

19 **NONPROFIT ARTS ORGANIZATIONS**

Sustainability and Rationales for Support

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NONPROFIT ORGANIZATIONS HAVE PLAYED an important role in the arts and cultural life of the United States. Today, however, nonprofit arts organizations face significant challenges, and their viability and significance is a subject of debate. Examples include declining or stagnant attendance across multiple art forms (NEA 2015), financial difficulties (see, e.g., Keating and Pradhan 2012; Nelson et al. 2014; Pompe and Tamburri 2016), and the possibility that the supply of nonprofit arts organizations has outstripped demand for them (Tepper 2008; Zakaras and Lowell 2008). These challenges raise questions about the rationales for the nonprofit arts sector in its current form and the significance and sustainability of nonprofit arts organizations. This chapter focuses on these issues in discussing the recent research and policy literature on the nonprofit arts sector.

In some cases, questions and challenges signify a further evolution of longstanding themes and tensions in the nonprofit arts field, notably between exclusivity and inclusivity, an issue that runs throughout much of the literature. Tensions between exclusivity and inclusivity have been associated with established arts organizations from their inception (DiMaggio 1986a) and expressed themselves in evolving ways (Accominotti, Khan, and Storer 2018; McDonnell and Tepper 2014; Ostrower 2002). From the perspective of this chapter, those tensions offer one useful lens through which to view some of the major developments, challenges, and responses that we see in the nonprofit arts field today.

More of the literature is about large and established nonprofit arts organizations, and that is reflected in this chapter. This is shifting, however, as research encompasses a wider portion of the nonprofit arts world, and strands of the cultural policy literature question the current distribution of support within the nonprofit arts (see, e.g., Sidford and Frasz 2017; Rosenstein 2018). As the chapter discusses, the nonprofit arts sector is not homogeneous, and challenges and opportunities may vary among different types of nonprofit arts organizations.

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Much of the recent discussion of nonprofit arts organizations takes place in literature that is focused on arts policy and arts participation, rather than on nonprofit organizations *per se*. One prominent theme is that nonprofit organizations should be seen as part of a larger and interconnected arts sector. Some emphasize interconnectedness among different sectors within the arts, some argue that arts policy has relied too much on nonprofits, and some question assumptions about the distinctiveness and centrality of nonprofit organizations' role in the arts (see, e.g., Cherbo, Vogel, and Wyszomirski 2008; Ivey 2005, 2008; Rushton 2015; Tepper 2008). Although these literatures sometimes point to the interconnectedness of nonprofit and other sectors, they also raise questions about the contemporary relevance and centrality of the nonprofit sector in the arts as it stands today.

As this introduction suggests, current issues of sustainability, and policy rationales for it, are closely interconnected. Pressures facing nonprofit arts organizations call on them to consider and advocate their value, expand their constituencies, and reflect on the scope of their missions and the possibilities for achieving these under shifting circumstances. Historically, debates over the value of the nonprofit arts have reflected different opinions about the value of and public interest in the arts themselves (Smith 2010). What is striking today is the extent to which questions about nonprofit arts organizations are being expressed by those who concur with the public value of the arts but question the preeminence of nonprofit organizations as vehicles for promoting that value.

From the perspective of this chapter the nonprofit form remains of considerable relevance and importance for the expressions of a variety of mission-driven artistic endeavors that will not be sustained through government support or the marketplace and are extensive enough to require some type of formal organizational structure. At the same time, the preeminence of the nonprofit form in the arts is not being taken for granted in the literature, and traditional hierarchies and ways of operating are being questioned.

Demographic, technological, social and economic shifts are creating considerable pressures for change and adaptation on individual organizations to maintain their sustainability. We do not mean to suggest that the nonprofit arts have not faced challenges in the past. Nonprofits' role and prominence in the arts has evolved in the past, and we should expect it to continue to evolve in the future. That includes arts nonprofits' relationship with other nonprofits, and organizations in other sectors. This chapter discusses some of those pressures and developments that may influence that evolution.

One significant topic that has not been a focus of research since the last edition of this volume is the intersectoral division of labor in the arts. This diminished interest is consistent with recent emphases on interconnectedness, similarities rather than differences among organizational forms, and perceptions that the nonprofit form is overused. This chapter suggests, however, that rather than turning research away from considering intersectoral divisions of labor, these trends should prompt renewed attention to the circumstances under which nonprofits become more advantageous or less advantageous options, to typologizing and analyzing cross-sector relations, and to comparing both similarities and differences between nonprofits and a seemingly growing array of alternatives.

The chapter begins with an overview of major characteristics of the nonprofit arts sector described in the literature, including sources of support and sectoral growth. Next, the chapter discusses prominent explanations for the nonprofit form in the arts, recent

perspectives on the distinctiveness of the nonprofit form, and potential hybrid alternatives. The chapter then turns to major challenges to sustainability, discussing patterns of attendance at multiple art forms in which nonprofit organizations are prominent. It concludes by outlining some areas for future research.

The Nonprofit Arts Sector: An Overview

This section provides an overview of some major characteristics of the nonprofit arts sector (for detailed statistical descriptions of the nonprofit art sector, see Kushner and Cohen 2016; McKeever, Dietz, and Fyffe 2016; Toepler and Wyszomirski 2012). The *National Arts Index*, based on data from the Internal Revenue Service (IRS) Business Master files at the Urban Institute's National Center for Charitable Statistics,¹ reports that in 2013, there were ninety-five thousand nonprofit arts organizations in the United States (Kushner and Cohen 2016:iii, 43). Of these, we know far more about organizations with gross receipts of \$50,000 or more, from publicly available information the organizations are required to report on IRS Form 990. There were about twenty-nine thousand such public reporting charities in the arts, culture, and humanities in 2013. Nonprofit arts organizations represent a relatively small portion (10 percent) of the number of reporting public charities (McKeever et al. 2016:165), and an even smaller portion of nonprofit revenues (2 percent) (2016:190). By subfield, the twenty-nine thousand arts nonprofits broke down as follows: performing arts (35 percent); historical societies (13 percent); museums and museum activities (11 percent);² and other types of organizations (41 percent), such as media and communications organizations, arts service organizations, and arts education organizations (McKeever et al. 2016 197).

Many arts programs are embedded within other (non-arts-specific) nonprofit organizations, such as universities and community centers, which are not captured by these statistics. Accordingly, the nonprofit organizational presence in the arts extends beyond the numbers of arts-specific nonprofit organizations.

There is considerable variability among nonprofit arts organizations in terms of size, professionalization, mission, purpose, and forms of community engagement. Nonprofit arts organizations differ in more ways, however, than these organizational attributes. Kevin F. McCarthy and Kimberly Jinnett (2001) differentiate between arts organizations focused on presenting the canons of a particular art form, those that promote art as an avenue for community improvement, and those that focus on training artists and promoting engagement in creative processes (see also Grams 2008). Terence E. McDonnell and Steven J. Tepper (2014) distinguish between high-culture-focused nonprofit arts organizations (such as art museums, theaters, and ballets) and popular-culture-oriented organizations (such as cultural and ethnic festivals and indie/college radio stations).

The number of for-profit arts establishments in the United States (650,000) far exceeds the number of nonprofit organizations (Kushner and Cohen 2016:iii). However, nonprofits predominate in several disciplines (DiMaggio 2006; Kushner and Cohen, 2016, Toepler and Wyszomirski 2012). Nonprofit organizations constitute almost 90 percent of museums and visual arts institutions, 75 percent of dance companies, and 60 percent of theaters. By contrast, nonprofits make up only one third of music organizations. Nonprofits do constitute the majority of organizations in classical music fields, including opera, chamber music,

and symphony orchestras (DiMaggio 2006; Toepler and Wyszomirski 2012:231–234). As these statistics indicate, nonprofits predominate in high-culture forms (DiMaggio 2006). Research is also revealing nonprofit prominence in other arts fields, such as outdoor arts festivals. In a survey of over 1,400 such festivals, Carole Rosenstein found that most were under the auspices of nonprofit, generally small organizations (2010:41). Some nonprofit organizations are among the most well known arts organizations, both nationally and internationally (Toepler and Wyszomirski 2012), such as Alvin Ailey American Dance Theater, Carnegie Hall, the Los Angeles Philharmonic, and the Metropolitan Museum of Art.

In the second edition of this volume, Paul J. DiMaggio (2006) pointed to an emerging trend whereby the nonprofit form was expanding to a wider variety of arts programs and organizations that look quite different from the early high-culture nonprofits created by local urban elites. Thus, the Metropolitan Museum of Art (founded in 1870) offers an example of the preeminence of the nonprofit form among arts organizations of international renown cited in one discussion (Toepler and Wyszomirski 2012:231); the Los Angeles Poverty Department (a performance group composed mainly of homeless people, founded in 1985)³ provides an example of an arts institution with “direct social relevance” in another (Borwick 2012:40). Using data from the National Center for Charitable Statistics for 2001, Carole Rosenstein and Amy Brimer (2005:192) estimate that approximately 20 percent of organizations in the arts, culture, and humanities field were “producing, promoting, or supporting non-Western classical, ethnic, traditional, folk and noncommercial popular expressive forms.” Zannie Giraud Voss and her colleagues conclude that “arts and cultural organizations in the U.S. are well distributed across the country, serving communities both poor and affluent, rural and urban, not just on the coasts and not just in major metropolitan markets” (Voss et al. 2018:2; see also Voss and Voss 2017).

Another question concerns the geographical distribution of nonprofit arts organizations in the United States. Although no statistics on this distribution were identified in the current literature, the National Center for Arts Research Vibrancy Index (Voss et al. 2018) ranks “arts vibrant” communities, based partly on the presence of nonprofit arts organizations but also on other measures (such as the presence of freelance artists and levels of government support). Ranking the most arts-vibrant communities separately for large, medium, and small communities, Voss and her colleagues find the first two categories represented throughout the country, whereas western states predominate in their list of the most vibrant small communities (Voss et al. 2018:3; see also Voss and Voss 2017 for a map of nonprofit arts locations).

Growth and Expansion of the Nonprofit Form

The previous section describes the current breadth of the nonprofit arts sector, but the nonprofit presence in the arts was not always large. Stefan Toepler and Margaret J. Wyszomirski (2012) note that until the end of World War II, high-culture institutions were the nonprofit exceptions in a mainly commercial arts field. Philanthropy has played a significant role in expanding the nonprofit presence in the arts. Early creation of nonprofit arts organizations was intimately bound to the efforts of urban elites (DiMaggio 1986a, 1986b, 2006). Later, institutional funders (foundations and, following the creation of the National Endowment for the Arts [NEA], government) fueled substantial increases in

the number of nonprofit arts organizations in the arts in the latter half of the twentieth century.

The advent of foundation and government funding during the 1960s and 1970s, initiated by the Ford Foundation's extensive program of institution building in the arts, had a profound impact on the development of the modern nonprofit arts sector. Prior to the 1950s, the arts were not a major area of foundation interest (Smith 2010). In 1957, the Ford Foundation initiated a program that would invest hundreds of millions of dollars into supporting the arts, frequently through matching grants to nonprofit arts organizations that leveraged additional donations (Anderson 2007; DiMaggio 1986b; Ivey 2005; Smith 2010). At the governmental level, the NEA was created in 1965 along with state arts agencies around the same period (DiMaggio 1986b:4). Prior to the creation of the NEA, only twenty-three states had state arts agencies. The NEA was required to allocate funds to any state with a state arts agency, however, and thus within a few years almost every state had established such an agency (NEA 2012:6). By the 1990s, 90 percent of large foundations were making grants to the arts (Smith 2010:276). Much of this funding was aimed at increasing the geographical distribution of access to the fine arts through nonprofit organizations. For instance, John Kreidler (1996) notes that a major purpose of Ford Foundation funding was to increase access to the fine arts through creation of regional arts nonprofits outside New York City, especially in dance and theater. As geographical disparities lessened, government and large foundation arts supporters prompted greater attention to participation by minority groups (DiMaggio and Ostrower 1992), but the types of arts supported still tended to be nonprofits presenting Euro-American high culture (DiMaggio 1986c; Lewis 2000).

These newly available sources of support from institutional funders created incentives for arts groups to adopt the nonprofit form, a requirement for receiving grants (Anderson 2007; DiMaggio 2006; Ivey 2005; Smith 2010; Toepler and Wyszomirski 2012). Sheila Anderson (2007) observes that prior to the Ford Foundation's programs in theater, artists would not necessarily create a tax-exempt organization intended to survive the artist. Similarly, DiMaggio (2006) observes that prior to the 1970s, small presses were generally proprietary, but those created later frequently chose the nonprofit form. Toepler and Wyszomirski (2012) note that some previously commercial and proprietary firms, such as in the dance field, converted to nonprofit status. This apparent adoption of the nonprofit form in response to new funding opportunities suggests that an important issue for future research is to examine the conditions under which the nonprofit form becomes a more or less advantageous option.

The nonprofit presence in the arts increased dramatically by the end of the twentieth century. The number of art museums, theaters, symphonies, opera, dance companies, and other performing arts organizations increased by 59 percent between 1990 and 2001 (Tepper 2008:364–365). The number of reporting arts, culture, and humanities organizations further grew from 24,013 to 29,301 between 2003 and 2008, declining slightly to 29,137 in 2013 (McKeever et al. 2016:171).⁴ For the larger universe of arts nonprofits, including those with gross receipts below the reporting threshold, the National Arts Index reports growth from 84,000 in 2002 to 113,200 in 2010 (Kushner and Cohen 2016:43). In 2011, there was a sharp (20 percent) drop in the numbers. The authors observe, however, that this drop largely reflects the removal from the records of thousands of nonprofits that had not filed

returns with the IRS for three years, as well as some closures resulting from the recession. After 2012 the numbers increased again, to 95,000 (Kushner and Cohen 2016:43).

The Significance of Philanthropic Sources of Support

The nonprofit arts sector differs from the nonprofit sector as a whole with respect to sources of funding, relying to a greater extent on private philanthropy. Private giving constitutes 44 percent of revenues for arts, culture, and humanities organizations (McKeever et al. 2016:196) as compared with 13 percent of revenues for public charities as a whole, or 24 percent when higher education and hospitals are excluded from calculations (2016:166–167). Still, arts and cultural nonprofits also rely on fees for services and goods from private sources for a substantial portion of their income (32 percent). Another 10 percent of funding comes from government grants, and less than 2 percent in fees for services from government (McKeever et al. 2016:196). Arts and cultural organizations are distinctive in this low level of reliance on government fees, which is at 24 percent for the sector as a whole (McKeever et al. 2016:166).

Although they are highly reliant on private funding, the area of arts, culture, and humanities receives only 5 percent of total philanthropic donations (Giving USA 2018:32). Mark Ottoni-Wilhelm (2009:4), analyzing Philanthropy Panel Study survey data, reports that 8 percent of households gave to arts and culture in 2008. This percentage rises considerably with household income, from 4.1 percent among those with incomes \$50,000 or under, to 8.7 percent among those with between \$50,000 and \$100,000, and reaching 15.7 percent among those with household incomes over \$100,000 (Ottoni-Wilhelm 2009:7). Differences in rates of giving to arts and culture organizations are even more pronounced when broken down by the head of household's level of education. Although less than 2 percent of those with a high school degree or less donated to an arts or cultural organization, the figure steadily climbs to a high of 24.8 percent among those with some graduate coursework or more (Ottoni-Wilhelm 2009:11).

The preceding study did not break down the percentage of overall donations going to arts and culture by household income. That breakdown is reported in the *U.S. Trust Study of High Net Worth Philanthropy* (U.S. Trust and Lilly Family School of Philanthropy 2018), which examines households with incomes over \$200,000 and/or net worth over \$1 million (excluding the value of primary residence). This study also finds a high percentage of households (27 percent and 24 percent in 2015 and 2017, respectively) donating to arts and culture. However, only 5 percent and 2 percent of the share of total dollars contributed went to arts and culture in 2015 and 2017, respectively (U.S. Trust and Lilly Family School of Philanthropy 2018:16), a figure that is not higher than the overall 5 percent of total philanthropic donations that go to the arts cited earlier (Giving USA 2018:32).

Wealthy elites were instrumental in creating and sustaining many arts organizations, but reliance on elite philanthropy has privileged organizations that can attract funding from wealthy donors and foundations. This reliance also promotes the predominance of affluent individuals as members of nonprofit arts boards, service on which is frequently connected to the ability to raise or contribute funds. Further, nonprofit arts boards are quite homogeneous with respect to race and ethnicity (see, e.g., Abzug and Galaskiewicz 2001; Ostrower 2002, 2013; Rosenstein 2018; Sidford and Frasz 2017).

Online giving to the arts has been on the increase, a development that has been characterized as facilitating “democratized engagement,” whereby individual artists and smaller organizations can connect directly to donors (Giving USA 2018:308). The NEA reported that \$280 million had been raised for the arts through the crowd-funding platform Kickstarter since 2009 (NEA 2012). Much remains to be learned about whether such technological developments are engaging new donors and whether and how patterns of support through these platforms differ from individual philanthropy through other means. It also remains to be determined how much online giving goes to nonprofit arts organizations.

Some research indicates that revenue sources are associated with variations in nonprofit arts organizations’ behavior (Alexander 1996; DiMaggio 1986a; Kim, Pandey, and Pandey 2018; Powell and Friedkin 1986). Victoria Alexander (1996) concludes that a shift to greater institutional support (corporate and governmental, as compared with individual) had a broadening impact on museums. These institutional funders, she found, preferred to support exhibitions that appeal to large audiences. By favoring certain types of exhibits the museums already offered, the funders shifted the overall mix of museum exhibitions. More recently, using data on performing arts organizations from DataArts, Mirae Kim and her colleagues (2018) concluded that higher funding from foundations, local governments, and corporations was positively associated with performing arts organizations’ offering more free programs (measured as a ratio of free to total attendance at organizational offerings, such as performances, lectures, and workshops). Giving from individuals and the federal government were unrelated to free programming. Revenue generated by what the authors classify as “private benefits” (including earned income sources such as admission fees, tuition for classes, and parking garages) were mixed (Kim et al. 2018:142, 146).

Additional research is needed to systematically understand how, and how much, different sources of funding and different funding mixes influence programmatic and other choices among nonprofit arts organizations. Equally important is to understand the mechanisms through which such impact occurs and how funder choices and priorities interact with those of recipient nonprofit arts institutions.

Many countries have subsidized the arts through direct government support, but the United States has generally eschewed that route (Mulcahy 2000; Throsby 2010). However, government policies do result in considerable indirect support, including through the tax deduction for charitable donations that arts and cultural nonprofits, like other nonprofits, may receive. According to one estimate, the U.S. government forgoes 33 to 35 cents for every \$1 donated to a tax-exempt arts organization by individuals with larger incomes who itemize contributions on their tax returns (NEA 2012:18). By virtue of their nonprofit status, nonprofit arts organizations are also tax-exempt themselves (subject to exceptions applying to them as well as other nonprofits).

Arguments for such indirect support through the tax system rest on claims that the tax deduction results in more private giving than would otherwise take place and allows for more varied and decentralized decision making by shifting decisions from government to private individuals (Throsby 2010; see also Cowen 2010). On the other hand, this approach has been criticized as skewing the nonprofit arts sector toward the tastes of affluent donors who are more likely to itemize and thus be in a position to take advantage of the deduction (Rosenstein 2018; Throsby 2010). This line of thinking has led some to oppose

the charitable tax deduction for philanthropic giving (Reich 2011). In the nonprofit sector, some, including arts advocates, have by contrast called for an expansion of the tax deduction so as to make it available to non-itemizers (see *Americans for the Arts* 2017a, 2017b).

Some raise issues of equity related to race, ethnicity, and different cultural traditions in the distribution of cultural support. Holly Sidford and Alexis Frasz (2017) conclude that most contributed income goes to a small group of large cultural institutions that largely focus on Western European fine arts and include few organizations with missions focused on artistic traditions from Africa, Asia, Latin America, the Middle East, or Native America (Sidford and Frasz 2017). By contrast, they find that although smaller nonprofits (with budgets under \$1 million) constitute the vast majority of arts and cultural organizations, and many of these do focus on such artistic traditions (or other indigenous and folkloric traditions), they received only 21 percent of all giving (Sidford and Frasz 2017:6). They also point to disparities in funding for cultural groups in rural communities, who received less than 2 percent of foundation arts funding (Sidford and Frasz 2017:7), and groups whose main mission is serving communities of color, who received 4 percent of foundation arts funding (2017:7). Examining ten cities with high levels of giving to the arts, they generally find similar patterns at the local level, with giving concentrated in a small number of large institutions (Sidford and Frasz 2017:7).

Nonprofit Presence in the Arts: Rationales

Whereas the previous section described the prevalence of nonprofit organizations in the arts, this section explores the question of why arts organizations adopt the nonprofit form. The topic of rationales for creating certain types of organizations as nonprofits and the intersectoral division of labor in the arts in general have not been prominent foci of research since the last edition of this volume, which offered detailed discussion of these issues. As mentioned earlier, this lack of scholarly attention may partly reflect a number of trends in the arts policy literature: a tendency to emphasize interconnectedness rather than difference among organizational forms in the arts, a questioning of perceived assumptions about the distinctiveness of nonprofits versus for-profits in the arts, and suggestions that the nonprofit form has been used too frequently. The following is a brief review of what continue to be major explanations for the nonprofit presence in the arts.

From an economic perspective, Henry B. Hansmann (1980, 1986) argues that nonprofit status permits nonprofit organizations to function in parts of the arts market that cannot be sustained by market forces. In this view, there is no ticket price at which organizations in these areas can recoup their actual costs of operations. However, the high ratio of fixed to variable costs in mounting productions results in a low marginal cost of adding a performance or one more audience member once the show is mounted. Pricing tickets at the marginal cost would not cover full expenses, but insufficient demand exists to price tickets high enough to cover full expenses. In his view, price discrimination, or charging patrons different amounts, offers a solution. Although price discrimination can partly be implemented through charging different prices for different seats, Hansmann contends that an adequate system of price discrimination would be too difficult to implement through ticket sales alone. Instead, the nonprofit form enables organizations to implement a system of voluntary price discrimination, whereby some individuals voluntarily pay more

by making donations. Individuals are willing to donate to nonprofit arts organizations because the legal prohibition preventing nonprofits from distributing surplus earnings to private parties permits donors to trust that their contributions will be used to support the organization's artistic services (Hansmann 1986). Although this argument is developed further in the case of performing arts organizations, Hansmann (1980) also believes that it is applicable to museums.

William J. Baumol and William G. Bowen's influential "cost disease" theory (1965, 1966) also contends that subsidies, in the form of donations or government support, are critical for performing arts institutions, because performing arts organizations are inherently subject to ever-widening gaps between revenues and expenses. They argue that performing arts organizations must spend a considerable part of their budget on labor costs, which increase over time, but lack ways to contain or reduce rising costs by increasing productivity (e.g., through technology). In their words (Baumol and Bowen 1965:500), "it is fairly difficult to reduce the number of actors necessary for a performance of *Henry IV, Part II*." Baumol and Bowen's theory remains widely influential in economic studies of the arts with a line of research focused on assessing various components of their claims about the cost disease. Results have been mixed, with different research variously supporting or failing to support the presence of a cost disease in the arts, and some questioning the inevitability of a widening gap between earned income and expenses and the impossibility of achieving productivity gains (see Ostrower and Calabrese 2019 for a review).

A different, historically based account is offered by DiMaggio (1986a, 1986b), who attributes the creation of early nonprofit arts organizations to nineteenth-century urban upper classes. In his view, the nonprofit form was not a reaction to marketplace forces but represented a deliberate effort to insulate certain types of art from the marketplace. The nonprofit form was well suited to the project of creating and institutionalizing a distinction between "high" and "popular" culture, removing the former from market influences, and keeping institutions under the authority of their elite patrons, who served as trustees. Thus, using the nonprofit form, they created a prestigious status culture to which they had special access. The nonprofit form eventually spread to smaller cities and other arts forms that had previously been organized as commercial endeavors (DiMaggio 1986a, 1986b, 2006).

The tensions between forces promoting exclusivity and pressures for greater openness provide one useful lens through which to view developments within the nonprofit arts sector. DiMaggio's account places status interests, rather than economic concerns, at the core of the nonprofit endeavor in the arts. Yet even at their inception, these high-culture institutions included educational efforts and have embodied evolving tensions between exclusivity and other factors, including efforts at legitimation of the special status of high-culture arts and revenue generation needs (DiMaggio 1986a, 1986b; see also Accominotti et al. 2018; McDonnell and Tepper 2014). Furthermore, these organizations were never fully shielded from the market and have had to generate earned income. Thus, established arts organizations have variously incorporated other constituencies, even as elite groups carved out exclusive niches for themselves in relation to the organizations (Accominotti et al. 2018; Ostrower 2002). As organizational needs (e.g., for funds) call for greater openness and change, elites have adapted, becoming more open with regard to organizational accessibility and operations but perpetuating the board itself as an exclusive elite enclave (Ostrower 2002).

Likewise, McDonnell and Tepper (2014) contend that high-culture nonprofits have historically embodied dual conceptions of their role and mission. They fostered the elevation of fine art as sacred and unique and cultivated elite audiences, while also promoting access to the arts, community service, and education. They note that the public-serving rationale for nonprofit status and the interests in gaining widespread legitimacy for the status of high culture referenced by DiMaggio also meant that arts institutions had to be more than exclusive clubs.

While situating the historical development of established high-culture nonprofit arts organizations in the class-based projects of nineteenth-century elites, this account does not assert an inherent link between the nonprofit form and high culture or any particular class. To the contrary, DiMaggio (2006) notes that others, such as immigrant groups, also used the nonprofit form and that in the twentieth century the groups making use of the nonprofit form in the arts became significantly more diverse. He concludes that “the nonprofit legal form is to some extent an empty shell that can be employed for an almost unlimited range of noncommercial (and some commercial) purposes, depending on who has the motivation and capacity to use it” (DiMaggio 2006:440). Still, as he also notes, “the ability for artistic communities to take advantage of the nonprofit form depends on power and influence as much as on need” (DiMaggio 2006:439).

From this perspective, understanding the rationales for the use of the nonprofit form cannot be an abstract exercise or one that looks solely to properties of the nonprofit form itself but must attend to who creates and uses these organizations, under what circumstances, and for what purposes. This view is consistent with the increasing variety of nonprofit arts organizations one finds in the field today. This approach also cautions against viewing organizations as static, and advises being attentive to how they respond to shifts in environmental circumstances. At the same time, as DiMaggio (2006:439) also notes, artistic communities’ ability to use the nonprofit form does not depend solely on need but also on power and influence. Therefore, research attention also needs to be given to barriers to the use of the nonprofit form, for whom such barriers are higher, and how this influences the contours of the nonprofit arts landscape.

If nonprofit arts organizations cannot sustain themselves on the market through earned income, then they must garner support elsewhere. In order to do so, they need to be seen as meriting support. As James A. Smith (2010) notes, there has long been an ambivalence in the United States as to whether the arts represent a private or public good and therefore whether the arts should be able to sustain themselves in the market (or not at all). Such debates continue, and are likely to endure because the arts are “mixed” or “merit” goods that provide both private and public benefits (DiMaggio 2006; Smith 2010; Throsby 2010).

The literature proposes a variety of ways that the arts benefit individuals that experience them, as well as wider benefits that extend beyond the direct artistic experience. With respect to individuals, studies suggest a variety of behavioral, cognitive, and health benefits, such as improved grades. With respect to benefits that go beyond the individual, the arts have been seen as fostering civic engagement, economic growth, and expression and preservation of cultural identity (for a review of the literature and critiques of it, see McCarthy et al. 2005; Throsby 2010). Mark Stern and Susan Seifert (2017) find that in low-income areas, the presence of cultural resources is associated with measures of social well-being, including measures related to health, schooling, and personal security. They

propose that neighborhood cultural assets facilitate social connections, which in turn foster social well-being. Various studies find relationships between arts participation and civic engagement, such as Kelly LeRoux and Anna Bernadska's (2014) observation that audience-based engagement is associated with civic engagement even after controlling for variables such as age and income. Additionally, a number of surveys have found that individuals perceive the arts as being of value to themselves and their communities. Mark Hager and Mary Kopczynski (2003), for instance, found that in each of five communities studied, individuals placed a higher value on the arts for their communities than for themselves. Furthermore, many respondents that did not themselves attend arts events still saw a high value of the arts in their communities. Among the reasons cited were the value of the arts for children and preserving cultural heritage.

The Nonprofit Form: Recent Assessments of Its Distinctiveness

A question of interest for nonprofit research has been the extent to which nonprofit form *per se* matters, with studies comparing the behavior of organizations delivering the same services or products but with different organizational status (e.g., provision of services by for-profit versus nonprofit hospitals). Such comparisons are not readily available in the nonprofit arts field, however, because nonprofit arts organizations tend to occupy different niches than commercial firms (DiMaggio 2006; Toepler and Wyszomirski 2012:231–233).

Some recent literature contends that institutional differences associated with form in the arts have been overstated. Bill Ivey (2005, 2008), past chairman of the NEA, argues that nonprofits have incorrectly been assumed to be very distinctive from, and superior to, commercial forms as a vehicle for advancing the public interest as it pertains to the arts. He argues that both for-profits and nonprofits pursue the multiple goals of art, financial success, and some sense of public interest (Ivey 2005). He further suggests that cultural policy aimed at supporting the arts has focused too narrowly on the nonprofit arts as the sole vehicle for promoting the public interest (Ivey 2008). Note that Ivey is not questioning the public value of or interest in the arts. His argument illustrates how the preeminence and distinctiveness of the nonprofit form is being questioned by those who regard the arts as having a public value, as discussed in the introduction to this chapter.

Likewise, Joni Maya Cherbo and her colleagues (Cherbo et al. 2008) argue that nonprofits must rely on earned income for a significant part of their revenues, and commercial arts organizations often are concerned about their product's quality and social impact. They contend that a distinction based on one being reliant on generating profits and the other being committed to an educational or charitable mission is overly simplistic. Economist Michael Rushton (2015) argues that nonprofit arts organizations and commercial firms use many similar business methods, including multiple forms of price discrimination. He observes that major trends in cultural policy, such as thinking about cultural districts, are not confined to nonprofits, and he argues that when thinking about the arts, "focusing on nonprofits with the exclusion from consideration of other sorts of organizations no longer makes sense, if it ever did" (2015: para. 16).

Much of the literature questioning nonprofit/for-profit distinctions in the arts is conceptual, and sometimes anecdotal, in nature. Tim Donahue and Jim Patterson (2010), however, offer one empirically based comparison of nonprofit and for-profit forms and

find significant distinctions. As part of their study of professional theaters, they compare for-profit professional and nonprofit professional theaters and assess the relationship between the two. First, they emphasize the different organization of endeavors in the two arenas. Commercial theaters are generally formed as a partnership or company to produce a single play and disband, with open-ended production runs and closure dates being determined by ticket sales. By contrast, nonprofit theaters generally intend an indefinite organizational life, typically have preset end dates for productions, often own or lease their own venue, and rely only partially on box office returns (Donahue and Patterson 2010:2).

Substantively, Donahue and Patterson (2010:2–3) find that nonprofits do play a distinctive role in theater in the United States, serving as a major source of new play and musical development, producing more varied types of work, and in many locales serving as the primary source of theater available. In fact, they find that substantial numbers of new commercial productions (on Broadway) originate in nonprofit theaters. Likewise, they find that a substantial portion of Tony awards for Broadway shows were for plays that originated in nonprofit theaters.

This example calls attention to the fact that extensive interaction between organizations in different sectors may well co-exist with (or even stem from) differences in the organizations associated with sector, a topic warranting additional research. The results illustrate why, as argued at the start of this chapter, an acknowledgment of interconnectedness and commonalities among arts organizations in different sectors should not deter, but prompt and inform, research on the intersectoral division of labor and cross-sector relationships.

Hybrid Alternatives and Cross-Sector Relations

In recent years, much attention has been given to the hybrid organizational forms that incorporate features of organizations from two or more of the nonprofit, for-profit, and public sectors. This topic includes the emergence of legally recognized categories of organizations with missions that combine profit generation for owners and social goals (for a discussion of such forms that have been enacted by a number of state governments, see Reiser 2012). Given the challenges faced by nonprofit arts organizations (discussed in the next section), some have suggested such new legal forms may offer a viable alternative to the nonprofit form in the arts in some instances (see Undercofler 2012). However, and after an initial spate of enthusiasm for this idea, there is little evidence that such forms have been adopted by arts organizations to any significant extent.

One example of these new legally recognized hybrid forms is the benefit corporation. Ellen Berrey (2018) finds that at least 7,704 benefit corporations have been formed since 2010. Yet in a random sample of 570 of them, she found that only 3, or less than 1 percent, were in the arts (E. Berry, personal communication, September 17, 2018).

Rushton (2014) considers the applicability of the hybrid form in the arts, focusing on another type of legal hybrid, low-profit limited liability companies (L3Cs). He concludes that the hybrid form is unlikely to have much usefulness for nonprofit arts groups. He argues that hybrids offer no advantages to compensate for giving up the tax exemption or tax-deductible donations permitted with nonprofit status. He likewise concludes that hybrid forms do not offer advantages over traditional for-profit forms in the arts for organizations that can generate profits solely through earned income.

Creating a legal hybrid organization is not, of course, the only alternative to creating a nonprofit organization. One option still involves the nonprofit form—by using an already incorporated nonprofit to serve as a fiscal sponsor. This approach permits an artist or unincorporated association to solicit and receive grants (under the sponsor’s umbrella) without creating a new organization. An example of one well-known national organization that serves as a fiscal sponsor for arts projects is Fractured Atlas, whose mission includes “eliminating practical barriers to artistic expression” (<https://www.fracturedatlas.org/site/about/>). For those who believe nonprofit status is too often adopted as a default option, fiscal sponsorship is seen as a more effective alternative in some circumstances (Undercofler 2012). Fiscal sponsorship, however, is not necessarily a permanent alternative to creating a new nonprofit. Entrepreneurs can also use fiscal sponsorship in the early stages of new undertakings that later incorporate nonprofits (Andersson and Neely 2017). Examining a sample of 184 nonprofits that serve as fiscal sponsors, Fredrik O. Andersson and Daniel G. Neely (2017) found that the largest percentage (34 percent) were in the field of arts, culture, and humanities (494).

More common than the use of legal hybrid forms (and by some accounts increasingly common) are collaborations that cross sectors. A case in point is the growth of collaborations between nonprofit theaters and commercial producers (Cox 2014; Donahue and Patterson 2010). Nonprofits may develop new plays that are later picked up by a commercial producer; a producer can go to a nonprofit with a play to develop; and a nonprofit can solicit financial support to produce a new show in exchange for an option to produce it (Cox 2014). In one scenario, commercial producers provide “enhancement money” to nonprofit theaters to increase the budget for a show produced by the nonprofit (which can mount the show at a lower cost), with the right to bring the show to a commercial run (if successful), while the nonprofit may be entitled to a share of future earnings (Donahue and Patterson 2010). Such collaborations still involve a fairly small number of theaters, and these arrangements have been a source of some controversy and charges of mission drift (Cox 2014; Donahue and Patterson 2010). Still, a recent *American Theatre* article observes that the wall separating commercial and nonprofit theaters has been “felled” over the past thirty years, and “Today the overlap between the two sectors is a fact of life” (Cox 2014: para. 3).

Varied and complicated collaborations also exist between nonprofit arts organizations and public sector entities, apart from direct funding and indirect support through the tax system (DiMaggio 2006). For instance, a number of nonprofit museums, performing arts centers, and other types of institutions are located on public sector land, and some arts nonprofits have governance structures involving both private and public sectors (DiMaggio 2006; Rosenstein 2018). One example of such a governance structure is found among the “large minority of important art museums,” where the public sector has authority over the organization’s physical plant, but a nonprofit organization controls the art collections and endowment (DiMaggio 2006:444). Chris N. Burgess and David B. Pankratz (2008) offer various examples of multisector collaborations, such as a national project to expand arts education for children and youth in public housing, which involved the National Guild of Community Schools of the Arts, the NEA, and the U.S. Department of Housing and Urban Development.

A growing theme in recent literature has been that the nonprofit arts are one facet of a larger arts industry (akin to agriculture or education) composed of activities and organizations from multiple sectors, including the nonprofit, corporate, public, and informal sectors. This perspective has been proposed as a broader lens through which to view the arts, in contrast to a more exclusive focus on nonprofit organizations (Cherbo et al. 2008). From this perspective, an increase in for-profit and nonprofit collaborations has been observed. More research is needed, however, to theoretically and empirically understand these cross-sector relations and assess their outcomes (Burgess and Pankratz 2008; DiMaggio 2006).

The Nonprofit Arts Sector: Challenges to Sustainability

Nonprofit arts organizations face a number of challenges related to their sustainability and relevance, including declining or stagnant attendance and financial difficulties. Changes in how people attend, notably declines in purchase of subscriptions, have implications for long-standing business models.⁵ Some of these challenges raise questions about the capacity of established arts organizations to adapt in a world with shifting demographics, leisure patterns, and technological options. In the context of the present discussion, one key question is whether established arts organizations are now paying a price for their historical association with cultural and status hierarchies.

Attendance Patterns

Although the supply of nonprofit arts organizations continued to increase until recent years, different patterns emerge when it comes to demand. The NEA's Survey of Public Participation in the Arts (SPPA) indicates declining or stagnant attendance rates at multiple art forms in which nonprofit organizations are prominent (NEA 2015). Furthermore, those who do attend are doing so less frequently, and declines are occurring across multiple demographic groups, including those with high levels of education, who are most likely to attend (NEA 2015:5). One concern has been generational shifts in attendance, with declining attendance among younger audiences. An often-heard assumption is that generational shifts are driving audience declines. In an analysis of SPPA data, however, Mark Stern (2011) concludes that age and generational cohort actually explain little about changes in arts participation. He points instead to broader changes in people's lives and preferences, including a more personal and flexible approach to cultural engagement.

In the performing arts, previous SPPA analyses reveal declines in attendance at opera, classical music, theater, musical theater, and ballet, generally between 2002 and 2008, although attendance at plays also declined between 2008 and 2012 (NEA 2015:7-9, 2018). Preliminary findings from the most recent survey in 2017 show attendance stabilizing for each of these performing arts forms (NEA 2018). Attendance at outdoor performing arts festivals, an area that also has a strong nonprofit presence (Rosenstein 2010:41), actually increased between 2008 and 2017. Since attendance at outdoor performing arts festivals was not tracked until 2008, it is not known whether declines occurred previously. Attendance at this form grew from 21 percent in 2008 and 2012 to 24 percent of the adult population in 2017 (NEA 2018:6).⁶

Turning to the visual arts, attendance at art museums and galleries declined between 2002 and 2012. Attendance then increased from 21 percent in 2012 to 24 percent in 2017, though it remained below the 27 percent attending in 2002 (NEA 2015, 2018:7). The percentage of adults touring parks, monuments, buildings, or neighborhoods for historic or design value also increased between 2012 and 2017 (from 24 percent to 28 percent). In this case as well, 2017 attendance did not exceed the 2002 figure (32 percent).

Earlier we noted that in the context of the present discussion, one relevant question is whether established nonprofit arts organizations may be paying a price for their historical association with hierarchy and exclusivity. Significantly, the few increases in attendance since 2012 mentioned earlier occurred in activities (such as outdoor performing arts festivals) that “have drawn a broader cross-section of the U.S. adult population—one that is demographically more diverse—than have some other types of arts events” (NEA 2018:2).

Supply and Demand

Expansion in supply coupled with declining or stagnant demand poses a major challenge to the nonprofit arts field. When asked to comment on declining attendance figures, one former head of the NEA famously—and controversially—replied, “There are too many theaters” (see Marks 2011). Many analysts propose that the supply of nonprofit arts organizations has exceeded demand for what they offer (Borwick 2012; Ivey 2008; Kreidler 1996; Tepper 2008; McCarthy, Ondaatje, and Novak 2007; Zakaras and Lowell 2008). The issue is not just about competition for attendees but increased competition for funding resulting from the large number of organizations (Ivey 2008; McCarthy et al. 2007; Nelson et al. 2014). For instance, some observers have argued that the matching-grant model of support for nonprofit arts, developed by the Ford Foundation and then diffused to governmental funders and other foundation funders, has reached the limits of its ability to expand (Ivey 2008; Kreidler 1996).

Still, one study of births and mortality of arts and cultural nonprofits in six cities found considerable levels of new organizations being created (Dietz et al. 2013:1). Sixty percent of organizations reporting in 1990 were still reporting by 2010, but for every one that closed another 2.6 were created (Dietz et al. 2013). Larger organizations were more likely to survive with some variations by discipline. Although some argue that too many nonprofit organizations are being created, Susan Nelson and her colleagues (Nelson et al. 2014) contend that the problem is not in the number of new creations (which they see as a sign of artistic vitality) but in the failure of financially weak nonprofits to exit the field.

Different parts of the nonprofit arts sector may be more or less impacted by these developments. Kevin McCarthy, Arthur C. Brooks, Julia Lowell, and Laura Zakaras (2001) predict that large performing arts organizations will increasingly adopt practices akin to their for-profit counterparts (e.g., increasing earned income through merchandising), while small ones will target niche audiences. They argue that neither of these strategies is available to medium-sized organizations, leaving them at particular risk of failure. Writing about the performing arts, they predict that the distinction between large and small organizations will become more significant than that between for-profit and nonprofit organizations. The study of births and mortality referenced earlier, however, found that survival was positively associated with size (Dietz et al. 2013).

Organizational Responses and Contemporary Relevance

Audience declines are a cause of wide concern in the field and one of the main pressures on nonprofit arts organizations noted in the literature. One response has been organizational efforts to expand and engage audiences. As noted, low levels of attendance by younger audiences are of particular concern in the field, and the predominantly white audiences, boards, and staff of many established arts organizations contrasts markedly with the composition of their geographical communities. Furthermore, declines are being experienced among audiences that are traditionally most likely to attend. It goes beyond the scope of this chapter to discuss the array of audience-building efforts that have been undertaken and studied (for a review and discussion of the literature on audience building among nonprofit performing arts organizations, see Ostrower and Calabrese 2019). Some types of efforts under way include providing more opportunities for socializing and social interactions (e.g., parties connected with performances, occasions for performer–audience interactions such as postperformance discussions), experimenting with technology, performing in nontraditional venues, providing opportunities for more active audience engagement (believed to be attractive to younger audiences), using market research to better understand current and potential audiences, and creating more welcoming, informal, and/or social environments. The success of various audience-building efforts in attracting and engaging new audiences, particularly over the long term, however, remains inconclusive and in need of further research (Ostrower and Calabrese 2019).

Interestingly, some measures being taken are designed to overcome barriers attributed to perceptions of the exclusivity that, as this chapter has discussed, has been a characteristic of many high-culture institutions. Likewise, although separating high culture from popular culture was part of the project of early nonprofit arts creation (DiMaggio 1986a, 1986b), some organizations are incorporating elements of both in efforts to increase audiences. For instance, the New World Symphony performed in a late-night club format that combined live classical music with a DJ playing electronic dance music (Brown and Ratkin 2013). As this example illustrates, some organizations are experimenting with dispensing with traditional expectations of audience comportment, such as by allowing people to move around freely during a performance.

Another effort, also aimed at attracting younger audiences, is the Isabella Stewart Gardner Museum's Gardner After Hours, which offered a social event. Here, the museum offered informal activities, brief talks, games promoting exploration of the collections, and a bar and live music in the courtyard. The events aimed to bring younger audiences to the museum to explore the galleries, while responding to their perceived desire for a social event (Harlow 2014).

A question raised by some of the literature is whether declining or stagnant patterns of attendance indicate a fundamental loss of relevance faced by established nonprofit arts organizations. Jeffrey Nytko (2013:89–90) writes that classical music organizations “continue to present concerts in a paradigm that was established in the 19th century—and then wonder why 21st century audiences are less and less interested in what they have to offer” (see also Borwick 2012). Doug Borwick (2012) argues that nonprofit arts organizations are too insular and need to rethink the nature of their obligations to the public as nonprofits. In his view, they will not overcome problems of declining audiences by

focusing on audience building for their own institutions but instead need to engage in community building and focus on becoming more deeply ingrained in their communities. He argues that this will require a shift in attitude to see themselves as doing things “with” rather than “for” the larger community.

One line of research has called for attention to arts participation that goes on outside formal nonprofit arts organizations. In this view, attendance at some art forms may be declining, but arts participation itself is flourishing—outside formal arts organizations and in ways other than attendance, such as creation (Novak-Leonard and Brown 2011; Pulh, Marteaux, and Mencarelli 2008; Reidy 2014; Tepper 2008; Wali, Severson, and Longoni 2002; Walker, Scott-Melnyk, and Sherwood 2002; for reviews see Novak-Leonard et al. 2014; Stallings and Mauldin 2016).

For the purposes of this discussion, the relevant point is the implication is that declining attendance figures do not equate to a declining interest in arts engagement per se. Instead, they raise questions about potential shifts in the prominence and relevance of nonprofit organizations as vehicles for that arts engagement. Other research, however, has pointed out that the informal arts sector and the nonprofit sector are also interconnected. Thus, Rosenstein and Brimer (2005) argue that nonprofit organizations, such as the nonprofit ethnic, cultural, and folk organizations they studied, play an important role in structuring and sustaining informal and community-oriented expressive activities.

One theme in the current arts participation literature is that people today seek more active forms of arts engagement than offered by attending arts events in the role of passive spectator (see, e.g., Brown and Novak-Leonard 2011; Conner 2013). For instance, Alan S. Brown and Jennifer L. Novak-Leonard forecast that arts organizations that depend exclusively on a “consumption model of program delivery will slowly lose ground in a competitive marketplace” (2011:4). Some examples of opportunities that permit more active engagement include classical music concerts including both professional and amateurs and projects involving audiences in creating theater programs (Brown and Novak-Leonard 2011). Although the need to provide opportunities for active engagement is a prominent theme in the audience-building literature (Ostrower and Calabrese 2019) this can involve quite varied efforts, ranging from restructuring postperformance discussions to providing opportunities for audiences to influence artistic programming.

This discussion has summarized some of the prominent ideas about the sources of and responses to challenges facing nonprofit arts organizations. As noted earlier, for the purposes of this chapter, one significant development is a line of discussion that challenges the hierarchies and exclusivity incorporated into the creation of high-culture arts institutions. DiMaggio (2006) argues that these hierarchical models of culture and sharp boundaries between high and popular culture have been eroding—the distinction proposed as central to the identity of nonprofit arts organizations. What impact does this development have on these organizations, their identities, and how they think about their mission? Having adapted in the past, what adaptations will they make in the future?

Canon-focused arts organizations have greater difficulty implementing projects to build broader audience participation than organizations such as community cultural centers that incorporate such goals into the core of their mission (Farrell 2008; Joynes and Grams 2008). McDonnell and Tepper (2014) find that during periods of crisis, high-

culture organizations fall back on traditional narratives that appeal to rationales for their existence in terms of wealth, excellence, and distinction but do not serve them well under contemporary circumstances. Instead, such language limits their ability to mobilize broad support and demonstrate their relevance, creating an attitude that inhibits the development of new relationships and forms of community engagement. Ivey (2008:170) makes a related observation when he argues that orchestras' claims to music "with a unique spiritual and intellectual value" served them well in seeking philanthropic and governmental support, while simultaneously alienating audiences and isolating classical music organizations from their contemporary context.

As noted at the outset of this chapter, arts organizations are not homogenous, and the pressures they face also vary. Several challenges discussed in the preceding section relate to established, large canon-focused arts organizations. As discussed earlier, other arts organizations, such as smaller and rural organizations, face challenges related to the current distribution of funding in the arts (Sidford and Frasz 2017:6). Additional research is needed to understand the similarities and differences in the challenges and opportunities faced by arts organizations that vary along a number of dimensions, such as size, discipline, goal, geographical location, and audiences served.

Conclusion

The nonprofit form has played a key role in the arts and cultural life of the United States. The literature also points to the ongoing significance that nonprofits play in the arts, but one that may well be in transition. If, as discussed, rationales for the use of the nonprofit form cannot be an abstract exercise or one that looks solely to properties of the nonprofit form itself, then additional research is needed to understand who is creating and using these organizations, under what circumstances, and for what purposes, both artistic and otherwise. This line of research would include a consideration of current incentives and disincentives for the use of the nonprofit form, and of its alternatives. Much of the literature, as seen in this chapter, advocates going beyond a focus on nonprofit organizations. It calls for a perspective that views nonprofits as part of a wider and interconnected arts field. Although that may be true, such insights invite further attention, both theoretically and empirically, to systematically explore similarities and differences between nonprofit and commercial firms, and the relationships between the nonprofit, commercial, public, and informal sectors. Although multiple examples of interactions have been cited, much remains to be done to classify such instances into larger patterns of relationships and outcomes.

The nonprofit arts offer a wealth of future research possibilities. To what extent are broadening definitions of the arts and arts participation reflected/incorporated into nonprofit arts organizations? How are the dynamics between inclusivity and exclusivity evolving? How is the nonprofit form in the arts being used today by different groups and to what ends? In what ways are current philanthropic priorities influencing the nonprofit arts? What options for organizational form are more or less available to different types of artistic endeavors? How do nonprofit arts interact with organizations in other sectors—and cross boundaries within the nonprofit sector? Which areas of the nonprofit arts are being more or less impacted by contemporary challenges? What opportunities and/or pressures

does the need to attract both earned income and philanthropy create for nonprofit arts organizations, and how do they handle these? How are nonprofit arts organizations seeking to expand and engage new audiences—and with what results? Will new business models emerge? How is technology impacting arts organizations? Virtually every topic addressed in this chapter is in need of future research. The nonprofit arts did not always look the way they do today—and there is every reason to believe that they will continue to evolve.