Today’s seminar will begin shortly

Please complete your phone connection now:

1. **Dial the toll free number** 1 866 275 3495.
2. **Enter the meeting number** *4671867* on your phone keypad. Enter the star (*) key before and after the meeting number.
3. **Identify yourself.** Using your **phone** keypad, enter the unique **5-digit participant number** from the bottom of your Voice Connection box. Enter the star (*) key before and after the number.

Tip: Find your Voice Connection Box near the lower right hand corner of your screen.
State of the Nonprofit Arts Sector

If you have just arrived via the Web, complete your phone connection. Dial 1 866 275 3495 and enter *4671867* on your phone. Then key in your 5-digit ID number (located in the Voice Connection box).
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Your Hosts

Eric Giles
Learning Services Manager

Ryan Stubbs
Research Director
Tech Tips

- **View all participants** in the roster to the right

- **Use the “Chat” box at any time** to submit a question or get technical help

- **During the Q&A break** presenters will answer chat questions

If you have just arrived via the Web, complete your phone connection. Dial 1 866 275 3495 and enter *4671867* on your phone. Then key in your 5-digit ID number (located in the Voice Connection box).
Today’s Format

I. State of the Nonprofit Arts Sector

Anjali Deshmukh
Associate Director
Knowledge & Communications
Nonprofit Finance Fund

Emily Guthman
Associate Director
National Services
Nonprofit Finance Fund

Jina Paik
Manager of Consulting Services
Nonprofit Finance Fund

II. Your Questions and Comments
I. State of the Nonprofit Arts Sector

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II. Your Questions and Comments
2012 State of the Nonprofit Sector Arts Survey Results

http://nonprofitfinancefund.org/survey

Based on a nationwide survey of nonprofit leaders conducted by Nonprofit Finance Fund, January-February 2012.
Out of the 4,607 Total Respondents, 816 Arts Leaders Tell Us That the Financial Crisis is Not Over

“...While our organization is holding on,... funding organizations look at the tax return... and it looks as if we are sinking... Our staff is stretched to the limit, our Board has no experience in running campaigns, and no major funder wants to give to an [NPO] without a solid financial future. It's a horrible cycle and there is no way out...”

Arts, Culture, & Humanities
NPO, MT
Demand for Services Jumps, and Arts Organizations Try to Keep Up

Graph showing increased demand among the 4,607 reports of increased demand for services.
Organizations are Trying to Keep Up with Demand

All 4,607 Organizations Met Demand?

- Yes: 52%
- No: 48%

816 Arts Organizations Met Demand?

- Yes: 74%
- No: 26%
Government Funding is Essential for the Sector, but Doesn’t Always Cover Full Costs

Hold State/Local Contracts?

- Yes: 52%
- No: 48%

Do funds cover the full cost of services?

- Yes: 22%
- No: 78%
Government Funding for the Arts Has Been Contracting for a Long Time

Direct Spending on Arts by Local Government

Legislative Appropriations to State Agencies

Federal Appropriations to NEA

2001 Recession

2008 Recession

Data from GIA Reader
State Funding is Not Always Reliable

When Do you Receive Payment?

- 47% On Time
- 20% Early
- 16% 1-30 Days Late
- 15% 31-90 Days Late
- 2% >90 Days Late
Organizations Had to Make Difficult Decisions To Manage Payment Delays

- Used Reserves: 49%
- Delayed Vendor Payments: 39%
- Used Line of Credit: 24%
- Reduced services: 6%
- Cut Staff Costs: 4%
- Other: 15%
Most Have Little Cash on Hand. This is Especially Dangerous if Payments Aren’t Reliable

Facts on months of cash for the 4,607 orgs:
- 9%: none
- 16%: 1 month
- 32%: 2-3 months
- 22%: 4-6 months
- 21% >6 months

Ended FY ‘11 With….

- 34% Surplus
- 44% Deficit
- 23% Break-Even
Unfortunately, Organizations Feel Uncomfortable Discussing Their Needs

- Program expansion: 57%
- Facility needs: 38%
- Working capital needs: 26%
- Operating reserves: 26%
- Cash flow: 22%
- No dialogue: 19%
- Facility reserves: 17%
- Debt: 8%
Despite Strain, Nonprofits are Working to Increase Programming and Reduce Expenses in a Variety of Ways

- 54% added/expanded programs
- 21% expanded geographies served
- 50% increased the number of people served
- 52% collaborated with another organization to provide programs
- 35% relied more on volunteers
- 15% collaborated to reduce administrative costs
- 17% reduced staff
- 25% used reserves
- 7% reduced staff benefits
On the Ground: What the Survey Can’t Measure

- Unique business models drive cash flow concerns
- Organizations believe there are opportunities in building individual donor and earned revenue streams
- Sector seeking efficiencies (restructuring, cost reductions)
- Challenges in fundraising in the context of post-recession needs for emergency and basic services
Cuyahoga Arts & Culture Story

- Improving fairness in the grantmaking process
- Focusing on transparency and communication
- Scaling vs. sustainability
- Changing application processes
- Providing necessary training to applicants
Audience Questions

Use the “chat” box.
Learn more at:
- nonprofitfinancefund.org/survey

Interact with the data yourself at:
- survey.nonprofitfinancefund.org

Stay connected & help grow the survey!
- Anjali.deshmukh@nffusa.org
- Emily.guthman@nffusa.org
- Jina.paik@nffusa.org
- Twitter.com/nff_news
- Facebook.com/nonprofitfinancefund
Thanks for participating!

Questions or comments about this session? Contact Eric Giles, Learning Services Manager (eric.giles@nasaa-arts.org).

Many thanks to NASAA’s member states and today’s guests for making this session possible. The work of NASAA and of state arts agencies is also supported and strengthened in many ways through funding and programming partnerships with the National Endowment for the Arts.