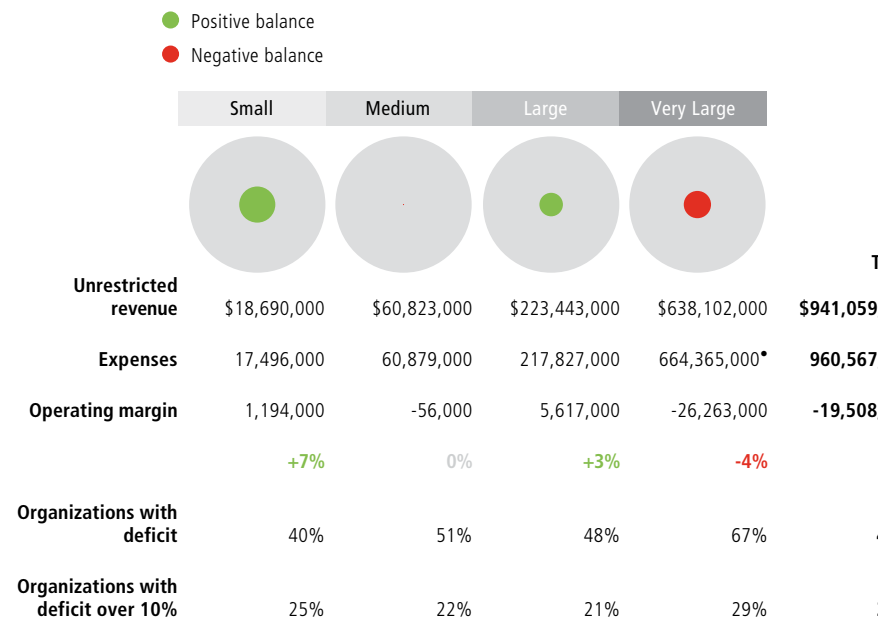
Small and Large organizations have positive operating balances (+7% and +3%). Very Large organizations have a negative margin (-4%) and the highest percentage of organizations in deficit (67%).

Historically, Very Large organizations have held the most positive net income position. This fact, coupled with the high level of organizations of all sizes in deficit (46%), indicates that the sector continues to feel the effects of the FY2007–FY2009 recession.

Approximately half of organizations are in deficit, including two-thirds of Very Large organizations.



27 Unrestricted revenue vs expenses

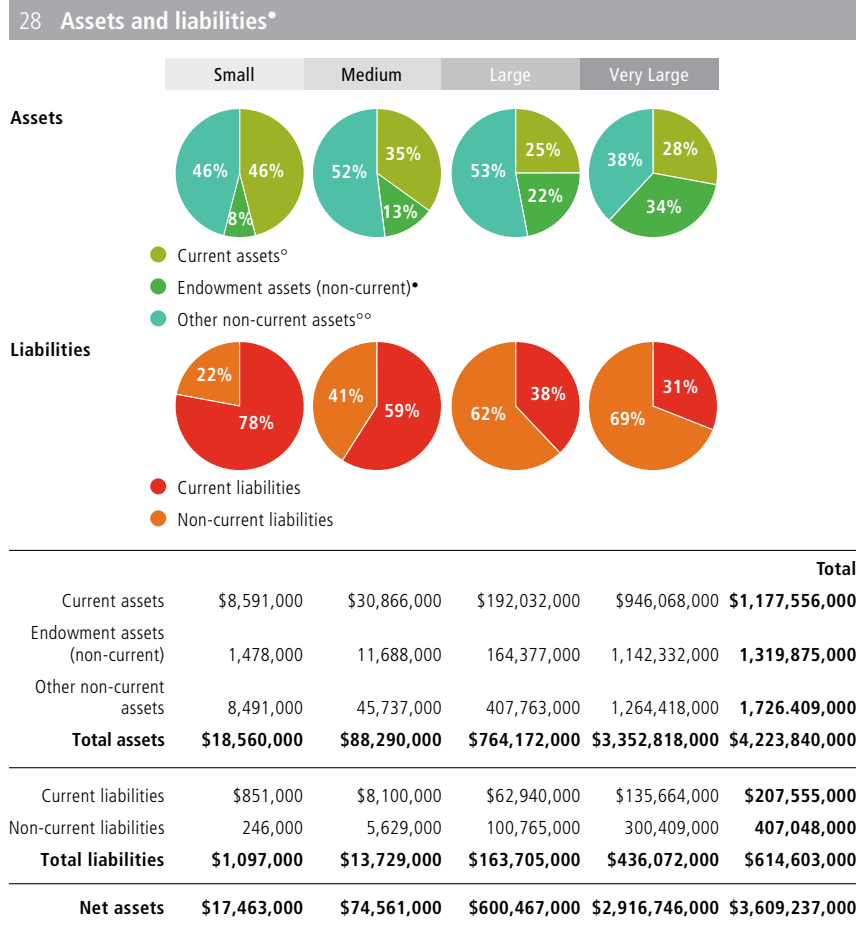


Assets and Liabilities



Early a quarter (28%) of the assets held by the 405 organizations in the 2011 Portfolio are Current assets that are available for ready use. The rest are Fixed assets such as buildings and furniture or restricted Endowment assets.

The majority of the Liabilities of Small and Medium organizations are Current, while the majority of Large and Very Large organizations' Liabilities are Non-current.



* For non-arts higher educational institutions, this includes financial information reported for arts activities only. Assets do not include the value of artwork and other collections owned by organizations.
^o Endowment assets (non-current)—labeled as "Non-current endowment assets" in previous editions of Portfolio.
^{oo} Current assets include receivables, inventory, and non-endowment investments (Investments—All other)—labeled as "current non-endowment assets" in previous editions of Portfolio.
^{ooo} Non-current assets include fixed assets such as land, buildings, furniture, and equipment.

Working Capital



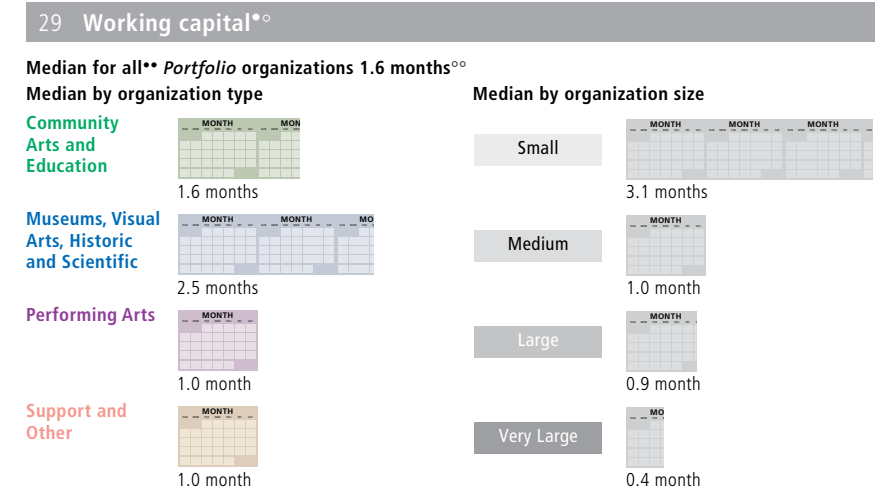
For the most recent fiscal year, the median working capital values for Medium, Large and Very Large organizations were one month or less. That is concerning, since those organizations have little cushion in the event of even a short-term reduction in revenue. By comparison Small organizations were in a stronger position with median working capital of just over three months.

In comparing the median working capital of different disciplines, we see that, reflective of missions and operating practices, different organization types have differing levels of working capital. Museums, Visual Arts, Historic and Scientific organizations have the highest median working capital, at 2.5 months.

For a description of working capital, see page 23.



Median working capital was one month or less for Medium, Large, and Very Large organizations.



* The analysis of working capital presented here is based on formulas and methodologies developed in TDC, Inc., *Getting Beyond Breakeven: A Review of Capitalization Needs and Challenges of Philadelphia-Area Arts and Culture Organizations* (2009). These findings, including any errors or omissions, are solely the responsibility of the Greater Philadelphia Cultural Alliance.
^o Working capital as analyzed here is an expression of ((Unrestricted Current Assets (including Short-term Investments) – Unrestricted Current Liabilities) / Total Expenses). This yields a ratio in terms of 1.0 = 1 year, which has been converted to the expressions of time above.
 Organizations using CDP may duplicate this analysis using the Section and Line numbers as follows: Unrestricted Current Assets consists of unrestricted components of: 8.1 Cash & Cash Equivalents, 8.2 Accounts Receivable, 8.3 Pledges Receivable—Current, 8.4 Grants Receivable—Current, 8.5 Contracts Receivable, 8.6 Receivables—Other, 8.7 Inventory, 8.11 Investments—All Other Marketable Securities, 8.12 Prepaid Expenses, 8.13 Current Assets—Other.
 Unrestricted Current Liabilities consists of unrestricted components of: 8.23 Accounts Payable, 8.24 Accrued Expenses, 8.25 Grants Payable—Current, 8.26 Credit Line Payable, 8.27 Mortgages Payable—Current, 8.28 Other Loans & Notes—Current, 8.29 Deferred Revenue, 8.30 Other Current Liabilities
 Total Expenses consists of: 6.45 Total Expenses.
^{oo} Assuming 30 days per month.
^{oo} Not all organizations have balance sheets in a format to facilitate this analysis. Number of organizations included in this analysis: Community Arts and Education—Small: 19, Medium: 27, Large: 9, Very Large: 4, Total: 59; Museums, Visual Arts, Historic and Scientific—Small: 24, Medium: 32, Large: 35, Very Large: 11, Total: 102; Performing Arts—Small: 51, Medium: 33, Large: 19, Very Large: 4, Total: 107; Support and Other—Small: 0, Medium: 3, Large: 3, Very Large: 0, Total: 6

Community Engagement: Building Social Capital

Nonprofit arts and cultural organizations are founded, governed and supported by the work of tens of thousands of volunteers. Their events are attended by millions of visitors, and they add to the educational opportunities and quality of life of Southeastern Pennsylvania.



Memberships and Subscriptions

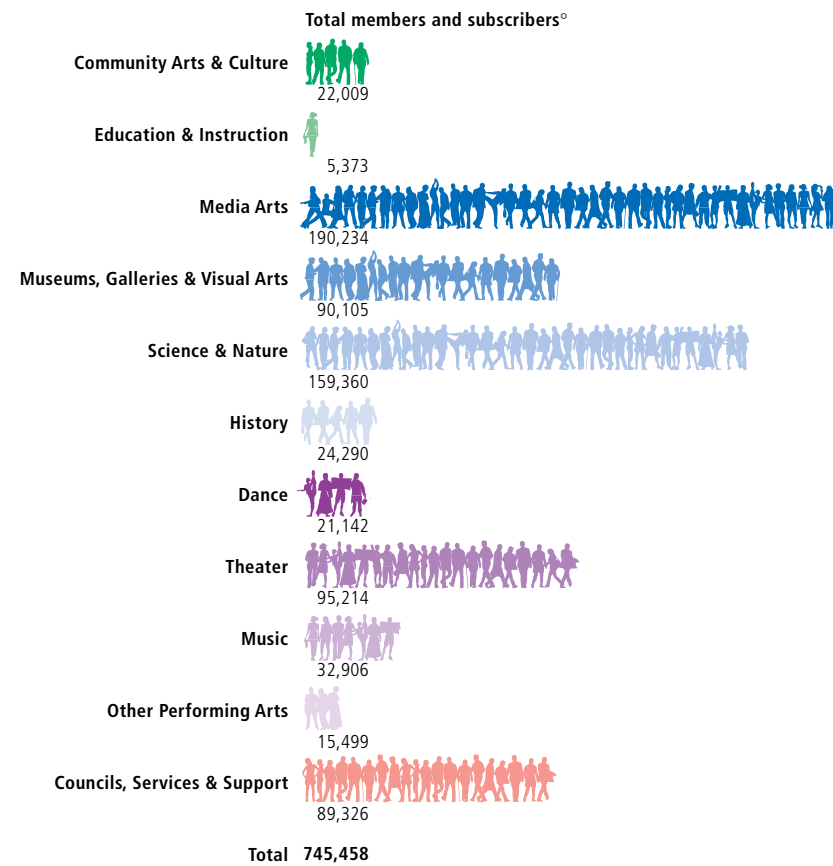


Memberships and subscriptions represent significant engagement by individuals with arts and cultural organizations in the region. As noted in the first chapter, overall revenues from memberships and subscriptions grew from FY2007 to FY2009. For the most recent fiscal year, memberships and subscriptions totaled more than 740,000. Media Arts (in particular broadcasters and public media) and Science & Nature have the largest numbers of members and subscribers, each at or over 150,000.



Mike Berman, Volunteer, Treasurer, Media Arts Council. One of Mike's favorite uncles gave him a 35mm camera for his bar mitzvah, and he hasn't stopped making photographs since. His fondest wish for the Media Arts Council would be for a permanent gallery in Media, PA. Mike fills one of the more than 6,000 Board of Director positions at arts and cultural organizations in Southeastern Pennsylvania.

30 Members and subscribers by discipline*



* Graphic does not count unique individuals. One individual may be a member or subscriber of more than one organization.

^o If an individual is both a member and a subscriber of one organization, that individual is only counted once for the purposes of that organization.

Volunteer Positions and Boards of Directors

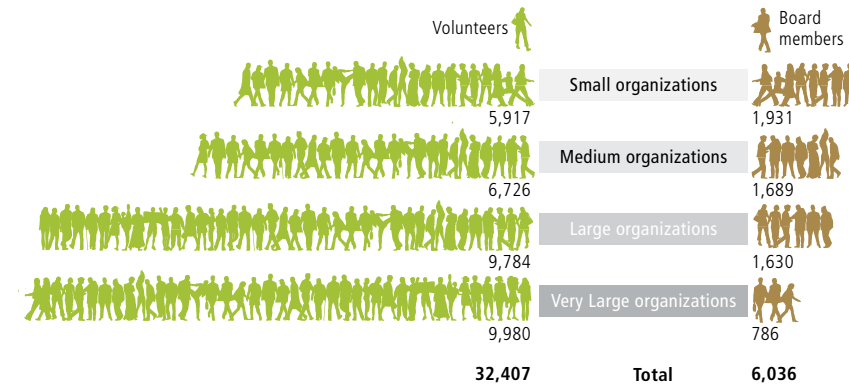


Volunteers and members of Boards of Directors provide perhaps the most direct connection between arts and cultural organizations and their communities. Overall, there are more volunteer and board member positions (38,000) than paid employment positions (24,000).

Among the most involved volunteers of any cultural organization are the members of its Board of Directors. At Very Large organizations, the average Board contribution is more than \$41,000. The average Board contribution is more than \$9,000 at Large organizations, more than \$2,000 at Medium organizations, and over \$700 at Small organizations.

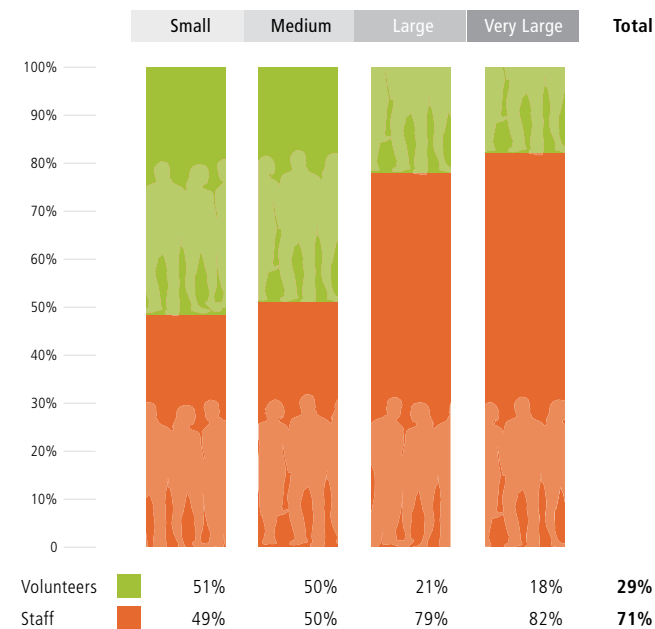
Overall, 29% of all the hours worked at 2011 Portfolio organizations were by volunteers, providing a tremendous contribution to the functioning of the sector. This is especially true at Small and Medium organizations, where about one-half of all work is done by volunteers. At Large and Very Large organizations, roughly 20% of all work hours are contributed by volunteers.

31 Volunteers and members of boards of directors*



* Graphic does not count unique individuals. One individual may be a volunteer of more than one organization or member of more than one organization's Board of Directors.

32 Percentage of work hours from volunteers



Volunteer and board positions, at more than 38,000, outnumber paid positions at the region's arts and cultural organizations.

Events

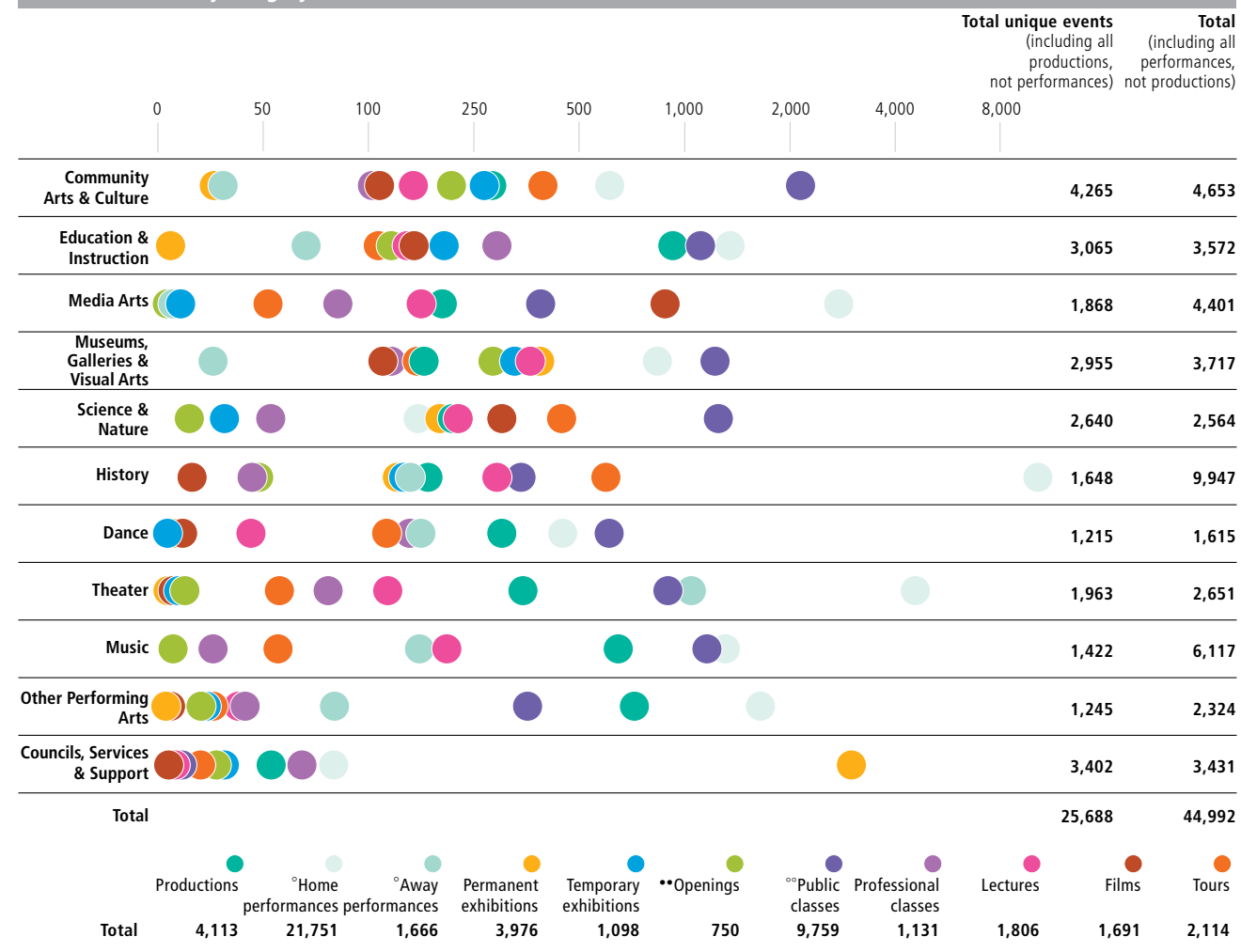


To take in all 46,000 cultural activities of the 405 *Portfolio* organizations in one year,¹⁴ one would have to:

- Attend three performances every hour
- Take 27 public classes per day
- Visit 98 exhibitions each week
- Watch 138 films each month



33 Total events* by category



* All of the figures count only the first instance of a production (such as a play, concert) that is repeated, the first session of a class or an exhibition that continues for more than one day, except where otherwise noted.

° Performances denotes each instance of each production.

** Openings included in figures for permanent and temporary exhibitions, etc. Not counted in totals.

°° It has come to our attention that in past years, some organizations have misread the directions regarding classes to report each class session. This issue has been corrected.

Attendance

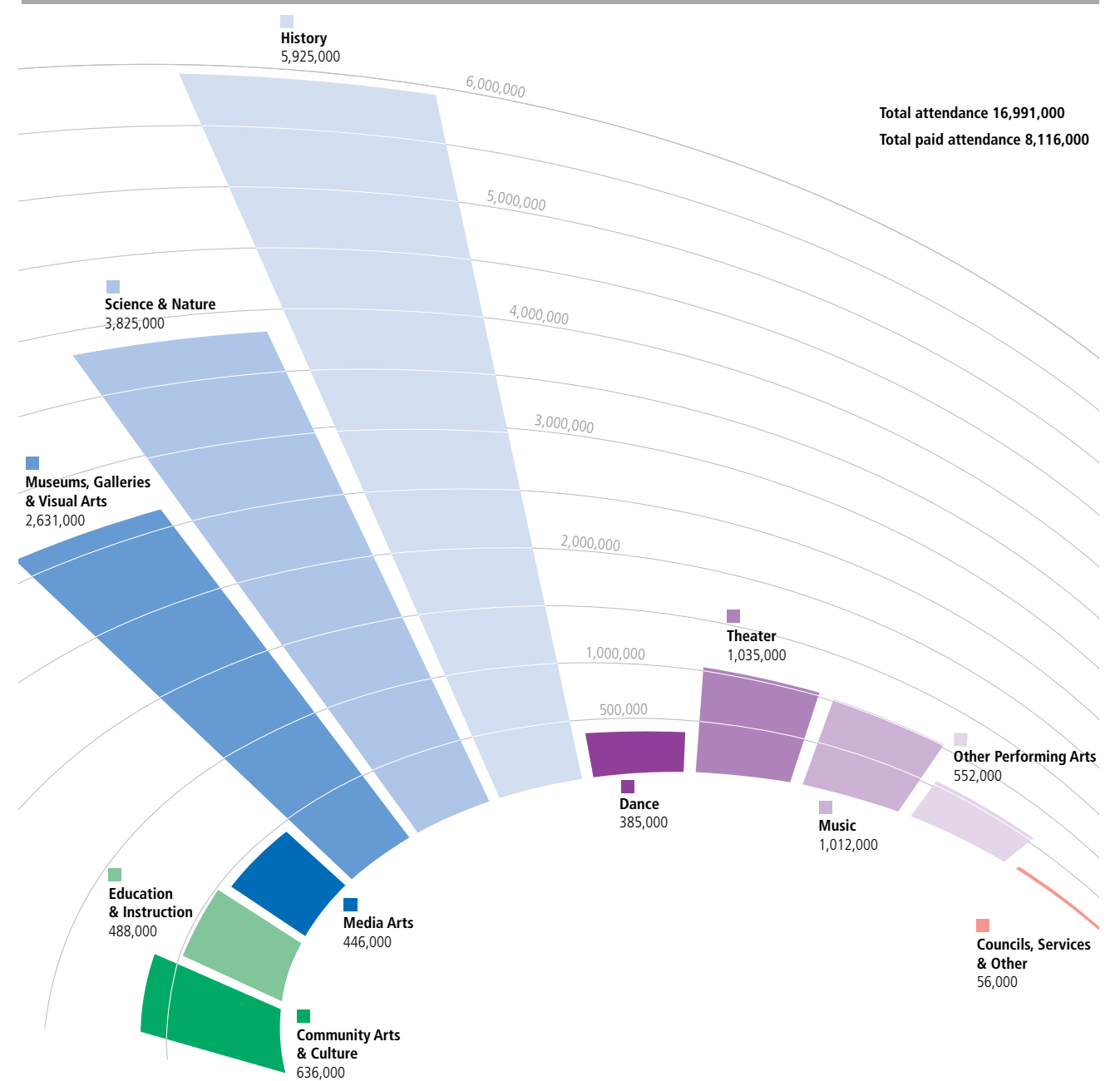


Most 17 million visits were made to cultural organizations in the last year. This represents more than four visits per resident of Southeastern Pennsylvania.¹⁵ Cultural organizations

often open their doors without charge: 52% of all visits were free. History organizations saw the highest level of attendance (6 million) and the largest number of free visits (5.1 million).

More than half of all visits are free.

34 Total attendance by discipline*



* Excludes parks, broadcast listenership/viewership, and library circulation figures.

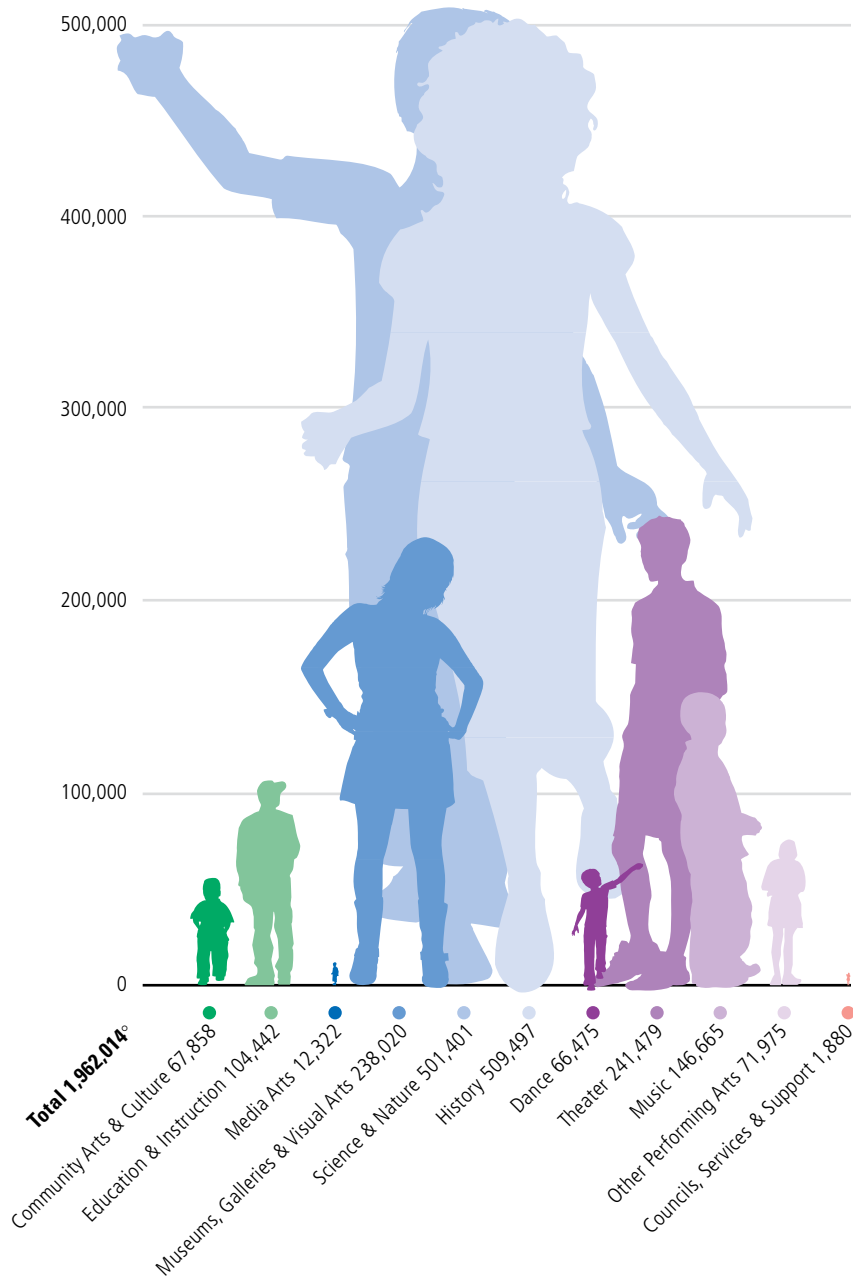
Children and School Groups



Our region's cultural organizations help educate our children. There are almost two million visits per year of school-aged children to arts and cultural organizations. History and Science & Nature organizations saw the highest levels of attendance in this age group, with over one-half million visits each. In the Performing Arts, Theater organizations had over 200,000 visits by school-aged children, representing nearly one-quarter (23%) of their total visits.

In addition to attending with family and friends, many children experience arts and culture through their schools, either as visits to—or from—arts and cultural organizations. Over 34,000 visits by school groups were reported by 2011 Portfolio organizations. More than 10,000 of these visits were to Museums, Galleries, & Visual Arts organizations, and just under 10,000 school groups visited History organizations. Science & Nature organizations made the most visits to schools, with nearly 800.

35 Attendance by school-aged children*



* Excludes parks, broadcast listenership/viewership, and library circulation figures.

° Not all organizations separate out attendance by school-aged children.



Amy Kiyota, Development and Operations Associate, Asian Arts Initiative. Amy has taken dance classes since she was five years old. She now works to raise money so that kids, teens, and young adults can enjoy dance and other public classes. Arts and cultural organizations offer almost 10,000 public classes per year, with Community Arts & Culture organizations like Asian Arts Initiative offering the most, with almost 3,000.

36 Number of school group visits and organization visits to schools

Number of school group visits to arts and cultural organizations

- Community Arts & Culture 527
- Education & Instruction 616
- Media Arts 73

- Museums, Galleries & Visual Arts 10,734

- Science & Nature 8,532

- History 9,587

- Dance 365
- Theater 1,543
- Music 1,411
- Other Performing Arts 817
- Councils, Services & Support 113

Total 34,318

Number of arts and cultural organization programs in schools

- Community Arts & Culture 128

- Education & Instruction 623

- Media Arts 17

- Museums, Galleries & Visual Arts 365

- Science & Nature 797

- History 326

- Dance 76

- Theater 264

- Music 81

- Other Performing Arts 49
- Councils, Services & Support 3

Total 2,729

Admission Prices

Admission prices to cultural organizations are significantly less than the actual cost of producing events and performances. Organizations raise funds from other sources (donations, grants, other earned income) to ensure lower costs and provide greater community access to arts and culture.

For all organizations charging admissions, the median admissions or ticket price was \$15, yet the median cost per visitor to the organization was \$48. Prices differ by the type of organization. The median price for Performing Arts organizations is \$18 and the median cost per attendee is just under \$49. For Museums, Visual Arts, Historic and Scientific organizations, the median price is lower, at \$8, and the cost per attendee is just over \$37.

Admission prices are significantly less than the cost of production.

37 Admission price and cost of production*

Median for all 2011 Portfolio organizations^o



Median admission price	\$15.00	Median cost of production**	\$47.96
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Median for Museums, Visual Arts, Historic and Scientific Organizations

Median admission price	\$8.00	Median cost of production	\$37.13
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Median for Performing Arts Organizations

Median admission price	\$17.50	Median cost of production	\$48.70
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*The Greater Philadelphia Cultural Alliance is solely responsible for the research and data analysis for this chart.

^oFew Community Arts and Education and Support and Other organizations report admission prices. Figures are not calculated separately for these organization types, but they are included in figures for All organizations.

** Cost to organization per attendee.



Adrienne Mackey, Founder, Swim Pony Performing Arts. After graduating from Swarthmore College, Adrienne decided to stay in the Philadelphia area because she was inspired by the local theater community. Using the Pennsylvania Cultural Data Project helps her better understand her work and manage her company. Swim Pony is dedicated to exploring all the forms theater can take.



Characteristics of the Cultural Community

The 405 arts and cultural organizations in the *2011 Portfolio* are at work in a wide variety of discipline areas in communities across the region. This section examines discipline-based differences in the operating models of nonprofit cultural organizations.



Characteristics of the Cultural Community



The structure of nonprofit cultural organizations varies greatly by the type of work each does. This chapter captures notable differences in our findings among cultural disciplines and includes a chart of discipline-based data that can be used for further analysis.

John Van Horne, Director, Library Company of Philadelphia. After growing up in California, John came east for college and stayed to be in the cradle of American history. He has led the Library Company of Philadelphia for more than a quarter century. Founded in 1731 by Benjamin Franklin, it is now one of the pre-eminent research libraries

in the country. The Library Company provides free access to its collections, which are used by students of all ages, senior scholars, and visitors interested in historical research. There are three organizations in 2011 Portfolio that are older than the nation. The Library Company is America's oldest cultural institution.



Community Arts and Education

Community Arts and Education organizations have the highest earned/contributed income ratio at 65/35.

Education & Instruction organizations are the second largest organizations on average (\$5.9 million average annual expenses) and have the highest number of employees—with almost 4,000 employment positions.

Museums, Visual Arts, Historic and Scientific

History organizations saw the largest increase in attendance from FY2007 to FY2009, over 500,000—a 24% increase. These organizations also have the highest total attendance and highest free attendance figures.

Museums, Visual Arts, Historic and Scientific organizations account for 7 in 10 visits. They have the lowest marketing expenses per attendee, spending only \$1.39 to attract each visitor.

Performing Arts

Dance was the only category (outside Service) with positive revenue growth (6%) during the recession.

Theater and Music organizations are two of the largest employers—with over 3,000 total positions each. Performing Arts organizations as a group provide over 10,000 employment positions.

Support and Other

The smallest group of the disciplines, this category has a diverse group of organizations that serve the sector. Overall, the group has the highest percentage of expenses spent on marketing (14%).



Implications

Because culture cuts across so many civic priorities, there are findings in the **2011 Portfolio** that will be important to many stakeholders including policymakers, civic leaders, artists, arts managers and cultural organization staff, donors, and audiences. This report comes at a critical moment, telling us the story of the recession's impact on the cultural sector we care so much about. The **2011 Portfolio** reminds us again that culture is vital and valuable, but also vulnerable.

Ultimately, as stewards of Philadelphia's cultural vitality, our collective responsibility is not just to tell the story, but also to interpret it. So what do we take away? What have we learned from **2011 Portfolio's** data, and where might we go from here?

We offer these final thoughts on the **2011 Portfolio** for its partner stakeholders:

From Institution to Individual

The locus of influence is shifting from the institution to the individual. This trend touches all aspects of the creative sector from finance to philanthropy, from management to marketing.

As the economy entered recession, many traditional sources of revenue eroded. Contributed income from corporations fell 36%, foundation giving shrank 30%, and government giving dropped 11%. Yet, there was a silver lining—individual giving grew 20%. On the earned income side, investments plummeted 128%. Event income, concessions, and rentals fell too. But again, individual patrons stepped up. Despite shrinking disposable income, Admissions rose 11% and Memberships & Subscriptions increased 8%. Trustees and Board members, the volunteer stewards of these organizations, also kept up their support despite the challenging economy, increasing the number of gifts with only a slight decline in their average value. Clearly people care about their arts and culture and are willing to invest in it, even when times get tough.

The question organizations need to ask themselves now is: Are we investing in building relationships?

Is our contact one-sided? Are our relationships with audiences and stakeholders expressed purely in terms of what cultural organizations need from them, and less about what they want from us?

Technology will be key to future adaptation and optimization. The emergence of Customer Relationship Management (CRM) databases is an example of the tools being used across all industries to deepen individual engagement. Arts and culture, with its inherent social bond, is positioned better than most to leverage such databases. Do we have the technology mindset, risk capital, and institutional will to develop this asset?

On the fundraising side, can we broaden our base? Will we continue to focus on a narrow band of major donors, or can we also further democratize our appeal and create mini-causes that connect with individuals through social networking platforms such as Kickstarter?



Are we investing in building relationships?

Are we attracting and retaining the best and the brightest?

Labor of Love

The data from this year's **Portfolio** reveal an industry that is squeezing its labor costs tightly. But there are limits, and we may be passing the point of wringing out the excess and now starting to strangle the flow of oxygen.

Labor is the number one cost for cultural organizations, but this is normal for a service-based industry. In fact, the percentage of salary expense (32%) for the cultural sector actually appears low. Comparable numbers from private sector industries, such as architecture (48%), accounting (59%), and law (53%), show that the cultural sector spends less on labor than its peers.

With the continuation of a trend to squeeze labor costs ever tighter, we see that the actual composition of the work force is changing. Where the last **Portfolio** documented the displacement of full-time employees by part-time staff (who typically receive no benefits), this report reveals a further migration from part-time to independent contractors (who can be more easily added or removed).

The labor squeeze is also evident in the use of volunteers, who account for a staggering 30% of the work-hours in the field. While we can be encouraged by the devotion of individuals to their favorite cause, we should also ask whether this balance limits accountability and structure.

During the recession, fringe costs rose faster than payroll. It is not clear whether that is simply an arithmetic relationship because salaries are comparatively low, a conscious decision to help offset lower wage rates, a choice not to pass through benefits cost to employees, or an opportunity to aggregate and lower fees.

The data also suggest that the recession focused organizations on their artistic priorities, and we note that they continued to invest in artistic and programmatic staff, reserving the deepest labor cuts for administrative positions.

Ultimately, we're reaching the labor limits, and we have to acknowledge that there still appears to be some tacit acceptance of the notion of the "starving artist." We cannot simultaneously call for the professionalization of the creative sector and then under-compensate its labor force. Are we attracting and retaining the best and brightest? What is the true cost of turnover in hiring, training, and lost institutional knowledge?

Florcy Morisset, Owner, Vivant Art Collection. Since opening her art gallery in 2007, Florcy has worked tirelessly as an arts advocate and a bridge between the business and nonprofit arts and cultural communities. She is the Arts and Culture Chair of the National Coalition of 100 Black Women—Pennsylvania Chapter and volunteers with several arts and cultural organizations, including the African American Museum in Philadelphia. There are more than 32,000 volunteer positions at arts and cultural organizations in the region.



Are we able to recognize when an asset becomes a liability?

Maintain to Sustain

If labor is the number one expense for cultural organizations, then **2011 Portfolio** makes clear that building and physical plant is a close second. Over the past decade, Philadelphia has undertaken a series of major capital investments in building new infrastructure—The Barnes Foundation, the Independence Visitor Center, the Kimmel Center for the Performing Arts, the Mercer and Michener Museum expansions, the National Constitution Center, the National Museum of American Jewish History, the Philadelphia Museum of Art, the Please Touch Museum, the Suzanne

Roberts Theatre, and the Tri-County Performing Arts Center are noteworthy examples.

With those projects comes a responsibility not only to raise the capital for construction, but also the endowment and expanded operating funds for ongoing debt coverage, operations, and maintenance.

For older buildings (and an historic community like ours has many), while there may be less debt service, the cost of maintenance, utilities and repairs is substantial. **2011 Portfolio** reveals that in the course of the recession, many cultural organizations chose to defer repairs and maintenance. While this may have been a prudent short-term strategy, it

suggests future liability to catch up on required investment in physical plant needs.

Are we able to recognize when an asset becomes a liability? That is when the fixed costs related to purchasing or operating a facility actually hampers an organization's ability to achieve its mission.

Going forward it will be important that management, boards, policymakers, and donors rigorously assess the long-term market demand for new projects before committing capital dollars. These investments are highly illiquid and bind an institution and the region to a course that cannot be altered if the market does not materialize.

Second, utilities management appears to be a future area of opportunity, both for environmental and financial reasons. While no one can know with certainty the future costs of fuel and electricity, the historic trend suggests that there is more upside than downside. Efficiency investments and aggregated purchasing contracts may yield savings going forward that can be reinvested in the core artistic experience.

Finally, organizations and their boards need to treat depreciation and maintenance as real costs for which they should budget. By managing to cash flow only, organizations understate their true operating costs, increase long-term operating costs, and create crises when deferred maintenance results in disruptions of physical plant or working capital.



Jennifer Hoff, Activist, President, Lansdowne Economic Development Corporation. Jennifer is currently working with other community members, elected officials, and business people in her home town of Lansdowne to restore the vibrancy of the downtown business

district. Arts organizations in the community and an annual arts festival have been essential to this revitalization. Arts and cultural organizations in the four suburban counties of the region saw two million paid admissions last year.

Moving to New Models

The dominant finding of this year's **Portfolio** report is that operating margins, which had been thin in 2006 and 2008, have moved into negative territory in 2011.

In understanding this trend, we can start by looking at the shift in earned and contributed income. Three years ago, in the last edition of **Portfolio**, the ratio was 55/45 in favor of earned income. Now it is 48/52. At the core of the shift is the steep decline in investment and interest income, which has traditionally been included in the "earned" category.

Also, in the last edition of **Portfolio**, we warned that the sector's high reliance on investment income was a potential source of vulnerability. Unfortunately, that concern proved to be warranted, as the subsequent decline of the stock market generated significant realized and unrealized endowment losses, exacerbated by overall weakness in the economy.

Smaller institutions, which typically do not have endowments, have performed better than larger institutions during the recession. However, given their reliance on the endowments of foundations, it is reasonable to assume that this is largely a timing issue, and that the lag will likely catch up to them too, as the multi-year averages upon which foundation giving is based may settle at a new lower level.

The fragility of the cultural sector's business model suggests important considerations for institutions, foundations, and policymakers. For institutions with endowments, it seems prudent to plan for a more conservative long-term investment draw that takes into account market

volatility. For organizations without endowments, it will be important to deepen engagement with individuals as institutional and government funding streams are further stretched.

For all organizations, the heart of the matter is capitalization. As framed in the 2009 TDC report *Getting Beyond Breakeven*, "A strong balance sheet evidences an organization's ability to access the cash necessary to cover its short- and long-term obligations, to weather downturns in the external operating environment, and to take advantage of opportunities to innovate."

Moving forward, cultural leaders and funders will need to articulate and adapt to a range of capital needs based on organizations' unique business models. Better understanding and matching of the six forms of capital (operating funds, working capital, operating reserve, capital replacement, endowment, and risk capital)

will lead to better capitalization and, with it, stronger financial health and delivery on mission.

One question funders and cultural leaders should consider: Is breakeven budgeting realistic or appropriate? Would it not be healthier to encourage organizations to budget for some annual reserve? Nonprofits in other sectors such as higher education and health care routinely plan for an annual surplus that offers some future risk capital and insulation from business cycles.

Is breakeven budgeting realistic or appropriate?



We might also ask whether there has been an historic overemphasis on project-based support? Would a higher balance of general operating support provide more flexible dollars to support the programming of strong, high-quality organizations rather than encouraging the continued development of new projects? Similarly, would the wider acceptance of fiscal agency allow for the easier entry and exit of shorter-term artistic projects and thus discourage the proliferation of 501(c)(3)s?

At the macroeconomic level, just as in other sectors, some industry consolidation seems inevitable. But consolidation can take many forms, and cultural organization executives and boards should be open to a range of alternative options. These include strategic alliances, shared services and joint programming, and market

assessments that examine and focus an organization's resources on its unique place in the cultural ecology.

Finally, from a policy perspective, elected officials and civic and corporate leaders cannot take cultural institutions for granted. There is far too much evidence, both within this report, and from other sources, that the sector is a vital contributor to civic goals that yields a huge return on

investment in economic, social, and educational outcomes. Our consistent underinvestment has put the focus at cultural institutions on "survive" rather than "thrive."

What if, instead, we viewed the creative sector not as an amenity, but as a growth engine?

KC Marquart, Photography and Digital Arts Student, Moore College of Art and Design. A photographer since attending a high school for digital communication in Western Maryland, KC loves exploring and photographing Philadelphia's public art and hidden architectural treasures. Now a Senior at Moore, she is interested in photo journalism and would like to hone her skills working for a magazine and photographing live music performances. Education & Instruction organizations, including university-based programs, employ close to 3,800, the most positions by any Portfolio discipline.



A Moment of Collective Opportunity

In the spring of 2011, the Cultural Alliance released its most recent Cultural Engagement Index, which measured Greater Philadelphia's cultural participation in the two recessionary years immediately following the stock market collapse of 2008. What did it show? At a time when Americans were reevaluating their priorities and scaling back their spending, Greater Philadelphia experienced an 11% increase in its cultural engagement.

This 2011 edition of *Portfolio* also bears out that trend. It shows that in spite of recession, over the past two years individual attendance, subscriptions, memberships, and individual giving all grew. Clearly Philadelphians value their arts and culture.

But the 2011 *Portfolio* also makes it abundantly clear that individual support is not enough. Because nonprofit cultural organizations rely on contributions for more than half of their operating cost, the decline in institutional, corporate and public support and investment declines overwhelmed individual giving. Our cultural sector is now operating in the red—a trend that is unsustainable.

So we find ourselves at a collective moment of opportunity.

From a policy perspective, we've got a lot at stake, and we're counting on arts and culture to carry a lot of water for us. Philadelphia's cultural sector is key to our highest regional priorities. Educationally, we know that access to the arts dramatically increases outcomes and reaches and teaches children in ways that nothing else can. In a city desperate to increase its graduation rates, culture is an essential ingredient in the educational mix.

From an economic standpoint, the quality and breadth of Philadelphia's cultural resources clearly drives our attractiveness as a place to locate a business, stay after graduation, bring a convention, or visit on vacation. Arts and culture grows our tax base, the value of real estate, and quality of life. And it stimulates the creativity that is the fuel of growing companies.

At the local level, culture is building communities one by one. It's a rallying point that brings neighbors together. Culture is central to our regional identity and civic pride. And Philadelphians, so rooted in our Quaker heritage, could stand to be a little prouder.

Finally, arts and culture is also vital to us as individuals. It stimulates our perception, compassion, connection, and creativity.

At all levels, arts and culture is how we grow.

So as we approach this moment of collective opportunity, each of us has a stake in and a powerful individual influence on the outcome. We hope that the findings of this 2011 *Portfolio* can serve not only to inform our thinking, but also as a catalyst to action. Both within and outside cultural organizations let us adapt to advance the civic vibrancy of the region we love.



**What if we viewed
the creative sector
not as an amenity, but as a
growth engine?**

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65 Courtesy of the Main Line Art Center

67 Courtesy of the Philadelphia Zoo

The portraits of the members of the cultural community were made by James B. Abbott.



Participating Organizations

Community Arts & Culture

Abington Art Center* African Cultural Alliance of North America* Al-Bustan Seeds of Culture Allens Lane Art Center* Art Partners Studio* Art Program of Project H.O.M.E. Art Sanctuary* Asian Americans United* Asian Arts Initiative* Bainbridge House, Inc.* Casa de Venezuela, Inc. Center in the Park* Centro Cultural Latinos Unidos, Inc.* Cheltenham Center for the Arts Chester County Art Association Community Arts Center* Darlington Fine Arts Center* First Night Newtown* Foundation at the Manor* The Gershman Y* Greater Norristown Society for the Arts Greater Philadelphia Overseas Chinese Association Huaguang Art & Cultural Center* Intercultural Family Services, Inc. Islamic Cultural Preservation & Information Council* Japan America Society of Greater Philadelphia Jenkintown Community Alliance Lansdowne Economic Development Corporation Main Line Art Center* Manayunk Art Center* New Hope Arts Inc.* Nexus, Foundation for Today's Art* The Nia Center Inc* Norris Square Neighborhood Project, Inc. North Light Community Center* Ollin Yoliztli Calmecac Oxford Area Senior Center Philadelphia Art Alliance* Philadelphia Community Arts Network* Philadelphia Folklore Project* Polish American Cultural Center* Portside Arts Center Russian-Americans United Arts Council* Samuel S. Fleisher Art Memorial* Southeastern Cherokee Confederacy of Pennsylvania Southwest Community Enrichment Center Taller Puertorriqueño, Inc.* Trinity Center for Urban Life* University City Arts League* The Village of Arts and Humanities* Wayne Art Center West Park Cultural Center* West Philadelphia Cultural Alliance Zhang Sah

Education & Instruction

Academy of Vocal Arts* Art-Reach* The Arts & Spirituality Center* The Arts and Quality of Life Research Center Arts in Schools Collaborative Bucks County Community College Office of Cultural and Community Programming* Boyer College of Music and Dance BuildaBridge Community Conservatory of Music* Community Education Center* Community Music School of Collegeville* The Curtis Institute of Music* The Design Center at Philadelphia University Georgia E. Gregory Interdenominational School of Music* Girls Rock Philly International House Philadelphia* Kardon Institute for Arts Therapy* Main Line School Night* Montgomery County Community College* Moonstone Inc.* Moore College of Art and Design* Pennsylvania Academy of the Fine Arts* Philadelphia Arts in Education Partnership* Philadelphia Young Playwrights* Settlement Music School* Studio Incamminati* Temple University Music Preparatory Division* Tyler School of Art, Department of Exhibitions & Public Programs* The University of the Arts* Violette de Mazia Foundation Wood Turning Center* Young Audiences of Eastern Pennsylvania, Inc.*

Media Arts

Ambler Theater, Inc.* American INSIGHT, Inc. The American Poetry Review* Association for the Colonial Theatre* Big Picture Alliance Bryn Mawr Film Institute* Corporation for Civic Documentaries County Theater, Inc.* First Person Arts* Foundation for Self-Taught American Artists* Mad Poets Society Megawords Magazine* Pennsylvania Public Radio Associates, Inc. Philadelphia Community Access Media Philadelphia Film Society Philadelphia Independent Film & Video Association* The

Philadelphia Photo Review Poets and Prophets, Inc.* Scribe Video Center* Shirley Road Productions* Termite TV Collective* WHYY Inc.* WRTI* wxpn* WYBE Public Television*

Museums, Galleries & Visual Arts

African American Museum in Philadelphia* Arcadia University Art Gallery Arthur Ross Gallery* Atwater Kent Museum of Philadelphia* The Barnes Foundation* Brandywine River Museum* Brandywine Workshop The Center For Emerging Visual Artists* The Clay Studio* Conservation Center for Art and Historic Artifacts* COSACOSA art at large, Inc.* Da Vinci Art Alliance* Esther M. Klein Art Gallery The Fabric Workshop and Museum Fairmount Park Art Association* Galleries at Moore College of Art and Design* Independence Seaport Museum* Institute of Contemporary Art James A. Michener Art Museum* Louise Nevelson Foundation Mercer Fonthill Trust* National Museum of American Jewish History* Pearlstein Gallery Philadelphia Guild of Hand Weavers* Philadelphia Museum of Art* Philadelphia Sketch Club* Philadelphia's Magic Gardens Philagrafika* Philip and Muriel Berman Museum of Art at Ursinus College* Please Touch Museum The Print Center* Slought Foundation University of Pennsylvania Museum of Archaeology and Anthropology* Villanova University Art Gallery Visual Arts Alliance Vox Populi* Woodmere Art Museum*

Science & Nature

The Academy of Natural Sciences* American Helicopter Museum & Education Center* Awbury Arboretum Association* Chemical Heritage Foundation* The College of Physicians of Philadelphia* The Franklin Institute* Frederick A. Simeone Foundation Inc. John Bartram Association* John J. Tyler Arboretum* John James Audubon Center at Mill Grove* Longwood Gardens, Inc.* Morris Arboretum of the University of Pennsylvania* The Pennsylvania Horticultural Society The Philadelphia Zoo* The Schuylkill Center for Environmental Education Schuylkill River Development Corporation Scott Arboretum of Swarthmore College* Wagner Free Institute of Science

History

The Abraham Lincoln Foundation of The Union League of Philadelphia American Philosophical Society* American Swedish Historical Museum* Athenaeum of Philadelphia* Beth Shalom Synagogue Preservation Foundation Bucks County Historical Society* Cairnwood Estate Chester County Historical Society Christ Church Preservation Trust* Cliveden of the National Trust* The Colonial Dames of America, Chapter II* The Committee of 1926 and Historic Strawberry Mansion Concord Schoolhouse* Delaware County Historical Society Eastern State Penitentiary Historic Site, Inc.* Ebenezer Maxwell Mansion* Elfreth's Alley Association The Encampment Store Fair Hill Burial Ground* Fairmount Park Historic Preservation Trust, Inc.* Friends of Independence National Historical Park Friends of Laurel Hill Cemetery* Friends of Lemon Hill Friends of the Free Library of Philadelphia Friends of the Japanese House and Garden The German Society of Pennsylvania* Germantown Historical Society* Glen Foerd Conservation Corporation* Historic Fallsington, Inc. Historic Philadelphia, Inc.* Historic RittenhouseTown* Historic Yellow Springs, Inc.* Historical Society of Pennsylvania* Independence Visitor Center Corporation Legacy Center Library Company of Philadelphia* The Mill at Anselma Preservation

and Educational Trust, Inc.* National Constitution Center* The Pennsylvania Society Philadelphia Society for the Preservation of Landmarks Preservation Alliance for Greater Philadelphia* Rosenbach Museum & Library* Schwenkfelder Library & Heritage Center* Stenton University of Pennsylvania Libraries Village Library of Wrightstown* Women for Greater Philadelphia* Woodlands Trust for Historic Preservation* Wyck Association

Dance

American Ballet Competition Dance Affiliates* Anne-Marie Mulgrew and Dancers Co.* BALLETX* Brandywine Ballet* Carbon Dance Theatre Chinese American Women's Sisterhood Society of Philadelphia* ContempraDance Theatre Dance Del Bello Dancefusion* Danse4Nia Repertory Ensemble, Inc.* Eleone Dance Theatre* FiddleKicks* Flamenco Ole* Group Motion Multi Media Dance Theater* Headlong Dance Theater* International Ballet Exchange* Jeanne Ruddy Dance* Kate Watson-Wallace/anonymous bodies Koresh Dance Company* Kosoko Performance Group* Kulu Mele African American Dance Ensemble* Kun-Yang Lin/Dancers Leah Stein Dance Company* Mascher Dance Melanie Stewart Dance Theatre* Metropolitan Ballet Company Miro Dance Theatre* Music & Motion Dance Productions Inc. Nichole Canuso Dance Company* Pasion y Arte* Pennsylvania Ballet Association Philadanco* Philadelphia Civic Ballet Company Philadelphia Dance Projects* PIMA Group Pink Hair Affair Project Capoeira, Inc.* Rebecca Davis Dance Company* Ring Dance Theater The Rock School for Dance Education* Scrap Performance Group* Smoke, Lilies and Jade Arts Initiative* Subcircle Susan Hess Modern Dance* Usiloquy Dance Designs Voloshky Ukrainian Dance Ensemble* West Chester Dance Works

Theater

1812 Productions* Act II Playhouse, Ltd.* American Historical Theatre, Inc. Arden Theatre Company* Azuka Theatre Collective* B. Someday Productions* Brat Productions* Bristol Riverside Theatre* Bushfire Theatre of Performing Arts* Celebration Theater* Coatesville Cultural Society, Inc. Commonwealth Classic Theatre Company Curio Theatre Company* EgoPo Productions* Gas & Electric Arts* Hedgerow Theatre* The Idiopathic Ridiculopathy Consortium Images of the Motherland-Interactive Theatre* Inis Nua Theatre Company* InterAct Theatre Company* Landis & Company Theatre of Magic dba Enchantment Theatre Company Lantern Theatre Company* Media Theatre Montgomery Theater, Inc. New Freedom Theatre, Inc.* New Paradise Laboratories* OMBELICO Mask Ensemble* The People's Light & Theatre Company* The Philadelphia Shakespeare Theatre* Philadelphia Theatre Company* Philadelphia Theatre Workshop* Pig Iron Theatre Company* PlayPenn* Plays and Players Shakespeare in Clark Park Simpatico Theatre Project Society Hill Playhouse Center for the Performing Arts, Inc.* Spiral Q Puppet Theater, Inc.* Stagecrafters* Stages of Imagination* Storybook Musical Theatre Swim Pony Performing Arts* Theatre Exile* Village Productions VSA Arts of Pennsylvania/Amaryllis Theatre Company Walnut Street Theatre* The Wilma Theater* Wolf Performing Arts Center

Music

1807 & Friends* American Composers Forum, Philadelphia Chapter* Anna Crusis Womens Choir* Ars Nova Workshop* The Bach Festival of Philadelphia* Bel Canto Children's Chorus Black Pearl Chamber Orchestra Bucks County Symphony Society* Center City Opera Theater, Inc. The Chamber Orchestra of Philadelphia* Chester Children's Chorus* Choral Arts Society of Philadelphia* The Choristers* Commonwealth Youthchoirs* Concerts at Carmel The Crossing* Crossroads Music Delaware County Symphony* Delaware Valley Philharmonic Orchestra, Inc.* Delius Society-Philadelphia Branch, Inc.* Dolce Suono Chamber Music Concert Series, Inc.* Encore Series, Inc.* International Opera Theater, Inc. Kennett Symphony of Chester County* Latin Fiesta Inc Lenape Chamber Ensemble* LifeLine Music Coalition, Inc. Lyric Fest* Media Business Authority dba Jazz by Night Celebration Mendelssohn Club of Philadelphia* Music at Abington* Music Maxis Program of the YWCA of Bucks County Musicopia* Nashirah* Network for New Music, Inc.* New Sounds Music, Incorporated* Newtown Chamber Orchestra Opera Company of Philadelphia* Opera North, Inc. Orchestra 2001* Philadelphia Boys Choir & Chorale Philadelphia Ceili Group The Philadelphia Chamber Ensemble* Philadelphia Chamber Music Society* Philadelphia Chinese Opera Society* Philadelphia Classical Guitar Society Philadelphia Classical Symphony* Philadelphia Clef Club of Jazz & Performing Arts, Inc. Philadelphia Folksong Society Philadelphia Gay Men's Chorus* Philadelphia Orchestra Association* Philadelphia Sinfonia Association* The Philadelphia Singers* Philadelphia Trio/Painted Bride* Philadelphia Virtuosi Chamber Orchestra* Philadelphia Voices of Pride Philadelphia Youth Orchestra Piffaro, The Renaissance Band* The Quakertown Band* Relache, Inc.* Shofuso Taiko Side One Jazz Singing City* Sounds of Liberty* Tempesta di Mare, Inc.* Tri-County Concerts Association Inc. Warriors of the Wonderful Sound, Inc.* West Whiteland Township Friends of the Park*

Other Performing Arts

Annenberg Center for the Performing Arts* Artistas y Musicos Latino Americanos* Astral Artists* Bowerbird* Bryn Mawr College, Office for the Arts* fidget Green Light Theatrical Productions Historic Lansdowne Theater Corp.* Intercultural Journeys* Kimmel Center, Inc.* Mann Center for the Performing Arts* The Painted Bride Art Center* Philadelphia Live Arts Festival and Philly Fringe* Raices Culturales Latinoamericanas* Sruti, The India Music and Dance Society* Temple Performing Arts Center

Councils, Services & Support

Arts & Business Council of Greater Philadelphia* ARTwork Projects Greater Philadelphia Cultural Alliance* InLiquid.com* International Performing Arts for Youth* Jazz Bridge Project Philadelphia Mural Arts Advocates* Philadelphia Sculptors* Senior Artists Initiative* Theatre Alliance of Greater Philadelphia*

Other

Peregrine Arts, Inc.*

* Indicates the 276 organizations in the FY2007–FY2009 Trend Data Set

Glossary

These terms are defined according to the manner in which they are used in this report.

Artists a type of cultural employee directly responsible for the creation or performance of artistic and cultural products.

Assets refer to all money, properties, and resources an organization holds and can use to achieve its goals.

Average is the value obtained by dividing the sum total of a set of figures by the number of figures. For example, $3 + 4 + 5 + 8 + 10 = 30/5$ (number of figures) gives an average of 6.

Audit an examination of records or financial accounts to determine reasonableness and accuracy of presentation.

Board of Directors the corps of volunteers responsible for the governance of a cultural organization. Board members typically serve for a set time period, usually a number of years. These volunteers may also be referred to as trustees.

Capital Funds money raised in support of the fixed assets of an organization.

Capitalization is the accumulation and application of resources in support of the achievement of an organization's mission and goals over time.

Community Engagement the building of relationships between nonprofit organizations and a community's other stakeholders in order to shape and move a collectively beneficial vision forward.

Contributed Revenue financial donations made to a nonprofit organization generally classified as one of four types according to its source: individual, foundation, government, or corporate support.

Corporate Contributions donations received from corporations.

Cultural Events the total number of productions, exhibitions, and classes available among all cultural organizations. Multiple presentations of the same product are not counted in this figure.

Cultural Type the genre of an organization's cultural product. Please refer to pages 68–69 for a listing of organizations participating in this report by cultural type.

Customer Relationship Management (CRM) a strategy supported by database technology of the same name to facilitate the structure and automation of the process used to attract, engage, and retain constituents.

Data Profile an online form that cultural organizations submit annually to participate in the Cultural Data Project. Financial data is self-reported from each organization's audit or financial statements annually.

Deficit the occurrence of an organization's annual expenses exceeding its annual revenues.

Depreciation a non-cash expense that is calculated by determining the rate at which a fixed asset, such as a computer, declines in value. This expense affects an organization's net income as it is allocated across the periods in which the fixed asset is used.

Earned Revenue income directly linked to the product or service offered by cultural organizations. Specific sources include tickets, subscriptions and memberships, sales from concessions, and income from endowments.

Endowment a fund established to provide income for the maintenance of a nonprofit organization. Endowment funds generally are established by donor-restricted gifts and are limited in use to the purpose originally dictated by the donor. The principal of a permanent endowment must be maintained permanently.

Fiscal Year the twelve-month period used by an organization for budgeting, planning, and accounting purposes. The start and end month of a fiscal year varies by organization.

Fixed Assets the cost of land, buildings, equipment, and other tangible items owned by an organization.

Full-time Equivalent (FTE) a formula that shows the number of part-time workers it takes to fill all of the full-time roles needed by an organization. Stated more simply, it is the number of part-time workers that equal one full-time worker. This is determined by measuring the number of hours paid or worked by part-time employees against the number of hours that make up a full-time position. In the Cultural Data Project, FTEs are calculated for Part-time/Seasonal Employees, Part-time Volunteers, Independent Contractors, and Interns/Apprentices.

Fundraising Employee a type of cultural employee directly engaged in efforts to raise money supporting the work of cultural organizations.

General Employee a type of cultural employee not otherwise described by the remaining employee data categories such as management, accounting, legal, or human resources.

General Expenses costs associated with the overall function and management of a nonprofit organization, including many personnel costs, accounting and legal fees, and outlays for equipment and supplies.

Independent Contractor a person who signs an agreement to perform tasks that help an organization to accomplish certain goals or projects for a limited time only. This person is not added to an organization's payroll as staff. Instead, their compensation is reflected in the line item related to the function they perform.

Individual Donations funds received from single individuals. May include gifts from board members or advisors when referred to as "total individual contributions" within this report.

In-Kind Donation a non-cash gift of products or services.

Large Organizations have budgets between \$1,000,000 and \$10,000,000 per year.

Liabilities the debts of an organization.

Liquidity the ease at which an asset can be turned into cash.

Marketing Expenses money spent on marketing costs in a given fiscal year. This figure includes expenses for printing, design, advertising, salary, and other marketing costs.

Median the middle value in a series of values. For example, the median of 3, 4, 5, 8, and 10 is 5.

Medium Organizations have budgets between \$250,000 and \$1,000,000 per year.

Membership the number of people who joined a cultural organization as a financial supporter or who made a donation in return for certain benefits such as free admission, discounts, and invitations to special events. Due to the fact that individuals may join multiple cultural organizations over this period, this report categorizes aggregate members in terms of the number of memberships, rather than the number of total unique members.

Net Assets an organization's total assets minus its total liabilities.

Nonprofit Cultural Sector the group of nonprofit organizations whose mission is primarily dedicated to the production, presentation, preservation, or support of arts and culture.

Participating Organizations refers to the 405 nonprofit cultural organizations whose data is contained in this report. For a complete list of these organizations, please see Appendix A.

Pennsylvania Cultural Data Project (Pennsylvania CDP) the Pennsylvania version of an online data collection tool created to strengthen arts and culture by documenting and disseminating information on the sector. Data on cultural organizations in this report were obtained from the Pennsylvania CDP.

Performances the total number of times productions are offered by a cultural organization in a given fiscal year.

Permanently Restricted Revenue donated funds with donor-imposed rules stipulating that the money be maintained for the life of the organization and for a specific purpose but permitting the use of part or all of the income or other economic benefits derived from the donated funds.

Physical Plant the infrastructure needed to support the delivery of an organization's mission. This includes items such as buildings, heating and cooling systems, lighting, and plumbing systems.

Productions the number of exhibitions and theatrical, dance, or music presentations by an organization in a given fiscal year. Multiple performances or presentations of the same program or production are not counted in this figure.

Professional Services a technical or occasional function provided by an independent contractor or a consultant who specializes in the work to be performed. Examples of professional services include audit preparation, strategic planning, and website design.

Program Employees individuals responsible for producing, presenting, or otherwise organizing the artistic and cultural offerings of an organization. The term is used in this report to categorize a type of cultural employee.

Public Classes workshops and course offerings specifically for the general public and not for professionals in the field. Multiple offerings of the same class or workshop are not counted.

Realized Loss occurs when an organization sells an investment asset, such as a stock, for less than its original value.

Restricted Revenue money designated for a specified purpose or for a specified time period as stipulated by the donor or source of the funds. These funds can only be released for use when their time or purpose restriction has been satisfied.

School-aged Children the number of school students, age 18 or below, who attended or visited a cultural organization in a given fiscal year. Since school children may visit multiple cultural organizations over the period, this report categorizes aggregate school children attendance in terms of the number of visits, rather than the total number of unique school children visiting.

Small Organizations have budgets of up to \$250,000 per year.

Southeastern Pennsylvania the five counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia, Pennsylvania.

Sponsorship Revenue income received from corporations or other organizations to be used in exchange for adding the corporation's name or logo on printed materials or other agreed-upon exchanges or promotions.

Subscriptions the number of people who purchased tickets to a specially designated series of events or performances at a cultural organization in a given fiscal year. Since individuals may subscribe to multiple cultural organizations over this period, this report categorizes aggregate subscribers in terms of the number of subscriptions, rather than the total number of unique subscribers.

Surplus the occurrence of an organization's annual revenues exceeding its annual expenses.

Total Expenses all costs incurred by an organization in a given fiscal year. In the Cultural Data Project, expenses are itemized by three functional categories: program, fundraising, and general and administrative.

Total Revenue all money received by an organization in a given fiscal year. Revenues are generally classified according to two types—earned and contributed.

Unrealized Loss occurs when the current market value of an investment asset held by an organization, such as a stock, is less than the original purchase price.

Unrestricted Revenue funds that may be used for any purpose related to an organization's mission, without restriction by time period or specific program.

Very Large Organizations have budgets greater than \$10,000,000 per year.

Visits the number of persons who attended an organization in a given fiscal year. Since individuals may attend multiple cultural organizations over this period, this report categorizes aggregate attendance in terms of the number of visits, rather than the number of unique visitors.

Volunteers the number of individuals who serve full- or part-time for a cultural organization without any compensation in a given fiscal year. Since individuals may volunteer for multiple cultural organizations over this period, this report categorizes aggregate volunteers in terms of the number of volunteer positions, rather than the total number of volunteers.

Working Capital a metric used to quickly glean the state of an organization's liquidity determined by subtracting an organization's current liabilities from its current assets.

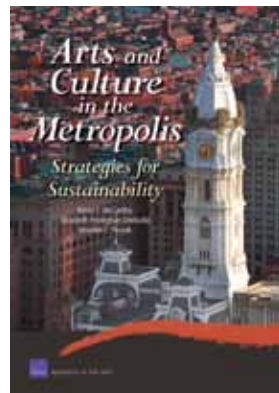
Endnotes

- 1 A comprehensive analysis of nonprofit cultural organizations in Southeastern Pennsylvania undertaken by the Greater Philadelphia Cultural Alliance in January 2010 counted more than 2,000 organizations, more than half of which have annual budgets less than \$25,000. Data from the National Center for Charitable Statistics, the Pennsylvania CDP, and the Cultural Alliance's databases were used.
- 2 Realized loss occurs when assets are sold for less than their original value. Unrealized loss occurs when an asset is still held, but has declined from its original value.
- 3 Though Advertising/Sponsorship rose 82%, the actual dollar value of this gain (+\$6.3 million) is much less than that of the Individual-related categories described above (+\$48 million).
- 4 One Very Large organization has been removed from the dataset for the above calculations. Because of a "blockbuster" exhibit, this organization's attendance increased from an average of 907,000 attendees per year prior to FY2007, up to over 1.7 million in FY2009, then returned to the institution's historical norms. Since FY2005, there have been no other blockbuster-driven attendance swings at this scale in Pennsylvania CDP datasets. Because we are trying to draw conclusions about the arts and culture sector as a whole in *2011 Portfolio*, this organization's attendance figures were removed from both fiscal years used here.
- 5 "Productions" reflects the number of overall works offered in a given fiscal year, while "performances" indicates the number of times each production was presented. E.g., the Main Street Theater could put on a production of Phantom of the Opera that ran for ten performances.
- 6 "Events" refers to both productions and performances.
- 7 A one-time pension allocation of \$17,021,000 by one organization removed from the figures as noted and corresponding totals to ensure dataset is representative of the participating organizations as a set and to prevent conclusions being skewed by statistical outliers.
- 8 The S&P 500 is a capitalization-weighted index of 500 large, publicly-traded companies, published by Standard & Poor's. It is generally used as a benchmark indicator of general U.S. stock market trends. The Lipper Balanced Fund Index tracks funds that are a mixture of stocks and bonds and intended to preserve the capital of the funds. Published by Lipper, the index is generally used as a benchmark for endowments and similar funds. Use of these benchmarks is for comparison only and not meant as an endorsement of them, nor is it meant to imply connection or affiliation between their publishers and the organizations in *2011 Portfolio* or the Greater Philadelphia Cultural Alliance.
- 9 Because organizations have different fiscal years, their returns must be compared to benchmarks covering the same months and years. For example, all organizations whose fiscal year ends in February must be tracked against the same time period for the market, i.e. February 2007–February 2009.
- 10 Current non-endowment assets.
- 11 In most cases, FY2009 or FY2010.
- 12 Individual support includes Earned revenue categories of Admissions/Tickets/Tuitions, Memberships/Subscriptions, Workshops/Lectures, Sales/Concessions, and Contributed revenue categories of Trustee and/or Board and Individual.
- 13 For a region-wide analysis of employees residential and commuter patterns, see Greater Philadelphia Cultural Alliance, *Arts, Culture, and Economic Prosperity in Greater Philadelphia* (2007), page 18.
- 14 In compiling data, great care was taken to correctly represent unique instances of cultural production. In this report, the term "productions" refers to the number of exhibitions and theatrical, dance, or music presentations in a given fiscal year. Multiple showings or presentations of the same program are not included in the total. The term "performances," on the other hand, refers to all showings and presentations of all productions.
- 15 There are 3,969,978 residents in the five counties of Southeastern Pennsylvania. Source: U.S. Census, 2005–2009 American Community Survey 5-Year Estimates.

About the Greater Philadelphia Cultural Alliance

With over 400 nonprofit member organizations, the Greater Philadelphia Cultural Alliance is dedicated to advancing the region's cultural sector and broader

community. Our mission is to make Greater Philadelphia one of the foremost creative regions in the world.



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