

How "Change Capital" Can Strengthen Arts Organizations

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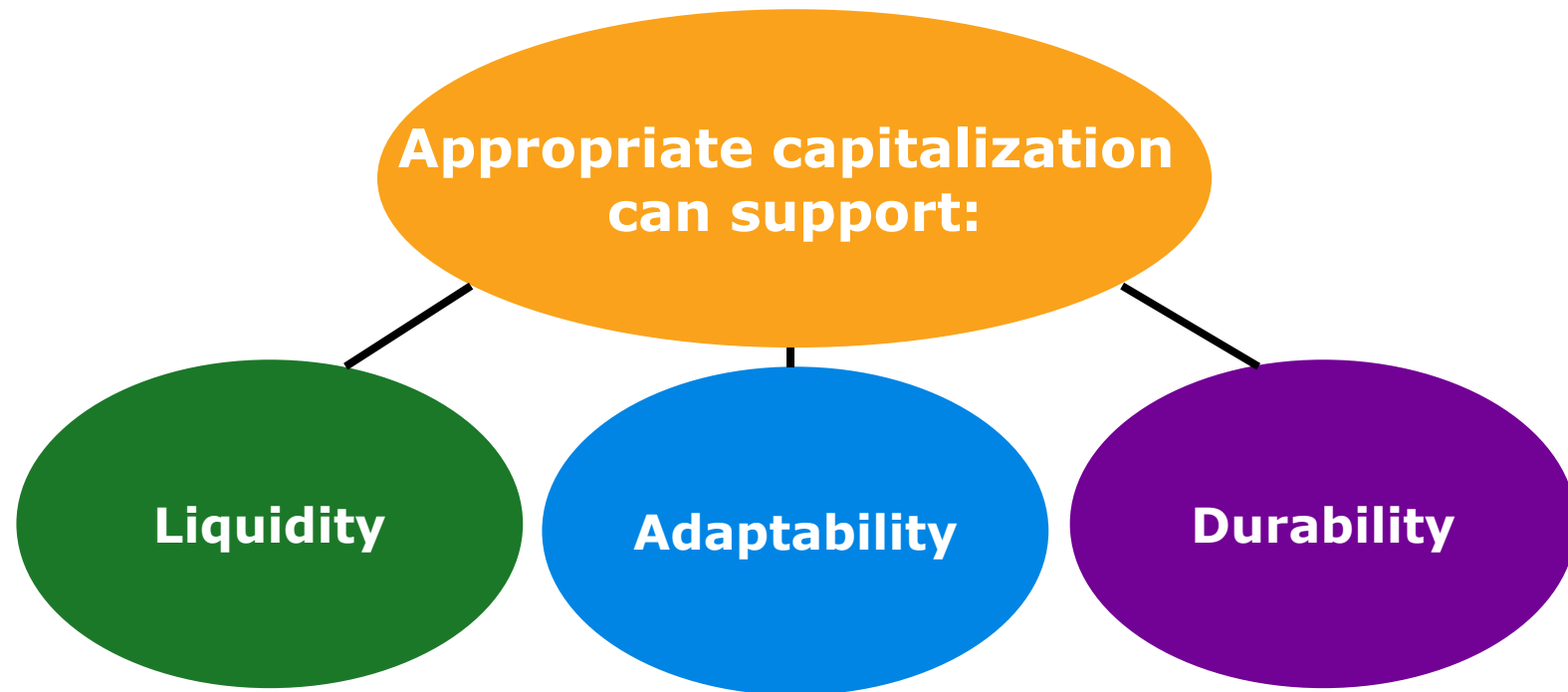
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Why Capitalization Matters



Great art is often created without lots of money and can be enjoyed for many years.

Great arts organizations without the right kinds and amounts of money, however, often struggle to see another day.



Does the organization have adequate cash to meet its operating needs?

Does the organization have flexible funds that allow for adjustments and opportunities?

Does the organization have access to funds to address a variety of future needs?

Often requires a shift in nonprofit and funder practices around money

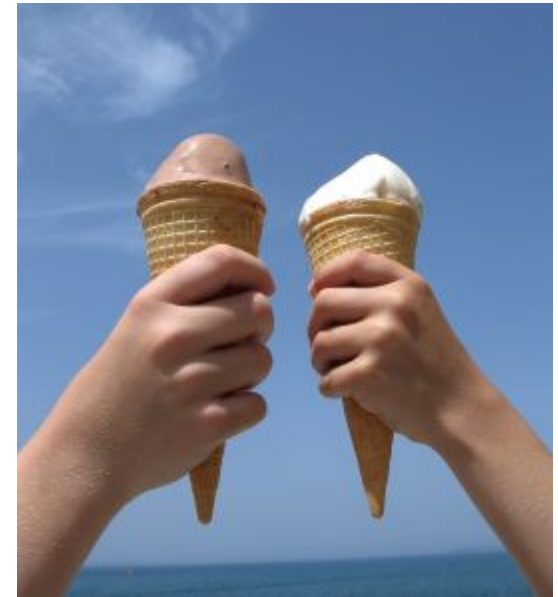
Revenue and Capital are Different

Revenue Characteristics

- May be earned or contributed
- Tends to be reliable and repeatable
- Covers annual costs of programs & operations
- Pays an organization to do what it does

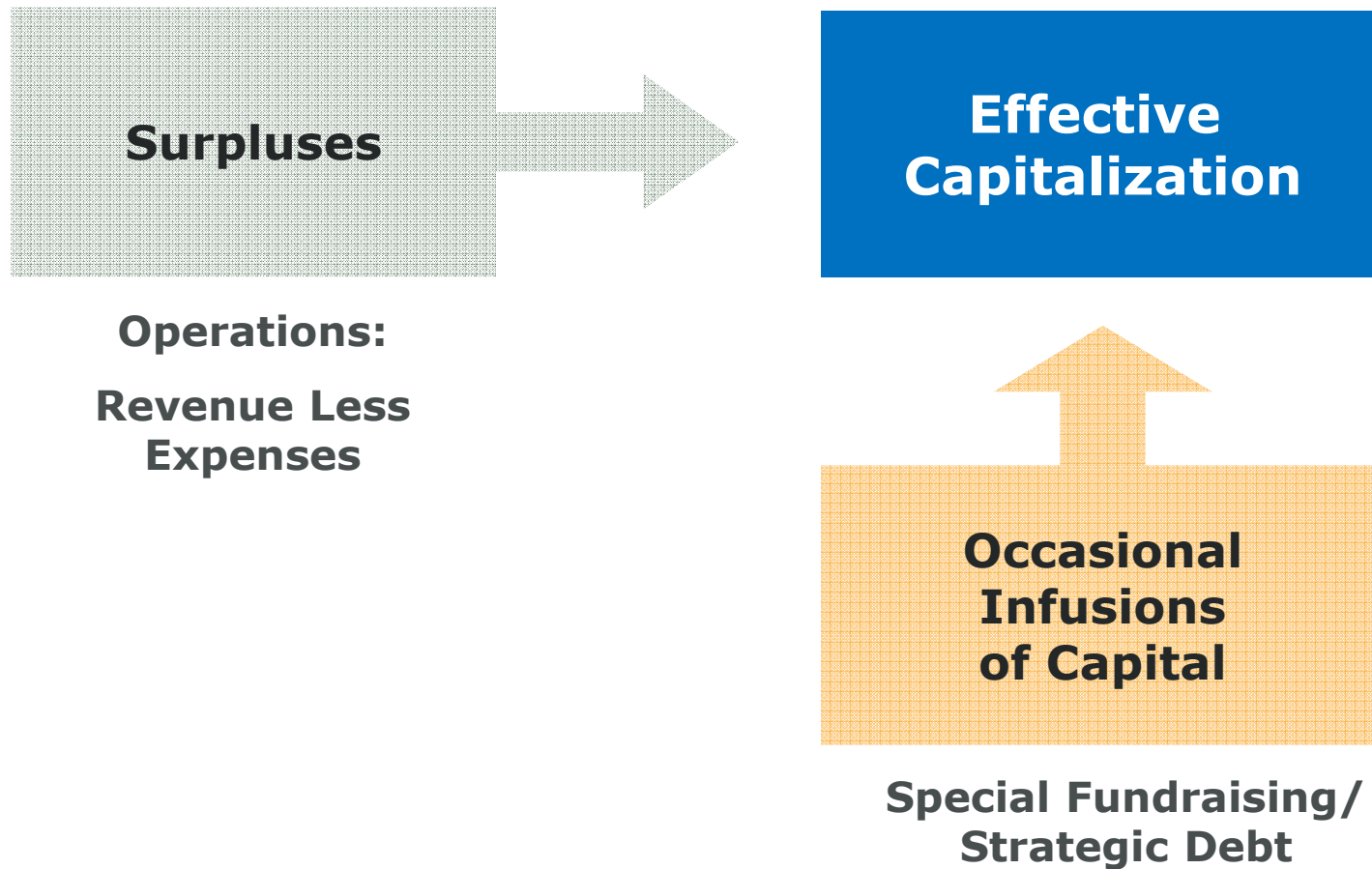
Capital Characteristics

- Tends to be episodic in nature
- Necessary infusions of capital support enterprise health
- Funds periodic needs related to liquidity, adaptability, and durability
- Supports ongoing generation of net revenue



Arts organizations need both revenue and capital to thrive!

Where Can Organizations Obtain Capital?



Leading for the Future: Innovative Support for Artistic Excellence



With support from Doris Duke Charitable Foundation, ten artistically excellent performing arts organizations are working with Nonprofit Finance Fund to develop, monitor, and adjust plans for achieving transformative change



national black arts festival

PING CHONG



+



COMPANY



THE WOOSTER GROUP



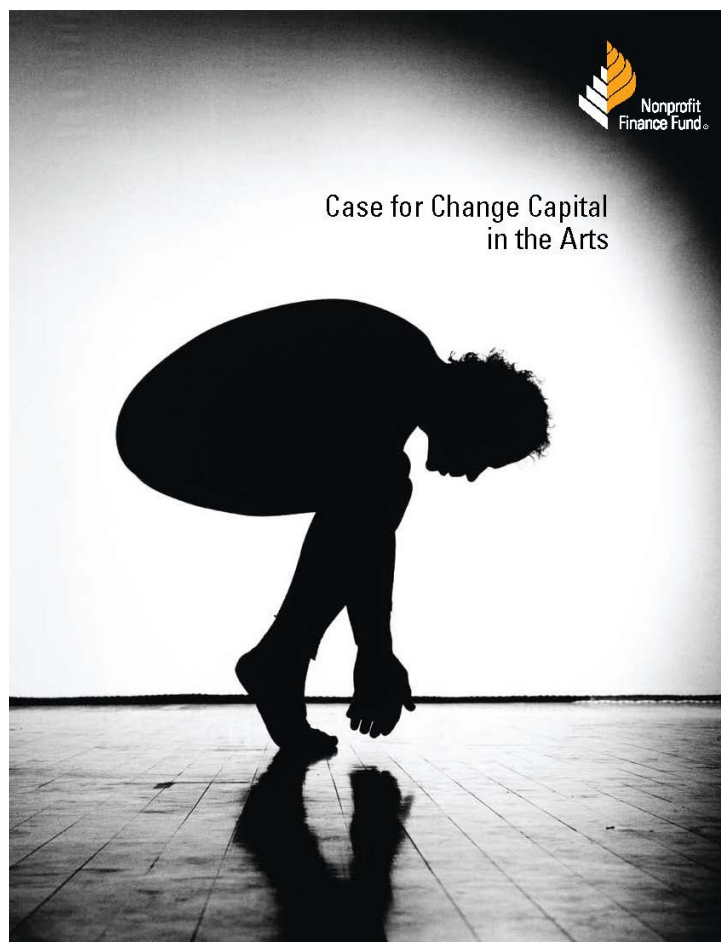
MERCE CUNNINGHAM DANCE COMPANY

Overview of Leading for the Future (LFF)



- \$10 million of change capital investments from Doris Duke Charitable Foundation over a five-year period
 - Each organization is receiving \$1 million in capital, drawn down according to individual plans for change
 - Additionally, each was awarded \$75,000 for planning
- Focus on making strategic adaptations to organizational capacity, business models and programmatic delivery—that ultimately lead to improved generation of net revenue
 - Also meaningful for organizations considering closure
 - Upfront commitment can kick-start a campaign and help ensure thoughtful implementation
- Managed and administered by NFF with the intent to share lessons learned with the field; services include:
 - Provision of consulting support for planning and implementation
 - Capturing and sharing learning among participants

To Learn More About Leading for the Future



<http://nonprofitfinancefund.org/case-change-capital-arts>

Let's Hear From LFF Participants...



Trevor Carlson

**Former Executive Director, Cunningham Dance Foundation
Trustee, Merce Cunningham Trust**

Lynn Wichern

**Former Chief Financial Officer, Cunningham Dance Foundation
Executive Director, Merce Cunningham Trust**

Tambra Dillon

**Former Director of Institutional Advancement, Cunningham
Dance Foundation**



The Legacy Plan Cunningham Dance Foundation

The Legacy Plan

As Merce Cunningham, one of the most important choreographers of our time, approached the age of 90, the Cunningham Dance Foundation was obliged to confront the challenge of how an arts organization — established to fulfill a single artist's vision — could transform itself for a post-founder existence and ensure the perpetuation of an enduring creative legacy.

Rationale Behind the Legacy Plan

Need to preserve Merce's legacy, but no successful or comparable precedents

Without Merce, how would the company continue?



Merce Cunningham; Photo: James Klosty

How the Plan Evolved

To better assess Merce's legacy and gain a sense of the challenges it would face, CDF surveyed opinion makers in the field. Questions included:

- How do you imagine this preservation taking place? What role do you think the MCDC should take in continuing the legacy of its founding choreographer?
- Is Merce's work particularly suited to preservation in some way?
- What would be the "price" of not preserving this work?
- To whom is this legacy of value?

The “Givens”

Consensus was striking: Without Merce, the company was not artistically or financially viable.

The question then became: If CDF and the dance company were to close, what would be the most generous way to do it?

In 2000, Merce had established the Trust and, by agreement with CDF, placed in the trust the ownership of all of his choreography.

Merce Cunningham Trust



Recognized by the IRS as a 501(c)(3) nonprofit foundation in 2002, the mission of the Trust is to preserve, enhance, and maintain the integrity of the choreographic and other artistic works of Merce Cunningham, and make such works available for the benefit of the public.

Students participating in the *Inlets 2* Cunningham Fellowship;
Photo: Courtesy of the Merce Cunningham Trust

Transition

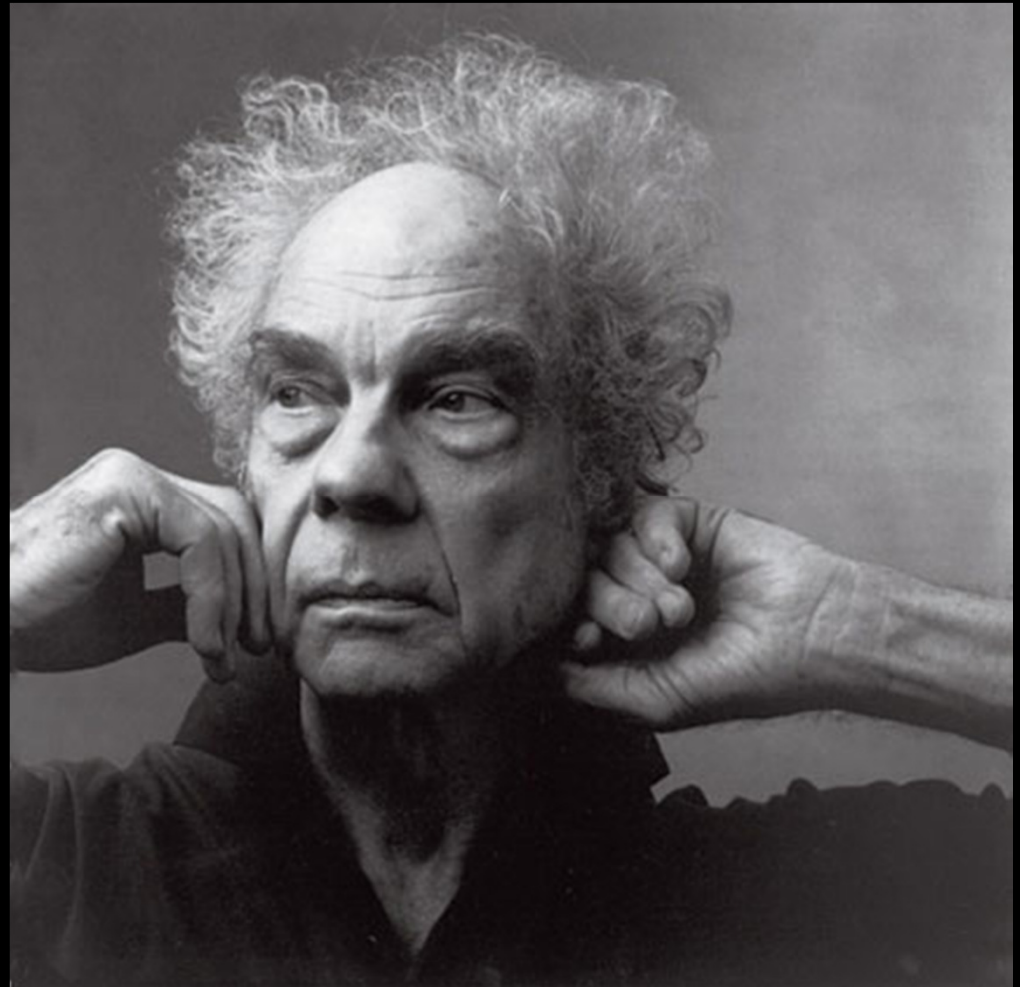
- Merce saw no need for two organizations—CDF and the Merce Cunningham Trust—going forward.
- The future of his legacy would pivot on a thoughtfully planned closure of CDF and transition to the trust.
- The framework now in place, two phases:
 - The “Creative Phase,” during which Cunningham remained involved and active
 - The “Legacy Phase,” beginning whenever Cunningham was no longer active.

The Legacy Plan

Celebrate, preserve, and secure Merce's artistic legacy

Unprecedented action for a modern choreographer

Field-wide relevance



Merce Cunningham; Photo: Annie Leibovitz

The Legacy Plan

Four Components:

- World Tour
- Preservation
- Caretaking
- Planned Closure and Transition



The Legacy Campaign

\$8 million fundraising effort



The Legacy Tour

Two-year tour to offer audiences around the world a final opportunity to see Cunningham's work, performed by the company he personally trained.





Merce Cunningham, Meg Harper, *RainForest* (1968), Photo: James Klosty

Preservation

Comprehensive documentation of Merce's work into digital "Dance Capsules"

Merce Cunningham Archive acquired by the Jerome Robbins Dance Division of the New York Public Library

Collection of MCDC sets and costumes acquired by the Walker Art Center in Minneapolis, MN

Career Transition



Caretaking of the Company and Staff, including career transition to honor the dancers, musicians and personnel who invested their time and creative efforts into the realization of Cunningham's work.

Planned Closure and Transition

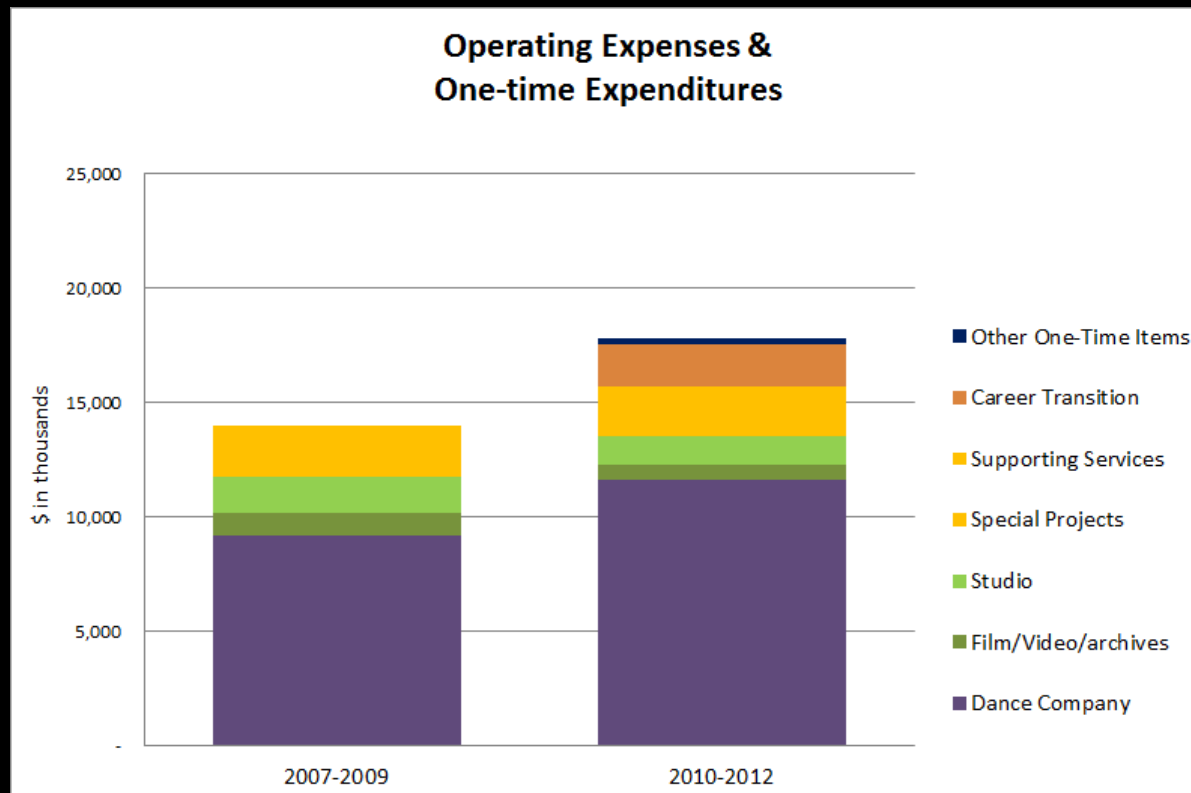


Last day at Westbeth; Photo: Anna Finke

Dissolution of CDF, included transfer of materials and resources to the Merce Cunningham Trust.

Accomplishments

Successfully managed a complicated three-year budget totaling \$17.8 million, closing with a surplus. Transferred \$428,000 in donated artwork and \$725,000 in cash to the Merce Cunningham Trust.



Accomplishments

Tour grew from 35 engagements to 57 engagements and helped fuel the budget

86 dances were preserved in digital Dance Capsule format, exceeding CDFs original goal of 50

Forthcoming case study will provide the field with a model

Accomplishments

The Legacy Plan has been a resounding success. With the coordinated transition to the Merce Cunningham Trust, Cunningham's legacy is in a position to flourish in unforeseen ways in perpetuity.

- Cunningham Technique – Taught 6 days a week at three studios in New York City.
- Cunningham Fellowship – New program to support the restaging of works
- New York Public Library Archives and 86 Dance Capsules – provide access to Cunningham's legacy
- Licensing works and educational initiatives – ensure the public worldwide will continue to witness Cunningham's work

Challenges

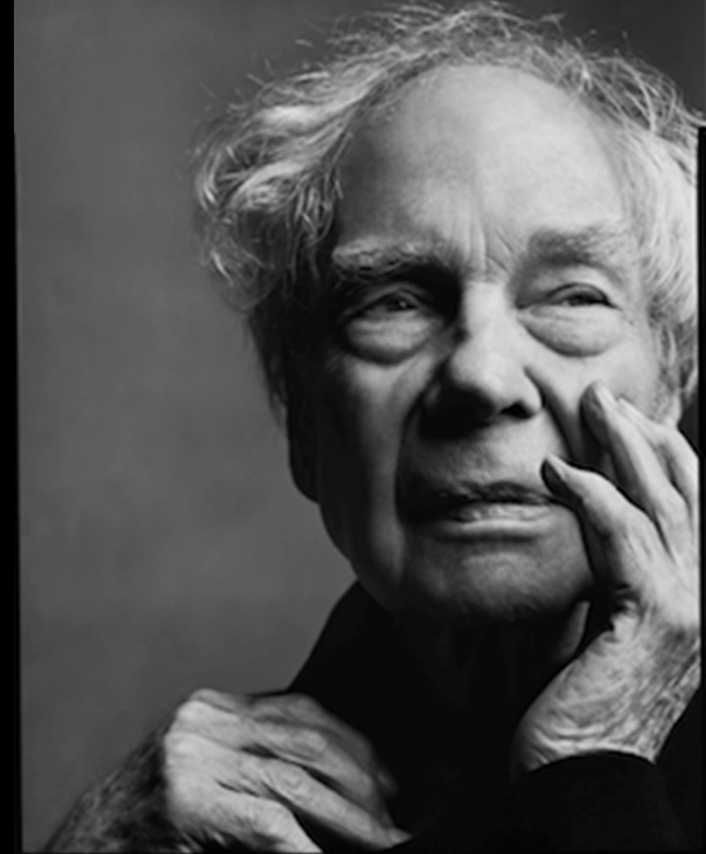
- Unknown timeline
 - Legacy Plan could not be implemented until Merce's death or inability to lead the company
- Fundraising
 - Challenging in the best of times, need to raise additional funds compounded by the economic crisis; Campaign scaled back from \$12M to \$8M
- Public Relations
 - Complicated message; need for confidentiality, news of the planned closure could not be mismanaged or leaked prematurely
- Transition in Artistic Leadership
 - Artistic leadership was transferred to those who knew his work intimately, but lines of authority were sometimes difficult to maintain
- Undertaking the Tour
 - Gearing up for the tour and maintaining morale was challenging
- Management Resources
 - Digital preservation and file management was an organization-wide effort, but needed a dedicated, full-time editor/manager
 - Follow up work post-closure required senior staff to remain involved for an additional six months

Keys to Success

The unwavering support of strong and committed executive leadership, artists and staff

Attentive, high quality and pro bono legal counsel

Strict financial oversight by CDF's Finance and Audit Committees, together with access to knowledgeable and supportive advisors (for CDF, they included David Bury, Mellon, NFF and Helicon Collaborative)



“The only way to do it is to do it.”

Merce Cunningham

Visit our webpage devoted exclusively to the arts!

<http://nonprofitfinancefund.org/partnerships/artsandculture>

- See our prior Leading for the Future webinars, featuring the work of:
 - Alvin Ailey Dance Foundation and The Wooster Group
 - Jacob's Pillow Festival, Ping Chong + Company and SITI Company
 - Center Theatre Group and Steppenwolf Theatre

<http://nonprofitfinancefund.org/content/leading-future-innovative-support-artistic-excellence>

- Read our *Case for Change Capital* series
- Check out our Arts & Culture case studies
- Read our blogs dedicated exclusively to the arts
- Learn more about our consulting and financing services

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