



Nonprofit
Finance Fund™

Where Money Meets Mission

On the Boards

Sustaining a Vibrant Seattle Arts Institution



nonprofitfinancefund.org
ontheboards.org

The Situation

On the Boards (OtB) is recognized as a national leader in the field of contemporary performance. Founded in 1978 by performance artists in Seattle, WA, the organization introduces audiences in the Pacific Northwest to international innovation in dance, theater, music, and new media. Though OtB's focus is worldwide, they also take pride in their community-based programs, supporting the artistic development and presentation of artists in their local and regional performance communities. In Seattle's artistic mecca, OtB has carved out a valuable and popular niche, collaborating with the best avant-garde artists and presenting organizations in the world.

As with so many arts organizations that experience success and expansion, growing pains were inevitable. In 1998, a wonderful performance space was for sale, and On the Boards found the financial support to purchase and renovate it.

Though their audiences appreciated the renovated space, revenue growth could not cover the increased expenses of OtB's new facility. For several years, the operation ran at breakeven or a deficit, which Board members covered with loans or gifts. There were no financial reserves or endowment to serve as a safety net. It was clear to the organization that things could not continue in this manner, that the underlying enterprise of OtB needed to be as strong as their commitment to mission and programming.

The Opportunity

In 2005, Nonprofit Finance Fund (NFF) announced a national program, the Mid-sized Presenting Organizations (MPO) Initiative, funded by the Doris Duke Charitable Foundation (DDCF). MPO was designed to strengthen artistically outstanding mid-sized presenting organizations during a time when audience interests, shifts in patterns of public and private funding, and increased competition from commercial entertainment were changing all the rules about presentation content and format.

In addition to providing grants of up to \$500,000 over four years to increase opportunities for artists to create and perform their work, NFF also offered customized technical support, including financial management consulting, to help these companies meet their long-term goals and maintain their financial health.

After a competitive evaluation process, 17 arts presenting organizations were selected to participate in the Initiative. On the Boards was chosen as an organization with excellent artistic values and accomplishments. They had already recognized that there were problems in their company that needed addressing, and had proposed a plan to improve their long-term financial performance.

"As a direct result of the MPO Initiative, we are 100% debt-free, we have significant operating and building reserve funds, we have a long-term strategy for the management of our facility, and we have developed a culture that allows us to think proactively about investments in our artistic activities. We gained a tremendous amount through the NFF technical support; in particular the systems replacement plan, the program profitability, and the tailored dashboard are tools that have changed and are changing our base practices. It is not an exaggeration to say that the MPO Initiative allowed us to move from an organization that was struggling to exist to one that is healthy, stable, and has the capacity to implement our artistic mission." Sarah Wilke, Managing Director, OtB

Photo by Dean Buscher, featuring Kidd Pivot Frankfurt RM. OtB has been able to grow their support of regional artists, including reaching out to Vancouver, British Columbia's choreographer Crystal Pite.

“Through NFF we learned how to use our data to communicate, both within and outside of our organization. We have been able to state the case that we are worthy of support to individuals and foundations by backing up our assertions with hard data and defensible projections. We also learned how to use our balance sheet to assist us in sustaining long-term growth. NFF gave us tools for the measurement of our progress towards goals and those of providing a reality check for our plans and aspirations. We learned that constraints can offer opportunities, that there are multiple routes to keeping the good name of our brand and showing our audience how we feel about them and honor them.” Lane Czaplinski, Artistic Director, OtB



Photograph by SCUMEK, featuring Bruno Beltrão | Grupo de Rua. Brazilian choreographer Bruno Beltrão is an example of OtB's continuing expansion of their international presentations.

What Happened Then?

As part of the Initiative, On the Boards entered into a four-year project with NFF. The goals identified by OtB were to establish operating and building reserve funds, create an endowment and retire long-term liabilities. Drawing on their 30 years of experience providing financial assistance and advice to nonprofits, NFF recommended and implemented the following steps:

- ◆ With their new building, OtB had facilities costs they hadn't anticipated, and they needed a game plan—and funding—to manage these costs going forward. NFF worked with OtB to hire a local architect and engineer to conduct a Systems Replacement Plan using funds from the MPO Initiative.

For the first time, OtB was able to quantify the financial commitment for the deferred and ongoing maintenance of their building. The assessment also estimated the future building costs over the next 20 years, so OtB could begin to save and fundraise accordingly.

- ◆ NFF employed their Nonprofit Business Analysis (NBA), which examines an organization's past financial trends to help inform their future planning. NFF completed an NBA to understand OtB's historical financial trends and current situation.

As a result of the NBA findings and recommendations and as a part of their continued consulting relationship with NFF, OtB was able to engage in creative scenario planning and program profitability modeling in order to help management and Board members set program priorities and improve their financial bottom line.

- ◆ OtB also needed a better way to tell their financial story. NFF provided OtB with an additional set of financial tools so they could communicate their position to supporters, donors, colleagues, and policy-makers. These tools concentrated on asset management as well as profit and loss analysis, helping OtB use all their financial data to make a compelling case.

How Well Did It Work?

OtB's initial goals in participating in this Initiative were to establish operating and building reserve funds, create an endowment and retire long-term liabilities. Did they accomplish what they set out to accomplish? Let's take a look!

Over the four-year period of the MPO Initiative, with the help and guidance of NFF, OtB:

- ◆ Established a \$250,000 cash reserve and a \$100,000 building fund.

On the Boards	FYE 2005	FYE 2009
Total Debt	\$135,000	0
Months of Cash and Investments	1.8 Months	4.3 Months
Total Unrestricted Liquid Net Assets	-\$252,000	\$196,000
Months of Unrestricted Liquid Net Assets	-3.3 Months	2.2 Months
Gross Fixed Assets (property, plant & equipment)	\$4,109,000	\$4,282,000
Accumulated Depreciation	\$803,000	\$1,409,000
Unrestricted Operating Expenses (before depreciation)	\$902,000	\$1,055,000
Expense Growth Rate	-12%	2%

- Retired all long-term liabilities, more than \$121,000.
- Met the terms of and received a \$250,000 challenge grant from a local foundation to establish an endowment.
- Created and began implementation of a full Systems Replacement Plan to care for and fund their building and equipment.
- Developed new initiatives and tools for programming and administration of their organization, including OtB.tv, an innovative on-demand online broadcast of On the Boards performances, and the Organization Dashboard, a snapshot to gauge the health of all parts of the company—from financial performance to audience satisfaction to artistic

achievement—which is used by Board and staff as a touchstone for all planning.

- Strengthened their balance sheet and their liquidity significantly, allowing more flexibility for their future operations. As of June 30, 2010, OtB was a \$1.2 million organization with total net assets of more than \$3.6 million.

After completing their work with NFF in the DDCF-funded MPO Initiative, OtB is now in a strong financial position, able to support their building costs, and to provide the Seattle community with outstanding arts programming for years to come.

ON THE BOARDS

The mission of On the Boards is to introduce audiences to international innovators in contemporary dance, theater and music while developing and presenting new work by Northwest artists. Since its inception in 1978, OtB has become a leading center for the creation and presentation of contemporary performance and has featured breakthrough performances by leading stars. Their primary activities are: the Inter/National Series, presenting artists from around the world; the Northwest Series, commissioning, producing and presenting works by regional artists and companies; OntheBoards.tv: a video-on-demand platform presenting filmic versions of performance online; the NW New Works Festival, an annual festival of world premiere contemporary performances by Northwest artists; and 12 Minutes Max, a monthly showcase of short works by local artists. ontheboards.org.



Photo by Juniper Shuey, featuring Ezra Dickenson, Zoe Scofield, Christiana Axelsen. OtB was able to commission and develop the work of Seattle choreographer Zoe Scofield who has gone on to tour nationally and internationally.

About Doris Duke Charitable Foundation

The mission of the Doris Duke Charitable Foundation is to improve the quality of people's lives through grants supporting the performing arts, environmental conservation, medical research and the prevention of child abuse, and preservation of the cultural and environmental legacy of Doris Duke's properties. Learn more at ddcf.org.

About Nonprofit Finance Fund®

As one of the nation's leading community development financial institutions (CDFI), Nonprofit Finance Fund (NFF) makes millions of dollars in loans to nonprofits and pushes for fundamental improvement in how money is given and used in the sector. Since 1980, we've worked to connect money to mission effectively so that nonprofits can keep doing what they do so well.

We provide a continuum of financing, consulting, and advocacy services to nonprofits and funders nationwide. Our services are designed to help great organizations stay in balance, so that they're able to successfully adapt to changing financial circumstances—in both good and bad economic times—and grow and innovate when they're ready. In addition to loans and lines of credit for a variety of purposes, we organize financial training workshops, perform business analyses, and customize our services to meet the financial needs of each client. For funders, we provide support with structuring of philanthropic capital and program-related investments, manage capital for guided investment in programs, and provide advice and research to help maximize the impact of grants.

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Photograph by Chris Herzfeld, featuring Kristina Chan performing "construct," by Tanja Liedtke. OtB has been able to present a variety of international artists, including the only performance in the US by Tanja Liedtke.

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