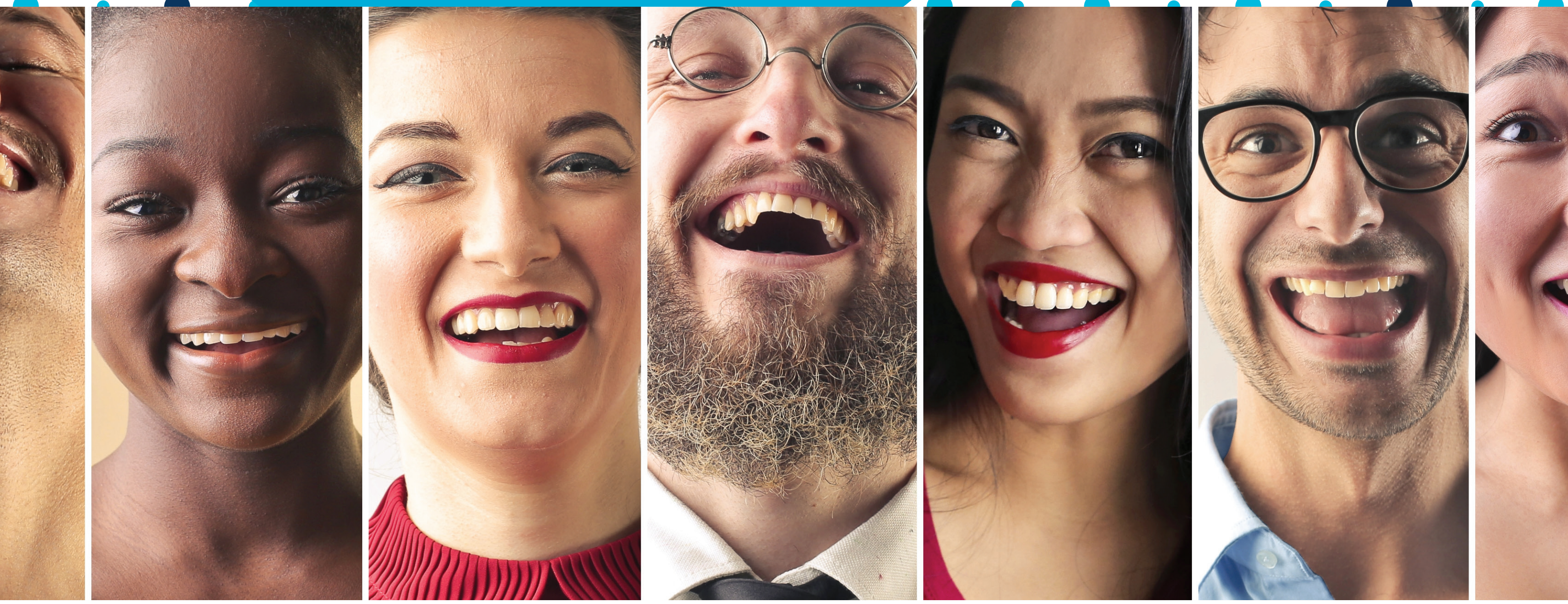
Minnesota's Culturally Specific Organizations: Equity in the Sector

October 2017



Fueling the impact and effectiveness of nonprofits with guidance, expertise, and capital.

propel nonprofits

History and Introduction

The mission of nonprofits to serve their communities is woven into their organizational DNA, but financial health is an ongoing obstacle—one that can stand in the way of self-determination, ambition, and the ability to pivot in response to outside circumstances. This is observable across organizations of all scales, yet is a particular factor for culturally specific nonprofits in the arts, social services, health, and other areas targeting historically underserved populations. It's extraordinarily difficult to follow a mission to its greatest potential amid financial vulnerability, a culture of austerity and scarcity, and reactive planning as an annual (or day-to-day) necessity.

While there's no debate in the larger nonprofit community that financial health is paramount for organizations, there are different schools of thought for strategies on how to get there. One recent report evaluating the finances of a section of culturally specific organizations, compared to their mainstream peers, found that they had smaller budgets and less financial security. This was no surprise to the organizations described, who have experienced these structural circumstances throughout their existence across the country.

The following year, the National Center for Arts Research (NCAR) produced a paper, drawing on Cultural Data Profile data, concluding that organizations serving constituencies of color tend to be younger in institutional age, with activities that fall into traditionally smaller-budget realms. When analyses controlled for these factors, organizations that might have previously been categorized as fiscally precarious were regarded through another prism—as existing in an earlier life cycle stage than mainstream organizations. And another point of emphasis emerged: that these nonprofits rely more heavily on government funding, and they work with a markedly smaller share of unrestricted funds generated through trustee donations and earned revenue from subscriptions and memberships, constraining their flexibility of operations in comparison to mainstream peers.

One proposed solution toward fiscal health for culturally specific organizations has been to concentrate funding on a smaller number, ramping up their financial strength and perhaps allowing others to fall to the side. But the NCAR study's identification of deeper structural factors shifts the paradigm away from viewing some organizations as expendable due to financial weakness—particularly with the added context of these organizations' reason for existing directly correlating to historical factors of exclusion and inequity.

The question remained, in all quarters, of what concrete strategies could be employed to strengthen the financial position of culturally specific nonprofits. To help answer this question, Propel Nonprofits partnered with NCAR[1] to produce this report on culturally specific arts organizations in Minnesota. The findings reinforced national research: these nonprofits operate in sectors that traditionally work with lower annual budgets (community-based, educational, dance, and theatre). These organizations tend to be younger and have disproportionally smaller operating budgets than their mainstream peers in the same sector. Crucially, compared to mainstream organizations in the same sector of similar budget size, these culturally specific organizations have smaller size physical facilities, they earn significantly less revenue, work with a markedly smaller share of unrestricted funds generated through trustee, individual and corporate donations, and they have less unrestricted cash and lower unrestricted current assets. This last finding from the data reinforces the experience Propel Nonprofits has had working with dozens of culturally specific arts nonprofits. Even when budgets are based on sound assumptions, revenue is growing, and management has financial skills, the dominance of restricted and project-specific grant funding has been an obstacle to accumulating unrestricted cash and building reserves.

The dominance of restricted and project-specific grant funding has been an obstacle to accumulating unrestricted cash and building reserves.

Propel Nonprofits' Equity Builder Loan Program is a multi-year, strategic plan to promote healthy capitalization and stronger balance sheets for organizations. Based on Propel Nonprofits' extensive knowledge and experience as both a lender and a provider of training, guidance, and support for nonprofit financial practices and management, it addresses multiple obstacles to financial stability in order for these organizations to meet the higher purposes of their missions: to be community leaders, to elevate voices and perspectives, and to operate with a spirit of innovation rather than cycles of recurring crisis.

The Equity Builder Loan Program provides immediate working capital through flexible-use loans of $50,000—$200,000, structured based on the particular organization. These loans are repayable over a three-year period, during which time the organizations will work regularly with Propel Nonprofits on building stronger systems of financial management including:

- training and support with financial tools
- guidance with budgets and planning
- and practices geared toward surpluses and cash savings.

1 NCAR's findings draw in large part on data from DataArts, formerly the Cultural Data Project, a nonprofit organization that brings the language and leverage of data to the business of culture. Any interpretation of the data is that of the authors, not DataArts. For more information on DataArts and the Cultural Data Profile, visit www.culturaldata.org.

We aim to shift the conversation to the interdependence between financial stability, creative freedom, and community impact—influencing models of support and how we talk about the success and ambitions of small and middle-sized arts and community-based nonprofits.

Crucially, over this three-year term a 20-40 percent portion of these loans is directly convertible to grants producing long-term unrestricted cash reserves. This is working capital for future years. Many of these organizations have operated under the belief that it is a financial best practice to break even. This capital is reserved as a major first step in recalibrating operations in favor of reserves and savings—a shift in long-term strategy for artistic directors, boards members, and internal staff alike.

Following a pilot phase in 2016, Propel Nonprofits is working with 20 organizations for the first three-year cohort for the Equity Builder Loan Program. The criteria for participation is that these nonprofits should be authentically engaged with the social capital and vitality of their communities, with particular investment in nonprofits led by people of color and rooted in historically marginalized communities. These organizations' strategies and programs incorporate creative practices, including creating or educating in the arts, or using creative strategies for community engagement. The longer-term goal of these investments is to amplify leadership through the empowerment of the positive balance sheet, and enable many of these organizations to become even greater neighborhood anchors and incubators of leadership.

The goal for Propel Nonprofits is to promote a new approach to investing capital and, through meticulous documentation and future case studies, provide a demonstrable model for the funding community. We aim to shift the conversation to the interdependence between financial stability, creative freedom, and community impact—influencing models of support and how we talk about the success and ambitions of small and middle-sized arts and community-based nonprofits. In a leadership ecosystem of tremendous goodwill and a shared sense of the importance of organizations dedicated to underserved populations, a concrete and data-based model of fiscal grounding on unrestricted capital provides a concrete way forward.

Funders (private foundations, community foundations, individuals, and state and local governments) have a significant responsibility in ensuring they are supporting artists and arts organizations that reflect and represent the communities where they fund. Grantmakers in the Arts (www.giarts.org) the national network of arts funders, calls on arts grantmakers "to structurally change funding behaviors and norms compensating for past neglect and move forward with equal opportunities resulting in better funded and supported African, Latino(a), Asian, Arab and Native American organization communities, artists and arts organizations."

We hope that this research will persuade funders to consider the impact of their grantmaking practices on culturally specific organizations. As the report demonstrates, not all grants are the same when it comes to long-term financial and organizational sustainability. Restricted grants are valuable for specific projects and programs, but they also perpetuate the culture of scarcity and short-term planning described earlier. Changing the landscape for organizations and communities will require a shift to unrestricted support and an overall increase in funding amounts.

While the answer to supporting culturally specific nonprofits is not to increase support of the successful while leaving others to fend entirely for themselves, it's also true that a great many organizations exist in a semi-permanent state of crisis, in which digging out of recurring emergency can hamper community leaders from fully pursuing missions that can change the way we see the world, interact with one another, and visualize our collective future. Financial stability means the freedom to focus, and the ability to take risks. Propel Nonprofits' hope is that, by learning from and refining the Equity Builder Loan Program, funders in the nonprofit world will also find greater stability and more tools for building inclusivity, equality of opportunity, dialogue and dreaming, and equity in every sense of the word.

We hope that this research will persuade funders to consider the impact of their grantmaking practices on culturally specific organizations.

The Equity Builder Loan Program is made possible with generous support from The Bush Foundation, The Kresge Foundation, the Patrick and Aimee Butler Family Foundation, and the Surdna Foundation. We thank these foundations for their commitment to equity and the arts.

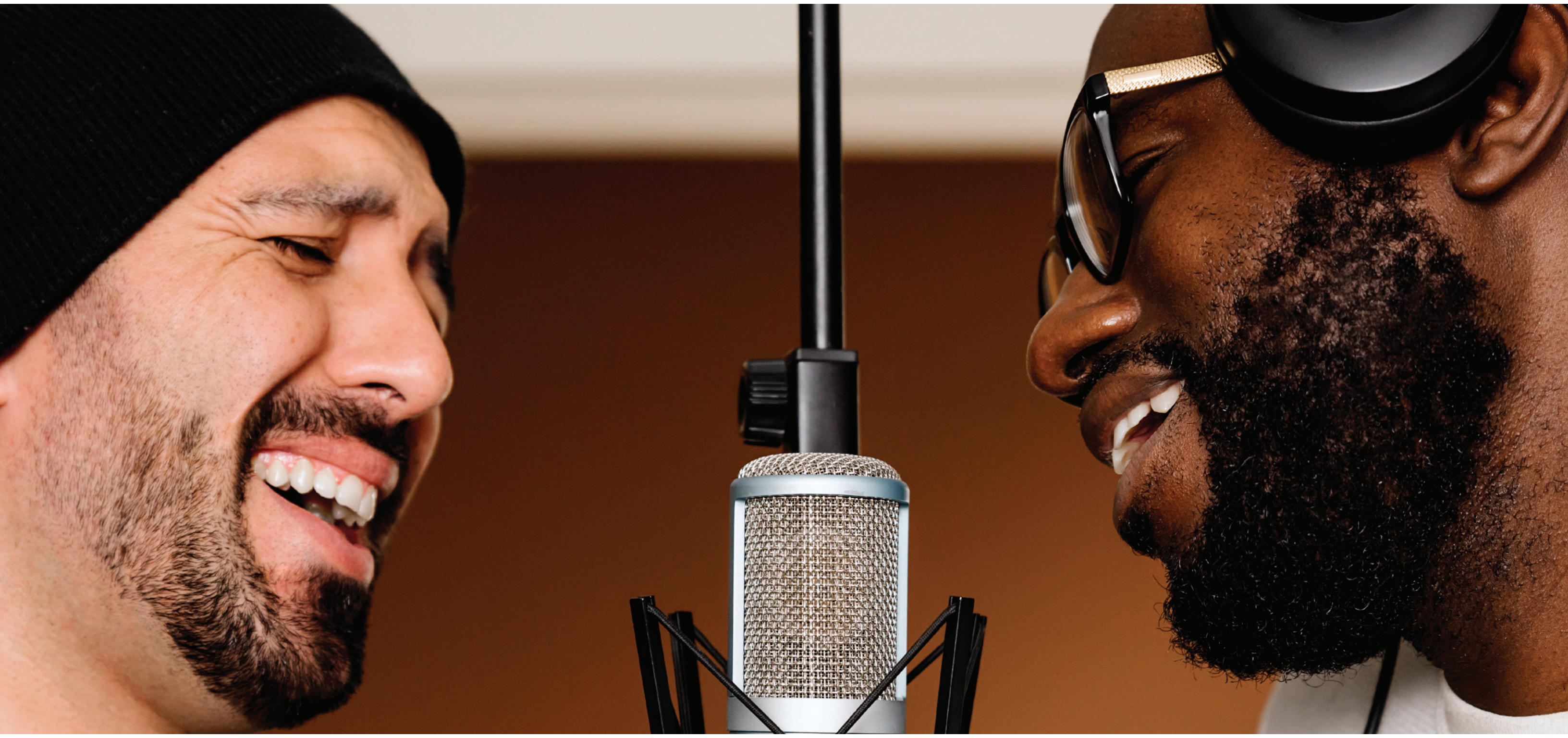
A NOTE ON TERMINOLOGY

In the report published by NCAR, organizations are referred to as "culturally specific," so this report, which follows the NCAR report's questions and approach while focusing on Minnesota, uses that same designation. However, knowing that almost all organizations have roots in a culture, and that culturally specific could mean different things to different people, a clarification is needed. When culturally specific is used in the Minnesota report, Propel Nonprofits is referring to nonprofits led by people of color and rooted in historically marginalized communities.

Propel Nonprofits was created with the merger of Nonprofits Assistance Fund and MAP for Nonprofits.

Minnesota's Culturally Specific Organizations

Dr. Zannie Voss, Director, SMU National Center for Arts Research
Dr. Glenn B. Voss, Research Director, SMU National Center for Arts Research
Kate Barr, President & CEO, Propel Nonprofits



Executive Summary

In January 2016, the SMU National Center for Arts Research (NCAR) published a research report on the operating characteristics and performance of culturally specific arts organizations in the U.S. titled *Does "Strong and Effective" Look Different for Culturally Specific Organizations?* This project closely follows that report's research questions and methodological approach but with a lens on Minnesota and an expanded exploration of capital structure.

Specifically, we examine the extent to which culturally specific arts organizations look and act differently than mainstream organizations in Minnesota. To accomplish this, we focus on two questions: (1) Do culturally specific organizations in Minnesota have different operating characteristics than mainstream organizations in the state and, if so, what are those differences? (2) All else being equal, do culturally specific organizations in Minnesota tend to perform differently than their mainstream counterparts and, if so, how?

Do culturally specific organizations in Minnesota have different operating characteristics than mainstream organizations in the state and, if so, what are those differences?

To address these questions, we examine the operating characteristics of arts organizations in Minnesota that primarily serve African Americans, Asian Americans or Hispanics/Latinos and compare these organizations with their more mainstream counterparts. Next, we examine whether culturally specific organizations perform significantly differently from their mainstream counterparts on a variety of metrics related to supply and demand, contributed revenue, revenue balance, expenses, bottom line, and balance sheet. The analyses control for a variety of relevant community and organizational characteristics.

As was the case with the national report, we find that "strong and effective" does look different for culturally specific arts organizations in Minnesota. Overall, they have significantly smaller operating budgets than their mainstream counterparts of similar age in the arts education, community-based, dance, and theatre sectors, the only sectors where we find culturally specific organizations in Minnesota. They also tend to be younger than their mainstream counterparts. From an organizational ecology standpoint, it makes sense that younger organizations have not accumulated the same level of resources as organizations that have been around longer, all else being equal.

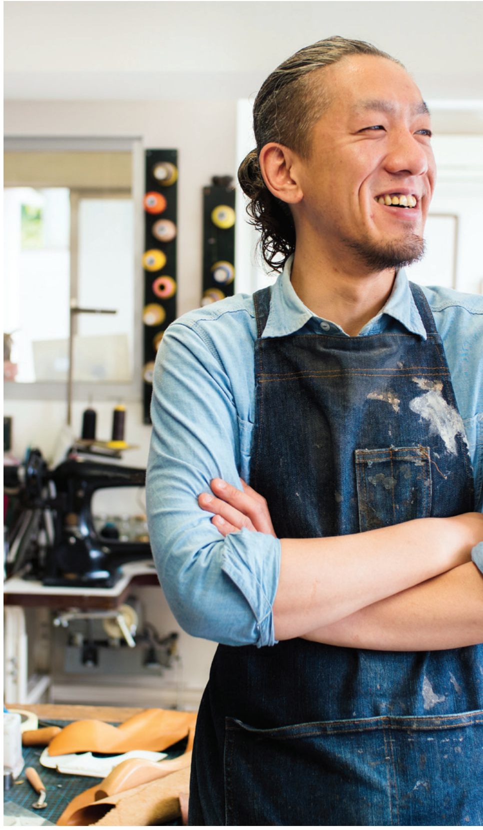
This leads us to question whether the differences we observe are attributable the organization's sector and its age and/or budget size rather than its culturally specific emphasis, or whether differences persist between culturally specific and mainstream organizations given their sector, age and budget size.

Our further analysis shows that culturally specific organizations in Minnesota:

- Operate in smaller size physical facilities than mainstream organizations in the same sector of similar budget size;
- Have lower unrestricted current liabilities and total liabilities than their mainstream counterparts of similar age and budget size
- Have less unrestricted cash and lower unrestricted current assets than mainstream organizations of similar budget size in the same sector.

Ultimately, after controlling for sector, age and budget size, culturally specific organizations don't differ from their mainstream peers on any other outcomes of interest.

Introduction



In January 2016, the National Center for Arts Research (NCAR) released a white paper, *Does "Strong and Effective" Look Different for Culturally Specific Arts Organizations?* The report was a response to a DeVos Institute study on diversity in the arts released in September 2015. The January NCAR report examined the operating characteristics of a national sample of arts organizations that primarily serve African Americans, Asian Americans, or Hispanics/Latinos and compared these organizations with their more mainstream[1] counterparts. Also, it examined whether culturally specific organizations perform significantly differently from their mainstream counterparts on a variety of metrics, controlling for a variety of relevant community and organizational characteristics. Findings germane to the current study were as follows:

Finding 1: Culturally specific organizations are more prevalent in arts and culture sectors that have lower average budget size (e.g., Community-based, Arts Education, Multidisciplinary Performing Arts) and less prevalent in sectors that have larger average budgets (e.g., Museums, Opera Companies, Performing Arts Centers, Orchestras).

Finding 2: After controlling for sector differences and organizational age, culturally specific organizations have similar-sized budgets and physical facilities as mainstream organizations.

1 "Culturally specific organizations" refer to the arts and cultural organizations in DataArts' Cultural Data Profile (CDP) data set which have self-reported that they serve primarily African American, Asian American, and/or Latino/Hispanic audiences. These culturally specific organizations are compared with organizations of similar types that do not say that they primarily serve a specific ethnic/cultural audience; in this paper, we call these organizations "mainstream."

Finding 3: Culturally specific organizations share some performance characteristics that distinguish them from mainstream equivalents; specifically, compared to mainstream equivalents, culturally specific organizations spend less on marketing, earn less from subscribers and members, have lower trustee giving, and attract higher support from government sources.

Propel Nonprofits took an interest in this research and undertook the current project in collaboration with NCAR to focus on culturally specific arts organizations in Minnesota, to explore more in-depth their balance sheet health, and to determine whether the results of the national study hold in a specific geographic market.

Culturally Specific Organizations and Their Mainstream Counterparts

In this new study, we examine if, how, and why culturally specific organizations in Minnesota look and act differently than their mainstream counterparts, specifically answering two questions:

1. Do culturally specific organizations in Minnesota have different operating characteristics than mainstream organizations and, if so, what are those differences?

2. All else being equal, do culturally specific organizations in Minnesota tend to perform differently than their mainstream counterparts and, if so, how?

We focus on differences between organizations that primarily serve culturally specific audiences and those that do not, and analyze all data submitted by organizations between 2012 and 2015. Although NCAR examines 11 arts and cultural sectors, the 25 Minnesota organizations that self-identify as primarily serving a culturally specific audience operate in only four sectors: arts education, community-based, dance, and theatre (see the Appendix for a listing of culturally specific organizations by sector). They represent 7% of all Minnesota organizations in NCAR's dataset, and 11% of all Minnesota organizations operating in these four sectors.

Finding 1: Culturally specific organizations tend to operate in sectors that have comparatively lower budget size.

We compared average budget size for the collective cohort of all Minnesota organizations in the arts education, community-based, dance, and theatre sectors to average budget size for the cohort of Minnesota organizations in the other sectors combined. In Minnesota, as was the case in the national report, the average budget size is significantly lower in the four sectors in which culturally specific organizations operate ($1.2M average budget) than in the other sectors where we find only mainstream organizations ($2.3M average budget).

We focus our analyses in the remainder of this report exclusively on the four sectors where we find culturally specific organizations in an attempt to get as nuanced an understanding as possible of what drives differences in the outcomes of interest. There are 689 observations, or an average of 172 organizations per year in Minnesota operating in these four sectors for which we have data. There are only 77 total observations for culturally specific organizations or slightly less than 20 per year. This is a small sample size, which suggests that statistical inferences should be guarded.

Culturally specific organizations tend to operate in sectors that have comparatively lower budget size.

Finding 2: Culturally specific organizations tend to be smaller on many dimensions than the other organizations that operate in the same four sectors. When we pool together all organizations in these four sectors, we find the following differences (see Table 1) for culturally specific organizations relative to the cohort of mainstream organizations:

TABLE 1: **Culturally Specific and Mainstream Organizations in Four Minnesota Arts Sectors, Combined**

Outcome of interest	Culturally specific organization relative to mainstream organizations in the same sectors[3]
Organization age	Ave. 7 years younger: 18 v 25
Total annual expenses	Ave. $732,861 lower total expenses: $509,146 v $1.24M
Square footage	Ave. 23,307 less SQFT: 10,842 v 34,150
Total offerings	*N/S* (culturally specific offer more but the difference is N/S: 102 v 77)
Full-time Employees	Ave. 2.6 fewer full-time employees: 2.9 v 5.5
Attendance	Ave. 17,640 fewer annual attendees: 10,802 v 28,442
Independent contractors	*N/S* (culturally specific have slightly more but the difference is N/S: 34 v 31)
Fixed assets and related debt	Ave. $1,806,869 less: $95,507 v. $1,902,377
Liquid unrestricted net assets	*N/S* (culturally specific have slightly lower but the difference is N/S) - $28k v -$216k) Big outlier/s for mainstream
Total assets	Ave. $4,065,450 lower total assets: $288,556k v $4,354,005
Total liabilities	Ave. $579,828 lower liabilities: $76,555 v $656,383
Unrestricted net assets	$1,853,658 lower unrestricted net assets: $63,557 v $1,917,215
Temporarily restricted net assets	$765,185 lower temporarily restricted net assets: $148,443 v $913,628
Permanently restricted net assets	No culturally specific org in the data has any permanently restricted net assets: $0 v $866,779
Total net assets	$3,485,622 lower total net assets: $212,000 v $3,687,622
Total cash	$280,350 less total cash: $64,155 v $344,506
Unrestricted cash	$143,853 less unrestricted cash: $23,716 v $167,570
Unrestricted Current assets	$294,122 lower unrestricted current assets: $73,906 v $368,028
Unrestricted Current liabilities	$154,289 lower unrestricted current liabilities: $38,932 v $193,221

3 N/S=the differences was not statistically significant. All outcomes except those marked N/S are significantly lower for culturally specific organizations than their mainstream counterparts at the p <.0001 level based on t-test results for the pool.

Pooling together all organizations in the four sectors reveals that culturally specific organizations are younger and have less resources and attendance than their mainstream counterparts. From an organizational ecology standpoint, it makes sense that younger organizations have not accumulated the same level of resources as organizations that have been around longer, all else being equal. It also makes sense that smaller budget organizations will not have the same levels of employees, attendees, physical facilities, and assets as larger organizations. This leads us to question whether the differences we observe are attributable to the organization's sector and its age and/or budget size, or whether differences persist between culturally specific and mainstream organizations given their sector, age and budget size.

To take the analyses a step further and address these questions, we test whether the differences we find above for culturally specific and mainstream organizations still hold in the arts education, community, dance, and theatre sectors if we separate the sectors and control for total expenses and organization age. In each case, we conduct a regression analysis with our outcome of interest as the dependent variable. We start by examining both sector and a "culturally specific" dummy variable (i.e., whether or not the organization primarily serves culturally specific audiences) as predictors. This analysis determines whether "culturally specific" is a significant predictor of the outcome after taking into account an organization's sector membership.[3] We then add total expenses into the mix and re-run the analyses. Lastly, we add organization age to the equation and run it again. Each time we add in a new, potential driver, we see the story reveal itself. Not recognizing these inherent differences can bias a comparison between an older/larger organization and a younger/smaller organization.

Sector membership is a significant predictor—or determinant—of the outcome in nearly every case. This means, for example, that average square footage is significantly different for arts education, community, dance, and theatre organizations. Specifically, dance and theatre companies tend to have larger physical facilities than arts education and community organizations.

When total expenses and/or organizational age are also significant predictors of the outcome, it means that the outcome can be expected to be different for organizations of different budget sizes and ages in each sector. If we include these various factors and the "culturally specific" variable is still significant, it means that performance differences exist between culturally specific and mainstream organizations in the same sector, of similar size and/or age.

3 We do not break out analyses separately for organizations primarily serving African Americans, Asian Americans or Hispanics/Latinos. The sample size is too small to report findings with any confidence.

Detailed Findings

Here we share our findings for each outcome of interest.

Finding 3: Culturally specific organizations are significantly younger than mainstream organizations in the same sector.

Finding 4: Culturally specific organizations have significantly smaller budgets than their mainstream peers of similar age in the same sector.

Finding 5: Culturally specific organizations have smaller size physical facilities than mainstream organizations in the same sector of similar budget size. Even after controlling for sector membership and total expenses, being a culturally specific organization was a significant predictor of square footage.

Organizational age did not have a significant relationship with physical facility size when added to the mix. In other words, what matters for square footage is the organization's sector, its total expenses, and whether it is culturally specific, not how old it is.

Finding 6: Culturally specific organizations provide a similar number of programmatic offerings as their mainstream counterparts in the same sector. While there are differences between the four sectors in terms of the number of offerings provided on an annual basis, the "culturally specific" variable was not a significant predictor.

Finding 7: Culturally specific organizations generally have fewer full-time employees than mainstream organizations in the same sector, but that difference goes away when we take budget size and age into account. In other words, what sector the organization is in, its age, and its total expenses drive differences in full-time staff size, not whether it is culturally specific.

Culturally specific organizations generally have fewer full-time employees than mainstream organizations

Finding 8: Culturally specific organizations hire similar numbers of independent contractors annually as their mainstream counterparts in the same sector of similar size.

Finding 9: Culturally specific organizations generally have fewer in-person attendees than mainstream organizations in the same sector of similar age, but that difference goes away when we take budget size into account. In other words, culturally specific organizations and mainstream organizations of similar budget size in the same sector do not have significantly different levels of annual attendance.

The following findings all relate to balance sheet metrics:

Finding 10: Culturally specific organizations have a similar level of total assets as their mainstream counterparts in the same sector of similar size and age. While there are differences between organizations of similar size and age across the four sectors, the "culturally specific" variable was not a significant predictor.

Finding 11: Total liabilities are higher for mainstream organizations than for culturally specific organizations of similar budget size and age in the same sector. The same is true for unrestricted current liabilities.

Finding 12: Culturally specific organizations generally have lower fixed assets and related debt than mainstream organizations in the same sector of similar age, but that difference goes away when we take budget size into account. Culturally specific organizations differ from their mainstream peers on their level of fixed assets and related debt when we control only for the organization's sector and age. However, when we re-run the analyses taking an organization's budget size into account, the differences between culturally specific and mainstream organization's fixed asset level becomes insignificant. In other words, what sector the organization is in and its total expenses drive differences in fixed assets and related debt, not whether it is culturally specific.

Finding 13: Culturally specific organizations generally have lower unrestricted net assets than mainstream organizations in the same sector, but that difference goes away when we take budget size into account. That is, culturally specific organizations have similar levels of unrestricted net assets as their mainstream peers of similar size in the same sector.

Finding 14: Liquid net assets and temporarily restricted net assets are not significantly different for mainstream and culturally specific organizations in the same sector, nor are they significantly different across sectors. Liquid asset level and temporarily restricted net assets are influenced only by budget size.

Finding 15: No culturally specific organization reported having permanently restricted net assets. This experience is not significantly different than that of mainstream organizations of similar budget size in the same sector. Age doesn't play a role in the accumulation of permanently restricted net assets after taking into account total expenses.

Finding 16: Level of total cash is not significantly different for culturally specific and mainstream organizations in the same sector of similar size and age.

Finding 17: Level of unrestricted cash is significantly lower for culturally specific organizations than for mainstream organizations of similar budget size in the same sector. The same is true for their level of unrestricted current assets.

Level of unrestricted cash is significantly lower for culturally specific organizations than for mainstream organizations of similar budget size in the same sector. The same is true for their level of unrestricted current assets.

Conclusion

As in the national study, by examining the characteristics of culturally specific organizations in Minnesota, we get a better understanding of their operating context. Specifically, culturally specific organizations in Minnesota operate exclusively in the arts education, community-based, dance and theatre sectors, are significantly younger than mainstream organizations operating in these sectors, and are disproportionately smaller than their mainstream peers when we take into account their sector and age.

We also get a better idea of what expected performance looks like for them on a variety of dimensions given their operating context. By creating a level playing field, we see that being a culturally specific organization in Minnesota is a contributing factor that affects only three outcomes: size of physical facilities, level of liabilities, and level of unrestricted cash and unrestricted current assets. Culturally specific organizations have less resources and attendance than their mainstream counterparts; however, these differences are driven by their size and age, not the fact that they are culturally specific organizations.

One can speculate as to why culturally specific organizations in Minnesota operate in four sectors that have lower budget size than in other sectors with higher average total expenses such as the art museum, opera, or symphony orchestra sectors. Perhaps there are deeper cultural traditions that align with some art forms more so than others. Perhaps higher barriers deter widespread entry in some sectors. Art museums, for example, have to amass a permanent collection and rent or own a physical facility to house the collection. Dance companies, on the other hand, need minimal administrative space, and rehearsal space can be donated or leased. While deeper investigation of the topic is warranted, it is outside of the scope of this study.

Importantly, culturally specific organizations in Minnesota tend to be younger than their mainstream counterparts in the same four sectors. One can point to historical reasons why culturally specific organizations were formed at a later date than their mainstream counterparts. For example, major arts funding initiatives by the Ford Foundation and Rockefeller Foundation that spurred growth for nonprofit arts organizations in the mid-1960's coincided with major shifts in U.S. laws and policy on civil rights and immigration that have taken decades to unfold and directly affected culturally specific communities (e.g. the Civil Rights Act of 1964 and the Immigration and Nationality Act of 1965).[4] Most culturally specific organizations were not formed in time to take advantage of the influx of capital.

4 The Migration Policy Institute, www.migrationpolicy.org/article/geopolitical-origins-us-immigration-act-1965

Most concerning is the finding that culturally specific organizations tend to operate with smaller budgets than other organizations in their sector and of similar age. A post hoc analysis sheds light on what may be driving it: resource constraints imposed by less earned revenue. While culturally specific organizations attract similar levels of total contributed revenue as their peers, they earn significantly less revenue than their mainstream counterparts of similar age. Unpacking contributions by donor source reveals that culturally specific organizations attract more funding from foundations but less from trustees, other individuals, and corporations than mainstream organizations, creating a net neutral effect on total contributions. It may be that culturally specific organizations keep prices low to create maximum access for the communities they serve, and that the individuals and businesses they attract either do not have the ability or they do not have the tendency to support the organizations at levels similar to those found in mainstream organizations.

The three performance findings may prompt a further exploration of or conversation about facilities available to culturally specific organizations in Minnesota. Is there a desire, need or demand for increased space from culturally specific organizations or those they serve? If so, what are the barriers to an increase? Who would be likely partners to address this need? What may be the impact of an increase in facility size, positive and/or negative?

Further, what are the long and short-term ramifications of culturally specific organizations maintaining lower levels of unrestricted cash and unrestricted current assets? While it is good news that unrestricted current liabilities are also lower – i.e., lower levels of funds to pay current bills but modest sums due -- how does this impact their ability to innovate or take on risk? What are the limitations placed on them by donor restrictions? How does this ultimately impact the work and level of programs and service they are able to provide their community? What would need to happen in order to increase unrestricted cash and unrestricted current assets?

APPENDIX:
Culturally Specific Organizations in Our Sample, by Sector

Sector	Organization Name
Arts Education	Hopewell Music Cooperative North
	Juxtaposition Arts
	St. Paul Conservatory of Music
	Urban Arts Academy
	Walker West Music Academy
Community	CAAM Chinese Dance Theater
	Kulture Klub Collaborative
	Lacustre Michoacán DE Ocampo
	Mentoring Peace Through Art Inc
	Obsidian Arts
Dance	Ananya Dance
	Contempo Physical Dance
	Jawaahir Dance Co
	Katha Dance Theatre
	Keane Sense of Rhythm
	Ragamala Dance
	Threads Dance Project
	TU Dance
Theater	Center for Hmong Arts and Talent
	Mixed Blood Theatre
	Pangea World Theater
	Penumbra Theatre Company
	Pillsbury House + Theatre
	Teatro del Pueblo
	Theater Mu

propel nonprofits

One Main Street SE
Suite 600
Minneapolis, MN 55414
612.249.6700
www.propelnonprofits.org