

Encore

A Spotlight on Philanthropy in the
Performing Arts

Alexander Haas
TRANSFORMING INSTITUTIONS THAT TRANSFORM LIVES

First Things First



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www.fundraisingcounsel.com



from the standing-desk of
David H. King | President & CEO

Ways Small Arts Organizations Can Improve Fundraising

Nonprofits of all sizes can experience cash shortages, and many do: Around half of U.S. nonprofits have less than one month of operating reserves, according to a recent study.

Nearly two-thirds of charities have annual budgets of less than \$1-million, which makes them similar to small businesses in terms of spending and revenue. Nonprofits face many of the same challenges as their commercial counterparts. They are under-capitalized, lack reserves to withstand a crisis or act on a special opportunity, and struggle to stay afloat from one pay period to the next.

So, how can small arts organizations overcome these obstacles and improve their financial health?

1. Be proactive and diligent about building an operating reserve.

Even if it's just \$500 a week, get in the habit of setting money aside. Too often, nonprofits try to accumulate a large lump sum before transferring it to reserves. It's never the right time to let go of a big sum, so move money into a reserve account in small, regular increments. This method will help you create a meaningful reserve without hampering cash flow.

2. Don't focus on raising endowment funds.

That may seem counterintuitive, even heretical, but here's my logic: If a nonprofit has a \$1-million budget and raises \$1-million for an endowment, at a 5% annual spend rate it would receive just \$50,000 each year. That's a lot of money being held captive rather than providing meaningful support. If the organization should need cash to stay afloat, in most cases it would be prohibited from accessing the endowment corpus, the original assets.

In contrast, if that same nonprofit raises \$1-million in operating reserves or

establishes a quasi-endowment - a board-designated investment fund with fewer restrictions than a true endowment.....

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Digital Engagement Rules All Generations

Communication channels that allow people to share their experiences are increasingly critical for an organization's long-term survival. In fact, data suggest that **there's no amount of paid advertising that can realistically overcome a lack of shared, positive experiences, especially in arts venues.**

For example, overall, **social media is 6.63x more valuable as a source of information for likely visitors than is television.** Similarly, overall, social media is 10.92x more valuable than is an article in a printed newspaper. Research shows that digital engagement channels are the most important.



Sources of information for high-propensity visitors

rank	source	index value
1	Social media	557
2	Mobile web	503
3	Web	471
4	Word of mouth	295
5	Peer review web	188
6	Email	117
7	Television	84
8	Radio	53
9	Newspaper (print)	51
10	Periodicals & magazines (print)	32
11	Direct mail	2

These data should help inform strategy, but they aren't necessarily intended to define a media budget. If, however, yours is one of those organizations without a social media manager that is spending big bucks on printed brochures, well, then these data may prove particularly eye-opening.

[Read all about it....](#)

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Get to Know...

Team Member Spotlight: Judy Anderson

Meet **Judy Anderson**, Project Director for Alexander Haas. Judy has been a vital part of Alexander Haas's arts, culture and museum team since she joined the Firm in 2002. Over the past 15 years at Alexander Haas, Judy has worked with performing arts clients across the South and literally from coast to coast. Judy brings a passion for the arts, fundraising experience, and top-notch organizational skills to serve our clients. We know why we love working with Judy, but let's hear what she loves about working with the arts. She's got insights on current industry trends, too.



[Don't miss this spotlight...](#)

Listen and Learn....

Mentorship & Advancement

Philip Mazzara, President and CEO of Providence Health Foundation joins Alexander Haas President and CEO, David King to share steps along his career path from advancement to fundraising and how mentorship helped shape that journey. Philip and David also discuss the challenges and rewards of capital campaigns.



Catch a new episode of Futures in Fundraising each month on Tuesdays at 10:00 am (EST) on Facebook Live. To download this show and catch up on others, find us on iTunes.

[Listen up, this is good stuff....](#)

We'd Like You to Know....

Transforming *Institutions*

We are proud of our long history of providing fundraising consulting services to performing arts organizations.

[Check out our past and present clients here.](#)

Face It: Arts Organizations are Different Our Transformational *Fundraising Services*

Alexander Haas serves a cross section of performing arts organizations throughout the country. We specialize (and delight in) what makes you distinctive. As an arts institution, you have different needs at different times. We can help you create real results.

[Read all about them!](#)



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