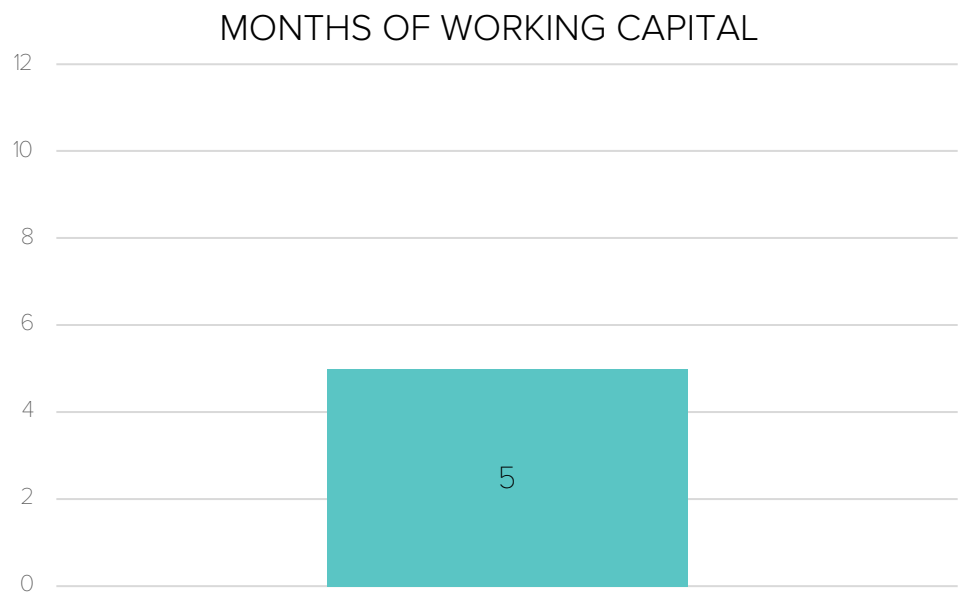
SMU | DataArts

Do Arts Organizations Have Enough Cash to Meet Day-to-Day Needs?

WORKING CAPITAL INDICES

2016-2019

2019 OVERALL AVERAGES*



Index	2019
Months of working capital	5
Working Capital/Total Expenses (before depr.)	41.7%
Ave. Working Capital/	$ 2,542,033
Ave. Total Expenses (before depreciation)	$ 6,093,035

WHAT IS WORKING CAPITAL?

Working capital is a measure of the organization's liquidity that represents its unrestricted resources available to meet day-to-day obligations. It is a simple calculation of unrestricted current assets minus unrestricted current liabilities.

Working capital lets an organization smooth out any bumps in the timing of cash coming in and cash going out to keep operations going. This liquidity allows an organization to pay its bills on time and to pay obligations such as payroll on time. Were working capital negative, it would mean that the organization is experiencing periods of cash flow crunch and borrowing funds (e.g., dipping into deferred revenue, delaying payables, taking out loans, tapping lines of credit, etc.) to meet daily operating needs.

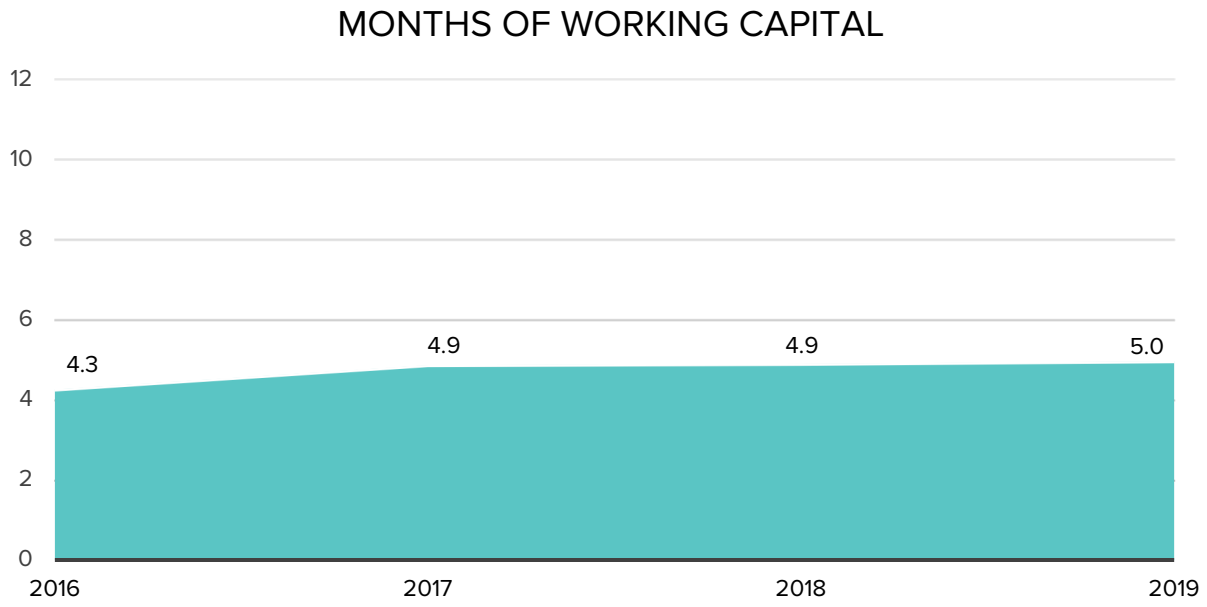
Note: Median Working Capital was $142,731, showing skew to large organizations.

KEY FINDINGS

Organizations had an average of 5 months of working capital. This translates as working capital that is equivalent to 41.7% of total expenses.

*1,024 organizations. Includes only organizations that report sufficient balance sheet data to analyze working capital.

OVERALL TRENDS, 2016-2019*



KEY FINDINGS

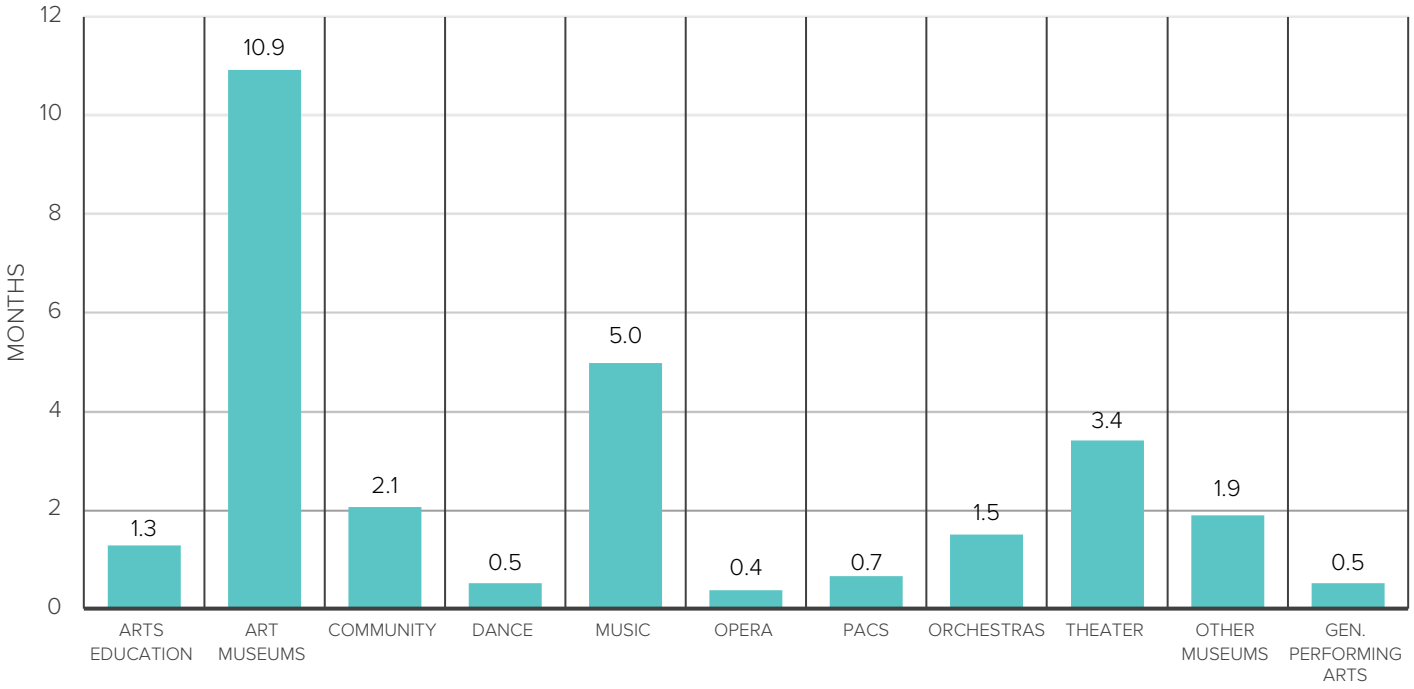
- Months of working capital increased after 2016 to roughly 5 months and have remained fairly stable through 2019.
- The high annual averages belie the variety of working capital levels experienced by organizations in different sectors and of different sizes. See the findings by Arts Sector and Size for more detail.
- Expenses generally increased for the average organization, meaning that more working capital was required to maintain the same relative level of liquidity.
- Average working capital was 17% higher in 2019 than 2016.

Note: Median Working Capital was $144,935 in 2016 and rose to $170,460 in 2019, showing skew to large organizations.

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 % change, adjusted for inflation
Months of working capital	4.3	4.9	4.9	5.0	.7%	
Working Capital/Total Expenses (before depr.)	35.5%	40.6%	41.0%	41.4%	17.0%	
Ave. Working Capital/	$ 2,290,841	$ 2,539,618	$ 2,680,854	$ 2,843,359		17.1%
Ave. Total Expenses (before depreciation)	$ 6,451,228	$ 6,255,820	$ 6,572,543	$ 6,872,786		0.5%

*845 organizations that provided balance sheet data each of the 4 years.

2019, BY SECTOR



KEY FINDINGS

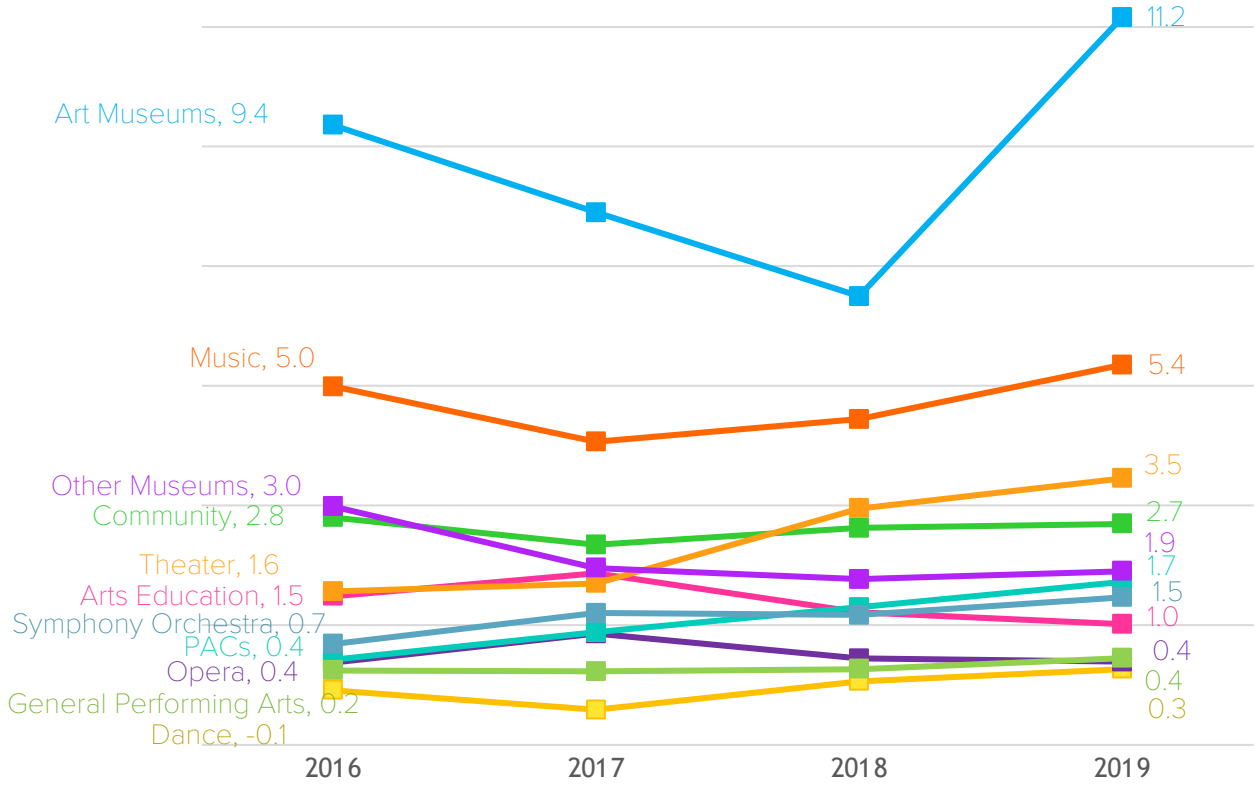
- Every sector averaged positive working capital.
- By examining results by arts sector, we see that **the Overall average of 5 months of working capital is driven by Art Museums and Music organizations.** All other sectors' working capital index averaged less than 4 months.
- **Art Museums recorded the highest levels of working capital** and also the highest levels of average expenses.
- **General Performing Arts organizations, as well as Dance and Opera companies, had the lowest average months of working capital.**

Note that for Performing Arts Centers and Other Museums, three outliers were removed from calculations for both categories. If including outliers, Performing Arts Centers would have 4.9 months of working capital, and Other Museums would have 11.2 months.

SEE THE TRENDS

Index	Arts Education	Art Museums	Community	Dance	Music	Opera	Performing Arts Centers	Symphony Orchestra	Theater	Other Museums	General Performing Arts
Months of working capital	1.3	10.9	2.1	0.5	5.0	0.4	0.7	1.5	3.4	1.9	0.5
Working Capital/Total Expenses (before depr.)	10.6%	91.1%	17.1%	4.3%	41.5%	3.1%	5.5%	12.5%	28.5%	15.7%	4.3%
Ave. Working Capital/	$ 416,592	$ 14,002,502	$ 526,540	$ 149,030	$ 474,614	$ 269,714	$ 824,836	$ 765,763	$ 1,030,236	$ 1,509,786	$ 118,203
Ave. Total Expenses (before depreciation)	$ 3,90,201	$ 15,376,103	$ 3,075,317	$ 3,508,458	$ 1,143,973	$ 8,707,465	$ 15,055,358	$ 6,143,533	$ 3,620,721	$ 9,598,986	$ 2,747,131

MONTHS OF WORKING CAPITAL BY SECTOR TRENDS, 2016-2019*



- The Overall 4-year trend of tighter working capital was the experience for the average organization in every sector except Music and Art Museums.
- Most sectors managed to avoid negative average working capital during the 4 years.
- Art Museums and Music sectors consistently maintained higher levels of working capital than other sectors.
- The Art Museum sector's working capital levels fluctuated considerably over the 4 years, whereas that of other sectors was more consistent.

See more details in the trend table.

*845 organizations that provided balance sheet data each of the 4 years.

BY SECTOR, TRENDS 2016-2019 (CONT.)

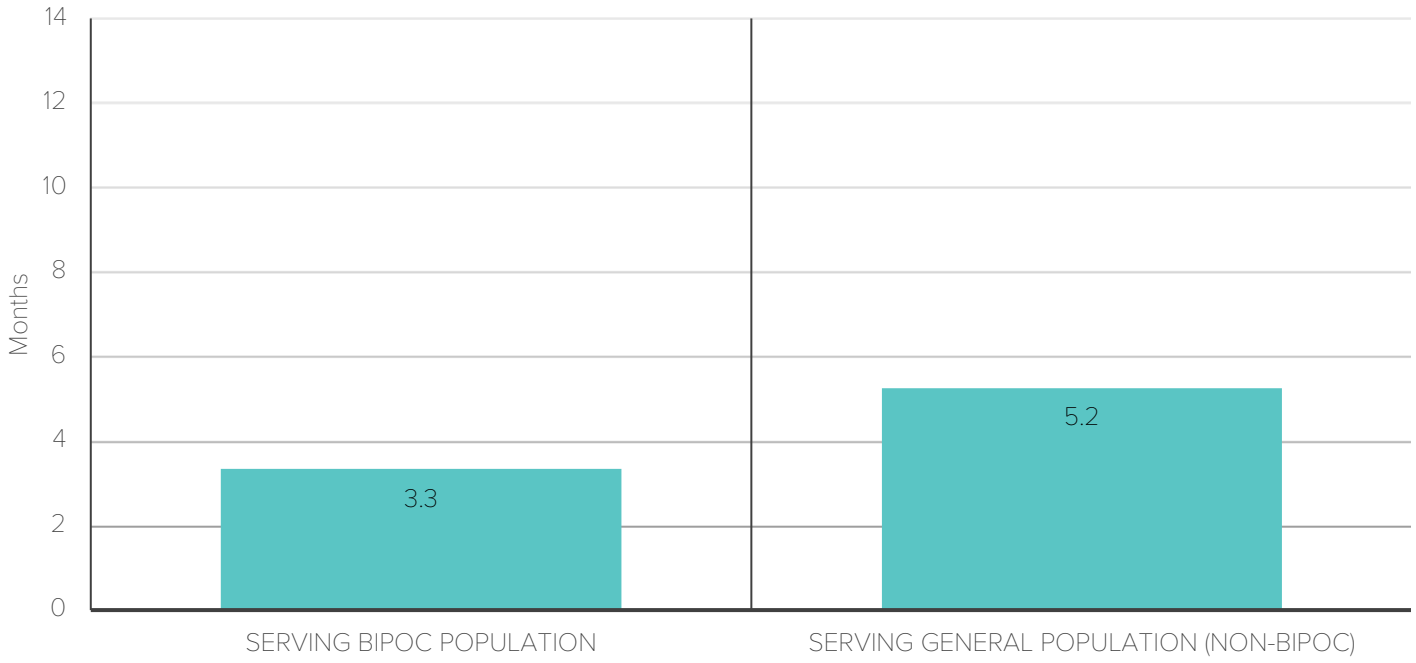
The Key Findings

- For all sectors except Opera, the **negative** index trends were due to average working capital levels being lower in 2019 than in 2016 while expense levels were higher.

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 inflation-adjusted % change
Arts Education						
Months of working capital	1.5	1.9	1.2	1.0	-0.5	
Working Capital/Total Expenses (before depr.)	12%	16%	10%	8%	-32%	
Ave. Working Capital/	$ 465,249	$ 630,063	$ 417,885	$ 374,045		-24%
Ave. Total Expenses (before depreciation)	$ 3,752,740	$ 4,045,769	$ 4,114,685	$ 4,407,146		11%
Art Museums						
Months of working capital	9.4	7.9	6.5	11.2	1.8	
Working Capital/Total Expenses (before depr.)	78%	66%	54%	93%	19%	
Ave. Working Capital/	$ 12,982,006	$ 9,857,369	$ 8,714,242	$ 15,789,727		15%
Ave. Total Expenses (before depreciation)	$ 16,645,184	$ 14,972,758	$ 16,085,954	$ 16,974,396		-4%
Community						
Months of working capital	2.8	2.3	2.6	2.7	-0.1	
Working Capital/Total Expenses (before depr.)	23%	20%	22%	22%	-4%	
Ave. Working Capital/	$ 544,908	$ 463,883	$ 530,627	$ 601,415		4%
Ave. Total Expenses (before depreciation)	$ 2,335,116	$ 2,373,378	$ 2,425,435	$ 2,678,165		8%
Dance						
Months of working capital	-0.1	-0.4	0.1	0.3	-0.1	
Working Capital/Total Expenses (before depr.)	-1%	-3%	1%	2%	-414%	
Ave. Working Capital/	-$ 23,979	-$ 127,147	$ 21,191	$ 88,989		-450%
Ave. Total Expenses (before depreciation)	$ 3,407,507	$ 3,706,397	$ 3,889,172	$ 4,026,846		11%
Music						
Months of working capital	5.0	4.1	4.4	5.4	0.4	
Working Capital/Total Expenses (before depr.)	42%	34%	37%	45%	7%	
Ave. Working Capital/	$ 463,297	$ 384,512	$ 436,180	$ 560,756		14%
Ave. Total Expenses (before depreciation)	$ 1,113,750	$ 1,134,436	$ 1,177,527	$ 1,256,970		6%
Opera						
Months of working capital	0.4	0.9	0.4	0.4	0.0	
Working Capital/Total Expenses (before depr.)	3%	7%	4%	3%	4%	
Ave. Working Capital/	$ 324,588	$ 764,775	$ 392,850	$ 341,737		-1%
Ave. Total Expenses (before depreciation)	$ 10,350,910	$ 10,666,256	$ 10,671,408	$ 10,522,591		-4%
Performing Arts Centers						
Months of working capital	0.4	0.9	1.3	1.7	1.3	
Working Capital/Total Expenses (before depr.)	4%	7%	11%	14%	306%	
Ave. Working Capital/	$ 222,331	$ 480,193	$ 1,079,585	$ 840,374		257%
Ave. Total Expenses (before depreciation)	$ 6,282,433	$ 6,544,775	$ 9,987,208	$ 5,847,561		-12%
Symphony Orchestras						
Months of working capital	0.7	1.2	1.2	1.5	0.8	
Working Capital/Total Expenses (before depr.)	6%	10%	10%	12%	114%	
Ave. Working Capital/	$ 366,571	$ 606,890	$ 615,041	$ 851,528		119%
Ave. Total Expenses (before depreciation)	$ 6,406,876	$ 6,042,221	$ 6,304,139	$ 6,968,260		3%
Theater						
Months of working capital	1.6	1.7	3.0	3.5	1.9	
Working Capital/Total Expenses (before depr.)	13%	14%	25%	29%	121%	
Ave. Working Capital/	$ 438,282	$ 491,837	$ 872,906	$ 1,092,057		135%
Ave. Total Expenses (before depreciation)	$ 3,359,073	$ 3,468,480	$ 3,547,035	$ 3,793,971		7%
Other Museums						
Months of working capital	3.0	2.0	1.8	1.9	-1.1	
Working Capital/Total Expenses (before depr.)	25%	16%	15%	16%	-36%	
Ave. Working Capital/	$ 2,350,885	$ 1,601,529	$ 1,481,879	$ 1,647,453		-34%
Ave. Total Expenses (before depreciation)	$ 9,453,146	$ 9,827,792	$ 10,036,959	$ 10,392,835		4%
General Performing Arts						
Months of working capital	0.2	0.2	0.3	0.4	0.2	
Working Capital/Total Expenses (before depr.)	2%	2%	2%	4%	83%	
Ave. Working Capital/	$ 60,829	$ 57,027	$ 71,893	$ 121,657		89%
Ave. Total Expenses (before depreciation)	$ 2,974,841	$ 2,970,172	$,239,924	$ 3,247,218		3%

*845 organizations that provided balance sheet data each of the 4 years.

2019, BY BIPOC



KEY FINDINGS

- While both groups average positive working capital, those who do not self-identify as primarily serving an African, Latino(a/x), Arab, Asian, or Native American (non-BIPOC) audience have higher levels of working capital.
- Non-BIPOC organizations have levels of working capital similar to the overall average of 5 months.

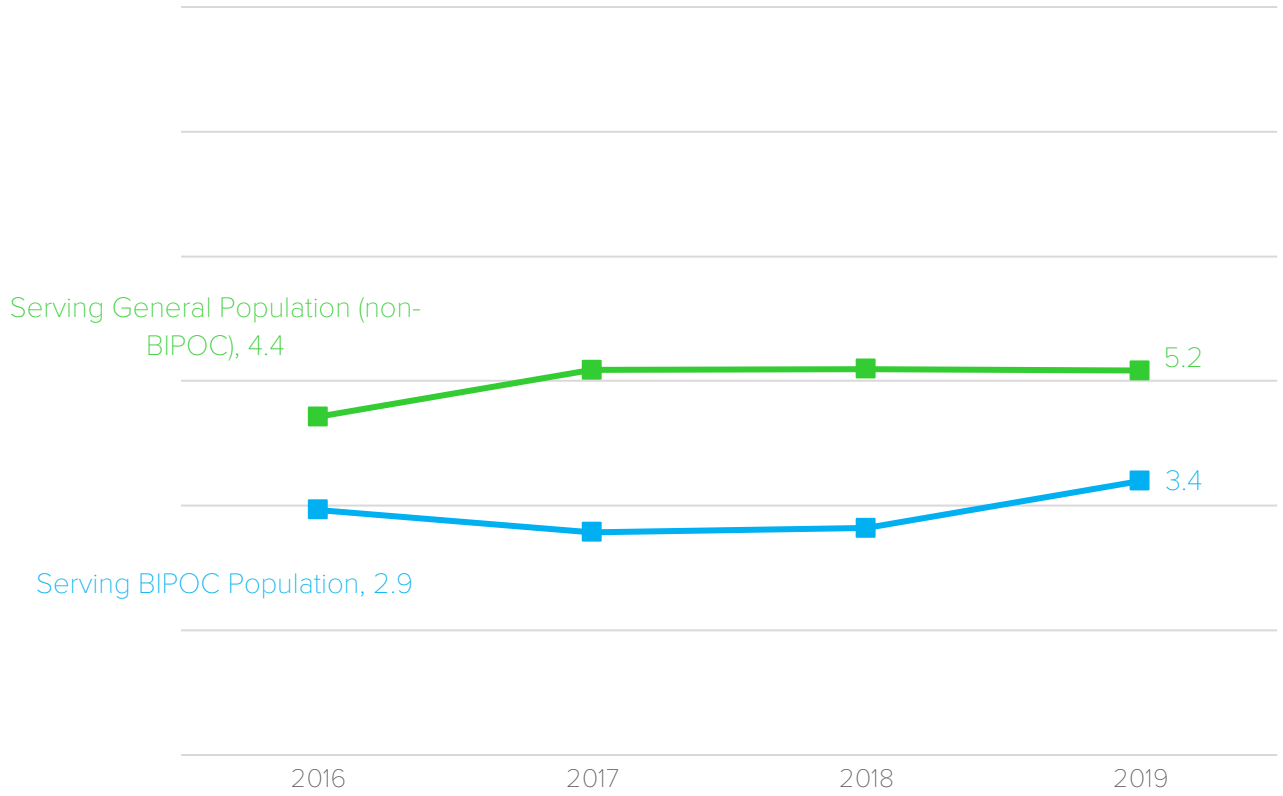
Note: Median Working Capital was $166,685 for BIPOC organizations and $137,171 for non-BIPOC organizations, showing skew to large organizations.

Note: This analysis includes 322 BIPOC organizations and 702 non-BIPOC organizations.

SEE THE TRENDS

Index	Serving BIPOC Population	Serving General Population (non-BIPOC)
Months of working capital	3.3	5.2
Working Capital/Total Expenses (before depr.)	27.8%	43.7%
Ave. Working Capital/	$ 668,926	$ 3,401,207
Ave. Total Expenses (before depreciation)	$ 2,406,927	$ 7,783,813

MONTHS OF WORKING CAPITAL, BY BIPOC TRENDS, 2016-2019*



- While working capital increased for non-BIPOC organizations, **BIPOC organizations had a slight downward trend in 2017 and 2018 that recovered to a 4-year high in 2019.**

See more details in the trend table.

*845 organizations that provided balance sheet data each of the 4 years.

MONTHS OF WORKING CAPITAL BY BIPOC TRENDS, 2016-2019* (CONT.)

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 inflation-adjusted % change
Serving BIPOC Population						
Months of working capital	2.9	2.6	2.6	3.4	0.5	
Working Capital/Total Expenses (before depr.)	24%	21%	22%	28%	16%	
Ave. Working Capital/	$ 592,329	$ 535,066	$ 566,610	$ 757,077		21%
Ave. Total Expenses (before depreciation)	$ 2,424,762	$ 2,496,578	$ 2,577,570	$ 2,676,003		4%
Serving General Population (non-BIPOC)						
Months of working capital	4.4	5.2	5.2	5.2	0.7	
Working Capital/Total Expenses (before depr.)	37%	43%	43%	43%	17%	
Ave. Working Capital/	$ 3,000,455	$ 3,377,091	$ 3,564,155	$ 3,714,976		17%
Ave. Total Expenses (before depreciation)	$ 8,133,427	$ 7,826,375	$ 8,241,583	$ 8,626,140		0%

The Key Findings

- While non-BIPOC organizations followed the overall sector trend, BIPOC organizations experienced lower levels of working capital overall.
  - However, it is worth noting that BIPOC organizations improved their working capital over time.

*845 organizations that provided balance sheet data each of the 4 years.

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

Beginning in 2016, a short-form data collection option was offered to organizations with budgets under $50,000. It does not collect enough balance sheet detail to calculate working capital, so the smallest of organizations are not represented in these findings.

How is Working Capital Calculated by Organization Size?

Working capital is calculated as unrestricted current assets less unrestricted current liabilities when organizations report their assets by category of restriction, which is most often the case for Medium and Large organizations that operate independently and have a balance sheet. Many Small organizations, however, do not have this level of detail at their disposal when they report their data. So, to be as inclusive as possible, for Small organizations we take a different approach to the calculation: unrestricted net assets less net fixed assets less long-term investments. Since few Small organizations have restricted long-term investments, this approach gives us a fairly comparable view of their liquid net assets.

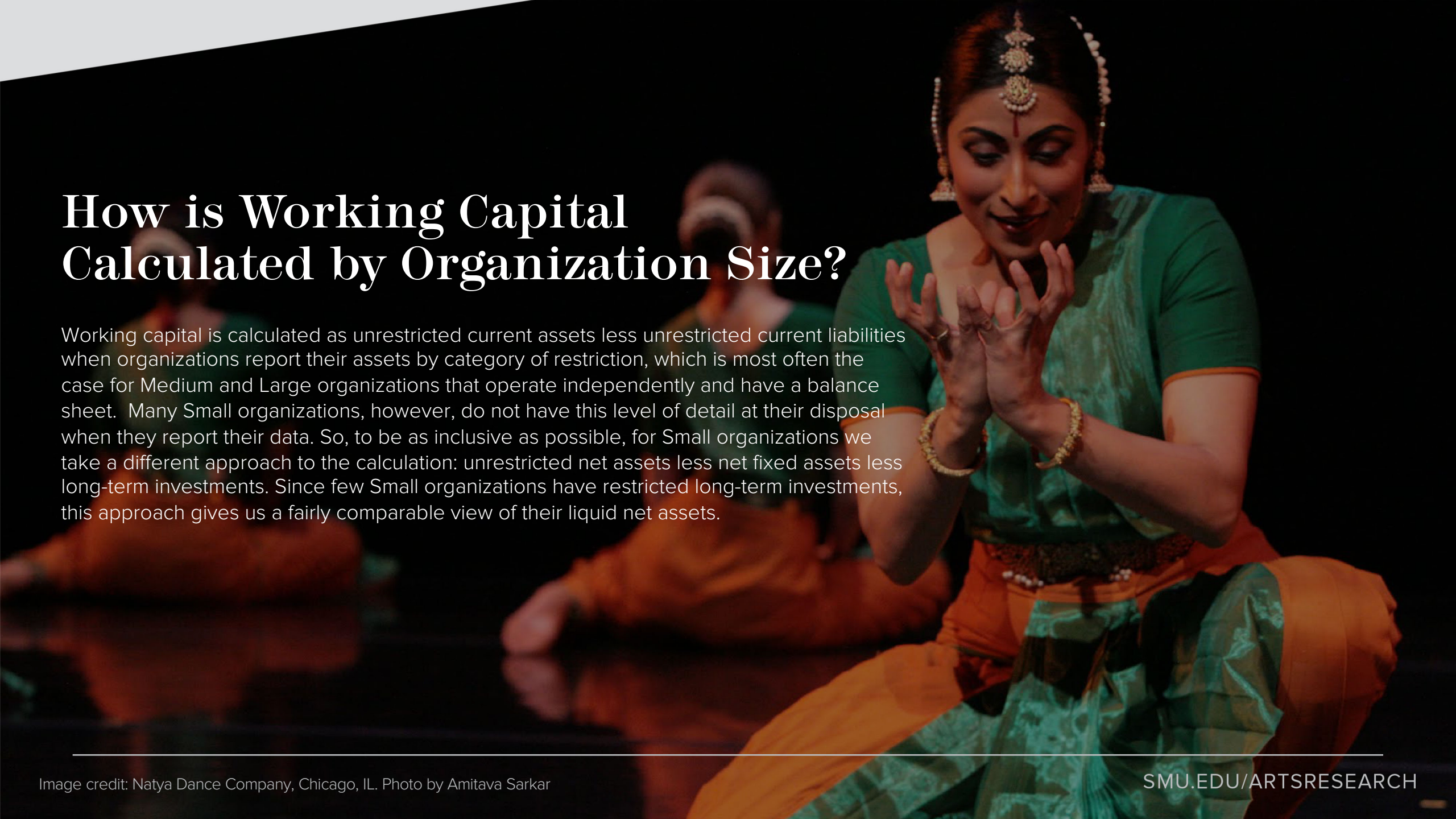
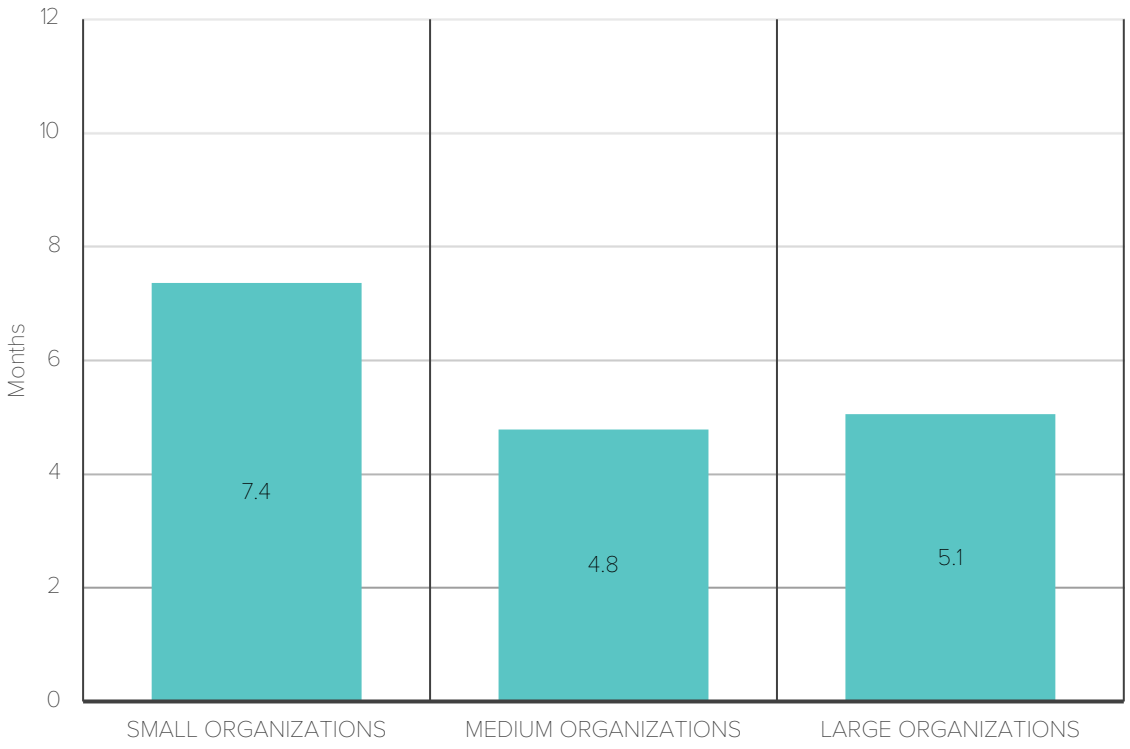


Image credit: Natya Dance Company, Chicago, IL. Photo by Amitava Sarkar

2019, BY SIZE



KEY FINDINGS

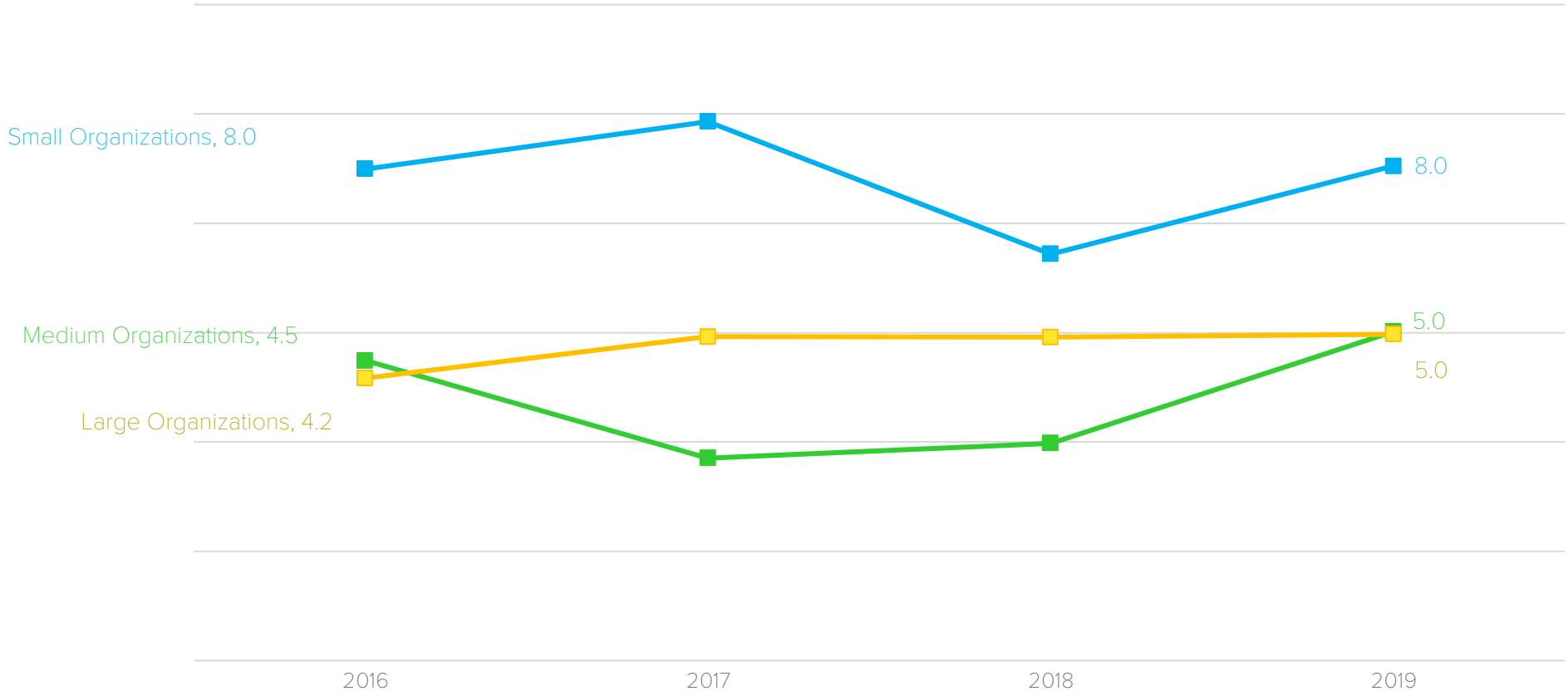
To appreciate working capital levels for organizations of different size, it helps to understand what's going on with working capital's component parts (not shown in the chart).

- The starting point: Unrestricted Current Assets. Small (those that reported detail on assets by restriction) organizations' level of unrestricted current assets was 61% of total expenses, whereas that of Medium and Large organizations was roughly 41%.
- Layer in Unrestricted Current Liabilities. **As organizations increased in size, their unrestricted current liabilities increased in proportion to their unrestricted current assets. Large organizations' relative level of unrestricted current liabilities limited their working capital.**
- A balance sheet side note. **On average, only Large organizations had access to readily available cash and investments that exceeded the amount captured as unrestricted current assets.** This measure includes unrestricted and temporarily restricted cash, cash equivalents, investments, and line of credit limit. Large organizations that have a long planning horizon or plan multiyear projects depend on the release of previously raised, multiyear money sitting as temporarily restricted cash. We know from the SMU DataArts Fundraising Report that as organizations grow in budget size, the release of restricted net assets into the current year – a clear sign of multiyear planning – becomes an increasingly important part of the year's contributed revenue. Galvanizing donors behind a big idea that will occur in the future appears to be a hallmark of growth.

SEE THE TRENDS

Index	Small Organizations	Medium Organizations	Large Organizations
Months of working capital	7.4	4.8	5.1
Working Capital/Total Expenses (before depr.)	61.3%	39.9%	42.1%
Ave. Working Capital/	$ 148,042	$ 537,865	$ 7,728,867
Ave. Total Expenses (before depreciation)	$ 241,424	$ 1,348,348	$ 18,340,236

MONTHS OF WORKING CAPITAL BY SIZE, TRENDS 2016-2019



- **Average months of working capital for Small organizations rose in 2017 before a drop in 2018 and a recovery to 2016 levels in 2019.** These organizations' average working capital and expenses decreased, with the net effect of unchanged months of working capital.
- **Medium and Large organizations** saw the opposite overarching trend as Small organizations: **working capital growth coupled with a decrease in spending.**

*845 organizations that provided balance sheet data each of the 4 years.

MONTHS OF WORKING CAPITAL BY SIZE, TRENDS 2016-2019 (CONT.)

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 inflation-adjusted % change
Small Organizations						
Months of working capital	8.0	8.9	6.4	8.0	0.1	
Working Capital/Total Expenses (before depr.)	67%	74%	54%	67%	1%	
Ave. Working Capital/	$ 176,862	$ 196,210	$ 136,954	$ 181,953		-3%
Ave. Total Expenses (before depreciation)	$ 265,590	$ 265,794	$ 255,417	$ 271,313		-4%
Medium Organizations						
Months of working capital	4.5	2.7	3.0	5.0	0.5	
Working Capital/Total Expenses (before depr.)	37%	23%	25%	42%	12%	
Ave. Working Capital/	$ 511,493	$ 306,850	$ 334,167	$ 582,126		7%
Ave. Total Expenses (before depreciation)	$ 1,368,479	$ 1,362,337	$ 1,347,565	$ 1,392,118		-4%
Large Organizations						
Months of working capital	4.2	4.9	4.9	5.0	0.8	
Working Capital/Total Expenses (before depr.)	35%	41%	41%	41%	19%	
Ave. Working Capital/	$ 6,916,021	$ 7,584,659	$ 7,655,278	$ 8,041,321		10%
Ave. Total Expenses (before depreciation)	$ 19,921,680	$ 18,488,598	$ 18,691,920	$ 19,423,245		-8%

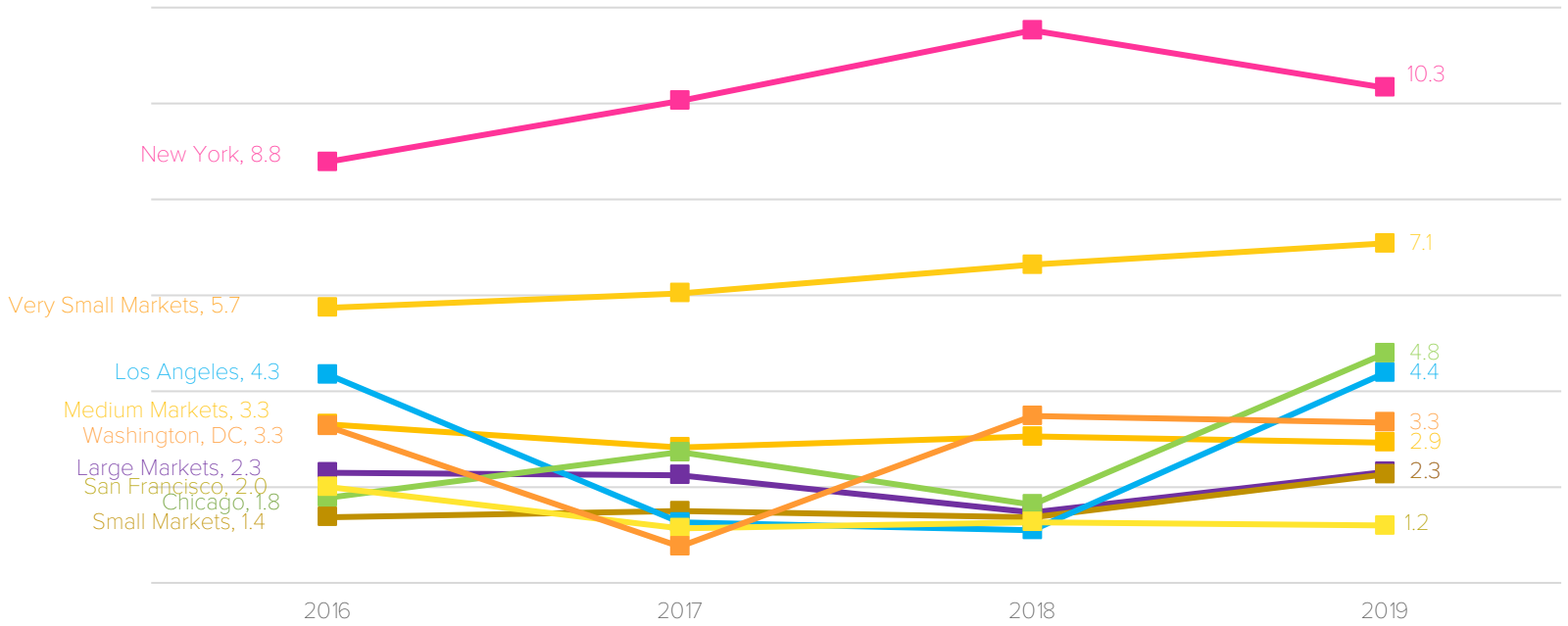
MONTHS OF WORKING CAPITAL BY GEOGRAPHY, 2019

Index	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
Months of working capital	9.3	3.3	4.6	1.3	7.0	4.7	2.9	1.4	6.0
Working Capital/Total Expenses (before depr.)	77.6%	27.1%	37.9%	11.2%	58.2%	39.4%	23.9%	11.6%	50.3%
Ave. Working Capital/	$ 2,477,860	$ 654,437	$ 486,072	$ 352,577	$ 2,793,287	$ 704,033	$ 605,270	$ 215,931	$ 671,804
Ave. Total Expenses (before depreciation)	$ 3,193,038	$ 2,414,632	$ 1,281,692	$ 3,149,382	$ 4,795,843	$ 1,784,697	$ 2,536,672	$ 1,861,511	$ 1,336,110

- Among individual markets, New York had substantially more months of working capital, with San Francisco having the fewest months.
- Organizations in Chicago averaged a similar number of months of working capital when compared to Large markets. Very Small markets tended to have more months of working capital than any other market size, driven by lower relative average expenses and more working capital.

SEE THE TRENDS

MONTHS OF WORKING CAPITAL BY GEOGRAPHY, TRENDS 2016-2019



- The average organization in most markets experienced tighter liquidity over time. **The exceptions were the New York and Chicago areas**, and Very Small Markets, **all of which saw a rise in months of working capital.**
- **The Los Angeles averages in 2016 and 2019 were driven by an outlier**. Eliminating it from these analyses would leave a working capital for this market at 1.6 months in 2016, slowly declining to 1 month by 2019.
- After a steady rise, working capital dipped in 2019 for New York organizations. Despite this, 2019 working capital remains higher than it was in 2016. Chicago organizations, on the other hand, saw a decline in months of working capital in 2018, then a steep rise in 2019.
- Very Small Markets consistently demonstrated among the highest levels of months of working capital throughout all 4 years, with liquidity steadily rising from 2016 to 2019.

See more details in the trend table.

BY GEOGRAPHY, TRENDS 2016-2019 (CONT.)

The Key Findings

- All markets managed expense growth in the same manner, outpacing inflation by less than 15%.
- Chicago demonstrated the greatest upswing in average working capital – a surge of 155%. These organizations had comparably more ground to cover since their average working capital was the lowest of all regional market clusters in 2016.
- San Francisco organizations saw relatively little change in months of working capital after a dip in 2017; similarly, expense growth in San Francisco remained steady, rising only slightly between 2016 and 2019.

Index	2016	2017	2018	2019	2016-2019 change	2016-2019 change, adjusted for inflation
New York - White Plains - Wayne, NY-NJ						
Months of working capital	8.8	10.1	11.5	10.3	1.6	
Working Capital/Total Expenses (before depr.)	73.2%	83.8%	96.0%	86.1%	12.9%	
Ave. Working Capital/	$ 5,017,510	$ 5,623,459	$ 6,381,056	$ 6,084,883	21.3%	14.4%
Ave. Total Expenses (before depreciation)	$ 6,857,544	$ 6,712,813	$ 6,645,199	$ 7,068,277	3.1%	-2.8%
Los Angeles - Long Beach - Glendale						
Months of working capital	4.3	1.3	1.1	4.4	0.0	
Working Capital/Total Expenses (before depr.)	36.2%	10.5%	9.1%	36.5%	0.2%	
Ave. Working Capital/	$ 841,645	$ 262,463	$ 236,563	$ 1,017,187	20.9%	14.0%
Ave. Total Expenses (before depreciation)	$ 2,322,492	$ 2,495,043	$ 2,586,955	$ 2,788,008	20.0%	13.2%
Chicago - Naperville - Arlington Heights						
Months of working capital	1.8	2.7	1.6	4.8	3.0	
Working Capital/Total Expenses (before depr.)	14.8%	22.7%	13.6%	39.9%	25.1%	
Ave. Working Capital/	$ 252,599	$ 379,521	$ 233,814	$ 681,308	169.7%	154.5%
Ave. Total Expenses (before depreciation)	$ 1,706,563	$ 1,671,704	$ 1,721,280	$ 1,709,364	0.2%	-5.5%
San Francisco - San Mateo - Redwood City						
Months of working capital	2.0	1.1	1.3	1.2	-0.8	
Working Capital/Total Expenses (before depr.)	16.7%	9.5%	10.5%	10.0%	-6.7%	
Ave. Working Capital/	$ 555,464	$ 338,339	$ 372,057	$ 359,957	-35.2%	-38.9%
Ave. Total Expenses (before depreciation)	$ 3,329,543	$ 3,570,328	$ 3,532,967	$ 3,613,939	8.5%	2.4%
Washington - Arlington - Alexandria - Frederick - Gaithersburg - Rockville						
Months of working capital	3.3	0.8	3.5	3.3	0.1	
Working Capital/Total Expenses (before depr.)	27.2%	6.3%	29.0%	27.9%	0.7%	
Ave. Working Capital/	$ 790,440	$ 196,052	$ 948,241	$ 923,087	16.8%	10.2%
Ave. Total Expenses (before depreciation)	$ 2,902,447	$ 3,107,421	$ 3,269,099	$ 3,307,498	14.0%	7.5%
Large						
Months of working capital	2.3	2.2	1.5	2.3	0.0	
Working Capital/Total Expenses (before depr.)	19.2%	18.7%	12.2%	19.3%	0.1%	
Ave. Working Capital/	$366,550	$352,433	$245,893	$412,163	12.4%	6.1%
Ave. Total Expenses (before depreciation)	$1,910,593	$1,881,239	$2,009,165	$2,138,341	11.9%	5.6%
Medium						
Months of working capital	3.3	2.8	3.0	2.9	-0.4	
Working Capital/Total Expenses (before depr.)	27.6%	23.5%	25.4%	24.4%	-3.1%	
Ave. Working Capital/	$843,500	$699,724	$807,849	$810,189	-3.9%	-9.4%
Ave. Total Expenses (before depreciation)	$3,060,450	$2,973,622	$3,179,179	$3,318,746	8.4%	2.3%
Small						
Months of working capital	1.4	1.5	1.4	2.3	0.9	
Working Capital/Total Expenses (before depr.)	11.4%	12.5%	11.4%	18.8%	7.4%	
Ave. Working Capital/	$217,184	$232,118	$218,561	$377,421	73.8%	63.9%
Ave. Total Expenses (before depreciation)	$1,897,174	$1,863,769	$1,918,986	$2,002,308	5.5%	-0.4%
Very Small						
Months of working capital	5.7	6.0	6.6	7.1	1.3	
Working Capital/Total Expenses (before depr.)	47.8%	50.3%	55.3%	59.0%	11.2%	
Ave. Working Capital/	$630,313	$668,563	$770,310	$846,291	34.3%	26.7%
Ave. Total Expenses (before depreciation)	$1,318,706	$1,328,687	$1,393,044	$1,434,053	8.7%	2.6%

INDEX-SPECIFIC DRIVERS

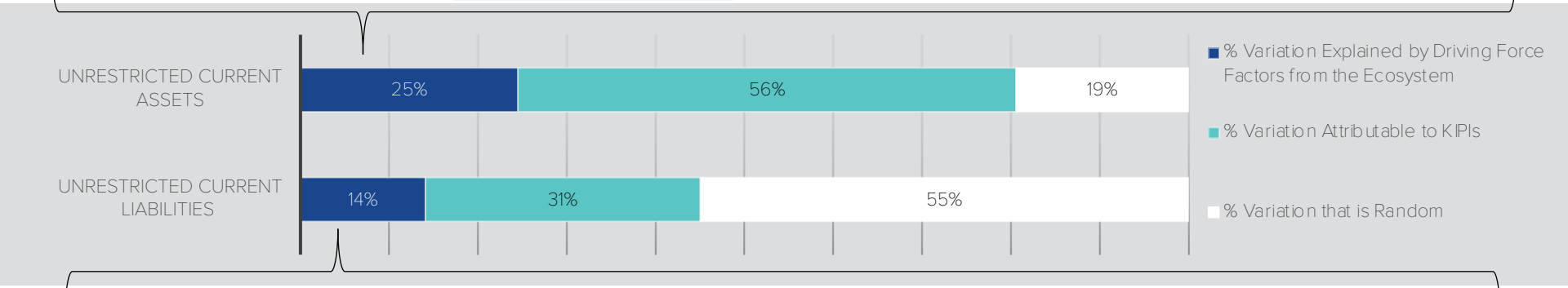
What Drives Unrestricted Current Assets & Unrestricted Current Liabilities From the A&C Ecosystem?

A&C ORGANIZATIONS
Size, sector, age +
State funding +
Fixed assets +
Unrestricted contributions +
Targets Asian Americans +
Targets kids/young adults –
Local funding –
Level of earned revenue –
World/national premieres –
Targets African Americans –

COMMUNITY ARTS AND LEISURE CHARACTERISTICS[1]
arts ed orgs, dance orgs +
arts museums, community orgs +
theaters, orchestras +
other leisure activity competitors –
PACs –

COMMUNITY SOCIO-DEMOGRAPHIC CHARACTERISTICS
High % African American, Hispanic/Latino +
Socioeconomics +
Total population –
High % kids, young adults –
High % Asians American –

PUBLIC FUNDING
$ and # of Federal and State arts grants +



A&C ORGANIZATIONS
Size, sector, age +
Occupancy costs +
Fixed assets +
Receives NEA/IMLS funds –
Level of investment value –
Level of unrestricted income –
World/national premieres –

COMMUNITY ARTS AND LEISURE CHARACTERISTICS[1]
other leisure activity competitors +
dance orgs, PACs +
Public radio & TV station activity +
arts ed orgs –
opera companies, other museums –

COMMUNITY SOCIO-DEMOGRAPHIC CHARACTERISTICS
Total population +
High % African American, Hispanic/Latino –

PUBLIC FUNDING
$ and # of Federal and State arts grants +

[1] Findings related to # of organizations per sector apply to other organizations in that sector – e.g., more competing PACs lower government support per PAC.

WHAT DRIVES UNRESTRICTED CURRENT ASSETS?

Positive working capital results from managing unrestricted current assets that exceed the value of unrestricted current liabilities, so we look at what drives these component parts separately. One quarter of an organization's expected level of unrestricted current assets 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 current assets is attributable to its expertise, good decision-making, reputation, etc., which is captured in its KIPI.

What organizational characteristics affect this performance?

- Total unrestricted current assets tend to be higher for organizations that target Asian Americans, and with higher levels of fixed assets and unrestricted contributions (specifically support at the state level). Total unrestricted current assets also tend to grow larger as organizations age.
- When organizations target kids or African Americans, their unrestricted current assets tend to be lower. Unrestricted current assets also tend to decrease when an organization has high levels of earned revenue, local funding, and when its offerings include a high proportion of world or national premieres.

How do community arts and leisure characteristics affect performance?

- Having more arts education organizations, dance organizations, art museums, community-based organizations, theatres, or symphony orchestras in a community tends to raise the unrestricted current asset tide for all organizations in these sectors within the market, while having more performing arts centers and nearby restaurants, bars, and hotels tends to lower the unrestricted current assets for all organizations in these sectors within the market.

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

- Unrestricted current assets are higher for organizations in communities where Hispanics/Latinos and African Americans make up a greater percentage of the population. This is also the case in communities where the population's overall level of socioeconomic status is higher.
- As the proportion of people aged 25 or younger in the community increases, unrestricted current assets go down. Unrestricted current assets also tend to be lower in more densely populated communities and in those with proportionally more Asian Americans.

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 current assets.

WHAT DRIVES UNRESTRICTED CURRENT LIABILITIES?

Positive working capital results from managing unrestricted current assets that exceed the value of unrestricted current liabilities, so we look at what drives these component parts separately. Only 14% of an organization's expected level of unrestricted current liabilities 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. Of the remaining variation in an organization's level of unrestricted current liabilities, 31% is attributable to its expertise, good decision-making, reputation, etc., which is captured in its KIPI. More than half of what drives unrestricted current liabilities is random, meaning this is an area that: 1) is relatively less influenced by the organization's situation and environment, and 2) has attracted somewhat less attention and focus in terms of intellectual capital or expertise developed by organizations.

What organizational characteristics affect this performance?

- Total unrestricted current liabilities tend to be higher for organizations with higher levels of fixed assets and occupancy costs.
- When organizations have higher unrestricted revenue or when they have a high level of investments, unrestricted current liabilities tend to be lower. Unrestricted current liabilities also tend to be lower when an organization's offerings include a high proportion of world or national premieres, or when they receive more federal support.

How do community arts and leisure characteristics affect performance?

- Unrestricted current liabilities tend to be higher for organizations in communities with higher levels of public broadcast activity, as well as other leisure activities.
- Having more PACs or dance companies in a community tends to raise the level of unrestricted current liabilities for all organizations in these sectors within a market. By contrast, the more opera companies, arts education organizations, or other museums, the more likely each is to have lower unrestricted current liabilities.

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

- Unrestricted current liabilities are higher for organizations in more populous communities.
- Unrestricted revenue tends to be lower in communities with proportionally more Hispanics/Latinos or African Americans.

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 current liabilities.

INDEX-SPECIFIC DRIVERS

What Drives Total Expenses (before depr.) From the A&C Ecosystem?

A&C ORGANIZATIONS

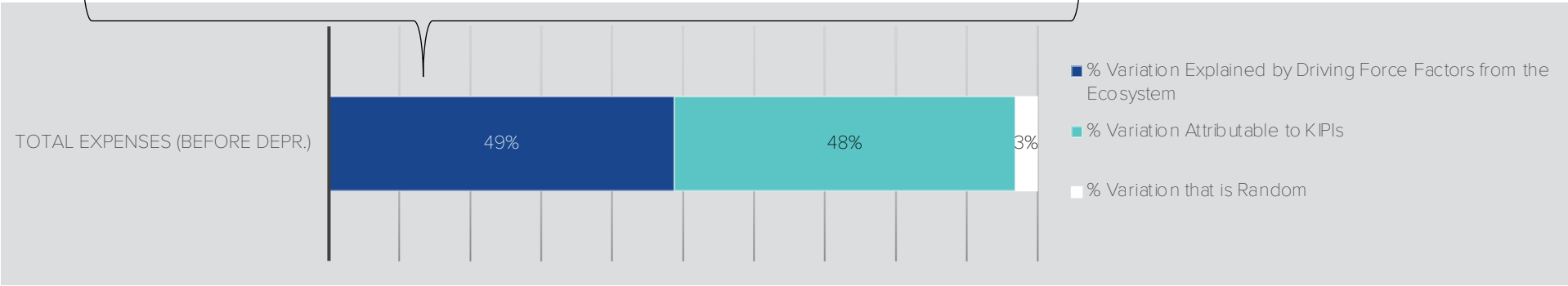
Size, sector, age +
Higher spend on marketing +
Higher spend on fundraising +
Higher earned program revenue +
Targets kids +
Targets African Americans +
Targets young adults –
Targets Asian Americans –

COMMUNITY ARTS AND LEISURE CHARACTERISTICS[1]

Market A&C dollar activity +
artists and arts providers +
other leisure activity competitors –
orchestras, theater companies –
community-based organizations –
opera companies –
general performing arts organizations –

COMMUNITY SOCIO-DEMOGRAPHIC CHARACTERISTICS

Socioeconomics +
Median age –



[1] Findings related to # of organizations per sector apply to other organizations in that sector – e.g., more competing PACs lower government support per PAC.

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, good decision-making, talents, reputation, etc., which are captured in its KIPI. A mere 3% is random.

What organizational characteristics affect this performance?

- Total expenses increase with organizational age, program revenue, and higher spending levels on marketing and fundraising. They also tend to be higher for organizations that primarily serve either kids or African Americans.
- Organizations that serve young adults or Asian Americans tend to have lower expenses than their counterparts that do not.

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. In general, having more arts organizations in a community tends to raise the budget size for all organizations in these two sectors within the market.
- Having more theatres, orchestras, and opera companies 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 community-based and general performing arts organizations.
- More restaurants, bars, or hotels in a market tend to drive down arts and cultural organizations' total expense levels.

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

- Total expenses are higher for organizations in higher socioeconomic communities.
- As the median age in the market increases, total expenses decrease for organizations.

What impact does public funding have on performance?

- Overall, state and federal grant activity in the local marketplace had no effect on total expense levels.