



SMU | DataArts

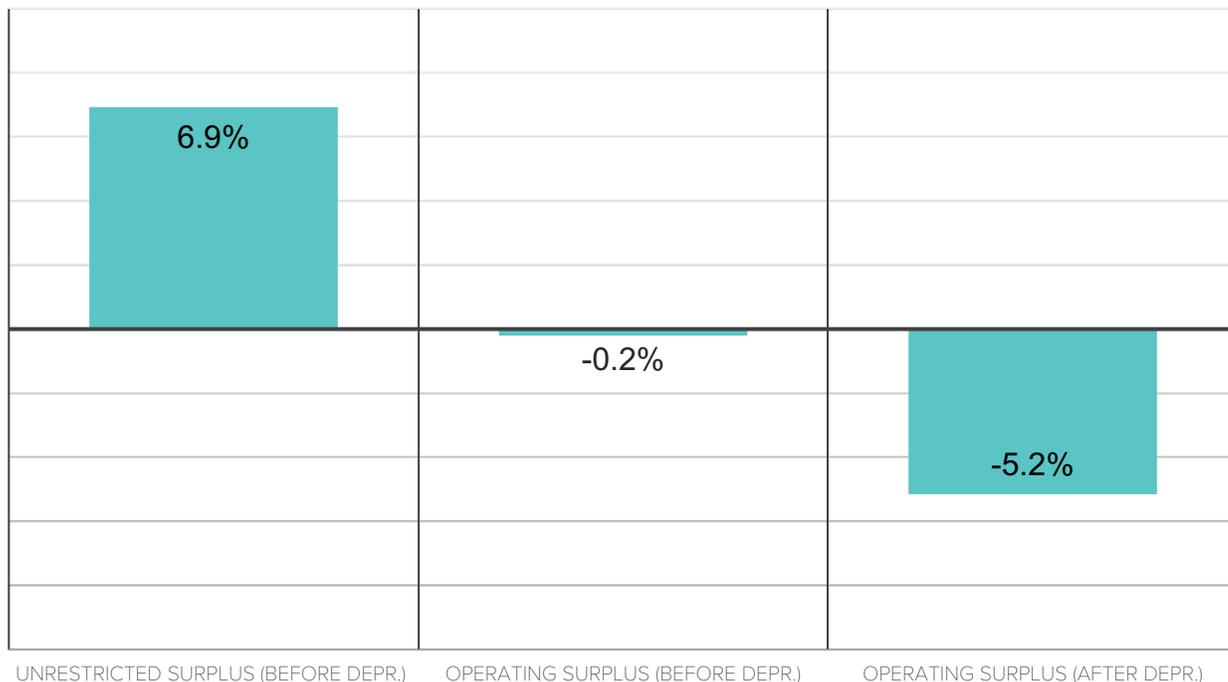
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# Do Arts Organizations Bring in Enough Revenue to Cover Expenses?

BOTTOM LINE INDICES

2016-2019

## 2019 OVERALL AVERAGES\*

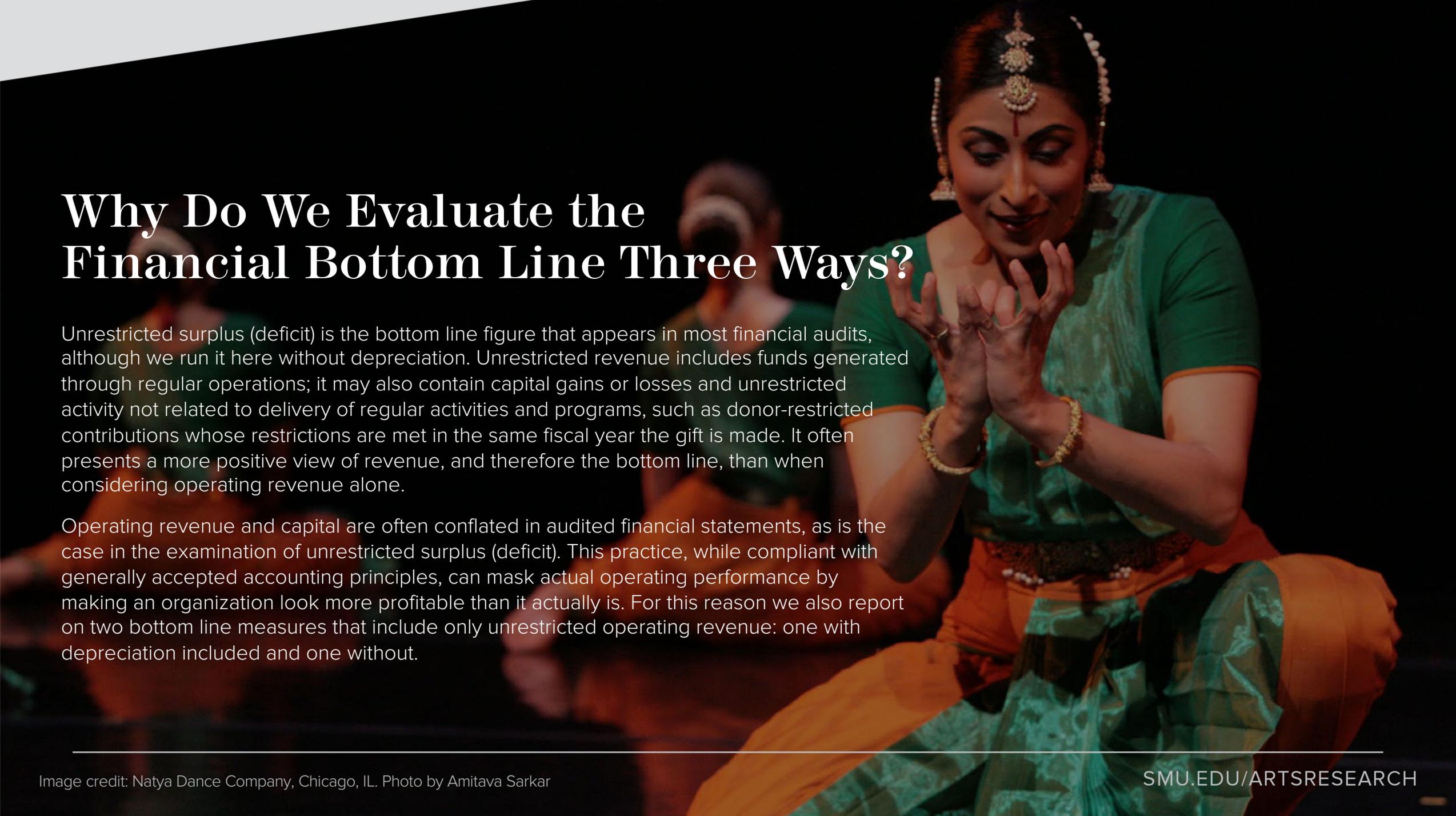


		Unrestricted surplus (before depr.)
Ave. Total Unrest. Revenue - Total Expenses (before depr.)/		\$ 195,073
Ave. Total Expenses (before depr.)		\$ 2,813,847
		Operating surplus (before depr.)
Ave. Total Operating Revenue - Total Expenses (before depr.)/		\$ (5,904)
Ave. Total Expenses (before depr.)		\$ 2,813,847
		Operating surplus after depr.)
Ave. Total Operating Revenue - Total Expenses (after depr.)/		\$ (148,861)
Ave. Total Expenses (after depr.)		\$ 2,883,838

## KEY FINDINGS

### Three Ways To Evaluate The Financial Bottom Line

1. Unrestricted surplus (before depreciation): The average organization saw an unrestricted surplus equal to 6.9% of expenses in 2019 (a \$195,073 surplus on a \$2.81 million average budget). The positive figure means that average total unrestricted revenue exceeded average total expenses (before depreciation).
2. Operating surplus (before depreciation): Bottom line can also be calculated by only taking operating revenue into account. In 2019, the average organization had an operating deficit before depreciation equal to -0.2% of total expenses – virtually break-even (a \$5,904 deficit on a \$2.81 million average budget).
3. Operating surplus (after depreciation): A third view of an organization's bottom line includes depreciation, a non-cash expense that reflects the annual loss in value of fixed assets. Including depreciation, the average organization had an operating deficit equal to 5.2% of expenses (a deficit of \$148,861 on a \$2.88 million average budget). Depreciation is a non-cash expense, so it doesn't affect cash flow. The negative figure means that the average organization is not currently bringing in surplus funds that can be set aside for replacement of fixed assets as they wear out.

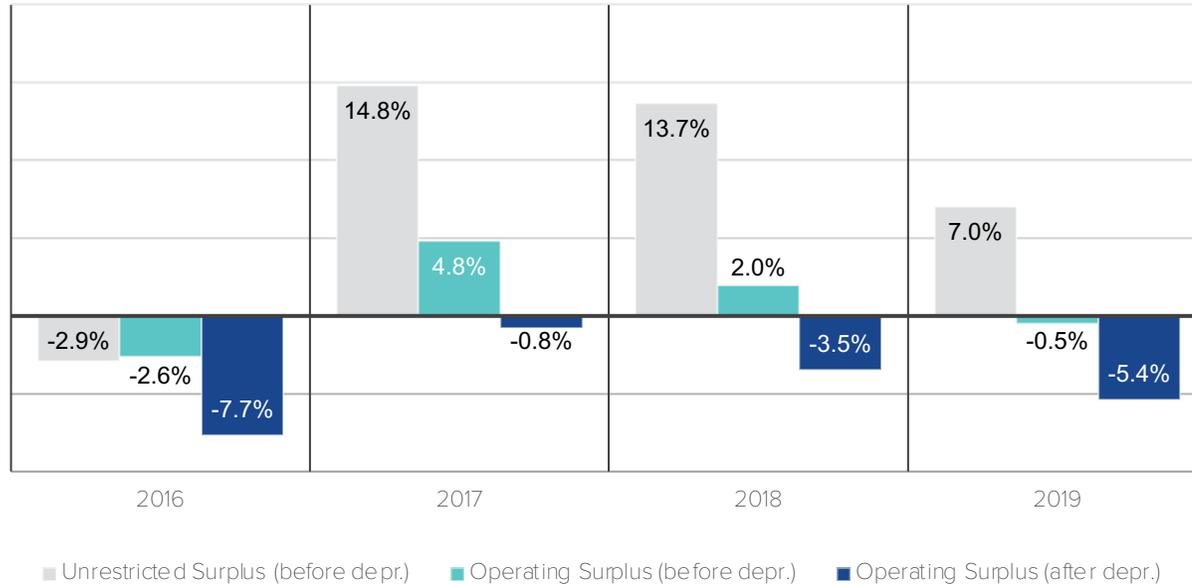


# Why Do We Evaluate the Financial Bottom Line Three Ways?

Unrestricted surplus (deficit) is the bottom line figure that appears in most financial audits, although we run it here without depreciation. Unrestricted revenue includes funds generated through regular operations; it may also contain capital gains or losses and unrestricted activity not related to delivery of regular activities and programs, such as donor-restricted contributions whose restrictions are met in the same fiscal year the gift is made. It often presents a more positive view of revenue, and therefore the bottom line, than when considering operating revenue alone.

Operating revenue and capital are often conflated in audited financial statements, as is the case in the examination of unrestricted surplus (deficit). This practice, while compliant with generally accepted accounting principles, can mask actual operating performance by making an organization look more profitable than it actually is. For this reason we also report on two bottom line measures that include only unrestricted operating revenue: one with depreciation included and one without.

## OVERALL, TRENDS 2016-2019\*



## KEY FINDINGS

- Generally speaking, bottom lines improved since 2016. The average organization's bottom line shifted from an operating deficit equivalent to -8% of budget to -5% in 2019, accounting for depreciation. When depreciation is left out of the calculation, bottom lines increased significantly from 2016 to 2017 before dipping down in 2018 and 2019.
- Operating revenue growth outpaced inflation by 8% (not shown in the table), and its growth was greater than that of expenses. Operating deficits have shrunk over time but still remain.

- Operating surplus (after depreciation) showed improvement in 2017. Since the only difference between the two operating surplus indices is depreciation, we can conclude that reported depreciation **expenses were lower in the 3 years following 2016.**

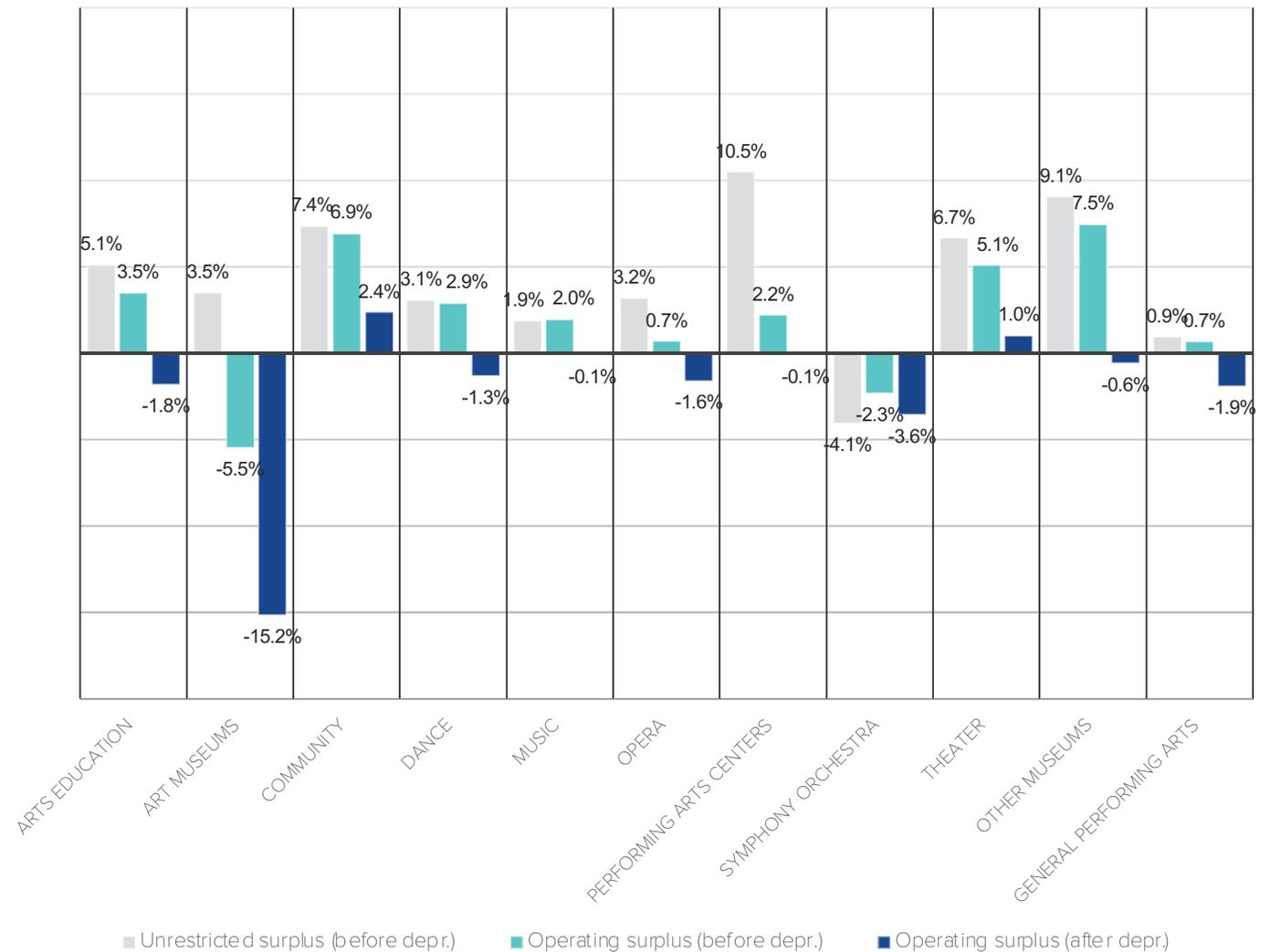
Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Unrestricted Surplus (before depr.)</b>	-2.9%	14.8%	13.7%	7.0%	9.9%	
Ave. (Total Unrest. Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ (87,184)	\$ 432,517	\$ 421,197	\$ 226,097	-359.3%	-344.65%
<b>Operating Surplus (before depr.)</b>	-2.6%	4.8%	2.0%	-0.5%	2.1%	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ (77,851)	\$ 140,273	\$ 60,607	\$ (15,489)	-80.1%	-81.23%
<b>Operating Surplus (after depr.)</b>	-7.7%	-0.8%	-3.5%	-5.4%	2.3%	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ (235,075)	\$ (23,216)	\$ (110,096)	\$ (177,564)	-24.5%	-28.74%
	\$ 3,055,530	\$ 2,993,387	\$ 3,170,782	\$ 3,305,977	8.2%	2.07%

\*2,096 organizations that provided data each of the 4 years

## KEY FINDINGS

- Community and Theater organizations operate on surpluses when analyzed along all three measurements, with the Community sector coming out on top when taking depreciation into account. Performing Arts Centers (PACs) had the highest unrestricted surplus, and Other Museums had the highest operating surplus before depreciation.
- The Community and Theater sectors averaged a positive bottom line in 2019, regardless of the measurement used.
- The Symphony Orchestra sector ended 2019 with a negative bottom line by all three measurements. These organizations experienced the lowest average bottom line when measured as unrestricted surplus. This, combined with a lower working capital than the overall average (1.5 months), points to the idea that these organizations need to tighten spending in order to avoid future deficits that negatively impact their bottom line.
- Art Museums – the biggest budget sector – had the most severe operating deficits. However, when paired with the fact that these organizations operated on nearly 11 months of working capital in 2019, the deficits will likely smooth out over time based on how much cash is available for borrowing.
- Art Museums also averaged the highest depreciation expense relative to budget, followed by PACs. These sectors tend to have high fixed assets, such as buildings. PACs ended the year with a surplus when depreciation is left out of the calculations. By contrast, the Music sector had the lowest average depreciation expense relative to budget. It also has the lowest average budget size. [See the trends.](#)

## 2019, BY SECTOR\*

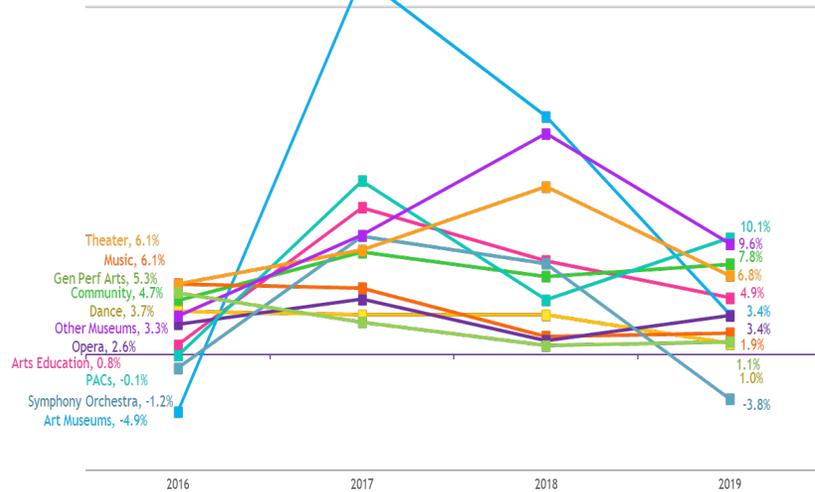


## 2019, BY SECTOR

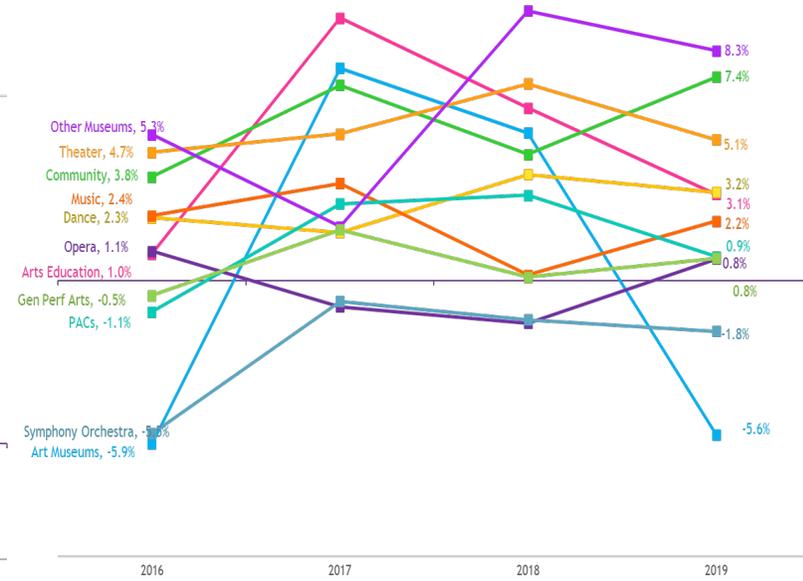
Index	Arts Education	Art Museums	Community	Dance	Music	Opera	Performing Arts Centers	Symphony Orchestra	Theater	Other Museums	General Performing Arts
Unrestricted surplus (before depr.)	5.1%	3.5%	7.4%	3.1%	1.9%	3.2%	10.5%	-4.1%	6.7%	9.1%	0.9%
Ave. (Total Unrest. Revenue – Total Expenses (before depr.))/	\$ 108,001	\$ 449,121	\$ 97,448	\$ 51,432	\$ 8,861	\$ 169,281	\$ 1,213,885	\$ (143,117)	\$ 127,451	\$ 590,783	\$ 10,902
Ave. Total Expenses (before depr.)	\$ 2,115,634	\$ 12,864,805	\$ 1,324,612	\$ 1,679,755	\$ 474,548	\$ 5,289,776	\$ 11,576,917	\$ 3,518,633	\$ 1,912,354	\$ 6,526,427	\$ 1,157,257
Operating surplus (before depr.)	3.5%	-5.5%	6.9%	2.9%	2.0%	0.7%	2.2%	-2.3%	5.1%	7.5%	0.7%
Ave. (Total Operating Revenue - Total Expenses (before depr.))/	\$ 73,728	\$ (703,339)	\$ 91,661	\$ 48,733	\$ 9,259	\$ 37,380	\$ 256,050	\$ (80,958)	\$ 97,500	\$ 486,900	\$ 7,882
Ave. Total Expenses (before depr.)	\$ 2,115,634	\$ 12,864,805	\$ 1,324,612	\$ 1,679,755	\$ 474,548	\$ 5,289,776	\$ 11,576,917	\$ 3,518,633	\$ 1,912,354	\$ 6,526,427	\$ 1,157,257
Operating surplus (after depr.)	-1.8%	-15.2%	2.4%	-1.3%	-0.1%	-1.6%	-0.1%	-3.6%	1.0%	-0.6%	-1.9%
Ave. (Total Operating Revenue - Total Expenses (after depr.))/	\$ (40,060)	\$ (2,036,280)	\$ 32,357	\$ (17,166)	\$ (433)	\$ (87,349)	\$ (11,731)	\$ (126,289)	\$ 19,959	\$ (37,330)	-\$ 22,184
Ave. Total Expenses (after depreciation)	\$ 2,198,322	\$ 13,432,394	\$ 1,359,730	\$ 1,306,190	\$ 483,318	\$ 5,392,369	\$ 11,943,739	\$ 3,549,558	\$ 1,959,305	\$ 6,686,521	\$ 1,169,525

# BY SECTOR TRENDS, 2016-2019\*

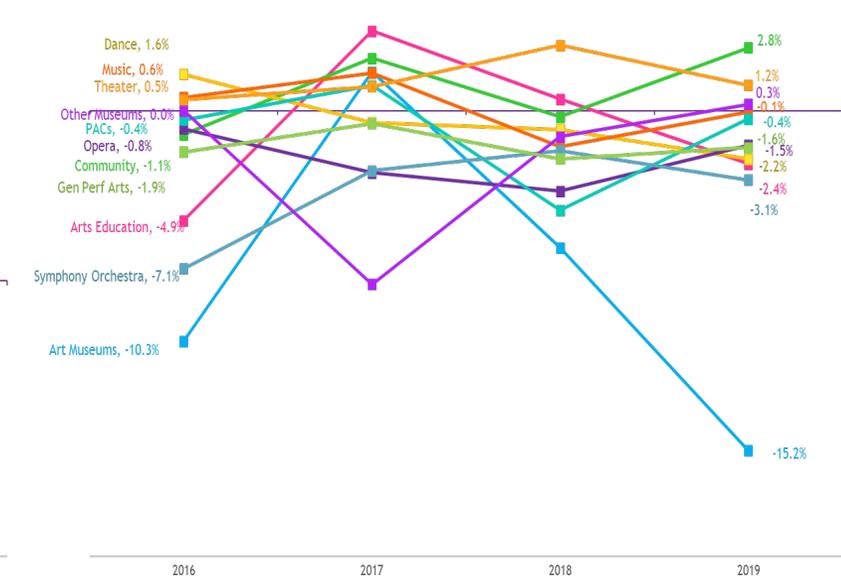
Unrestricted Surplus (before depr.), by Sector Trends



Operating Surplus (before depr.), by Sector Trends



Operating Surplus (after depr.), by Sector Trends



- When measuring bottom line by unrestricted surplus, roughly two-thirds of the sectors mirrored the overall upward trends to varying degrees. When measured by operating surplus before depreciation, all sectors except Music and Opera were able to increase their bottom line from 2016 to 2019. If depreciation is considered, a third of the sectors experienced a downward trend.
- The Music sector saw a downward track in all three measurements of bottom line in 2019.
- Other Museums and Community organizations displayed consistent increases in operating bottom line indices over time, regardless of whether depreciation is included. These sectors saw higher growth in revenues than in expenses (before depreciation).
- Measuring bottom line using operating surplus before depreciation generated the least disparity between sectors; measurement using operating surplus after depreciation shows the greatest difference between the bottom line of different sectors, particularly in 2017 when many organizations had a big uptick in bottom line.
- Most sectors experienced generally the same growth rate in expenses, outpacing inflation by around 5-10%. Notable exceptions are the Performing Arts Centers, whose expenses after depreciation grew by more than 43%.

\*2,096 organizations that provided data each of the 4 years

## BY SECTOR, TRENDS 2016-2019

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Arts Education</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>0.8%</b>	<b>12.7%</b>	<b>8.1%</b>	<b>4.9%</b>	<b>4.1%</b>	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 17,408	\$ 285,542	\$ 187,338	\$ 120,755	593.7%	554.41%
	\$ 2,095,049	\$ 2,251,656	\$ 2,312,229	\$ 2,462,911	17.6%	10.90%
<b>Operating Surplus (before depr.)</b>	<b>1.0%</b>	<b>9.5%</b>	<b>6.3%</b>	<b>3.1%</b>	<b>2.2%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 20,478	\$ 214,209	\$ 144,681	\$ 77,110	276.6%	255.24%
	\$ 2,095,049	\$ 2,251,656	\$ 2,312,229	\$ 2,462,911	17.6%	10.90%
<b>Operating Surplus (after depr.)</b>	<b>-4.9%</b>	<b>3.6%</b>	<b>0.5%</b>	<b>-2.4%</b>	<b>2.5%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ (107,231)	\$ 82,798	\$ 12,585	\$ (60,981)	-43.1%	-46.35%
	\$ 2,176,249	\$ 2,318,073	\$ 2,412,279	\$ 2,563,376	17.8%	11.12%
<b>Art Museums</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>-4.9%</b>	<b>32.6%</b>	<b>20.5%</b>	<b>3.4%</b>	<b>8.3%</b>	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ (648,356)	\$ 3,908,901	\$ 2,639,082	\$ 476,414	-173.5%	-169.32%
	\$ 13,222,243	\$ 11,984,145	\$ 12,855,583	\$ 13,922,784	5.3%	-0.66%
<b>Operating Surplus (before depr.)</b>	<b>-5.9%</b>	<b>7.7%</b>	<b>5.4%</b>	<b>-5.6%</b>	<b>0.3%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ (780,729)	\$ 924,033	\$ 689,571	\$ (775,824)	-0.6%	-6.25%
	\$ 13,222,243	\$ 11,984,145	\$ 12,855,583	\$ 13,922,784	5.3%	-0.66%
<b>Operating Surplus (after depr.)</b>	<b>-10.3%</b>	<b>1.7%</b>	<b>-6.2%</b>	<b>-15.2%</b>	<b>-4.9%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ (1,400,792)	\$ 221,931	\$ (832,718)	\$ (2,213,222)	58.0%	49.05%
	\$ 13,552,113	\$ 12,722,092	\$ 13,538,875	\$ 14,523,258	7.2%	1.10%

## KEY FINDINGS

- Arts Education organizations saw less robust but still positive net surpluses over time, by all three bottom line measures.
- Art Museums' bottom lines did not follow a smooth trajectory, but they did end the 4-year period higher than they were in 2016.
- Taking inflation into account, Art Museums ran annual operating deficits each year except 2017. Relative to expenses, these were the most severe operating deficits of all sectors. Leaving out depreciation, they showed operating surpluses in 2017 and 2018 that became deficits in 2019.
- Art Museums' expense growth was higher than that of other sectors, before taking depreciation into account. At the same time, their unrestricted revenue growth was 11% lower over time in inflation-adjusted figures. This figure would have been even lower had the component of unrestricted revenue that is operating revenue not increased 2.5% above inflation.

## BY SECTOR, TRENDS 2016-2019

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Community</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>4.7%</b>	<b>8.8%</b>	<b>6.7%</b>	<b>7.8%</b>	<b>3.1%</b>	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 67,003	\$ 128,498	\$ 99,665	\$ 122,532	82.9%	72.52%
	\$ 1,430,738	\$ 1,452,781	\$ 1,478,610	\$ 1,568,643	9.6%	3.43%
<b>Operating Surplus (before depr.)</b>	<b>3.8%</b>	<b>7.1%</b>	<b>4.6%</b>	<b>7.4%</b>	<b>3.6%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 53,818	\$ 103,005	\$ 67,758	\$ 115,774	115.1%	102.94%
	\$ 1,430,738	\$ 1,452,781	\$ 1,478,610	\$ 1,568,643	9.6%	3.43%
<b>Operating Surplus (after depr.)</b>	<b>-1.1%</b>	<b>2.3%</b>	<b>-0.3%</b>	<b>2.8%</b>	<b>3.9%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ (15,707)	\$ 34,525	\$ (4,159)	\$ 45,554	-390.0%	-373.61%
	\$ 1,458,932	\$ 1,471,659	\$ 1,521,550	\$ 1,610,312	10.4%	4.13%
<b>Dance</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>3.7%</b>	<b>3.4%</b>	<b>3.4%</b>	<b>1.0%</b>	<b>-2.8%</b>	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 42,709	\$ 42,318	\$ 44,653	\$ 12,951	-69.7%	-71.39%
	\$ 1,139,632	\$ 1,233,849	\$ 1,298,332	\$ 1,330,886	16.8%	10.17%
<b>Operating Surplus (before depr.)</b>	<b>2.3%</b>	<b>1.8%</b>	<b>3.9%</b>	<b>3.2%</b>	<b>0.9%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 26,096	\$ 21,657	\$ 50,073	\$ 42,793	64.0%	54.70%
	\$ 1,139,632	\$ 1,233,849	\$ 1,298,332	\$ 1,330,886	16.8%	10.17%
<b>Operating Surplus (after depr.)</b>	<b>1.6%</b>	<b>-0.5%</b>	<b>-0.8%</b>	<b>-2.2%</b>	<b>-3.8%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ 19,051	\$ (6,768)	\$ (11,176)	\$ (29,689)	-255.8%	-247.02%
	\$ 1,165,731	\$ 1,258,003	\$ 1,329,806	\$ 1,367,787	17.3%	10.69%

## KEY FINDINGS

- Community-based organizations' bottom line indices increased over time, ending the period slightly better than where they began.
- The Dance sector's bottom line indices worsened over time. There were average surpluses across the board in 2016, with slight deficits creeping into operating surplus indices thereafter.

## BY SECTOR, TRENDS 2016-2019

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Music</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>6.1%</b>	<b>5.8%</b>	<b>1.6%</b>	<b>1.9%</b>	<b>-4.2%</b>	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 29,379	\$ 28,645	\$ 8,212	\$ 10,315	-64.9%	-66.88%
	\$ 480,964	\$ 497,900	\$ 523,175	\$ 547,405	13.8%	7.37%
<b>Operating Surplus (before depr.)</b>	<b>2.4%</b>	<b>3.5%</b>	<b>0.2%</b>	<b>2.2%</b>	<b>-0.2%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 11,316	\$ 17,596	\$ 1,097	\$ 11,798	4.3%	-1.64%
	\$ 480,964	\$ 497,900	\$ 523,175	\$ 547,405	13.8%	7.37%
<b>Operating Surplus (after depr.)</b>	<b>0.6%</b>	<b>1.7%</b>	<b>-1.6%</b>	<b>-0.1%</b>	<b>-0.7%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ 2,898	\$ 8,548	\$ (8,611)	\$ (31)	-111.4%	-110.78%
	\$ 484,928	\$ 504,731	\$ 531,959	\$ 558,421	15.2%	8.64%
<b>Opera</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>2.6%</b>	<b>4.8%</b>	<b>1.2%</b>	<b>3.4%</b>	<b>0.7%</b>	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 160,274	\$ 301,180	\$ 78,360	\$ 209,700	30.8%	23.43%
	\$ 6,083,867	\$ 6,293,907	\$ 6,318,250	\$ 6,231,852	2.4%	-3.37%
<b>Operating Surplus (before depr.)</b>	<b>1.1%</b>	<b>-0.9%</b>	<b>-1.5%</b>	<b>0.8%</b>	<b>-0.3%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 65,576	\$ (58,912)	\$ (97,172)	\$ 49,118	-25.1%	-29.34%
	\$ 6,083,867	\$ 6,293,907	\$ 6,318,250	\$ 6,231,852	2.4%	-3.37%
<b>Operating Surplus (after depr.)</b>	<b>-0.8%</b>	<b>-2.8%</b>	<b>-3.6%</b>	<b>-1.5%</b>	<b>-0.7%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ (50,142)	\$ (176,784)	\$ (230,926)	\$ (97,740)	94.9%	83.89%
	\$ 6,142,880	\$ 6,362,137	\$ 6,389,990	\$ 6,352,710	3.4%	-2.44%

## KEY FINDINGS

- **Music organizations experienced downward trends over time** and they ended 2019 in the black on average, regardless of the approach used to calculate bottom line.
- **The Opera sector's bottom line has remained quite consistent over time.** Unrestricted surplus saw slightly positive increases, and operating surplus, both before and after depreciation, dipped into marginally negative territory.

## BY SECTOR, TRENDS 2016-2019

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Performing Arts Centers</b>						
<b>Unrestricted Surplus (before depr.)</b>	-0.1%	15.0%	4.7%	10.1%	10.1%	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ (5,825)	\$ 1,163,514	\$ 523,554	\$ 1,162,683	20,060.2%	-18930.40%
	\$ 9,980,298	\$ 7,774,173	\$ 11,110,702	\$ 11,532,265	15.6%	9.01%
<b>Operating Surplus (before depr.)</b>	-1.1%	2.8%	3.1%	0.9%	2.0%	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ (112,587)	\$ 217,127	\$ 344,198	\$ 100,909	-189.6%	-184.55%
	\$ 9,980,298	\$ 7,774,173	\$ 11,110,702	\$ 11,532,265	15.6%	9.01%
<b>Operating Surplus (after depr.)</b>	-0.4%	1.1%	-4.5%	-0.4%	0.1%	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ 32,460	\$ 118,199	\$ (522,044)	\$ (43,315)	33.4%	25.89%
	\$ 7,832,296	\$ 10,500,901	\$ 11,679,376	\$ 11,922,576	52.2%	43.61%

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Symphony Orchestra</b>						
<b>Unrestricted Surplus (before depr.)</b>	-1.2%	10.2%	7.9%	-3.8%	-2.7%	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 44,131	\$ 356,745	\$ 288,400	\$ (153,138)	247.0%	227.37%
	\$ 3,786,642	\$ 3,490,045	\$ 3,659,908	\$ 3,998,755	5.6%	-0.38%
<b>Operating Surplus (before depr.)</b>	-5.5%	-0.7%	-1.4%	-1.8%	3.7%	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ (209,546)	\$ (25,678)	\$ (51,331)	\$ (73,349)	-65.0%	-66.98%
	\$ 3,786,642	\$ 3,490,045	\$ 3,659,908	\$ 3,998,755	5.6%	-0.38%
<b>Operating Surplus (after depr.)</b>	-7.1%	-2.7%	-1.8%	-3.1%	4.0%	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ (270,508)	\$ (94,387)	\$ (66,241)	\$ (125,422)	-53.6%	-56.26%
	\$ 3,821,379	\$ 3,516,033	\$ 3,700,208	\$ 4,034,116	5.6%	-0.41%

## KEY FINDINGS

- PACs' bottom lines fluctuated considerably over time, across all three measures.
- All indices were higher in 2019 than in 2016.
- Symphony Orchestras' unrestricted surplus deteriorated in 2019, while the other two measures increased. Their expense growth outpaced inflation while their unrestricted revenue growth failed to keep pace with inflation.

## BY SECTOR, TRENDS 2016-2019

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Theater</b>						
Unrestricted Surplus (before depr.)	6.1%	9.0%	14.5%	6.8%	0.7%	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 108,920	\$ 168,853	\$ 279,111	\$ 139,525	28.1%	20.85%
	\$ 1,796,024	\$ 1,876,388	\$ 1,928,672	\$ 2,052,471	14.3%	7.81%
Operating Surplus (before depr.)	4.7%	5.3%	7.1%	5.1%	0.5%	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 83,699	\$ 99,770	\$ 137,521	\$ 104,924	25.4%	18.26%
	\$ 1,796,024	\$ 1,876,388	\$ 1,928,672	\$ 2,052,471	14.3%	7.81%
Operating Surplus (after depr.)	0.5%	1.1%	2.9%	1.2%	0.7%	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ 8,935	\$ 20,956	\$ 58,035	\$ 24,222	171.1%	155.75%
	\$ 1,837,075	\$ 1,926,677	\$ 1,974,855	\$ 2,103,230	14.5%	8.01%
<b>Other Museums</b>						
Unrestricted Surplus (before depr.)	3.3%	10.3%	19.0%	9.6%	6.2%	
Ave. (Total Unrest. Revenue -Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 220,634	\$ 707,014	\$ 1,338,749	\$ 694,357	214.7%	196.90%
	\$ 6,600,036	\$ 6,856,766	\$ 7,028,109	\$ 7,270,500	10.2%	3.92%
Operating Surplus (before depr.)	5.3%	2.0%	9.8%	8.3%	3.0%	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/ Ave. Total Expenses (before depr.)	\$ 349,772	\$ 134,974	\$ 687,612	\$ 606,215	73.3%	63.51%
	\$ 6,600,036	\$ 6,856,766	\$ 7,028,109	\$ 7,270,500	10.2%	3.92%
Operating Surplus (after depr.)	0.0%	-7.8%	-1.2%	0.3%	0.3%	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/ Ave. Total Expenses (after depr.)	\$ (61)	\$ (554,041)	\$ (86,009)	\$ 21,429	-35,229.5%	-33241.05%
	\$ 6,984,655	\$ 7,128,205	\$ 7,430,372	\$ 7,441,156	6.5%	0.51%

## KEY FINDINGS

- The Theater sector's bottom line indices improved over time, across all three measures. All indices were positive at the start of the period and became more positive over time, with a slight dip in 2019. Growth in both operating revenue and total unrestricted revenue exceeded growth in expenses.
- Other Museums' unrestricted revenue growth exceeded expenses (before depreciation) for all 4 years.

## BY SECTOR, TRENDS 2016-2019

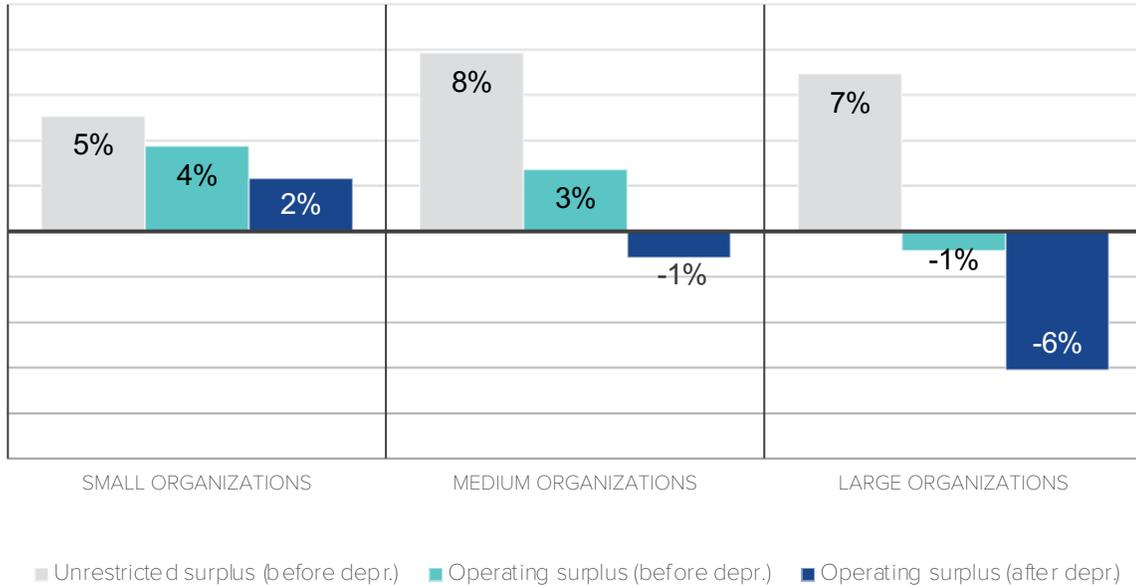
Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>General Performing Arts</b>						
Unrestricted Surplus (before depr.)	5.3%	2.8%	0.8%	1.1%	-4.2%	
Ave. (Total Unrest. Revenue - Total Expenses (before depr.))/	\$ 60,258	\$ 31,925	\$ 9,707	\$ 13,592	-77.4%	-78.72%
Ave. Total Expenses (before depr.)	\$ 1,129,873	\$ 1,130,085	\$ 1,234,162	\$ 1,218,264	7.8%	1.72%
Operating Surplus (before depr.)	-0.5%	1.9%	0.1%	0.8%	1.4%	
Ave. (Total Operating Revenue - Total Expenses (before depr.))/	\$ (6,024)	\$ 20,911	\$ 1,600	\$ 9,993	-265.9%	-256.50%
Ave. Total Expenses (before depr.)	\$ 1,129,873	\$ 1,130,085	\$ 1,234,162	\$ 1,218,264	7.8%	1.72%
Operating Surplus (after depr.)	-1.9%	-0.6%	-2.2%	-1.6%	0.2%	
Ave. (Total Operating Revenue - Total Expenses (after depr.))/	\$ (21,116)	\$ (6,453)	\$ (27,148)	\$ (20,261)	-4.0%	-9.48%
Ave. Total Expenses (after depr.)	\$ 1,137,782	\$ 1,140,354	\$ 1,256,882	\$ 1,228,414	8.0%	1.85%

- General Performing Arts organizations' operating bottom lines improved over time.
- Their unrestricted revenue growth exceeded expense growth in the portion made up of operating revenue.

## BUDGET RANGES BY SECTOR

Arts Sector	Small	Medium	Large
Arts Education	\$364,493 or less	\$364,494 - \$2,436,552	\$2,436,553 or more
Art Museums	\$1,599,039 or less	\$1,599,040 - \$14,213,117	\$14,213,118 or more
Community	\$261,495 or less	\$261,496 - \$1,731,579	\$1,731,580 or more
Dance Companies	\$211,757 or less	\$211,758 - \$1,503,530	\$1,503,531 or more
Music	\$170,744 or less	\$170,745 - \$969,847	\$969,848 or more
Opera Companies	\$523,507 or less	\$523,508 - \$4,888,184	\$4,888,185 or more
Performing Arts Centers	\$623,040 or less	\$623,041 - \$7,999,999	\$8,000,000 or more
Symphony Orchestras	\$288,646 or less	\$288,647 - \$2,436,552	\$2,436,553 or more
Theater	\$409,027 or less	\$409,028 - \$3,041,233	\$3,041,234 or more
Other Museums	\$650,216 or less	\$650,217 - \$4,888,184	\$4,888,185 or more
General Performing Arts	\$244,357 or less	\$244,358 - \$2,150,685	\$2,150,686 or more

## 2019, BY SIZE\*



## KEY FINDINGS

- The larger the organization, the more likely it was to end the year with an operating deficit.
- **Smaller organizations demonstrate the highest bottom line by any measurement.** They also have the smallest difference between operating surplus before and after depreciation, and the lowest gap between unrestricted and operating surplus before depreciation. This simply means that Small organizations tend to have fewer fixed assets and less unrestricted revenue not related to delivery of regular activities and programs.
- **Medium and Large organizations have larger gaps between unrestricted surplus and operating surplus before depreciation,** indicating that they bring in proportionally more revenue unrelated to operations than Small organizations.
- All three sizes display the expected pattern of unrestricted surplus being the most favorable measurement, followed by operating surplus before depreciation, and finally operating surplus taking depreciation into account. [See the trends.](#)

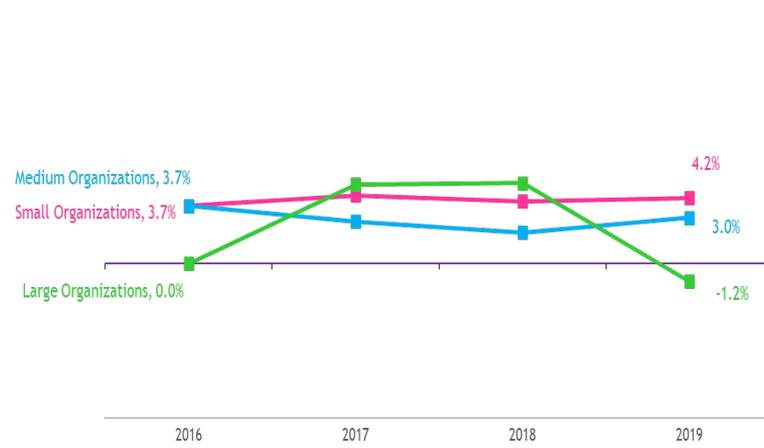
Index	Small Organizations	Medium Organizations	Large Organizations
Unrestricted Surplus (before depr.)	5.1%	7.9%	6.9%
Ave. Total Unrest. Revenue - Total Expenses (before depr.)/ Ave. Total Expenses (before depr.)	\$ 6,886 \$ 135,276	\$ 82,993 \$ 1,055,169	\$ 1,174,668 \$ 16,924,904
Operating Surplus (before depr.)	3.8%	2.7%	-0.8%
Ave. (Total Operating Revenue - Total Expenses (before depr.)/ Ave. Total Expenses (before depr.)	\$ 5,076 \$ 135,276	\$ 28,891 \$ 1,055,169	\$ (143,289) \$ 16,924,904
Operating Surplus (after depr.)	2.3%	-1.1%	-6.1%
Ave. (Total Operating Revenue - Total Expenses (after depr.)/ Ave. Total Expenses (after depr.)	\$ 3,178 \$ 136,396	\$ (12,359) \$ 1,079,077	\$ (1,062,084) \$ 17,363,113

## BY SIZE, TRENDS 2016-2019\*

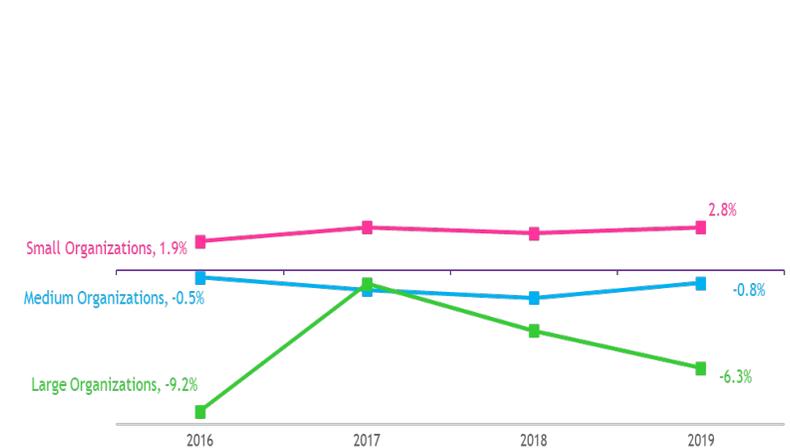
Unrestricted Surplus (before depr.), by Budget Size



Operating Surplus (before depr.), by Budget Size



Operating Surplus (after depr.), by Budget Size



- In all measures except unrestricted surplus, Large organizations have remained in deficit since 2016. The sharpest increase can be seen when measured by unrestricted surplus: Large organizations experienced a 21% increase. Operating surplus after depreciation shows a slight increase in 2019 over 2016, indicating that Large organizations reported slightly less depreciation recently.
- Small organizations have remained level over time, slightly increasing in 2019 on measure of operating surplus before and after depreciation. In both operating surplus indices, Small organizations are not far below the operating bottom line level of Large organizations. Within 4 years, the span has increased to a bottom line at least 5% higher than their Large counterparts.
- Medium organizations experienced increases in unrestricted surplus and slight decreases in operating revenue.

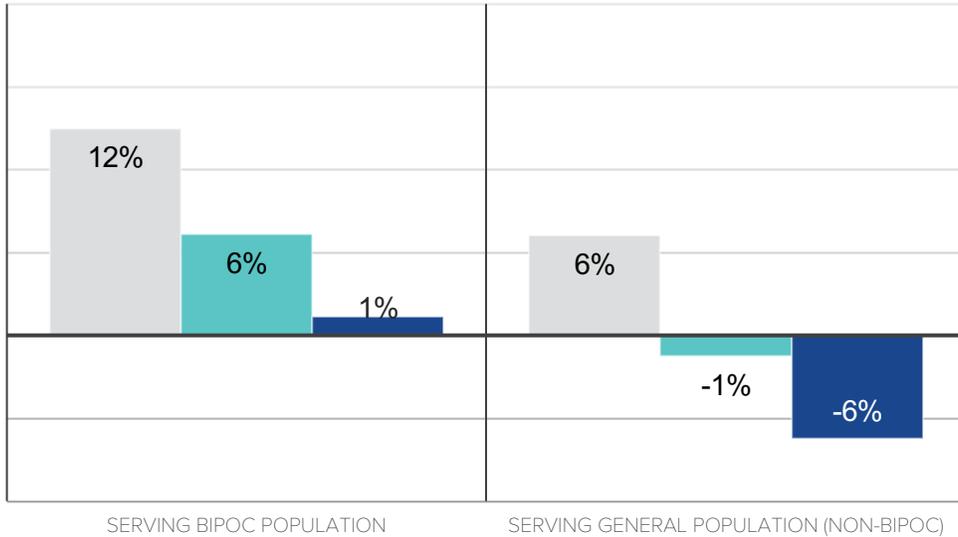
[See more details in the trend table.](#)

\*2,096 organizations that provided data each of the 4 years

## BY SIZE, TRENDS 2016-2019

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Small Organizations</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>3.4%</b>	<b>5.9%</b>	<b>8.5%</b>	<b>5.8%</b>	<b>2.4%</b>	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)	\$ 4,595	\$ 8,350	\$ 11,728	\$ 8,415	83.1%	72.77%
Ave. Total Expenses (before depr.)	\$ 134,394	\$ 142,054	\$ 138,628	\$ 144,403	7.4%	1.37%
<b>Operating Surplus (before depr.)</b>	<b>3.7%</b>	<b>4.4%</b>	<b>4.0%</b>	<b>4.2%</b>	<b>0.5%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.))	\$ 5,021	\$ 6,291	\$ 5,579	\$ 6,137	22.2%	15.31%
Ave. Total Expenses (before depr.)	\$ 134,394	\$ 142,054	\$ 138,628	\$ 144,403	7.4%	1.37%
<b>Operating Surplus (after depr.)</b>	<b>1.9%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>2.8%</b>	<b>0.9%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.))	\$ 2,541	\$ 3,993	\$ 3,342	\$ 4,028	58.5%	49.55%
Ave. Total Expenses (after depr.)	\$ 135,984	\$ 143,508	\$ 140,048	\$ 145,567	7.0%	0.99%
<b>Medium Organizations</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>4.2%</b>	<b>6.3%</b>	<b>4.8%</b>	<b>8.3%</b>	<b>4.1%</b>	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)	\$ 44,963	\$ 68,043	\$ 51,257	\$ 89,317	98.6%	87.40%
Ave. Total Expenses (before depr.)	\$ 1,076,985	\$ 1,079,826	\$ 1,065,004	\$ 1,077,905	0.1%	-5.58%
<b>Operating Surplus (before depr.)</b>	<b>3.7%</b>	<b>2.7%</b>	<b>2.0%</b>	<b>3.0%</b>	<b>-0.8%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.))	\$ 40,098	\$ 29,488	\$ 21,432	\$ 31,967	-20.3%	-24.79%
Ave. Total Expenses (before depr.)	\$ 1,076,985	\$ 1,079,826	\$ 1,065,004	\$ 1,077,905	0.1%	-5.58%
<b>Operating Surplus (after depr.)</b>	<b>-0.5%</b>	<b>-1.3%</b>	<b>-1.8%</b>	<b>-0.8%</b>	<b>-0.4%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.))	\$ (5,175)	\$ (14,270)	\$ (19,514)	\$ (9,110)	76.0%	66.07%
Ave. Total Expenses (after depr.)	\$ 1,101,840	\$ 1,108,260	\$ (1,089,967)	\$ 11,003,29	-0.1%	-5.79%
<b>Large Organizations</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>-4.2%</b>	<b>16.6%</b>	<b>15.5%</b>	<b>6.9%</b>	<b>11.2%</b>	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)	\$ (751,895)	\$ 2,772,704	\$ 2,633,086	\$ 1,226,736	-263.2%	-253.92%
Ave. Total Expenses (before depr.)	\$ 17,849,515	\$ 16,708,542	\$ 17,022,497	\$ 17,653,523	-1.1%	-6.70%
<b>Operating Surplus (before depr.)</b>	<b>0.0%</b>	<b>5.1%</b>	<b>5.2%</b>	<b>-1.2%</b>	<b>-1.2%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.))	\$ (895)	\$ 856,546	\$ 885,466	\$ (204,747)	22,776.8%	21481.85%
Ave. Total Expenses (before depr.)	\$ 17,849,515	\$ 16,708,542	\$ 17,022,497	\$ 17,653,523	-1.1%	-6.70%
<b>Operating Surplus (after depr.)</b>	<b>-9.2%</b>	<b>-0.9%</b>	<b>-3.9%</b>	<b>-6.3%</b>	<b>2.8%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.))	\$ (1,671,957)	\$ (150,540)	\$ (691,777)	\$ (1,149,433)	-31.3%	-35.14%
Ave. Total Expenses (after depr.)	\$ 18,236,470	\$ 17,135,502	\$ 17,570,865	\$ 18,116,525	-0.7%	-6.28%

## 2019, BY BIPOC



■ Unrestricted surplus (before depr.) ■ Operating surplus (before depr.) ■ Operating surplus (after depr.)

## KEY FINDINGS

- Organizations primarily serving African, Latino(a/x), Arab, Asian, or Native American (ALAANA/BIPOC) audiences were more likely to end the year with an operating surplus.
- BIPOC organizations demonstrate more robust bottom lines than their non-BIPOC counterparts by any measurement. They also have the smallest difference between operating surplus before and after depreciation. This simply means that these organizations tend to have fewer fixed assets and less unrestricted revenue not related to delivery of regular activities and programs.
- The size distribution of BIPOC v general organizations is very similar: Large – 10% v 16%, Medium – 42% v 39%, and Small – 47% v 45% (not shown in the chart). There are proportionally more small BIPOC organizations, but not by much, as reflected in their lower average total expense level (see the Table). Overall, there were about half as many BIPOC organizations as there were non-BIPOC: 35% v 65% breakdown of orgs.
- Both types of organizations display the expected pattern of unrestricted surplus being the most favorable measurement, followed by operating surplus before depreciation, and finally operating surplus taking depreciation into account. [See the trends.](#)

Index	Serving BIPOC Population	Serving General Population (non-BIPOC)
Unrestricted Surplus (before depr.)	12%	6%
Ave. Total Unrest. Revenue - Total Expenses (before depr.)	\$ 144,099	\$ 221,923
Ave. Total Expenses (before depr.)	\$ 1,156,112	\$ 3,687,020
Operating Surplus (before depr.)	6%	-1%
Ave. (Total Operating Revenue - Total Expenses (before depr.)	\$ 70,503	\$ (46,151)
Ave. Total Expenses (before depr.)	\$ 1,156,112	\$ 3,687,020
Operating Surplus (after depr.)	1%	-6%
Ave. (Total Operating Revenue - Total Expenses (after depr.)	\$ 13,365	\$ (234,311)
Ave. Total Expenses (after depr.)	\$ 1,201,869	\$ 3,769,776

## BY BIPOC, TRENDS 2016-2019\*

Unrestricted Surplus (before depr.), by BIPOC



Operating Surplus (before depr.), by BIPOC



Operating Surplus (after depr.), by BIPOC



- Organizations that do not primarily serve BIPOC audiences have had consistent operating deficits since 2016 after taking into account depreciation. However, unrestricted surplus saw a sharp increase in 2017. Operating surplus after depreciation shows a slight increase in 2019 over 2016, indicating that these organizations reported slightly less depreciation recently.
- On average, BIPOC organizations' bottom line measures have generally improved over time, slightly dipping in 2018 and recovering at higher levels in 2019 compared to 2016. In both operating surplus indices, both organization types have similar operating bottom lines, with culturally specific organizations maintaining a slightly higher bottom line.

[See more details in the trend table.](#)

\*2,096 organizations that provided data each of the 4 years

## BY BIPOC, TRENDS 2016-2019\* (CONT.)

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Serving BIPOC Population</b>						
Unrestricted Surplus (before depr.)	6.2%	8.7%	7.7%	12.7%	6.5%	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/ Ave. Total Expenses (before depr.)	\$ 71,348 \$ 1,148,019	\$ 103,883 \$ 1,193,708	\$ 95,872 \$ 1,250,563	\$ 168,413 \$ 1,322,978	136.0% 15.2%	122.68% 8.72%
Operating Surplus (before depr.)	3.3%	6.0%	3.6%	6.1%	2.7%	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/ Ave. Total Expenses (before depr.)	\$ 38,290 \$ 1,148,019	\$ 72,032 \$ 1,193,708	\$ 45,039 \$ 1,250,563	\$ 80,490 \$ 1,322,978	110.2% 15.2%	98.31% 8.72%
Operating Surplus (after depr.)	-2.4%	0.5%	-1.7%	0.9%	3.3%	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/ Ave. Total Expenses (after depr.)	\$ (28,699) \$ 1,176,504	\$ 5,740 \$ 1,226,907	\$ (22,234) \$ 1,295,045	\$ 12,162 \$ 1,379,035	-142.4% 17.2%	-139.98% 10.58%
<b>Serving General Population (non-BIPOC)</b>						
Unrestricted Surplus (before depr.)	-4.2%	15.8%	14.6%	6.1%	10.4%	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/ Ave. Total Expenses (before depr.)	\$ (165,153) \$ 3,897,825	\$ 594,144 \$ 3,768,566	\$ 581,196 \$ 3,976,323	\$ 254,466 \$ 4,160,998	-254.1% 6.8%	-245.36% 0.71%
Operating Surplus (before depr.)	-3.5%	4.6%	1.7%	-1.5%	2.0%	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/ Ave. Total Expenses (before depr.)	\$ (134,971) \$ 3,897,825	\$ 173,835 \$ 3,768,566	\$ 68,264 \$ 3,976,323	\$ (62,693) \$ 4,160,998	-53.6% 6.8%	-56.18% 0.71%
Operating Surplus (after depr.)	-8.5%	-1.0%	-3.7%	-6.4%	2.1%	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/ Ave. Total Expenses (after depr.)	\$ (336,573) \$ 3,979,664	\$ (37,458) \$ 3,862,168	\$ (153,308) \$ 4,093,298	\$ (270,875) \$ 4,253,676	-19.5% 6.9%	-24.08% 0.84%

\*2,096 organizations that provided data each of the 4 years

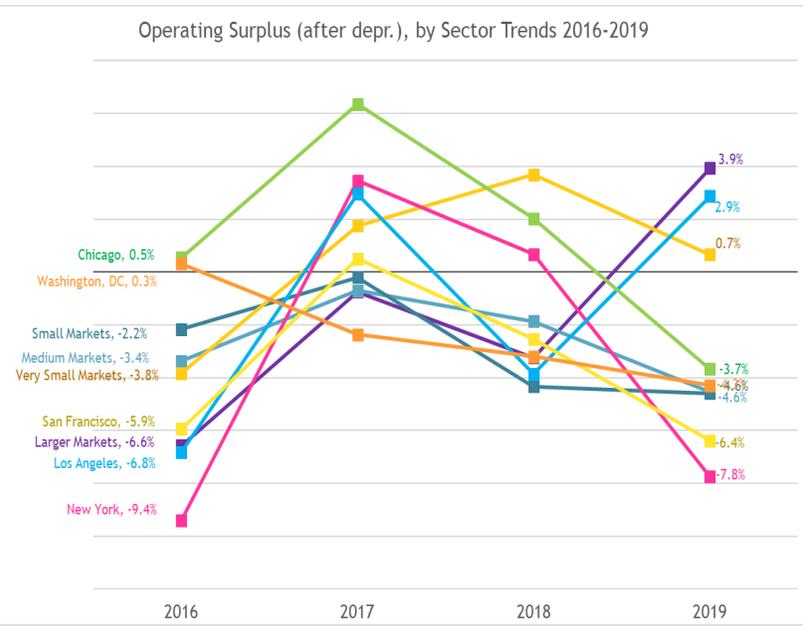
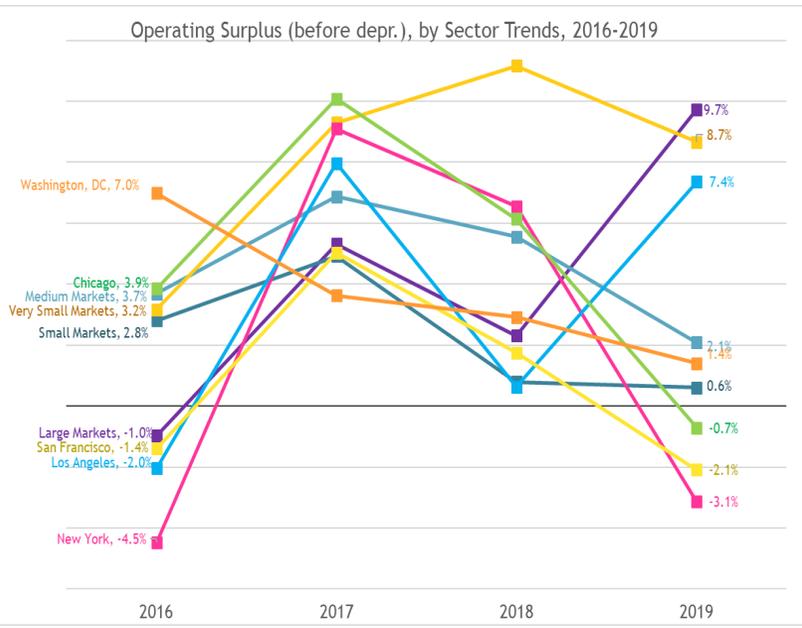
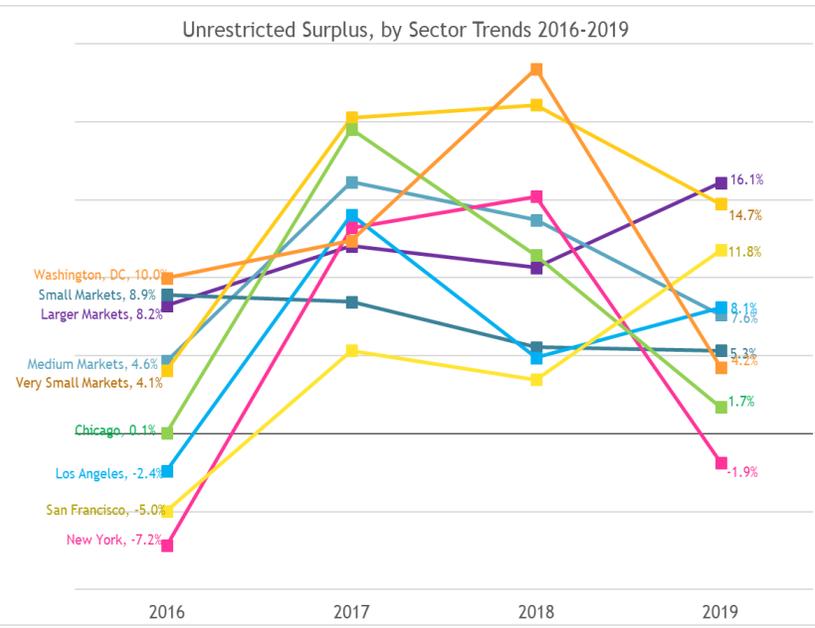
## 2019, BY GEOGRAPHY

	New York - White Plains - Wayne, NY - NJ	Los Angeles - Long Beach - Glendale	Chicago - Naperville - Arlington Heights	San Francisco - San Mateo - Redwood City	Washington - Arlington - Alexandria - Frederick - Gaithersburg - Rockville	Large	Medium	Small	Very Small
Unrestricted Surplus (before depr.)	1.2%	8.6%	3.1%	3.8%	9.8%	13.2%	6.5%	4.9%	14.1%
Ave. Total Unrest. Revenue - Total Expenses (before depr.)/	\$ 39,432	\$ 211,723	\$ 40,619	\$ 116,212	\$ 448,546	\$ 255,404	\$ 171,947	\$ 92,296	\$ 187,314
Ave. Total Expenses (before depr.)	\$ 3,273,968	\$ 2,457,019	\$ 1,326,240	\$ 3,061,846	\$ 4,586,094	\$ 1,927,946	\$ 2,641,260	\$ 1,875,191	\$ 1,326,268
Operating Surplus (before depr.)	-1.6%	8.1%	1.0%	-5.2%	8.2%	8.5%	1.7%	1.4%	8.5%
Ave. (Total Operating Revenue - Total Expenses (before depr.)/	\$ (52,420)	\$ 198,959	\$ 13,304	\$ (158,310)	\$ 377,451	\$ 164,430	\$ 44,535	\$ 25,874	\$ 112,530
Ave. Total Expenses (before depr.)	\$ 3,273,968	\$ 2,457,019	\$ 1,326,240	\$ 3,061,846	\$ 4,586,094	\$ 1,927,946	\$ 2,641,260	\$ 1,875,191	\$ 1,326,268
Operating Surplus (after depr.)	-7.8%	3.7%	-2.2%	-8.9%	1.7%	2.1%	-4.7%	-4.3%	1.4%
Ave. (Total Operating Revenue - Total Expenses (after depr.)/	\$ (274,328)	\$ 94,916	\$ (29,844)	\$ (284,102)	\$ 82,438	\$ 43,393	\$ (132,878)	\$ (84,844)	\$ 19,702
Ave. Total Expenses (after depr.)	\$ 3,495,877	\$ 2,561,063	\$ 1,369,388	\$ 3,187,638	\$ 4,881,107	\$ 2,048,983	\$ 2,818,673	\$ 1,985,908	\$ 1,419,096

- **Large Very Small markets recorded the highest bottom lines among all nine clusters**, before depreciation was taken into account. Very Small markets had expenses that were about 30% lower expenses than expenses in Small markets. By market size, only Large and Very Small markets reported a net surplus across all bottom line measures.
- **The Washington, D.C. and Los Angeles markets saw the greatest unrestricted surplus out of all of the independent clusters**; they also reported a net surplus across all 3 bottom line measures.
- New York organizations averaged the lowest unrestricted surplus, both in absolute dollars and as a percentage relative to expenses.
- **Organizations based in San Francisco averaged the lowest operating bottom lines**, regardless of whether depreciation is included or not. They demonstrated the greatest percentage discrepancy between unrestricted surplus and operating surplus (both before depreciation), indicating that organizations in this market tended to bring in more non-operating revenue than those in other markets.

[See the trends.](#)

# BY GEOGRAPHY, TRENDS 2013-2016\*



- Regardless of how bottom line is measured, **most markets displayed a rise in 2017, then a dip back down in 2019 – resulting in a generally positive trend.** This is consistent with overall national trends and suggests that no individual market stood out against these overall trends.
- When measuring bottom line using operating revenues and taking into account depreciation, **only Los Angeles ended the four years with a surplus.**

[See more details in the trend table.](#)

# BY GEOGRAPHY, TRENDS 2016-2019

## The Key Findings

- Most independent markets experienced a large decrease in net surplus (deficit), with some recording a drop of over 300%.
- When measuring bottom line by unrestricted surplus, all market clusters averaged an increase in 2019 over 2016 – the exception being Washington, D.C. and Small markets.
- The other two bottom line indices, calculated using operating revenues, present a more varied view in 2019; **New York and Los Angeles** were able to decrease their deficits from 2016 to 2019.
- **Washington, D.C.** saw the largest average decrease in bottom line by any measurement. In 2016, organizations in this market averaged the highest bottom lines by any measure. By 2019, they displayed the largest unrestricted deficits and the most severe operating deficits relative to expenses.

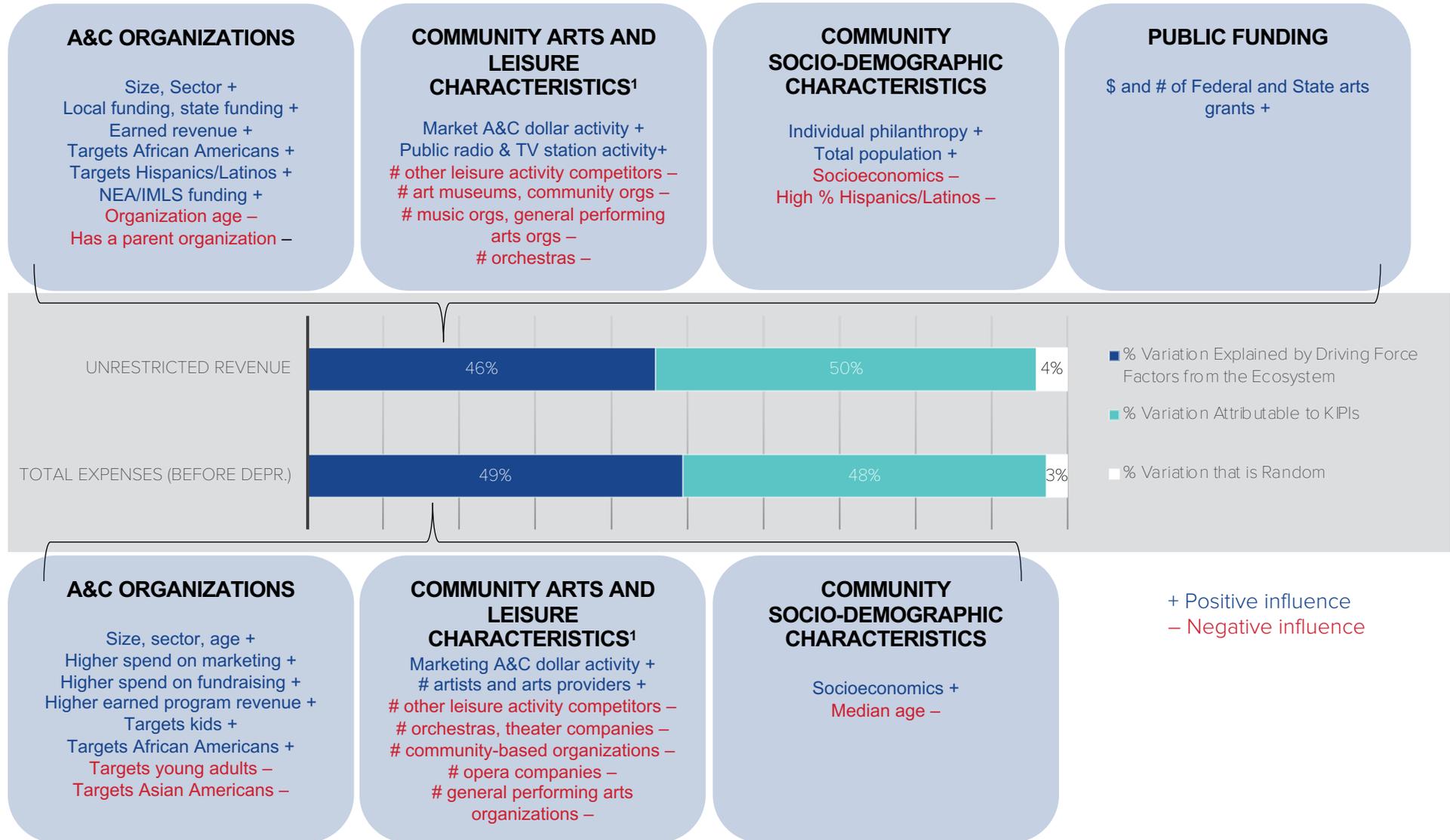
Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>New York - White Plains - Wayne, NY-NJ</b>						
<b>Unrestricted Surplus (before depr.)</b>	-7.2%	13.2%	15.2%	-1.9%	5.3%	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/\$	(504,191)	\$ 910,996	\$ 1,023,254	\$ (133,080)	-73.6%	-75.1%
Ave. Total Expenses (before depr.)/\$	7,027,885	\$ 6,898,216	\$ 6,734,143	\$ 7,167,071	2.0%	-3.8%
<b>Operating Surplus (before depr.)</b>	-4.5%	9.1%	6.5%	-3.1%	1.4%	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/\$	(315,045)	\$ 628,059	\$ 441,054	\$ (224,398)	-28.8%	-32.8%
Ave. Total Expenses (before depr.)/\$	7,027,885	\$ 6,898,216	\$ 6,734,143	\$ 7,167,071	2.0%	-3.8%
<b>Operating Surplus (after depr.)</b>	-9.4%	3.5%	0.7%	-7.8%	1.7%	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/\$	(696,583)	\$ 251,160	\$ 47,502	\$ (583,297)	-16.3%	-21.0%
Ave. Total Expenses (after depr.)/\$	7,409,423	\$ 7,275,115	\$ 7,127,694	\$ 7,525,970	1.6%	-4.2%
<b>Los Angeles - Long Beach - Glendale</b>						
<b>Unrestricted Surplus (before depr.)</b>	-2.4%	14.0%	4.9%	8.1%	10.5%	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/\$	(59,208)	\$ 371,301	\$ 130,451	\$ 232,430	-492.6%	-470.3%
Ave. Total Expenses (before depr.)/\$	2,488,026	\$ 2,643,003	\$ 2,676,256	\$ 2,874,601	15.5%	9.0%
<b>Operating Surplus (before depr.)</b>	-2.0%	8.0%	0.6%	7.4%	9.4%	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/\$	(50,860)	\$ 210,604	\$ 17,021	\$ 211,688	-516.2%	-492.7%
Ave. Total Expenses (before depr.)/\$	2,488,026	\$ 2,643,003	\$ 2,676,256	\$ 2,874,601	15.5%	9.0%
<b>Operating Surplus (after depr.)</b>	-6.8%	3.0%	-3.9%	2.9%	9.7%	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/\$	(178,102)	\$ 81,783	\$ (108,247)	\$ 86,129	-148.4%	-145.6%
Ave. Total Expenses (after depr.)/\$	2,615,269	\$ 2,771,823	\$ 2,801,523	\$ 3,000,160	14.7%	8.2%
<b>Chicago - Naperville - Arlington Heights</b>						
<b>Unrestricted Surplus (before depr.)</b>	0.1%	19.5%	11.4%	1.7%	1.6%	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/\$	931	\$ 367,472	\$ 213,737	\$ 31,282	3261.3%	3071.1%
Ave. Total Expenses (before depr.)/\$	1,788,516	\$ 1,882,089	\$ 1,869,031	\$ 1,840,154	2.9%	-2.9%
<b>Operating Surplus (before depr.)</b>	3.9%	10.1%	6.1%	-0.7%	-4.6%	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/\$	68,892	\$ 189,845	\$ 114,871	\$ (12,991)	-118.9%	-117.8%
Ave. Total Expenses (before depr.)/\$	1,788,516	\$ 1,882,089	\$ 1,869,031	\$ 1,840,154	2.9%	-2.9%
<b>Operating Surplus (after depr.)</b>	0.5%	6.4%	2.0%	-3.7%	-4.2%	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/\$	10,090	\$ 123,832	\$ 39,324	\$ (69,703)	-790.8%	-751.7%
Ave. Total Expenses (after depr.)/\$	1,847,318	\$ 1,948,102	\$ 1,944,578	\$ 1,896,866	2.7%	-3.1%
<b>San Francisco - San Mateo - Redwood City</b>						
<b>Unrestricted Surplus (before depr.)</b>	-5.0%	5.3%	3.5%	11.8%	16.7%	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/\$	(161,348)	\$ 180,932	\$ 118,131	\$ 405,306	-351.2%	-337.0%
Ave. Total Expenses (before depr.)/\$	3,248,173	\$ 3,396,794	\$ 3,407,714	\$ 3,444,187	6.0%	0.0%
<b>Operating Surplus (before depr.)</b>	-1.4%	5.0%	1.7%	-2.1%	-0.7%	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/\$	(45,198)	\$ 171,158	\$ 59,598	\$ (71,958)	59.2%	50.2%
Ave. Total Expenses (before depr.)/\$	3,248,173	\$ 3,396,794	\$ 3,407,714	\$ 3,444,187	6.0%	0.0%
<b>Operating Surplus (after depr.)</b>	-5.9%	0.5%	-2.5%	-6.4%	-0.5%	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/\$	(202,041)	\$ 17,936	\$ (90,392)	\$ (230,251)	14.0%	7.5%
Ave. Total Expenses (after depr.)/\$	3,405,015	\$ 3,550,015	\$ 3,557,704	\$ 3,602,480	5.8%	-0.2%
<b>Washington - Arlington - Alexandria - Frederick - Gaithersburg - Rockville</b>						
<b>Unrestricted Surplus (before depr.)</b>	10.0%	12.4%	23.4%	4.2%	-5.7%	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/\$	294,110	\$ 384,158	\$ 748,769	\$ 138,024	-53.1%	-55.7%
Ave. Total Expenses (before depr.)/\$	2,944,336	\$ 3,104,889	\$ 3,199,531	\$ 3,253,205	10.5%	4.2%
<b>Operating Surplus (before depr.)</b>	7.0%	3.6%	2.9%	1.4%	-5.6%	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/\$	205,674	\$ 112,537	\$ 93,620	\$ 45,522	-77.9%	-79.1%
Ave. Total Expenses (before depr.)/\$	2,944,336	\$ 3,104,889	\$ 3,199,531	\$ 3,253,205	10.5%	4.2%
<b>Operating Surplus (after depr.)</b>	0.3%	-2.4%	-3.2%	-4.3%	-4.6%	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/\$	9,993	\$ (77,908)	\$ (109,001)	\$ (147,756)	-1578.5%	-1494.8%
Ave. Total Expenses (after depr.)/\$	3,140,016	\$ 3,295,334	\$ 3,402,151	\$ 3,446,483	9.8%	3.5%

# BY GEOGRAPHY, TRENDS 2016-2019 (CONT.)

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
<b>Large</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>8.2%</b>	<b>12.0%</b>	<b>10.7%</b>	<b>16.1%</b>	<b>7.9%</b>	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/	\$ 167,355	\$ 241,222	\$ 230,000	\$ 366,585	119.0%	106.6%
Ave. Total Expenses (before depr.)	\$ 2,039,707	\$ 2,003,676	\$ 2,158,483	\$ 2,277,835	11.7%	5.4%
<b>Operating Surplus (before depr.)</b>	<b>-1.0%</b>	<b>5.3%</b>	<b>2.3%</b>	<b>9.7%</b>	<b>10.7%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/	\$ (19,749)	\$ 106,606	\$ 49,999	\$ 221,861	-1223.4%	-1159.8%
Ave. Total Expenses (before depr.)	\$ 2,039,707	\$ 2,003,676	\$ 2,158,483	\$ 2,277,835	11.7%	5.4%
<b>Operating Surplus (after depr.)</b>	<b>-6.6%</b>	<b>-0.8%</b>	<b>-3.2%</b>	<b>3.9%</b>	<b>10.5%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/	\$ (142,019)	\$ (15,972)	\$ (74,004)	\$ 94,666	-166.7%	-162.9%
Ave. Total Expenses (after depr.)	\$ 2,161,977	\$ 2,126,255	\$ 2,282,486	\$ 2,405,030	11.2%	4.9%
<b>Medium</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>4.6%</b>	<b>16.1%</b>	<b>13.7%</b>	<b>7.6%</b>	<b>3.0%</b>	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/	\$ 141,854	\$ 489,338	\$ 450,715	\$ 261,673	84.5%	74.0%
Ave. Total Expenses (before depr.)	\$ 3,051,155	\$ 3,032,814	\$ 3,287,037	\$ 3,430,231	12.4%	6.1%
<b>Operating Surplus (before depr.)</b>	<b>3.7%</b>	<b>6.9%</b>	<b>5.6%</b>	<b>2.1%</b>	<b>-1.6%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/	\$ 112,685	\$ 208,452	\$ 182,673	\$ 71,694	-36.4%	-40.0%
Ave. Total Expenses (before depr.)	\$ 3,051,155	\$ 3,032,814	\$ 3,287,037	\$ 3,430,231	12.4%	6.1%
<b>Operating Surplus (after depr.)</b>	<b>-3.4%</b>	<b>-0.7%</b>	<b>-1.9%</b>	<b>-4.6%</b>	<b>-1.2%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/	\$ (110,575)	\$ (22,838)	\$ (65,974)	\$ (167,089)	51.1%	42.6%
Ave. Total Expenses (after depr.)	\$ 3,274,414	\$ 3,264,104	\$ 3,535,684	\$ 3,669,015	12.1%	5.7%
<b>Small</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>8.9%</b>	<b>8.5%</b>	<b>5.5%</b>	<b>5.3%</b>	<b>-3.6%</b>	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/	\$ 170,126	\$ 159,814	\$ 111,347	\$ 112,576	-33.8%	-37.6%
Ave. Total Expenses (before depr.)	\$ 1,912,687	\$ 1,889,786	\$ 2,007,164	\$ 2,109,670	10.3%	4.1%
<b>Operating Surplus (before depr.)</b>	<b>2.8%</b>	<b>4.9%</b>	<b>0.8%</b>	<b>0.6%</b>	<b>-2.2%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/	\$ 53,836	\$ 92,930	\$ 16,020	\$ 12,917	-76.0%	-77.4%
Ave. Total Expenses (before depr.)	\$ 1,912,687	\$ 1,889,786	\$ 2,007,164	\$ 2,109,670	10.3%	4.1%
<b>Operating Surplus (after depr.)</b>	<b>-2.2%</b>	<b>-0.2%</b>	<b>-4.3%</b>	<b>-4.6%</b>	<b>-2.4%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/	\$ (43,594)	\$ (4,055)	\$ (91,555)	\$ (102,001)	134.0%	120.7%
Ave. Total Expenses (after depr.)	\$ 2,010,117	\$ 1,986,771	\$ 2,114,738	\$ 2,224,588	10.7%	4.4%
<b>Very Small</b>						
<b>Unrestricted Surplus (before depr.)</b>	<b>4.1%</b>	<b>20.3%</b>	<b>21.1%</b>	<b>14.7%</b>	<b>10.7%</b>	
Ave. Total Unrest. Revenue -Total Expenses (before depr.)/	\$ 54,359	\$ 274,593	\$ 298,391	\$ 215,046	295.6%	273.2%
Ave. Total Expenses (before depr.)	\$ 1,337,613	\$ 1,354,347	\$ 1,415,073	\$ 1,459,581	9.1%	2.9%
<b>Operating Surplus (before depr.)</b>	<b>3.2%</b>	<b>9.3%</b>	<b>11.2%</b>	<b>8.7%</b>	<b>5.5%</b>	
Ave. (Total Operating Revenue - Total Expenses (before depr.)/	\$ 42,411	\$ 125,900	\$ 158,059	\$ 126,512	198.3%	181.4%
Ave. Total Expenses (before depr.)	\$ 1,337,613	\$ 1,354,347	\$ 1,415,073	\$ 1,459,581	9.1%	2.9%
<b>Operating Surplus (after depr.)</b>	<b>-3.8%</b>	<b>1.7%</b>	<b>3.7%</b>	<b>0.7%</b>	<b>4.5%</b>	
Ave. (Total Operating Revenue - Total Expenses (after depr.)/	\$ (55,035)	\$ 25,360	\$ 55,890	\$ 10,290	-118.7%	-117.6%
Ave. Total Expenses (after depr.)	\$ 1,435,058	\$ 1,454,888	\$ 1,517,242	\$ 1,575,804	9.8%	3.6%

# INDEX-SPECIFIC DRIVERS (BEFORE DEPR.)

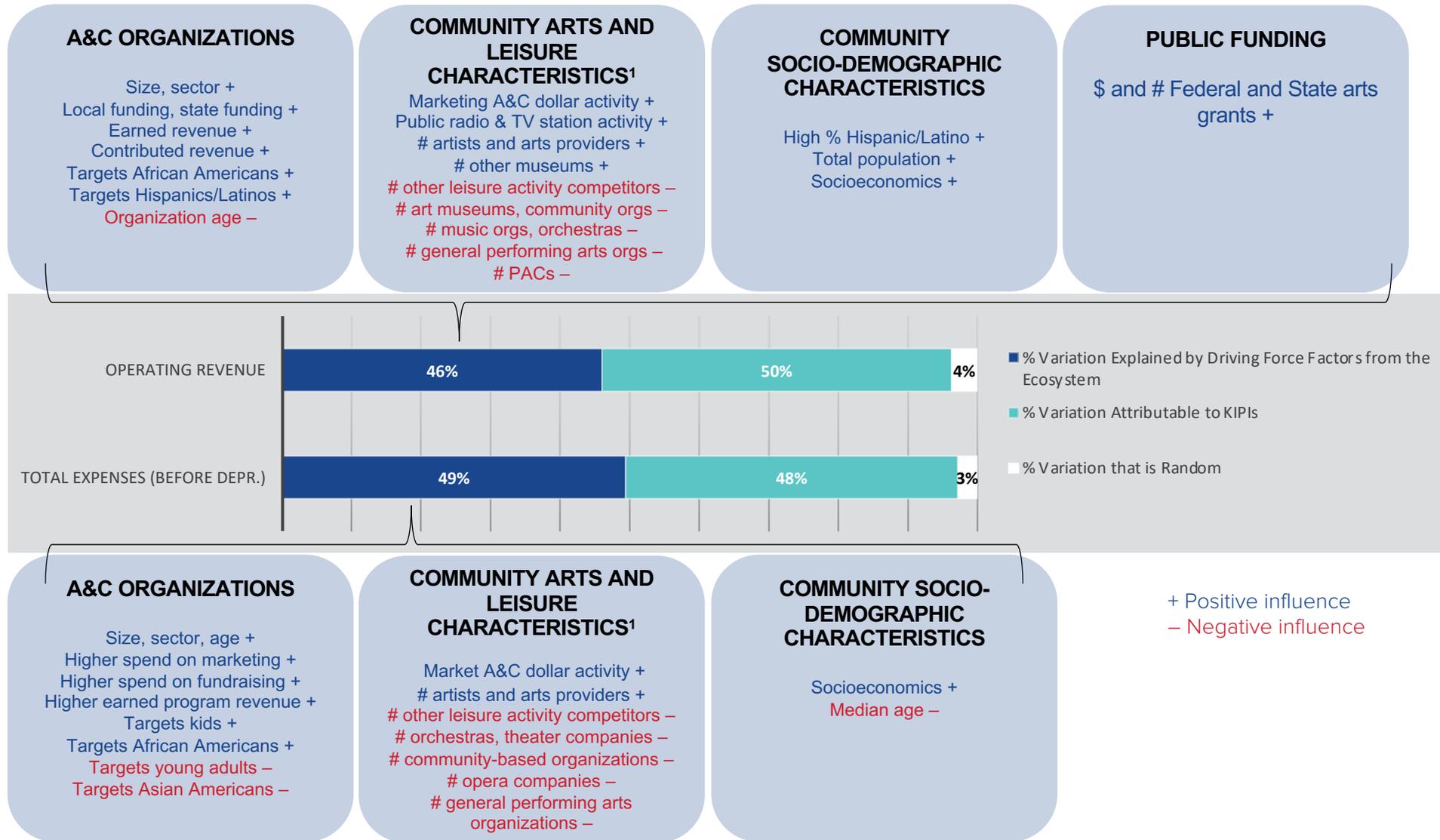
What Drives Total Unrestricted Revenue & Total Expenses From the A&C Ecosystem?



<sup>1</sup>Findings related to # of organizations per sector apply only to other organizations in that sector – e.g., more competing PACs lower government support per PAC.

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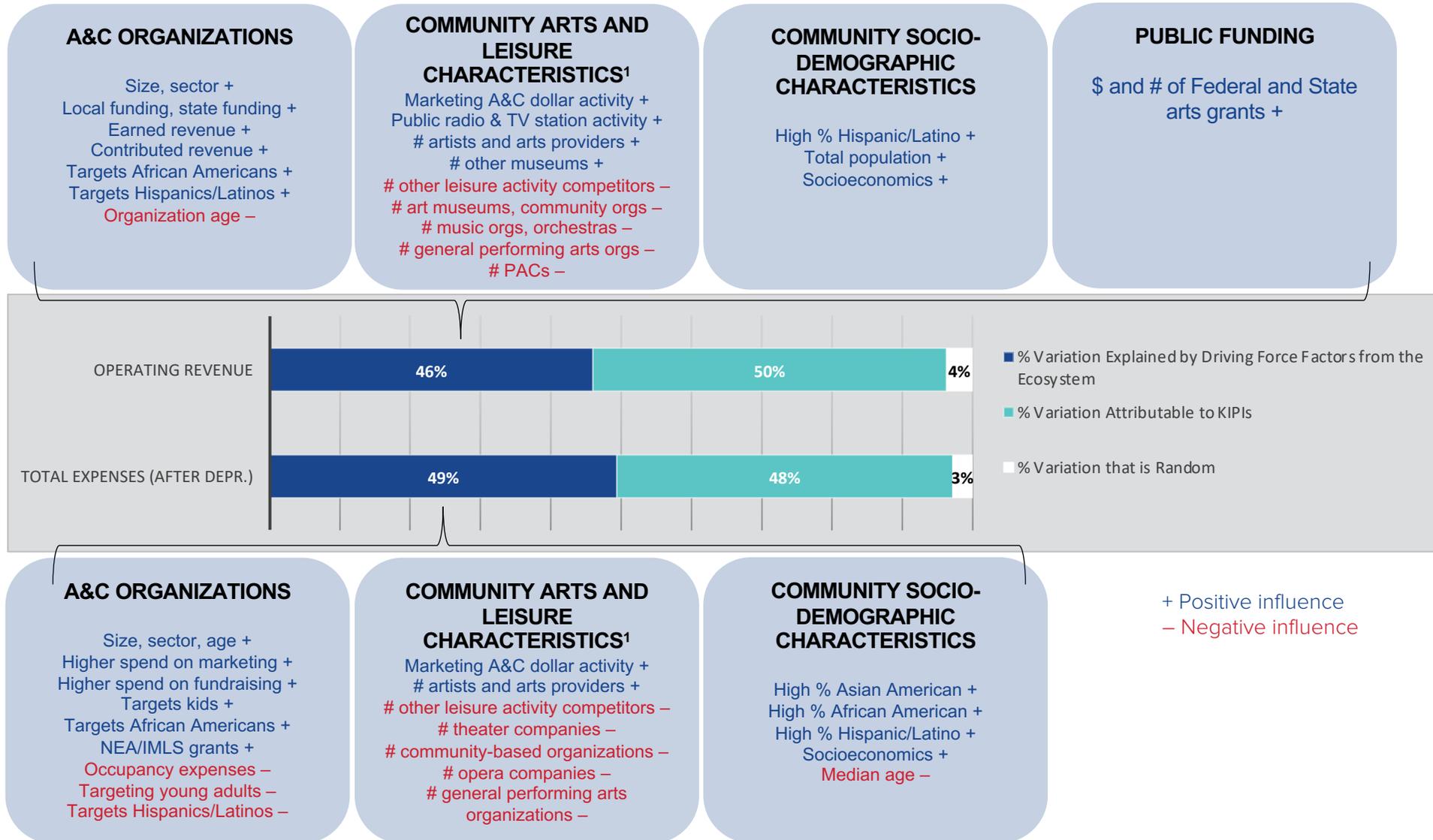
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# INDEX-SPECIFIC DRIVERS (AFTER DEPR.)

What Drives Total Operating Revenue & Total Expenses From the A&C Ecosystem?



<sup>1</sup>Findings related to # of organizations per sector apply only to other organizations in that sector - e.g., more competing PACs lower government support per PAC.

## WHAT DRIVES TOTAL UNRESTRICTED REVENUE?

Roughly half of an organization's expected level of unrestricted revenue can be understood by recognizing norms for its sector and budget size, and the characteristics listed below relate both to the organization and to its community. Most of the remaining variation in an organization's level of unrestricted revenue is attributable to its expertise, good decision-making, talents, reputation, etc., which are captured in its KIPI.

### What organizational characteristics affect this performance?

- Total unrestricted revenue tends to be higher for organizations that target Hispanics/Latinos or African Americans, and with higher levels of earned revenue and funding at the local, state, and federal level.
- Unrestricted revenue tends to decrease with organizational age, and when an organization is sheltered by a parent organization.

### How do community arts and leisure characteristics affect performance?

- Unrestricted revenue tends to be higher for organizations in communities with higher levels of total arts dollar activity and a large presence of broadcast activity.
- Having more art museums, orchestras, community, music, or performing arts organizations tends to lower the unrestricted revenue for all organizations in this sector. Additionally, other leisure activity competitors tend to drive down arts and cultural organizations' unrestricted revenue.

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

- Unrestricted revenue is higher for organizations in communities where individual philanthropy is higher. This is also the case in communities with dense populations.
- As the level of socioeconomic status in a community increases, unrestricted revenue goes down. The fact that there are people in higher income brackets in a market does not necessarily mean that it is being directed to arts and cultural organizations. Unrestricted revenue also tends to be lower in communities with proportionally more Hispanics or Latinos.

### What impact does public funding have on performance?

- Overall state and federal grant activity in the larger local marketplace has a positive effect on an individual organization's level of unrestricted revenue.

## WHAT DRIVES TOTAL OPERATING REVENUE?

Roughly half of an organization's expected level of operating revenue can be understood by recognizing norms for its sector and budget size, and the characteristics listed below relate both to the organization and to its community. Most of the remaining variation in an organization's level of unrestricted revenue is attributable to its expertise, good decision-making, talents, reputation, etc., which are captured in its KIPI.

### What organizational characteristics affect this performance?

- Operating revenue tends to be higher for organizations that target Hispanics/Latinos or African Americans, and with higher levels of earned and contributed revenue as well as more local and state funding.
- Operating revenue tends to decrease with organizational age.

### How do community arts and leisure characteristics affect performance?

- Operating revenue tends to be higher for organizations in communities with higher levels of total arts dollar activity and a larger presence of artists and arts providers.
- Having more broadcast activity, as well as other museums, tends to raise the operating revenue tide for all organizations in arts and leisure sectors within a market, while having more art museums, orchestras, performing arts centers, and community, music, or performing arts organizations tends to lower the operating revenue for all organizations in the market.
- Additionally, more competition from other leisure activity providers has a negative impact on individual arts and culture organizations' operating revenue.

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

- Operating revenue is higher for organizations in communities with Hispanics/Latinos making up a higher proportion of the population. This is also the case in communities where the population's density and socioeconomic status is higher.

### What impact does public funding have on performance?

- Overall state and federal grant activity in the larger local marketplace has a positive effect on an individual organization's operating revenue.

## WHAT DRIVES TOTAL EXPENSES?

Roughly half of an organization's expected level of total expenses can be understood by recognizing norms for its sector, and the characteristics listed below relate both to the organization and to its community. Most of the remaining variation in an organization's level of expenses is attributable to its expertise in establishing and managing the level of total expenses. (The effects of the factors hold true for total expenses both before and after depreciation unless otherwise noted.)

### What organizational characteristics affect this performance?

- Total expenses increase with organizational age and higher spending on marketing or fundraising. They also tend to be higher for organizations that primarily serve either kids or African Americans.
- Organizations that target young adults or Hispanics/Latinos tend to have lower expenses than their counterparts that do not. The same is true for organizations that have higher occupancy expenses.
- Organizations that receive federal funding tend to have higher total expenses when depreciation is included in the calculation.

### How do community arts and leisure characteristics affect performance?

- Total expenses tend to be higher for organizations in communities with higher levels of total arts dollar activity. Having more arts providers and artists in a community tends to raise the budget size for all organizations in those two sectors in the market.
- Having more theaters, opera companies, and community-based or general performing arts organizations competing in a market drives down total expenses for all organizations in these sectors. In other words, more intense competition leads organizations in these sectors to have smaller budgets. The same is true for orchestras when we leave depreciation out of the total.

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

- Total expenses are higher for organizations in higher socioeconomic communities.
- Total expenses, including depreciation, also tend to increase when the percentage of a population that is Hispanic/Latino, Asian American, or African American is higher.
- Total expenses tend to decrease when the median age in a community is higher.

### What impact does public funding have on performance?

- Overall state and federal grant activity in the larger local marketplace has no effect on organizations' total expenses.