



Indiana Arts and Culture Nonprofits: Overview and Challenges

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WITH SARAH DYER

October 2018

INDIANA NONPROFIT SURVEY: ROUND III

OVERVIEW Series #1
Report 2

INDIANA NONPROFITS PROJECT:
SCOPE & COMMUNITY DIMENSIONS

A JOINT PRODUCT OF
The Lilly Family School of Philanthropy
AND
The School of Public and Environmental Affairs
Indiana University Bloomington



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Table of Contents

ACKNOWLEDGMENTS	2
ADVISORY BOARD.....	4
INTRODUCTION.....	5
Indiana Nonprofits Project.....	5
Indiana Nonprofits Survey – Round III.....	6
EXECUTIVE SUMMARY	8
KEY FINDINGS.....	13
DETAILED FINDINGS	14
Legal Structure.....	14
Program and Planning Activities.....	15
Governance and Human Resources	19
Boards	19
Volunteers.....	21
Employees.....	23
Finances	25
Organizational Components.....	28
Technology	30
Collaborations and Affiliations	31
Advocacy.....	32
Special Focus Nonprofits.....	33
CONCLUSION.....	34
APPENDICES	38
Appendix A: Survey Methodology.....	38
Appendix B: Additional Graphs	40
Appendix C: Overview of the Indiana Nonprofits Project.....	42

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INTRODUCTION

This report on the **Indiana Arts and Culture Nonprofits: Overview and Challenges** is based on a major survey of Indiana nonprofits conducted by the Indiana Nonprofits Project in 2017. Two previous rounds of surveys were conducted in 2002 (Round I), and 2007 and 2010 (Round II). The current report is the second based on this most recent Round III survey of Indiana Nonprofits and is designed to provide a basic overview of Indiana arts and culture nonprofit organizations.

Indiana Nonprofits Project

The **Indiana Nonprofits Project: Scope and Community Dimensions** began in June 2000 and has produced a substantial body of research since then. The project is designed to provide information about the nonprofit sector in Indiana: its composition and structure, its contributions to Indiana, the challenges it faces, and how these features vary across Indiana communities. The goal of this research effort is to help community leaders develop effective and collaborative solutions to community needs and to inform public policy decisions.

The project is directed by [Dr. Kirsten A. Grønbjerg](#), Efroymson Chair in Philanthropy at the [Lilly Family School of Philanthropy](#) (LFSOP) and Professor and Associate Dean for Faculty Affairs at the [School of Public and Environmental Affairs](#) (SPEA), Indiana University Bloomington. Under the guidance of the Project's distinguished [Advisory Board](#),¹ the Project has produced a variety of materials to inform policymakers, nonprofit administrators and boards, and Indiana residents, including:

- [Nonprofit Surveys](#): Our research team surveyed Indiana nonprofits to learn how they operate, contribute to the state's economy and its quality of life, and face and overcome challenges.
- [Nonprofit Employment Analysis](#): Our research team examined trends in paid nonprofit employment in Indiana including the size, composition, and distribution of employees.
- [Local Government Officials Analysis](#): Our research team analyzed how local government officials view important nonprofit-related policy issues and relationships. Our findings demonstrated changes in whether local leaders trust nonprofits to operate effectively and they revealed shortcomings in the use of the state's 2-1-1 system.
- [Community and Regional Analysis](#): Our regional analysis described the impact, scope, and composition of nonprofits and the nonprofit sector in specific Indiana communities and regions as well as across the state.

For a full description of the Project and access to all Project reports, please visit <https://nonprofit.indiana.edu>. A summary of project components is included in Appendix C.

¹ See <https://nonprofit.indiana.edu/AboutTAB/advisory-board.html>

Indiana Nonprofits Survey – Round III

The Indiana Nonprofits Project collected survey responses from 1,036 Indiana nonprofits between April 2017 and February 2018, reflecting an overall response rate of approximately 24 percent. Of these, 397 nonprofits were part of a “panel” of nonprofits that responded to our 2002 Round I survey while 639 came from a new randomly selected “primary” sample developed specifically for this survey (see Appendix A for a description of the sampling strategies). These organizations represent a variety of nonprofit fields and ages (see Appendix B, Figure B.1 for distribution by year founded).

For the “primary” sample, respondents were randomly selected from three major nonprofit listings: nonprofits (1) registered with the IRS as tax exempt entities with Indiana reporting addresses, (2) incorporated with the Indiana Secretary of State as not-for-profit corporations, or (3) listed in the yellow pages as churches, temples, synagogues, mosques or similar religious entities. The original “panel” sample was created under a similar, but more extensive protocol.

Respondents to all three segments of the 2017 survey represent almost the full scope of Indiana nonprofits. They include traditional public charities, such as homeless shelters, museums, or cancer groups. They also include other types of tax exempt entities registered under all other section 501(c) of the IRS tax code, such as private foundations, fraternal organizations, social clubs, business groups and advocacy organizations. Survey respondents also include organizations not registered with the IRS, whether because they are churches, exempt from registration, or for other reasons are not found in the IRS listing. However, we excluded colleges, hospitals, bank-managed trusts, and public school building corporations because the survey instrument was not well-suited to these types of entities and they had very low response rates to the 2002 survey.

At the request of the Indiana Arts Commission (IAC), we also extended the survey to a third segment of Indiana nonprofits: all those that have applied for funding from the IAC over the 2015-2017 period (excluding colleges and universities). A total of 145 nonprofits from this listing responded to the survey, representing a response rate of about 41 percent. This total includes 11 nonprofits that responded as part of the panel or primary samples described above.

Our survey asked about a variety of topics: programs and services, organizational structure and program evaluation, human resources, marketing and technology, financial information, advocacy and policy activities, and relationships with other organizations. There were also questions specific to membership associations and faith-based organizations.

Because of the richness of the survey data, we plan to produce two series of reports: Series 1, including this report, will provide overviews of the Indiana nonprofit sector and various types of organizations such as arts & culture nonprofits, faith-based organizations, and

membership organizations. Series 2 will examine the activities and experiences of Indiana nonprofits on topics such as information technology, program evaluation, advocacy and political activities, human resource management, and a range of other topics.

EXECUTIVE SUMMARY

The 145 IAC nonprofits that applied for funding from the IAC over the 2015-2017 period serve as the basis for this report on the ***Indiana Arts and Culture Nonprofits: Overview and Challenges***. The report was produced at the request of the *Indiana Arts Commission* to inform the Commission's planning, capacity building and training efforts. Most of the report focuses exclusively on these arts and culture nonprofits; however, where relevant we highlight significant differences between them and all other respondents to the survey.

Program and Planning Activities

As expected, the IAC nonprofits are concentrated in the arts, culture and humanities field, although many are active in other fields as well.

Types of Programs. Survey respondents could identify up to three major areas of activities, but we also classified them in terms of their primary purpose under the National Taxonomy of Exempt Entities (NTEE).

- ***Self-reported activities:*** More than three-quarters say arts, culture, and humanities is one of their primary activities, followed by education, and public services.
- ***Primary purpose:*** The most prevalent primary purpose was arts, culture, and humanities (over three-quarters of all respondents).

Demands for Services. Almost half of IAC respondents reported that demand for services has increased over the last 36 months. Very few said demand had decreased.

Impact of Policy Changes. Respondents were asked to indicate the impact of eight government policies² over the last 36 months on their ability to fulfill their mission.

- Three-quarters or more said that changes in these policies had no impact on their organization.
- The policy changes most negatively impacting IAC nonprofits were health insurance requirements and changes in personnel/legal regulations and employment law (about one-fifth each reported negative impacts).

Program evaluation and marketing challenges. We asked whether respondents evaluated their programs and what challenges they encountered related to program and planning as well as marketing activities. Questions about challenges were scored on a scale of 1 (not a challenge) to 4 (a major challenge).

- ***Program evaluation:*** Eighty-eight percent say they have evaluated at least some of their programs, significantly more than all other respondents.

² Government policies include client eligibility policies, government contract procurement policies, etc. See Figure 5 on page 17 for the full list of government policies.

- **Program and planning challenges:** Challenges associated with evaluating and assessing programs were moderate and at about the same level as for developing and delivering high quality programs and services. IAC organizations had significantly higher reported challenge scores for evaluating and assessing programs and developing and delivering high quality programs than all other respondents.
- **Marketing challenges:** Attracting new members/clients, enhancing the visibility/reputation of the organization, identifying the best tools/mediums for reaching various constituency groups, and creating effective marketing materials are significantly more challenging for IAC nonprofits than all other respondents.

Governance and Human Resources

We asked about the organization's boards, volunteers and paid employees.

Boards. Almost all IAC nonprofits have their own boards. The rest have other governance structures, usually described as an advising committee.

- **Board resources:** Of those with boards, over two-thirds have descriptions of the board role or position, and over half have a board orientation process. Fewer have written board manuals, written personnel policies for board members, or board training/development opportunities.
- **Board challenges:** On average, recruiting and retaining qualified board members were considered about as challenging as identifying qualified board members and assessing board performance, all notably higher than managing/improving board/staff relations. All of these activities are more of a challenge for IAC nonprofits than all other respondents.

Volunteers. The great majority (98 percent) have at least 1 volunteer other than board members. About a third (34 percent) of those with volunteers have 30 or less, another third (33 percent) have between 31 and 100, and the last third (33 percent) have over 100 volunteers.

- **Reliance on volunteers:** Of those with volunteers other than board members, about three-quarters say volunteers are essential or very important. IAC respondents are less likely to consider volunteers essential than are all other survey respondents.
- **Volunteer resources:** Of those with volunteers, over half have volunteer position/work descriptions. Almost half have a designated volunteer coordinator or a volunteer orientation process. About a quarter of those with volunteers provide training/development opportunities beyond orientation, written instruction manuals, and written personnel policies for volunteers.
- **Volunteer challenges:** On average, IAC organizations reported greater challenges recruiting and retaining qualified volunteers than assessing and managing volunteer performance.

Employees. About a quarter reported having no employees. Of those with employees, the median is 4 full-time equivalent (FTE) staff members.

- **Staff resources:** Of those with paid staff, the great majority have position/job descriptions and written personnel policies; about two-thirds have training/development opportunities beyond orientation. More than half have staff orientation process and written instruction manuals.
- **Staff challenges:** On average, respondents reported more challenges with providing adequate compensation/benefits than with recruiting and retaining qualified employees or assessing and managing employee performance.

Finances

We asked about changes in financial conditions, sources of revenues, and challenges related to securing and managing finances.

- **Changes in overall finances:** More IAC nonprofits reported increased expenses than increased revenues and more than twice as many report decreased revenues as decreased expenses, suggesting that higher proportions may face revenue shortfalls. IAC respondents differ significantly from all other respondents in how revenues and expenses have changed.
- **Sources of revenue:** The great majority of IAC nonprofits receive donations from individuals; about as many have various forms of corporate support, private fees or service charges, or grants from foundations; about three-quarters have income from trusts or bequests from individuals or from donor designated funds; less have government funding. Most of these patterns differ significantly between IAC and all other respondents.
- **Funding profile:** About half of IAC nonprofits rely on donations (48 percent). About a third (31 percent) receive half or more of their funding from mixed sources, thirteen percent have a similar dependence on private fees and sales, and only eight percent mainly depend on government sources.
- **Financial challenges:** We asked about challenges related to 10 financial activities³. All seven activities with the highest challenge scores relate to securing funding; more internal financial functions were notably less challenging. All 10 challenges are significantly higher for IAC nonprofits than all other respondents.

Organizational Components and Management

Our survey asked whether nonprofits had key organizational components in place and how challenging they found three basic types of management activities.

³ Financial challenges include collecting payments in a timely manner, securing funding, etc. See Figure 21 on page 26 for the full list of financial challenges.

- **Organizational components:** Almost all have written governance policies or by-laws, an organizational website, or written minutes of board meetings. About three-quarters or less have basic transparency features, such as a recent annual report with financial information. Half or more have other written policies or procedures or a recent audited financial statement. About a third have more specific written policies on topics such as retention, dissolution, and whistleblower policies. For about half of these components, IAC respondents are significantly more likely to have documentation in place than all other respondents.
- **Management challenges:** IAC nonprofits reported only moderate challenges related to creating and implementing a strategic plan, and notably lower challenges managing facilities or space or performing routine administrative tasks.

Information Technology

Our survey asked how often nonprofits use each of eleven major information technology (IT) tools⁴ and how challenging they found six IT-related activities⁵.

- **IT resource tools:** Almost all at least occasionally use Facebook accounts, internet searches using standard search engines, electronic financial records, IT security, routine data backups, and receipt of online donations or online sales; about three-quarters use electronic client/member/program records or other social media. Uses of other IT resources, such as dedicated sites for nonprofits, Twitter, or donor database or constituent relationships management software, are used notably less frequently. IAC respondents are significantly more likely to use all of these IT resource tools than all other respondents.
- **IT-related challenges:** Creating, updating, and using donor database software to track donors and conduct fundraising analyses present more challenges for IAC nonprofits than getting help with information technology problems.

Collaborations and Affiliations

Over a quarter of IAC nonprofits are involved in formal networks and about half in informal collaborations. About a quarter are affiliates of other organizations.

Advocacy and Public Education Activities

We asked whether respondents were involved in advocacy or public education activities, and, if so, how much effort they devoted to it and what challenges they encountered.

- **Extent of advocacy/public education:** Over half of IAC nonprofits reported engaging in advocacy and/or public education activities. Over half of those that do, allocate no or

⁴ IT tools include social media, security, and donor databases. See Figure 26 on page 30 for the full list of IT tools.

⁵ IT challenges include IT training, maintaining websites and donor databases, etc. See Figure 27 on page 31 for the full list of IT challenges.

only very little staff time or volunteer effort to such activities; about three-quarters allocate no or very little financial resources to these efforts.

- Advocacy challenges: Respondents reported the most challenges with obtaining funding for direct advocacy or public education activities and finding volunteers and/or staff with the right skills or capacities to take on advocacy leadership roles. They reported less challenges gaining access to key policy makers, overcoming legal limitations on nonprofit advocacy activities and developing agreement within their organization on whether and how to engage in advocacy activities.

Special Focus Nonprofits

About a third of Indiana Arts Commission nonprofits are also membership associations. Only a few are also faith-based organizations, including both congregations and religious charities or other faith-based organizations.

KEY FINDINGS

A number of key findings stand out from our analysis of Indiana arts and culture nonprofits:

1. **Increased demand for services, but expenses are outpacing revenues.** Over half of Indiana Arts Commission (IAC) nonprofits say that demands for their services have increased over the last 36 months and very few say demands have decreased. However, over the same period of time, about one-fifth say their revenues have decreased, while expenses declined for only 9 percent.
2. **Sources of revenue.** Most IAC nonprofits receive donations from individuals, grants from foundations, and government grants more frequently than other nonprofits. Very few arts and culture nonprofits obtain revenue from joint ventures, for-profit subsidiaries, and fees/charges from third parties.
3. **High reliance on volunteers.** About a quarter of IAC nonprofits have no paid staff members. Almost all use volunteers (other than board members), and of those that do, about two-thirds say volunteers are essential or very important to their organization.
4. **Financial and marketing activities present the most challenges.** When asked about challenges related to a wide range of activities (39 in all), ten of the top twelve challenges relate to financial and marketing activities. Arts and culture nonprofits are significantly more likely to face financial challenges than all other survey respondents, including providing adequate staff compensation, securing funding from a variety of sources, or managing various financial activities, such as creating budgets and financial statements, managing cash flows, or collecting payments. Respondents reported only moderate information technology challenges.
5. **Indiana arts and culture nonprofits face more challenges than other nonprofits.** IAC respondents report more challenges than other nonprofits in Indiana in managing programs, planning, and marketing activities. They also report more challenges finding and retaining qualified board members and assessing board member performance.
6. **Information technology used more frequently than other nonprofits.** IAC respondents use information technology more than other nonprofits across a broad range of resources.
7. **Some key organizational components in place, but not across the board.** Although almost all IAC nonprofits have written by-laws or board minutes, maintain websites, or use Facebook, significant proportions have no written dissolution plans, no written whistleblower policies. Many respondents rarely use donor databases or social media, such as Twitter.
8. **Many are engaged in advocacy or public education.** Over half of IAC respondents say they are engaged in advocacy or public education, but of these, less than four percent devote most of their staff or volunteer time or financial resources to these efforts.

DETAILED FINDINGS

This report uses data from the 2017 Indiana Nonprofits Survey to describe Indiana Arts Commission (IAC) nonprofits and assess the challenges they are facing. The report was produced at the request of the IAC for the purpose of informing the Commission's planning, capacity building, and training efforts. Some 145 nonprofits that sought support from the IAC over the 2015-17 period responded to our survey, a response rate of 41 percent.⁶ For more details on survey administration, please refer to Appendix A.

In order to provide context for our analysis, we compare the IAC respondents (145 in total) to the sample of survey respondents (1,036 organizations). The latter include the full array of Indiana nonprofits active in a broad array of other fields including some nonprofits that are engaged in arts and culture activities but may not have sought funding from the IAC during the 2015-17 period. In the analysis that follows, we focus on the IAC respondents, but note significant differences between them and all other respondents in order to highlight the specific characteristics and challenges of the IAC organizations. If no differences are noted, the two groups do not differ significantly (at the .05 significance level) on the particular dimension. However, we caution the reader that given the large number of comparisons being tested, some differences may appear to be significant due to chance.

We examine the IAC nonprofits under nine topics: legal structure, program and planning activities, governance and human resources, finances, organizational components, technology, collaborations, advocacy, and special organizations. Where possible, we will not only describe the characteristics of IAC nonprofits on major dimensions related to these topics, but relevant challenges they are facing. The analysis of challenges is based on questions where respondents were asked to indicate whether a particular activity is (1) not a challenge, (2) a minor challenge, (3) somewhat of a challenge or (4) a major challenge. For each activity, we exclude respondents who do not do the activity, and then calculate the average of responses. Lower averages indicate that the activity is less of a challenge, and higher averages indicate that the activity is more of a challenge. We exclude any missing data on each survey item being analyzed. We also caution the reader that the results could look different if we had obtained data from nonrespondents who chose or were unable to participate in the survey.

Legal Structure

In terms of legal structure, virtually all of the 145 IAC nonprofits are registered with the Internal Revenue Service (IRS, 100 percent) and incorporated as not-for-profit corporations with the Indiana Secretary of State (SOS, 99 percent). Of those registered with the IRS,

⁶ Of the 145 IAC respondents, 134 came from the supplementary listing of IAC grant applicants for 2015-17 and 11 were respondents to our "primary or panel" samples.

almost all (97 percent) are charities registered under Section 501(c)(3) of the U.S. revenue code, compared to 78 percent at the national level.⁷ These are all notably higher percentages than for the rest of the survey respondents and reflect the fact that the Indiana Arts Commission restricts its funding to registered charities (Figure 1).

Program and Planning Activities

Types of Programs. Our survey asked respondents to select up to three classifications from the National Taxonomy of Exempt Entities (NTEE) Codes that best describe their primary purpose or mission⁸. They identified a wide variety of programs, services, and activities. As expected, given the fact that these organizations had already applied for funding from the IAC, the great majority (79 percent) identified arts and culture as one of their three areas (Figure 2).

Figure 1: Listings (IAC n=126-145, all others 665-1024)

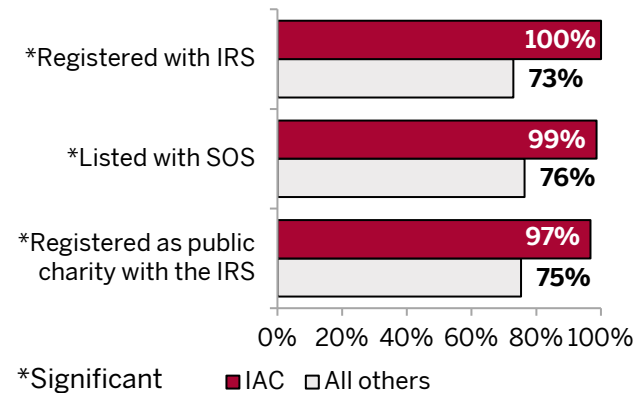
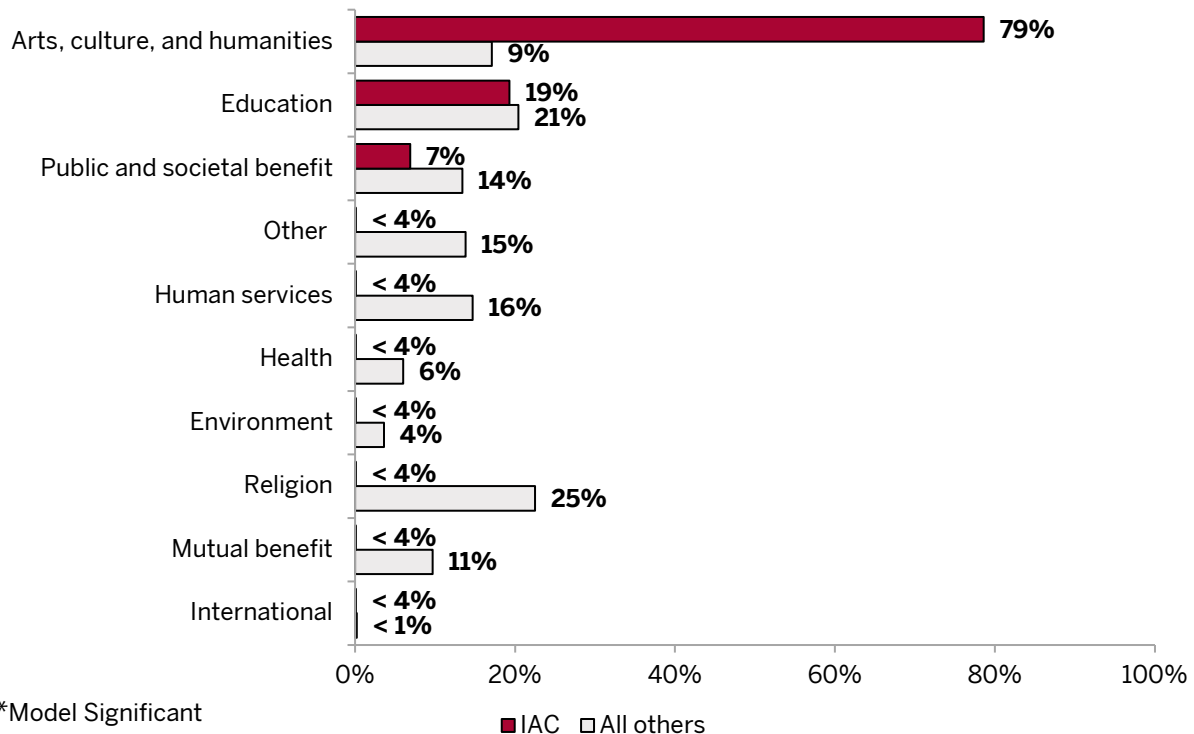


Figure 2: Self-reported NTEE* (n=145, 1036)



⁷ See Table 25 in Internal Revenue Service, 2017 Data Book (<https://www.irs.gov/pub/irs-soi/17databk.pdf>)

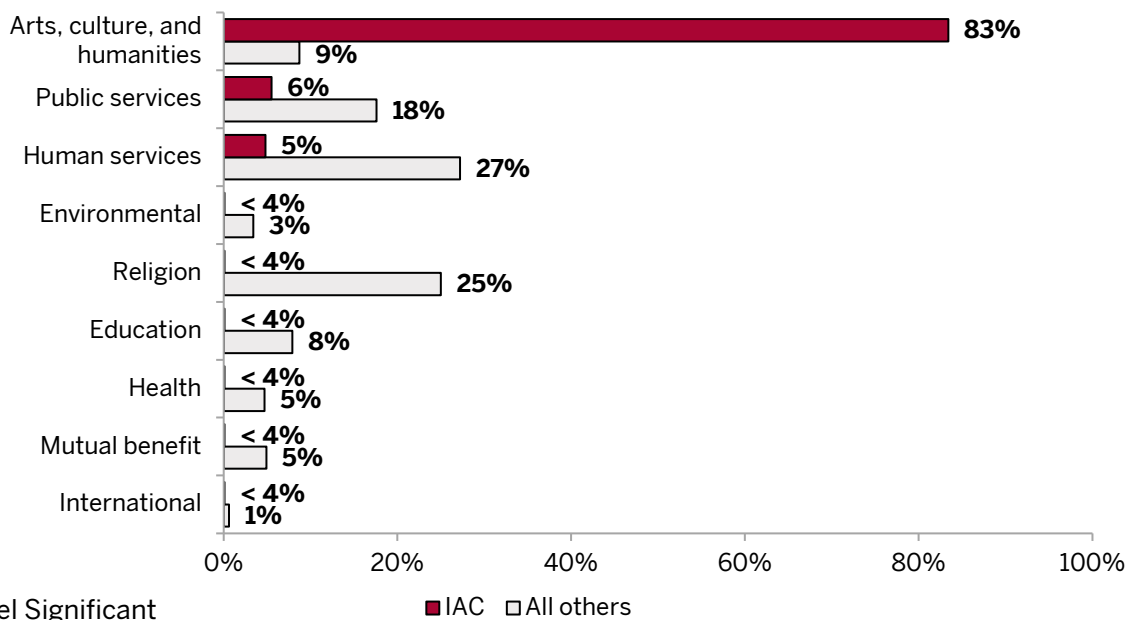
⁸ Percentages add to more than 100 percent because respondents were able to select up to three categories.

However, they also identified a wide variety of other programs, services, and activities. As Figure 2 shows, 19 percent included education and 7 percent public and societal benefit (including advocacy, community improvement, economic development, etc.), followed by a scattering of respondents who identified human services, health, environment, international, religion and mutual benefit. A few (3 percent) selected “other,” although most of the descriptions that they provided fit into one or more of the existing categories.

Our research team also coded each respondent into one primary NTEE code using the same classifications listed above. Unlike the self-reported NTEE codes, these codes are mutually exclusive so that each organization has only one code, reflecting its primary purpose or activity. We based these selections on coding instructions for the NTEE system,⁹ along with a review of the organization’s mission statement or description of purpose in the IRS-registration system, its articles of incorporation, or its website. We also considered its name (e.g., “theatre”) and consulted NTEE codes assigned in the IRS registration system. In some cases, our classification is different from how respondents coded themselves.

As Figure 3 shows, more than four-fifths (83 percent) of the respondents are primarily arts, culture, and humanities nonprofits. The rest represent nonprofits that include arts and culture programming among their activities (since they have applied for IAC funding), but not as their primary purpose. Most are public and societal benefit nonprofits (6 percent) and human services nonprofits (5 percent, including youth development, recreation, employment, food and housing). Each of the remaining categories account for no more than 4 percent of the total.

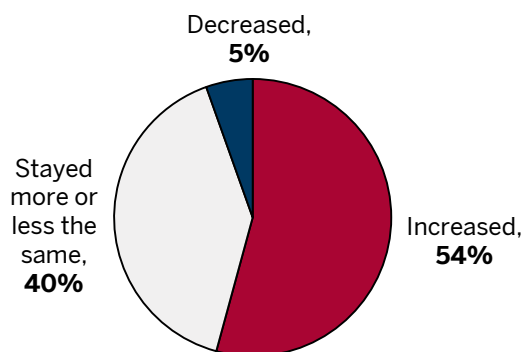
Figure 3: Team-coded NTEE* (n=145, 1024)



⁹ For a description of the NTEE system, see <http://nccs.urban.org/classification/national-taxonomy-exempt-entities> (retrieved 5/23/2018).

The different patterns shown in Figures 2 and 3 reflect whether respondents selected more than one field of activity (Figure 2) and the results of our efforts to assign a single primary code to each respondent. For both figures, the preponderance of arts and culture nonprofits is notably higher than for all other survey respondents. That is as we would expect, since all have applied for funding from the IAC over the 2015-17 period.

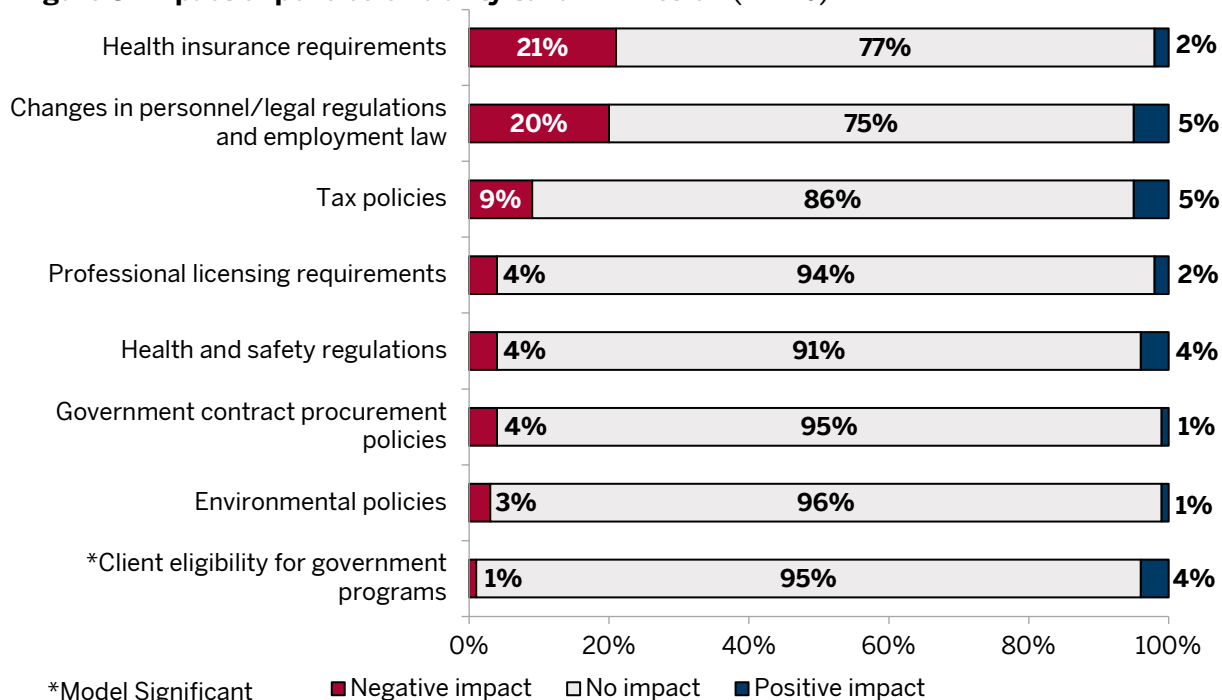
Figure 4: Change in demand for programs, services, or activities (n=130)



Demand for Services. Demand for programs, services, or activities is high among IAC nonprofits. More than half (54 percent) of the respondents reported that demand has increased over the past 36 months, notably more than the 40 percent who reported that demand stayed more or less the same. Very few (5 percent) reported that demand decreased (Figure 4). There are no significant differences between the IAC and all other respondents on this dimension.

Impact of Policy Changes. With demand increasing for more than half of the respondents, we wondered how changing public policies impact nonprofits' ability to fulfill their mission. Our survey asked about the impact of changes to eight government policies over the past 36 months. A substantial majority (75 percent or more) reported that these policy changes had no impact on their ability to fulfill their mission. The largest negative impact was

Figure 5: Impact of policies on ability to fulfill mission (n=126)

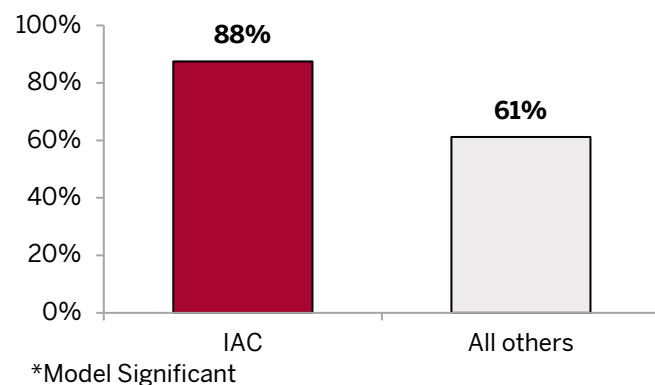


reported for health insurance requirements (21 percent) and changes in personnel/legal regulations and employment law (20 percent), followed by tax policies, professional licensing requirements, health and safety regulations, government contract procurement policies, environmental policies, and client eligibility for government programs (Figure 5). Some 5 percent or less of respondents reported certain policies as having a positive impact.

For one of these items, client eligibility for government programs, IAC respondents were significantly less likely to report a negative impact than all other respondents (1 vs. 13 percent). That is not surprising, since the IAC respondents are less likely to deliver such programs in the first place than, for example, human service nonprofits.

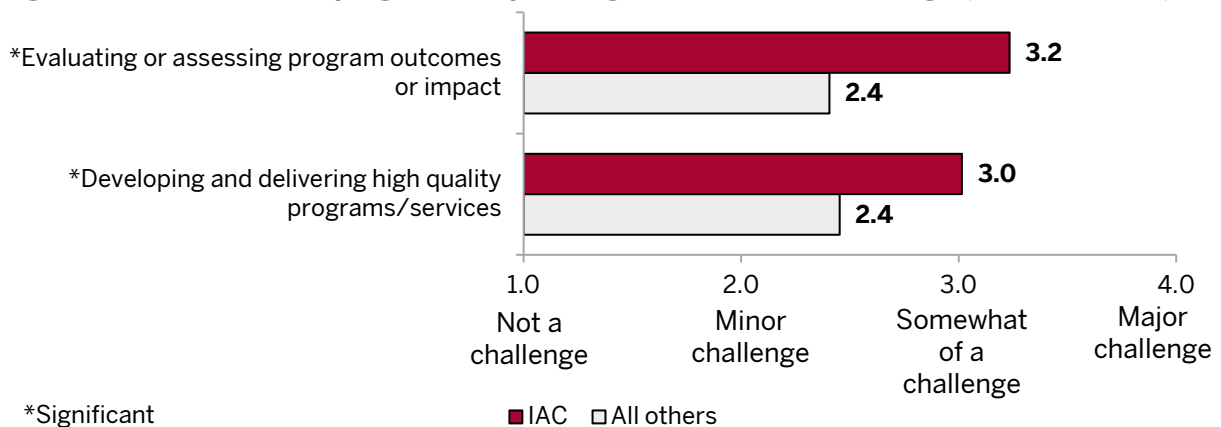
Program Evaluation. We also wanted to know whether nonprofits evaluated their programs, since this is something that many funders increasingly expect, and the IAC requires from grantees. We asked whether respondents' organizations had evaluated any of their programs during the past 36 months, with program evaluation defined as "to systematically assess the processes and/or outcomes of a program in order to further develop or improve it." The great majority (88 percent) of IAC respondents reported that their organizations had evaluated at least some of their programs. This is significantly higher than the 61 percent of all other respondents who said they had evaluated at least some of their programs (Figure 6).

Figure 6: Program Evaluation* (n=128, 913)



Program and Marketing Challenges. Lastly, we wanted to know what kinds of challenges nonprofits are facing related to program and planning activities and marketing their programs and services. Our survey asked about challenges related to two program and planning activities: evaluating or assessing program outcomes or impact, and developing and delivering high quality programs/services. As noted earlier, respondents were asked to

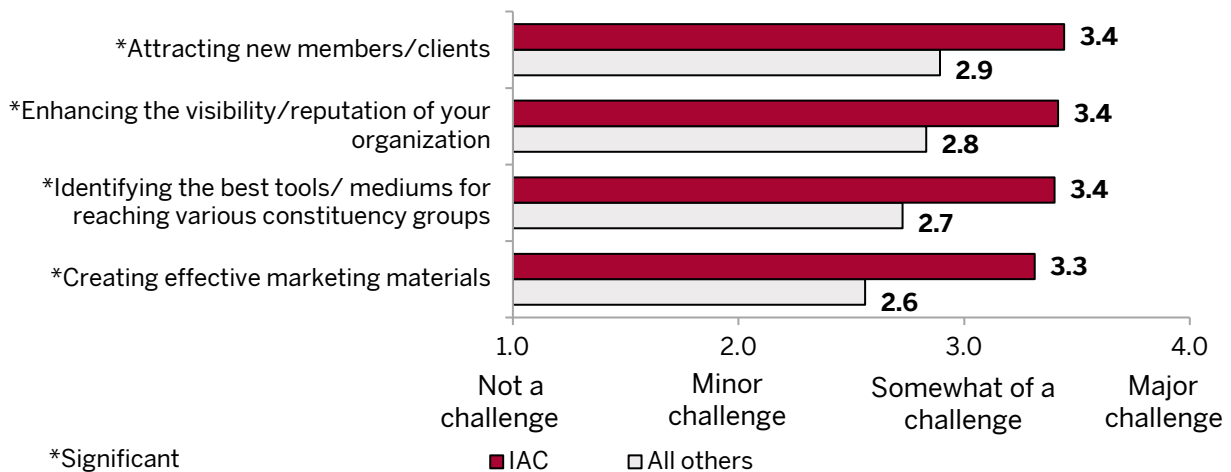
Figure 7: Extent to which program and planning activities are a challenge (n=128, 815-837)



indicate whether a particular activity was a major challenge (4), somewhat of a challenge (3), a minor challenge (2), or not a challenge (1). On average, IAC respondents reported that evaluating or assessing program outcomes or impact presented moderate challenges (an average of 3.2 out of 4) about the same as developing and delivering high quality programs/services (3.0 out of 4). However, IAC respondents reported significantly more challenges with both types of activities than all other respondents (Figure 7).

We also asked about challenges related to four marketing activities—attracting new members/clients, enhancing the visibility/reputation of the organization, identifying the best tools/mediums for reaching various constituency groups (e.g., mailings, press releases, social media, etc.), and creating effective marketing materials. IAC respondents reported moderate to major challenges for all four with averages ranging from 3.4 to 3.3 out of 4. Overall, IAC respondents reported significantly more challenges with both types of marketing activities than all other respondents (Figure 8).

Figure 8: Extent to which marketing activities are a challenge (n=122-125, 725-802)



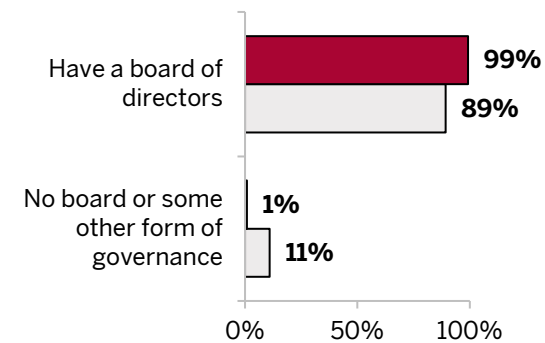
Governance and Human Resources

We turn now to a look at who is implementing these programs, services, and activities – the boards, volunteers, and employees of these nonprofits.

Boards

We start by looking at how Indiana Arts Commission nonprofits are governed. Virtually all (99 percent) have a board of directors, while few (1 percent) have some other form of governance, e.g., an advising committee (Figure 9). Overall, IAC nonprofits were significantly more likely to report having a board of directors than all other respondents (89 percent

Figure 9: Governance type* (n=127, 925)



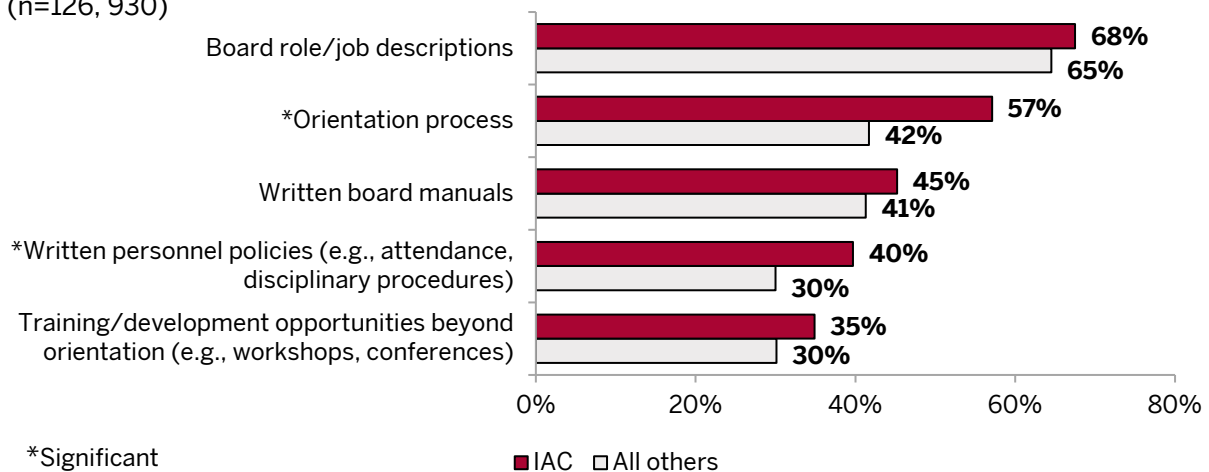
*Model Significant

have a board of directors, 5 percent have other forms of governance, and 6 percent do not have a form of governance).

IAC organizations with boards reported an average of 18 board members, with some having over 40. IAC respondents reported an average of 2 board vacancies, ranging from 0 to 12. All other organizations with boards reported an average of 11 board members, with some having over 60. Respondents reported an average of 1 board vacancy, ranging from 0 to 12.

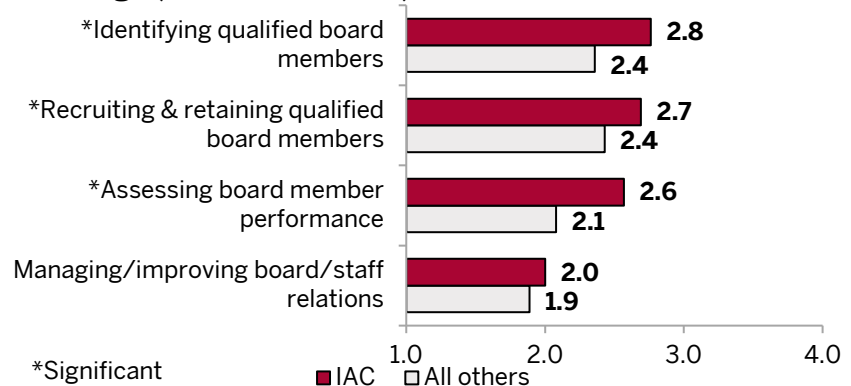
Board Member Resources. For nonprofits with boards, our survey asked whether the organization provided any of five resources to their board members to support them in board-related activities. The most frequently provided resource was board role/job descriptions, which 68 percent of the respondents say they have, but by the same token, almost one-third do not. More than half (57 percent) reported providing orientation processes, but less than half had written board manuals (45 percent). Only 40 percent had written personnel policies for their boards, and training/development opportunities beyond orientation were available for even fewer, only 35 percent (Figure 10). For two of these types of resources, orientation processes and written personnel policies for board members, IAC respondents were significantly more likely to provide them than all other respondents.

Figure 10: Percent of nonprofits that provide various resources to board members
(n=126, 930)



Board Challenges. Our survey asked about challenges related to four board management activities, but only for those with boards. Respondents reported the most challenges with identifying qualified board members (2.8 out of 4), recruiting and retaining qualified board members (2.7 out of 4), and assessing board

Figure 11: Extent to which board management activities are a challenge
(n=116-126, 671-793)



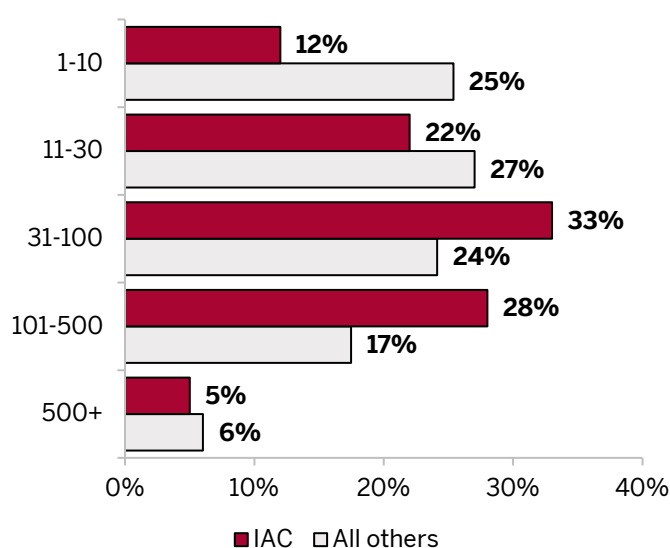
member performance (2.6 out of 4); and the least challenges with managing/improving board/staff relations (2.0 out of 4) (Figure 11). Overall, IAC respondents reported significantly more challenges with identifying qualified board members, recruiting and retaining qualified board members, and assessing board member performance than all other respondents.

Volunteers

Although board members are volunteers, we also asked survey respondents whether they used volunteers in other ways, and if so, how important they are to the organization.

Number of Volunteers. The great majority of IAC respondents (98 percent) have at least 1 volunteer other than board members. Most organizations have less than 100 (Figure 12). Of those with volunteers, over a tenth have 10 or fewer and about one-third have 30 or fewer. Only five percent have more than 500 volunteers. Over a three-quarters of all other organizations (88 percent) have at least 1 volunteer other than board members. Among those with volunteers, a quarter (25 percent) have 10 or fewer and about three-quarters (77 percent) have 100 or less. Less than a quarter have more than 100 volunteers and some have several thousand.

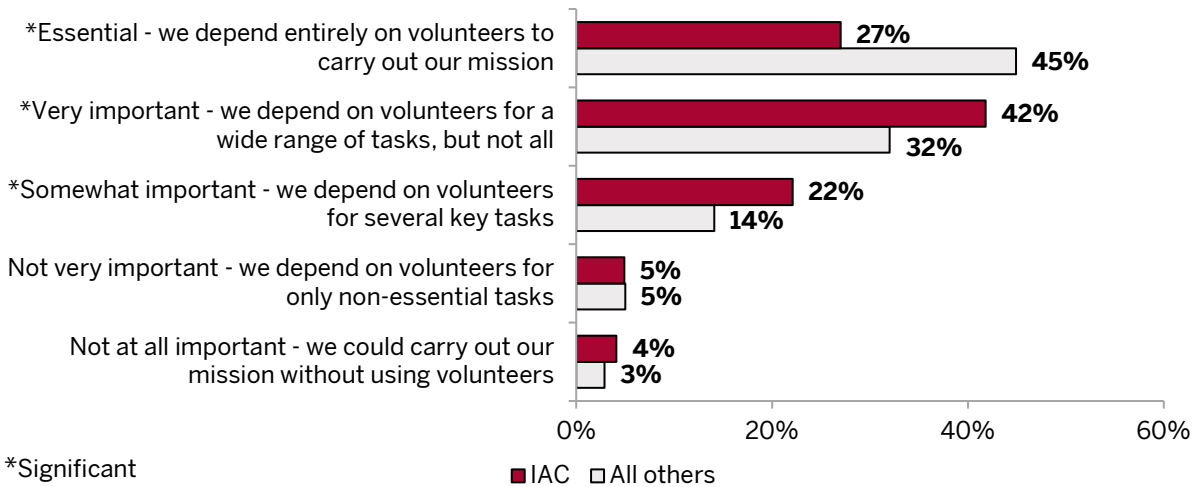
Figure 12: Number of volunteers for organizations with volunteers* (n=125, 890)



*Model Significant

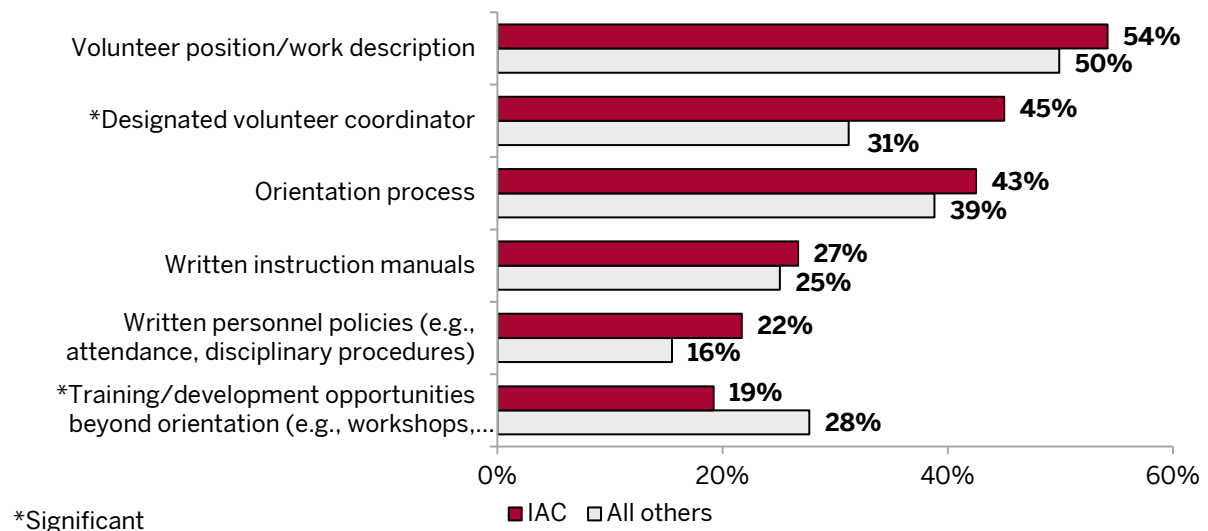
Importance of Volunteers. When asked how important volunteers are to the organization (for those with volunteers), more than two-thirds reported that volunteers are essential—i.e., they depend entirely on volunteers to carry out their mission (27 percent)—or very important (42 percent)—i.e., they depend on volunteers for a wide range of tasks, but not all. About a fifth (22 percent) reported that volunteers are somewhat important—i.e., they depend on volunteers for several key tasks. Very few reported that volunteers are not very important—i.e. they depend on volunteers for only non-essential tasks (5 percent)—or not at all important—i.e., they could carry out their mission without using volunteers (4 percent) (Figure 13). None of our survey respondents reported that volunteers are detrimental—i.e., volunteers make it more difficult to carry out their mission. Overall, IAC respondents reported that volunteers are essential significantly less often all other respondents (27 vs. 45 percent).

Figure 13: Importance of volunteers (n=122, 806)



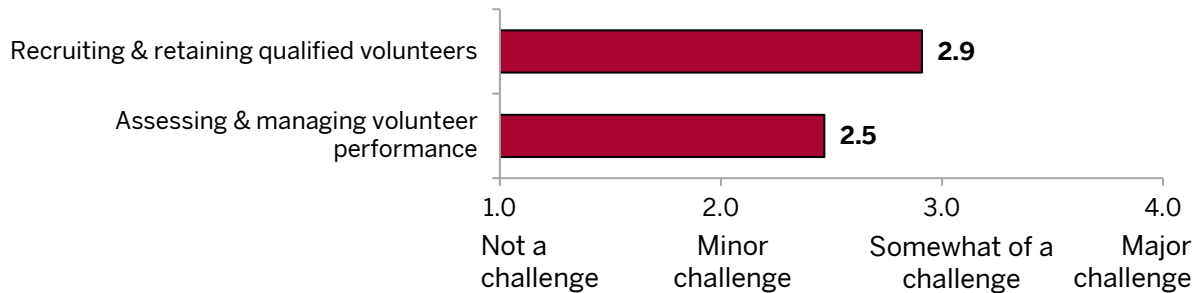
Volunteer Resources. Our survey asked whether nonprofits provided any of six resources to support their volunteers: Over half (54 percent) of IAC nonprofits with volunteers reported providing volunteer position/work descriptions, while less than half (45 percent) reported having designated volunteer coordinators. Forty-three percent said they provide an orientation process for their volunteers, between a quarter and around a fifth provide written instruction manuals (27 percent), written personnel policies for volunteers (22 percent), and training/development opportunities beyond orientation (19 percent) (Figure 14). There were significant differences between IAC and all other respondents on two of these dimensions: IAC respondents reported providing a designated volunteer coordinator significantly more often than all other respondents (45 vs. 31 percent) while IAC respondents reported providing training/development opportunities beyond orientation significantly less often than all other respondents (19 vs. 28 percent).

Figure 14: Percent of nonprofits that provide various resources to volunteers (n=120, 786)



Volunteer Challenges. Finally, we look at challenges related to volunteer management activities: recruiting and retaining qualified volunteers and assessing and managing volunteer performance. Respondents reported more challenges with recruiting & retaining qualified volunteers (2.9 out of 4) and less challenges with assessing & managing volunteer performance (2.5 out of 4) (Figure 15). There were no significant differences between IAC and all other respondents.

Figure 15: Extent to which volunteer management activities are a challenge (n=123)

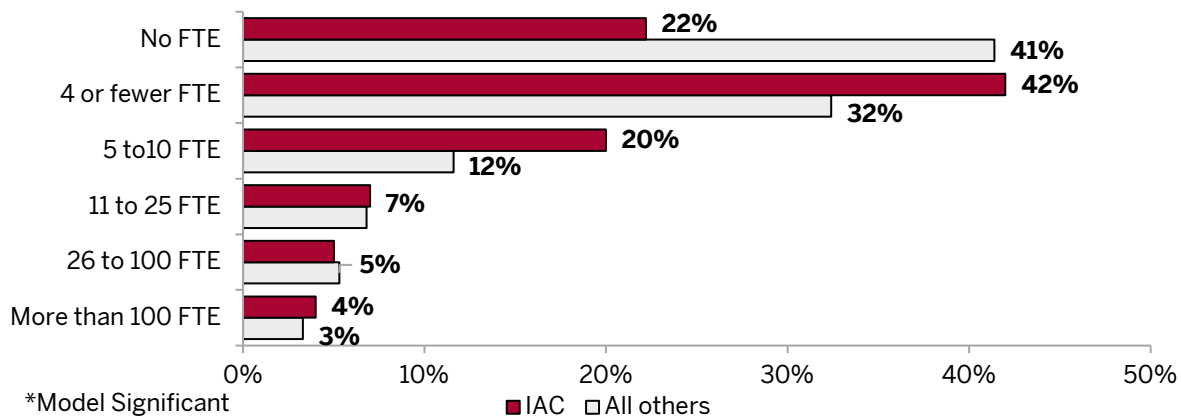


Employees

Number of Employees. About a fifth (22 percent) of IAC nonprofits have no paid employees, significantly fewer than for all other respondents (41 percent). These organizations depend entirely on board members and other volunteers to carry out all activities.

We also asked how many full-time and part-time employees they had. We then computed the number of full-time equivalent (FTE) staff by counting part-time employees as one-half a full-time employee. As Figure 16 shows, 42 percent of IAC respondents that have employees have 4 or fewer paid FTE staff members and about 62 percent have 10 or fewer FTE. Of those with paid staff, the median is 4 and the maximum is over 200 (Figure 16).

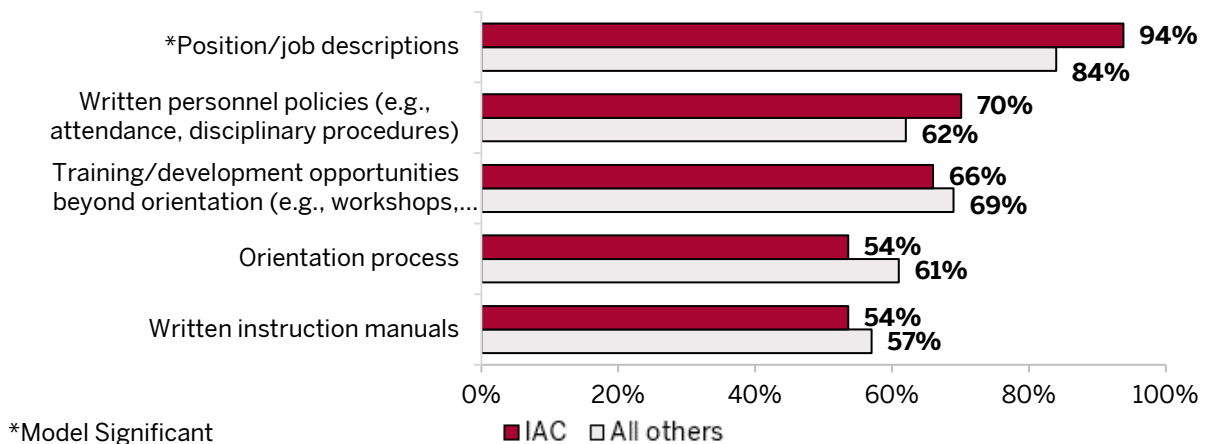
Figure 16: Number of FTE paid staff* (n=126, 1026)



Staff Resources. As in the case of board members and volunteers, we asked whether nonprofits provided any of five resources to their paid staff. The great majority provided position/job descriptions (94 percent), and written personnel policies (70 percent) (Figure

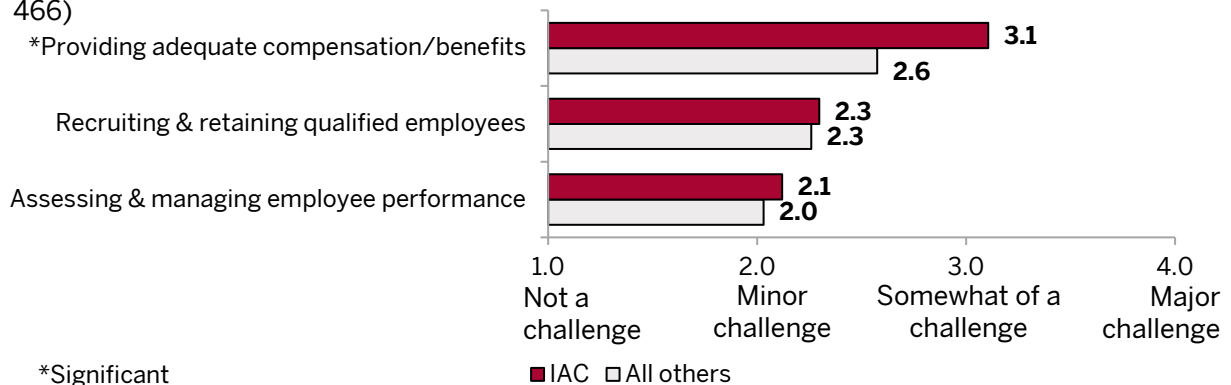
17). About two-thirds provided training/development opportunities beyond orientation (66 percent) and more than half (54 percent) had written instruction manuals and an orientation process (54 percent). In three cases, position/job descriptions, written personnel policies, and training/development opportunities beyond orientation, the percentages are notably higher percentages than reported providing similar resources to their board members or volunteers (other than board members) (see Figure 10). Only with regard to providing position/job descriptions for employees were IAC respondents significantly more likely to provide this resource than all other respondents (94 vs. 84 percent).

Figure 17: Percent of nonprofits that provide various resources to employees (n=97, 516)



Employee Challenges. Our survey asked about challenges related to three employee management activities: providing adequate compensation/benefits, recruiting & retaining qualified employees, and assessing & managing employee performance. Respondents reported the most challenges with providing adequate compensation/benefits (3.1 out of 4) and the least challenges with recruiting and retaining qualified staff (2.3 out of 4) and assessing & managing employee performance (2.1 out of 4) (Figure 18). Overall, IAC respondents reported more challenges providing adequate compensation/benefits to employees than all other respondents.

Figure 18: Extent to which employee management activities are a challenge (n=91-95, 461-466)



Finances

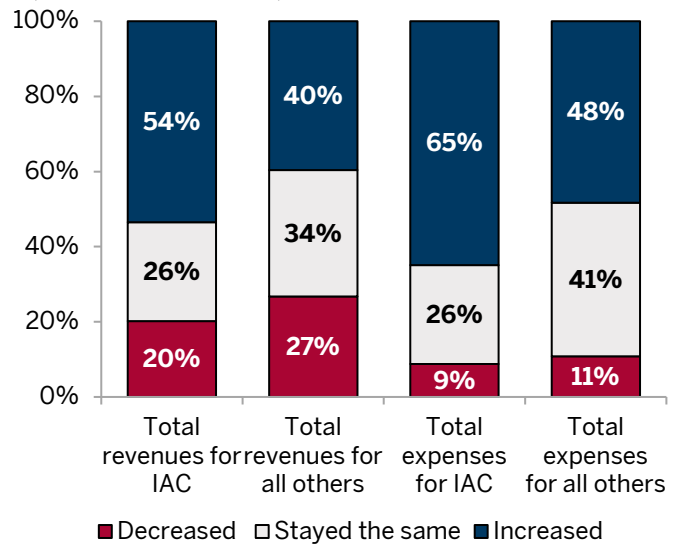
It is not enough for nonprofits to have the human capital to deliver programs, services and activities, they need to pay their employees (if they have any) and also cover a variety of other expenses, such as rent, utilities, fees, supplies, information technology, etc. to operate. Over time, expenses are likely to increase as inflation pushes up costs and as nonprofits have to compete for qualified staff with private businesses and government agencies. We were therefore particularly interested in how revenues, expenses, assets and liabilities had changed.

Changes in Overall Finances. The majority of the nonprofits reported that their revenues and expenses increased over the previous 36 months, while assets and liabilities stayed more consistent. Over half reported that their revenues increased (54 percent), while over a quarter (26 percent) reported that they stayed the same, and a fifth (20 percent) reported that they decreased. More than half (65 percent) reported that their expenses increased, while over a quarter (26 percent) reported that they stayed the same, and only about a tenth (9 percent) reported that they decreased (Figures 19 and 20).

Twice the number of nonprofits report decreased revenues (20 percent) as decreased expenses (9 percent) and that more reported increased expenses (65 percent) than increased revenues (54 percent), suggesting that more nonprofits may be operating at or below the margin. Overall, IAC organizations reported more increase in revenue and expenses than all other organizations.

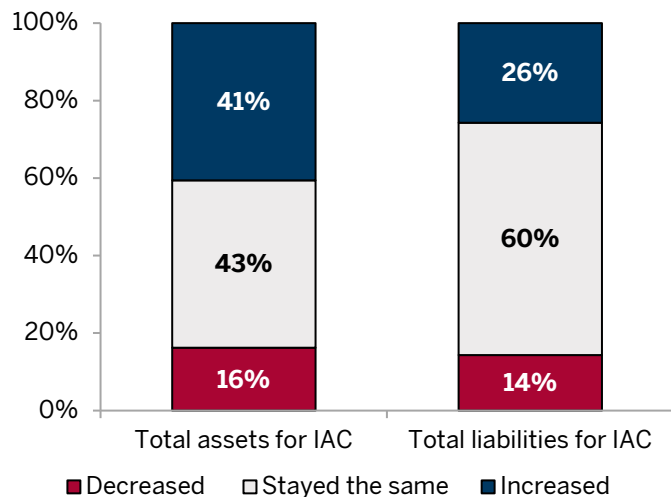
Sources of Revenue. IAC nonprofits reported obtaining their revenue from a variety of sources. The great majority reported receiving donations from individuals (94 percent), followed by grants from foundations (including community foundations) (87 percent).

Figure 19: Revenue and Expense changes*
(n=104-114, 701-815)



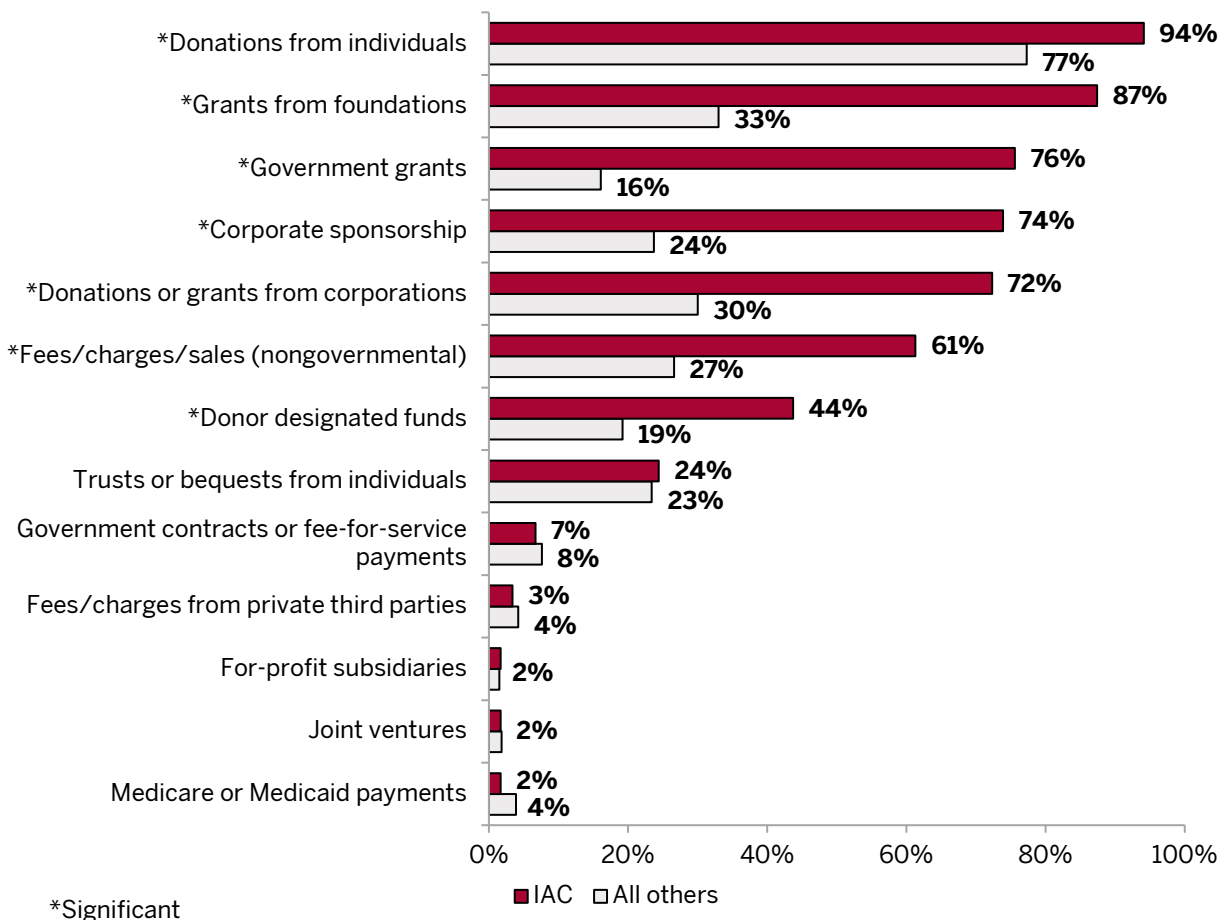
*Model Significant

Figure 20: Asset and Liability changes (n=104-114)



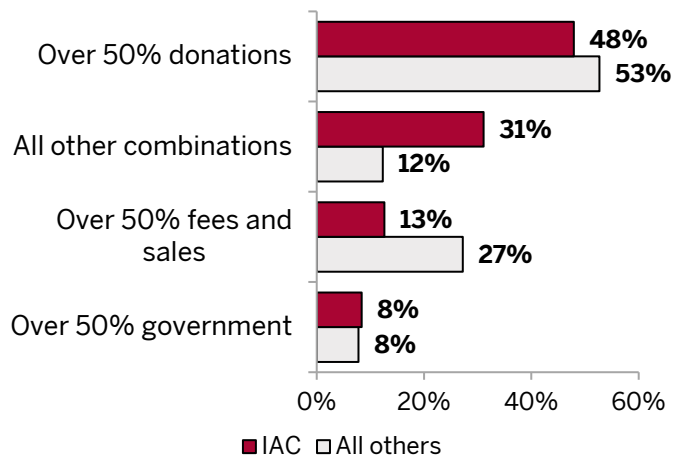
About three-fourths reported receiving government grants (76 percent, most likely reflecting previous support from the IAC), corporate sponsorships or marketing fees (74 percent), and donations or grants from corporations (72 percent), followed by fees/charges/sales (from individuals or non-government entities) (61 percent). Notably smaller percentages reported receiving donor designated funds (44 percent) or trusts or bequests from individuals (24 percent). Very few reported receiving a variety of other types of funding (Figure 21). Overall, compared to all other respondents, IAC nonprofits were significantly more likely to report obtaining funding from all types of donations and grants (except for trusts/bequests from individuals) and from fees/charges and sales.

Figure 21: Percent of nonprofits that obtain revenue from various sources (n=119, 819)



Funding Profile. We also asked questions about the percent of revenues received from major funding sources in order to determine the resource dependency of responding IAC nonprofits. We created funding profiles based on whether organizations received half or more of their revenues from one of four major sources of funding, or had no source accounting for half or more of total revenues. Dependency on donations is the most prevalent profile with almost half (48 percent) of IAC respondents receiving half or more of their funding from this source. About a third (31 percent) obtained half or more of their revenues from a combination of funding sources. Relatively few depend primarily on fees and sales (13 percent) or on government funding (8 percent) (Figure 22).

Figure 22: Funding profile* (n=119, 838)



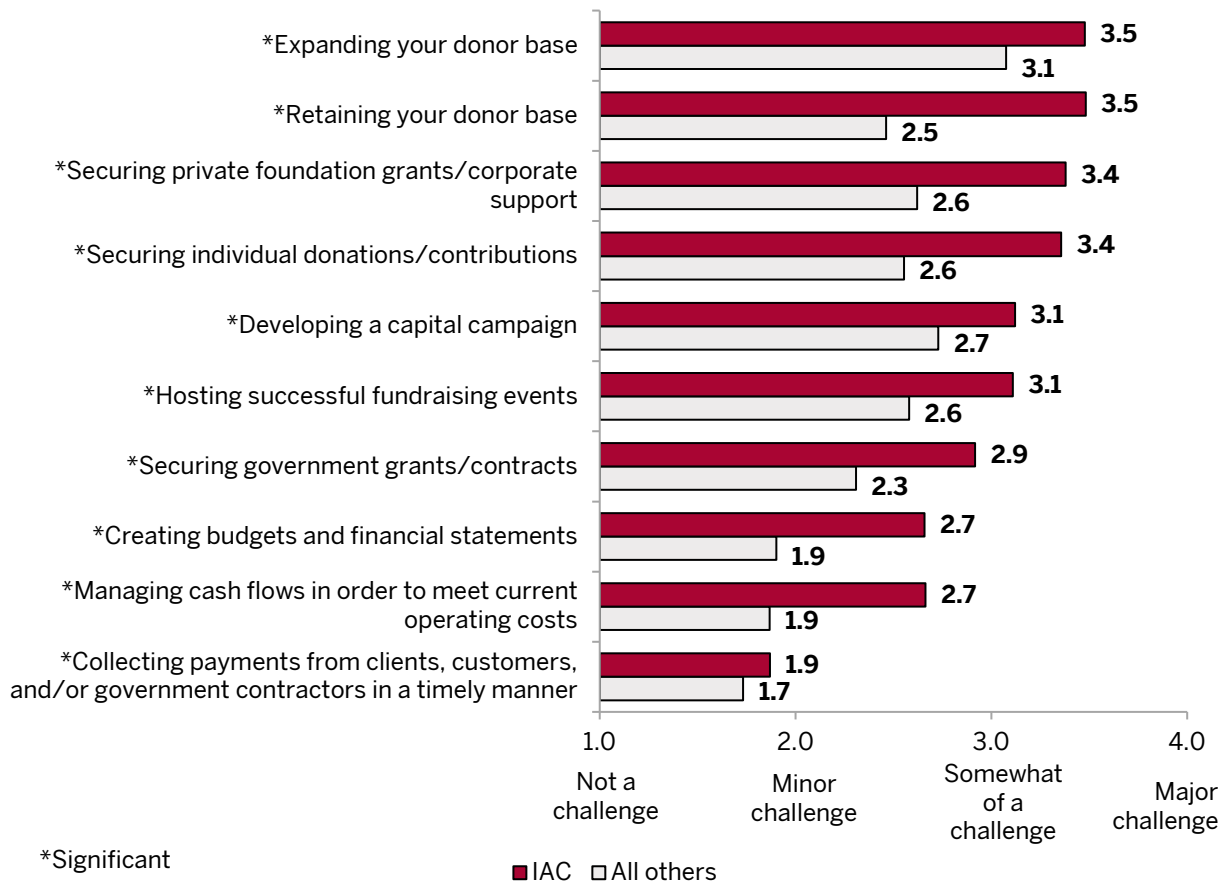
*Model Significant

Overall, IAC respondents were almost as likely to rely on funding from donations as all other respondents, while all other respondents were more likely to rely primarily fees and sales (27 vs. 13 percent).

Financial Challenges. Given indications of stretched resources, we were also interested in exploring the extent to which Indiana Arts Commission nonprofits face challenges related to ten specific financial activities.

Not surprisingly, respondents reported the most challenges with activities related to finding additional resources: expanding the donor base and retaining the donor base (both average score of 3.5 out of 4) and securing private foundation grants/corporate support and securing individual donations/contributions (both 3.4 out of 4). Developing a capital campaign and hosting successful fundraising events (both 3.1 out of 4) as well as securing government grants/contracts (2.9 out of 4) were slightly less challenging (Figure 23). The three activities deemed least challenging relate mainly to internal financial operations, including creating budgets and financial statements (e.g., balance sheet) and managing cash flows in order to meet current operating costs (e.g., employee payroll, employee benefits, debt repayment, rent, etc.) (both 2.7 out of 4). Collecting payments from clients, customers, and/or government contractors in a timely manner was notably less challenging (1.9 out of 4). Overall, IAC respondents reported experiencing financial activity challenges significantly more than all other respondents, although collecting payments from clients, customers, and government contractors in a timely manner was only borderline significant.

Figure 23: Extent to which financial activities are a challenge (n=66-117, 366-796)



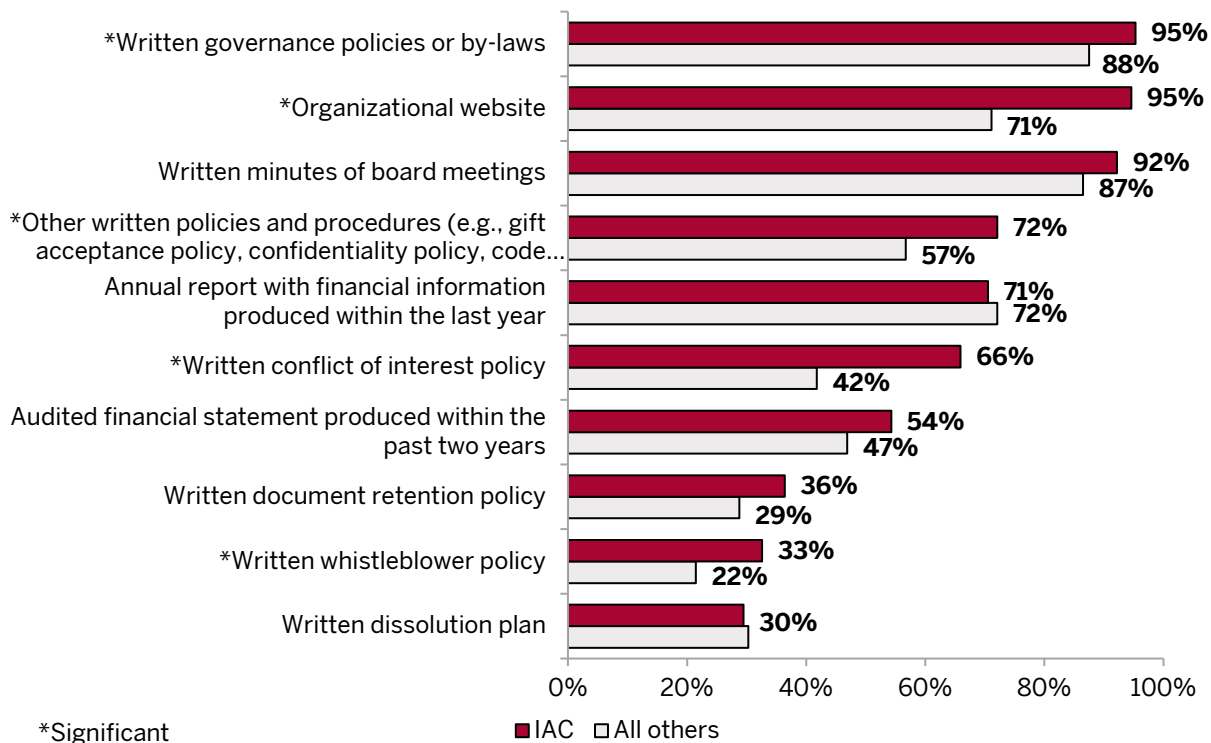
Organizational Components

Having key organizational and management policies in place also helps nonprofits fulfill their mission. Our survey asked whether nonprofits had any of ten organizational components that are normally viewed as important for good management and transparency.¹⁰ Almost all respondents reported having written governance policies or by-laws (95 percent), an organizational website (95 percent), and written minutes of board meetings (92 percent). The great majority also have transparency features such as written policies and procedures e.g., gift acceptance policy, confidentiality policy, code of ethics, etc.) (72 percent) and/or provide annual reports with financial information produced within the last year (71 percent). Half or more have other written conflict of interest policy (66 percent) and audited financial statements produced within the past 2 years (54 percent). However, only about a third reported having written document retention policies (36 percent), a written whistleblower policy (33 percent), or a written dissolution plan (30 percent) (Figure 24). Overall, IAC respondents reported having written governance policies

¹⁰ Most of these components are included on a check list of policies on the long version of Form 990 that larger exempt organizations are required to file with the IRS.

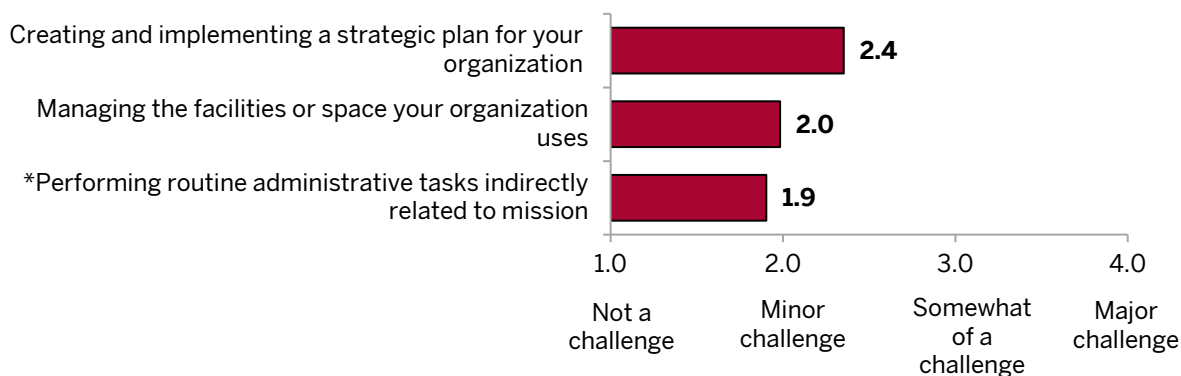
or by-laws, an organizational website, other written policies, a written conflict-of-interest policy, and a whistleblower policy significantly more often than all other respondents.

Figure 24: Percent of nonprofits that have various organizational components (n=129, 933)



Management Challenges. Along with these organizational components, our survey asked about challenges related to three management activities: creating and implementing a strategic plan for the organization, managing the facilities or space the organization uses, and performing routine administrative tasks indirectly related to mission (e.g., payroll). Respondents reported the most challenges with creating and implementing a strategic plan (2.4 out of 4) and the least challenges with managing facilities or space and performing routine administrative tasks indirectly related to mission (respectively 2.0 and 1.9 out of 4) (Figure 25).

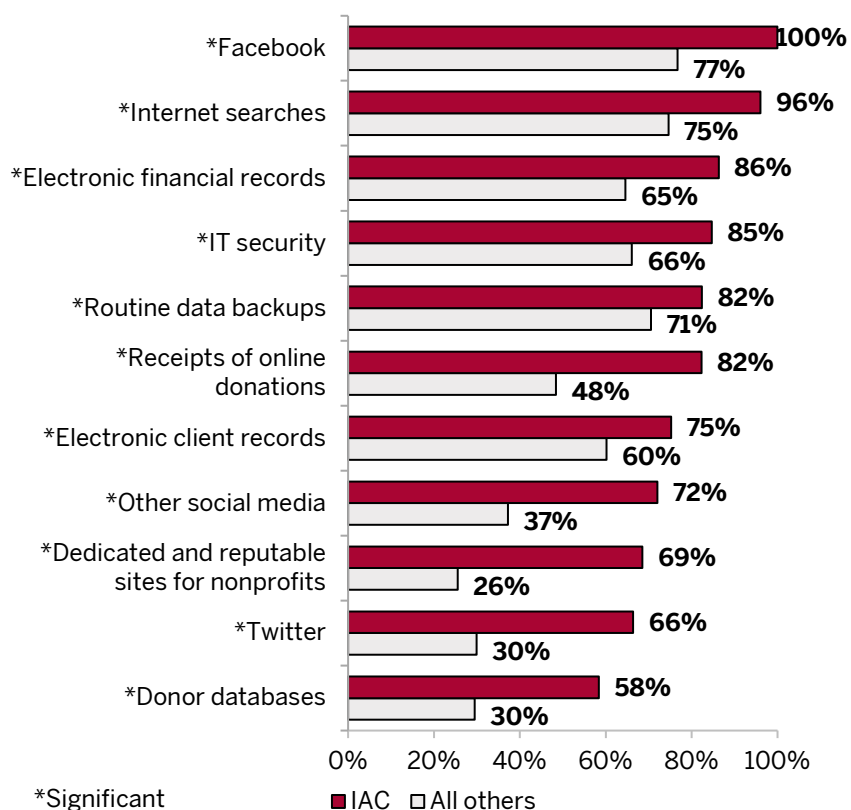
Figure 25: Extent to which management activities are a challenge (n=125)



Technology

In addition to the organizational components discussed above, our survey asked how often nonprofits use eleven technology resources. Almost all respondents reported at least occasionally using Facebook accounts (100 percent) and Internet searches (96 percent). As noted earlier, 95 percent also have websites. The great majority also use electronic financial records (86 percent), IT security (85 percent), routine data backups (82 percent), and receipt of online donations or online sales (82 percent). Between three-fourth and two-thirds also use electronic client/member/program records (75 percent), other social media accounts (72 percent), dedicated and reputable sites for nonprofits (69 percent), and Twitter accounts (66 percent) at least occasionally. Constituent relationship management software was used by 58 percent (Figure 26). Overall, IAC respondents reported using all eleven various technology resources significantly more often than all other respondents.

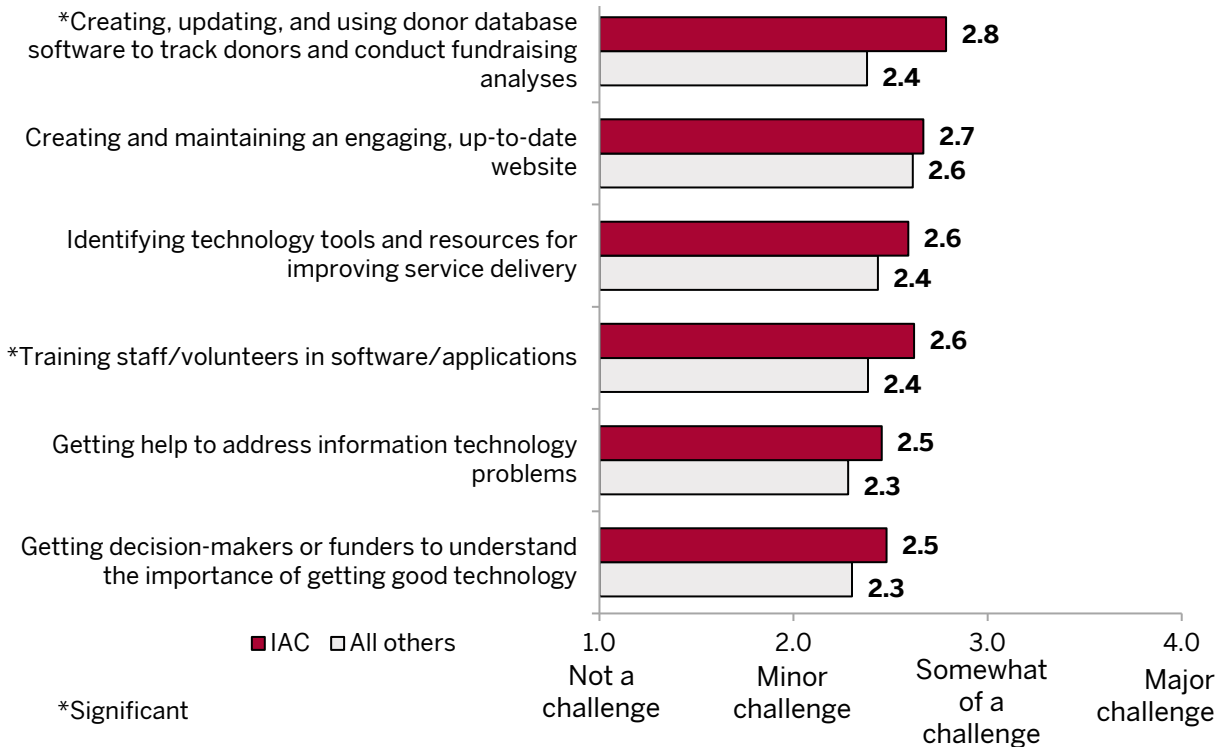
Figure 26: Percent of nonprofits that use various technology resources at least occasionally (n=126)



Technology Challenges. Our survey asked about challenges related to six technology resources and activities. On average IAC respondents reported the most challenges creating, updating, and using donor database software to track donors and conduct fundraising analyses (2.8 out of 4), creating and maintaining an engaging, up-to-date website (2.7 out of 4) and identifying technology tools and resources for improving service delivery and training staff/volunteers in software/applications (both 2.6 out of 4). Challenges were also moderate for getting help to address information technology problems and getting decision-makers or funders to understand the importance of getting good technology (both 2.5 out of 4) (Figure 27). Overall, IAC respondents reported significantly more challenges with creating, updating, and using donor database software to track donors and conduct

fundraising analyses (2.8 vs. 2.4 out of 4) and training staff/volunteers in software/applications (2.6 vs. 2.4 out of 4) than all other respondents.

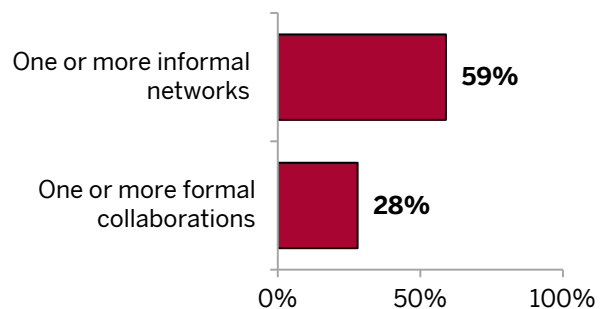
Figure 27: Extent to which technology resources and activities are a challenge (n=103-124, 569-733)



Collaborations and Affiliations

While technology provides useful resources, collaborating with other organizations can be just as helpful. Over half (59 percent) of IAC respondents reported being involved in informal networks (e.g., general cooperation or coordination with another organization), and over a quarter of respondents (28 percent) reported being involved in formal collaborations (Figure 28). IAC respondents do not differ significantly from all other respondents on either of these questions.

Figure 28: Percent of nonprofits that are involved in informal networks and formal collaborations (n=125)



In addition to these informal networks and formal collaborations, 7 percent of respondents reported that their organizations were local affiliates of other organizations, and a few (1 percent) reported that their organizations were headquarters organizations with local affiliates. Less than a fifth (16 percent) reported having other affiliations, and these affiliations generally fell into the categories of informal networks and formal collaborations (Figure 29). Overall, IAC respondents were significantly more likely to have no formal affiliations than all other respondents (76 vs. 54 percent respectively).

Advocacy

For many nonprofits to achieve their missions, they must engage in advocacy and/or public education activities. More than half (58 percent) of IAC respondents reported engaging in at least some of these activities (Figure 30). Only 43 percent of all other respondents reported engaging in advocacy and/or public education activities.

Of those that engage in advocacy, more than half report devoting none or very little of their total staff time or volunteer time to advocacy. About three-quarters (78 percent) report devoting none or very little of their financial resources and 20 percent say they devote at least some financial resources to advocacy (Figure 31). However, very few (4 percent or less) devote most of their staff time, volunteer time, or financial resources to advocacy.

Advocacy Challenges. Our survey asked about challenges related to five advocacy activities. Respondents reported the most challenges with obtaining funding for direct advocacy or public education activities (3.2 out of 4), followed by finding volunteers

Figure 29: Affiliation (n= 143, 1003)

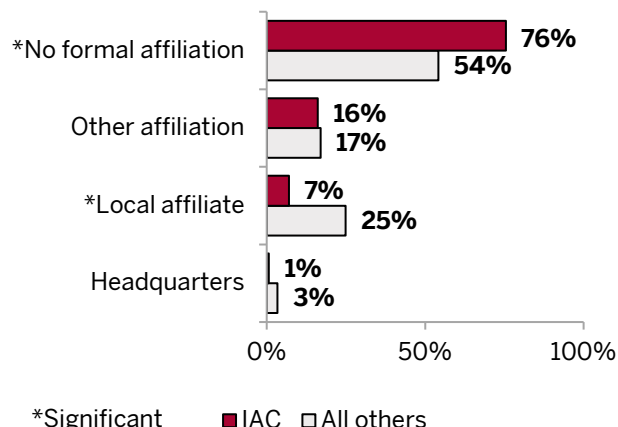


Figure 30: Percent of nonprofits that engage in advocacy and/or public education activities* (n=124, 1030)

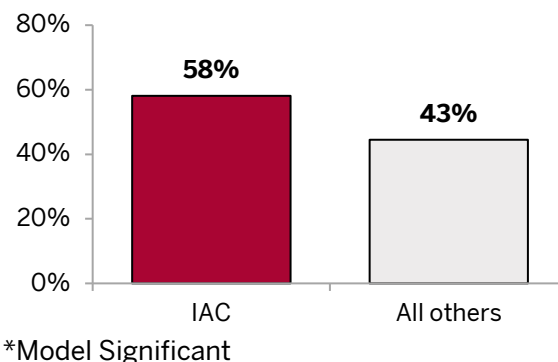
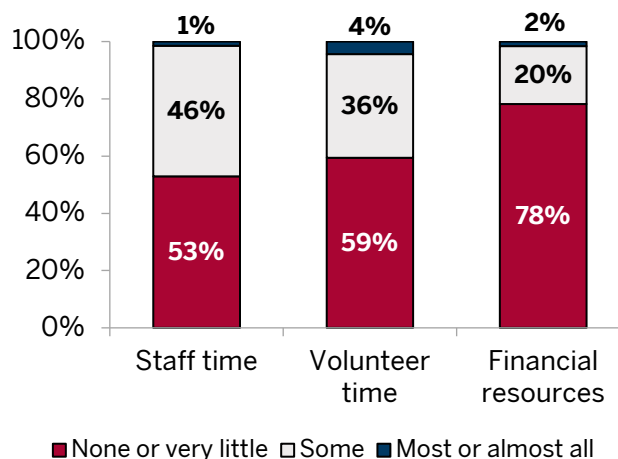
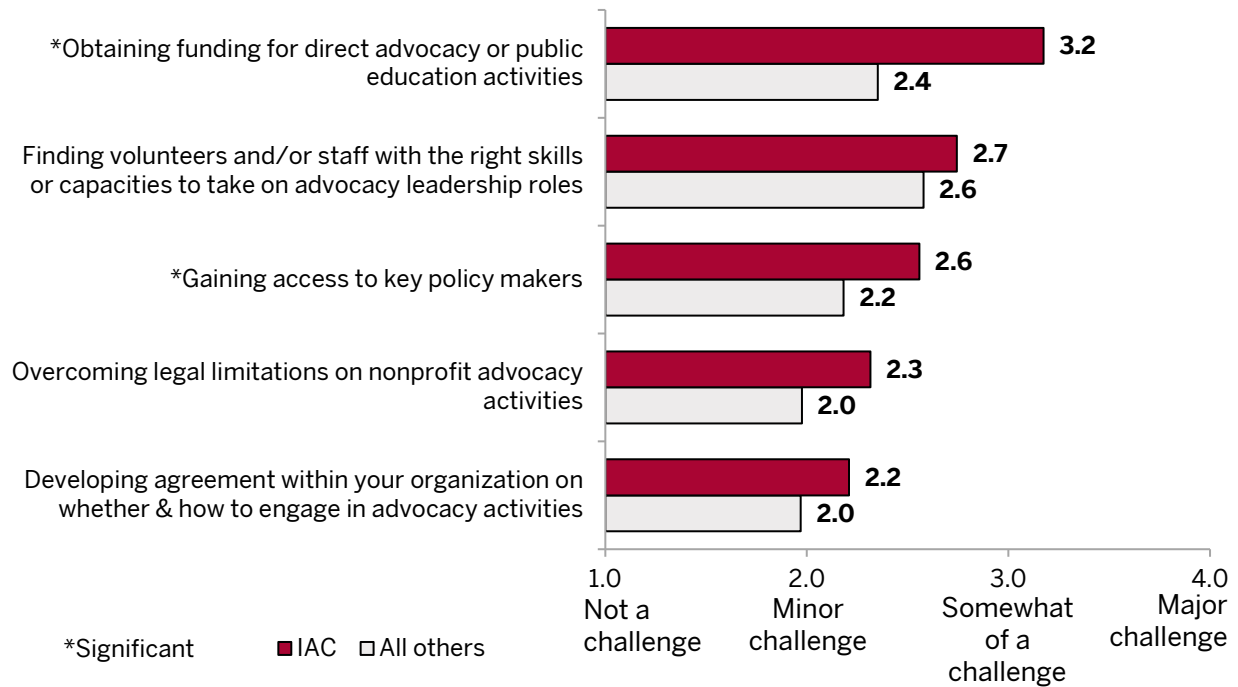


Figure 31: Resources for advocacy (n=64-69)



and/or staff with the right skills or capacities to take on advocacy leadership roles (2.7 out of 4) and gaining access to key policy makers (2.6 out of 4). Overcoming legal limitations on nonprofit advocacy activities (2.3 out of 4) and developing agreement within their organization on whether and how to engage in advocacy activities (2.2 out of 4) scored relatively low (Figure 32). Overall, IAC respondents reported significantly more challenges with obtaining funding for direct advocacy or public education activities and gaining access to key policy makers than all other respondents.

Figure 32: Extent to which advocacy activities are a challenge (n=38-46, 202-237)

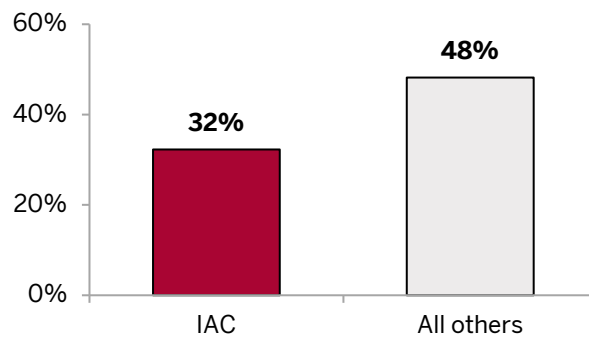


Special Focus Nonprofits

In addition to the topics examined so far, we also asked specific questions pertaining to two special types of nonprofits that are often overlooked in research on nonprofit organizations: membership associations and faith-based organizations. Here we highlight only the prevalence of membership organizations among the IAC respondents.

Membership Associations. We asked respondents to indicate whether they are membership associations, defined as nonprofits that seek to promote the mutual interests of their members. We also noted

Figure 33: Membership associations* (n=130, 940)



*Model Significant

that members usually contribute time, money, and/or expertise to the association's operations and governance and that members can include individual people, other organizations, or both. Less than a third (32 percent) of IAC nonprofits are membership associations (Figure 33) compared to 48 percent of all other respondents. IAC respondents with individuals as members reported a median of over 150 members, with some having several thousand.

CONCLUSION

Indiana Arts Commission nonprofits are overwhelmingly organizations primarily focused on arts and culture but also include other nonprofits offering a broad array of programs. Overall, the other respondents reported a much lower percentage of arts, culture, and humanities organizations. While many IAC organizations have important management structures in place to carry out their activities, significant proportions do not. Moreover, as we have shown, many face significant challenges in carrying out even routine activities, in many cases significantly more than all other respondents.

Some of these challenges relate to increased demands for services combined with tight budgets. As our findings show, over half of IAC respondents say that demands for their services have increased over the last 36 months and very few say demands have decreased. Over the same period of time, one fifth say their revenues have decreased, but expenses have only declined for 9 percent. And while over half say their revenues have increased, even more (65 percent) say that their expenses have increased. This is compared to all other respondents, which have seen fewer revenue increases (40 percent) than the IAC organizations, but also fewer expense increases (48 percent).

When asked about financial challenges, activities related to securing revenues have higher challenge scores than those related to managing costs or existing resources. Indeed, ten of the top twelve management challenges relate to financial and marketing challenges (see Table 1 below). Other types of challenges are more evenly distributed across the challenge scale. Overall, IAC respondents reported experiencing financial activity challenges significantly more than all other respondents, although collecting payments from clients, customers, and government contractors in a timely manner was only borderline significant.

Other issues faced by IAC respondents are related to managing human resources. About a quarter of IAC respondents have no paid staff members, compared to about two-fifths of all other respondents. Almost all IAC respondents use volunteers (other than board members), and of those that do use volunteers, three quarters say volunteers are essential or very important to their organizations. While the majority of IAC respondents with paid staff have key components in place for them (e.g., position/job descriptions, written personnel policies, and training/development opportunities beyond orientation), the percentages that reported providing similar resources to their board members or volunteers (other than board members) were notably lower.

Other important organizational components or tools are also missing for many IAC nonprofits. Almost all have written by-laws or board minutes, maintain websites, or use

Facebook. However, significant proportions have no written whistleblower policy or written dissolution plan, and rarely use donor databases, constituent relationship management software, or Twitter. However, IAC respondents report using all eleven information technology resources significantly more than all other respondents.

Finally, while most Indiana Arts Commission nonprofits say that changes in various government policies have relatively little impact on their ability to carry out their mission, many are engaged in at least some advocacy or public education. However, of these, less than five percent devote most of their staff or volunteer time or financial resources to these efforts.

We hope this analysis is helpful to policy makers, community leaders, and others concerned about the health and vitality of Indiana arts and culture nonprofits. To facilitate efforts to develop training and supportive resources, Table 1 below lists all of the challenge questions included in the survey, ranging from most challenging to least challenging (39 in all), Ten of the top twelve relate to financial and marketing challenges.

Table 1. Challenges that IAC nonprofits are facing (1=not a challenge to 4=major challenge)

Activity	Category	Average response
Expanding your donor base	Financial	3.5
Retaining your donor base	Financial	3.5
Attracting new members/clients	Marketing	3.4
Enhancing the visibility/reputation of your organization	Marketing	3.4
Identifying the best tools/ mediums for reaching various constituency groups (e.g., mailings, press releases, social media, etc.)	Marketing	3.4
Securing private foundation grants/corporate support	Financial	3.4
Securing individual donations/contributions	Financial	3.4
Creating effective marketing materials	Marketing	3.3
Evaluating or assessing program outcomes or impact	Program and planning	3.2
Obtaining funding for direct advocacy or public education activities	Advocacy	3.2
Hosting successful fundraising events	Financial	3.1
Developing a capital campaign	Financial	3.1

Activity	Category	Average response
Providing adequate compensation/benefits	Employee management	3.1
Developing and delivering high quality programs/services	Program and planning	3.0
Securing government grants/contracts	Financial	2.9
Recruiting & retaining qualified volunteers	Volunteer management	2.9
Creating, updating, and using donor database software to track donors and conduct fundraising analyses	Technology	2.8
Identifying qualified board members	Board management	2.8
Creating budgets and financial statements (e.g., balance sheet)	Financial	2.7
Managing cash flows in order to meet current operating costs (e.g., employee payroll, employee benefits, debt repayment, rent, etc.)	Financial	2.7
Creating and maintaining an engaging, up-to-date website	Technology	2.7
Finding volunteers and/or staff with the right skills or capacities to take on advocacy leadership roles	Advocacy	2.7
Recruiting & retaining qualified board members	Board management	2.7
Training staff/volunteers in software/applications	Technology	2.6
Identifying technology tools and resources for improving service delivery	Technology	2.6
Gaining access to key policy makers	Advocacy	2.6
Assessing board member performance	Board management	2.6
Getting decision-makers or funders to understand the importance of getting good technology	Technology	2.5
Getting help to address information technology problems	Technology	2.5

Activity	Category	Average response
Assessing & managing volunteer performance	Volunteer management	2.5
Creating and implementing a strategic plan for your organization	Management	2.4
Overcoming legal limitations on nonprofit advocacy activities	Advocacy	2.3
Recruiting & retaining qualified employees	Employee management	2.3
Developing agreement within your organization on whether & how to engage in advocacy activities	Advocacy	2.2
Assessing & managing employee performance	Employee management	2.1
Managing/improving board/staff relations	Board management	2.0
Managing the facilities or space your organization uses	Management	2.0
Collecting payments from clients, customers, and/or government contractors in a timely manner	Financial	1.9
Performing routine administrative tasks indirectly related to mission (e.g., payroll)	Management	1.9

APPENDICES

Appendix A: Survey Methodology

For our 2002 survey (Round I, and thus our “panel” organizations), we merged three statewide nonprofit database listings – the IRS listing of exempt entities with Indiana reporting addresses, all entities incorporated as not-for-profit entities with the Indiana Secretary of State (SOS), and Yellow Pages listings of congregations, churches, and similar religious organizations. We also added nonprofits appearing on local listings in selected communities across the state and those identified by Indiana residents through a hyper-network sampling approach as nonprofits for which they worked, volunteered, or attended meetings or events, including religious services. We then de-duplicated the merged listings and drew a stratified random sample in order to consider and adjust for differences in distributions by geographic location and source of listing.

Sample Preparation. For the new 2017 “primary” round III sample of Indiana nonprofits, we relied exclusively on the same three statewide listings of Indiana nonprofits as in 2002, but used a simplified sampling strategy. After combining the three most up-to-date listings, we first removed nonprofits that were ineligible for our study, primarily hospitals, colleges/universities, bank-managed trusts, jails, and school building corporations.

We then de-duplicated the three listings (both within and between the listings) using search algorithms. Nearly 14,000 duplicate entries across lists were removed during this phase of sample preparation. While it was not possible to remove all duplicates prior to sample selection, we believe that the de-duplication activities substantially reduced the problem of duplicate entries within and across lists. Ultimately, we ended up with a list of 59,833 nonprofits in Indiana from which we selected our sample.

To help ensure generalizability from the sample results, we drew a proportionately stratified sample from the combined list of 59,833 organizations from the IRS, SOS, and Infogroup (yellow page) listings. The stratification variables were an 8-category set of Indiana geographic regions (all three listings), filing date (SOS only), and NTEE major code categories (IRS only).

After the sampling was completed, we had a random sample of 4,103 nonprofits who received the survey invitation: 2,336 from the IRS listing (57 percent), 1,394 from the SOS listing (34 percent), and 373 from the Infogroup listing (9 percent). As part of our process to secure contact information, we also back-checked entities appearing on only one of the three listings in the sample to see whether that particular nonprofit was also included on any of the two other listings, just not included in the sample from the given list.

Next we needed to find contact information, preferably email addresses, in order to invite survey participation. Of the 4,103 nonprofits in the full sample, the available listings had email addresses for only 35. To obtain the rest, we undertook extensive web searches and telephone contacts with organizations. In the end, we had an 80 percent success rate in obtaining the organizations’ contact information, spending an average of 13 minutes per organization or about 873 hours.

Survey Process. In preparation for the survey, we sent notifications (postcards and also emails for the approximately 75 percent for whom we had email addresses) to potential respondents. This served both to alert them to the forthcoming survey, with the hope of encouraging participation in the survey, and to identify problematic email (or postal) addresses. After the survey invitations were sent (via email with a survey link or postal mail with a paper questionnaire), we sent several reminders to those with emails. The survey took on average 25-30 minutes to complete and gathered information about programs and services, organization membership, organization structure and program evaluation, human resources, marketing and technology, advocacy and policy activities, relationships with other organizations, and financial information¹¹. The vast majority of surveys were completed online, but about 60 were completed using the paper version of the survey.

In addition to promising respondents complete confidentiality, as a special incentive to complete the survey, we offered respondents access to customized reporting of the results. We included also a link to the study website, so respondents could learn more about the project, as well as prominent reference to and identification with Indiana University to emphasize the academic sponsorship. Finally, we asked members of our Advisory Board for the Indiana Nonprofit Sector project to announce the survey to nonprofits on their distribution lists and encourage anyone receiving the invitation to complete the survey to do so.

As expected, however, initial response rates were low (especially to the paper survey) and we began an extensive follow-up by making nudge calls to encourage organizations to participate (including those for whom we had no email addresses). We limited the nudge call process to a maximum of three calls per organization depending on the status of the calls. For organizations that we left voice mails for, we continued calling at least a week after each voice mail until we had left three voice mails. We stopped calling organizations that asked us to resend the survey or said they would complete the survey through the original email.

To determine response rates, we used information obtained through our data preparation and nudge call processes to create a disposition variable for each nonprofit in the sample: (1) response (complete or partial), (2) confirmed contact (but no response), (3) uncertain contact (no working phone number or no response to voice mail), or (4) out of sample.¹² Our overall response rate is based on the number of respondents as a percent of the full sample, excluding the “out of sample” group from the base.

At the request of the Indiana Arts Commission (IAC), we also extended the survey to a third segment of Indiana nonprofits: all those that have applied for funding from the IAC over the 2015-2017 period (but excluding colleges and universities). A total of 145 nonprofits from

¹¹ The full survey instrument can be found on our website: <https://nonprofit.indiana.edu/doc/SurveyInstrument.pdf>.

¹² The “out of sample” group includes nonprofits that were out of scope for the survey (e.g., universities, school corporations, hospitals), no longer located in Indiana, known to be out of existence, or presumed to be dead because we could not find any contact information anywhere. If the “presumed dead” are redefined as “uncertain contact”, the response rate drops from 24 percent to 20 percent. It was only 7 percent for the paper survey by itself.

this listing responded to the survey, representing a response rate of about 42 percent. This total includes 11 nonprofits that responded as part of the panel or primary samples described above.

Appendix B: Additional Graphs

Figure B1: Year founded* (n=144, 923)

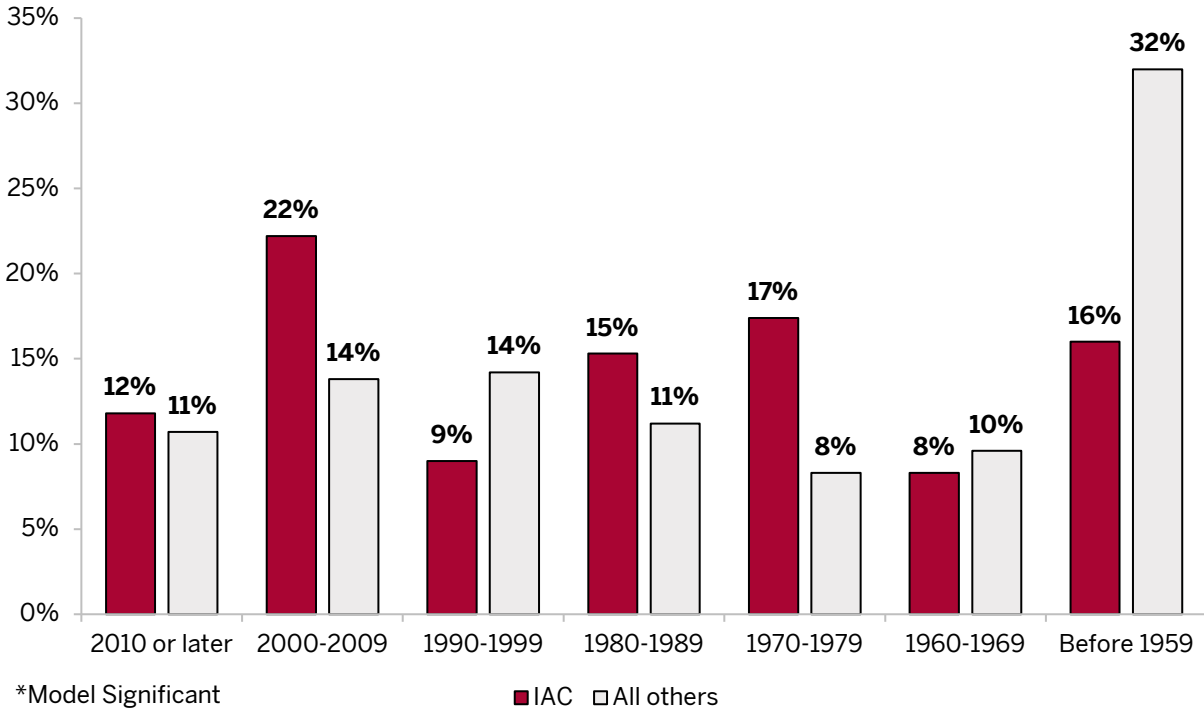


Figure B2: Eligibility for Tax-Deductible Donations (n=141, 978)

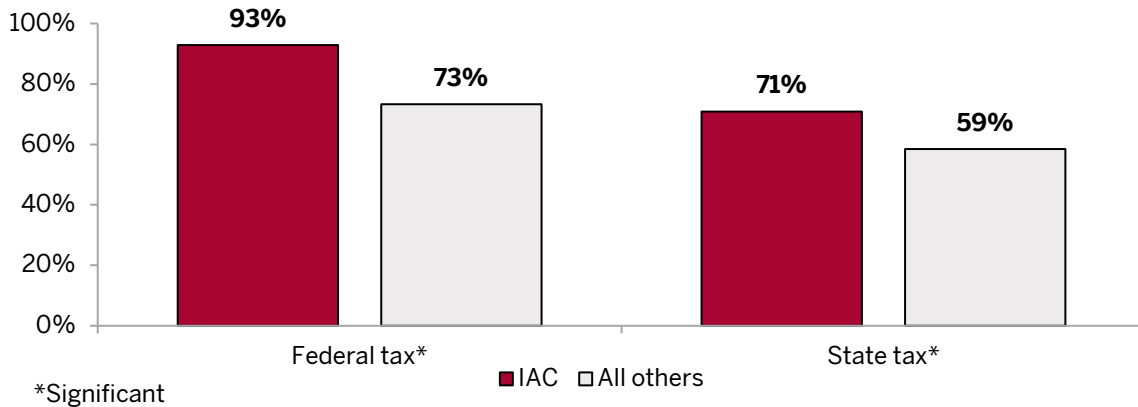
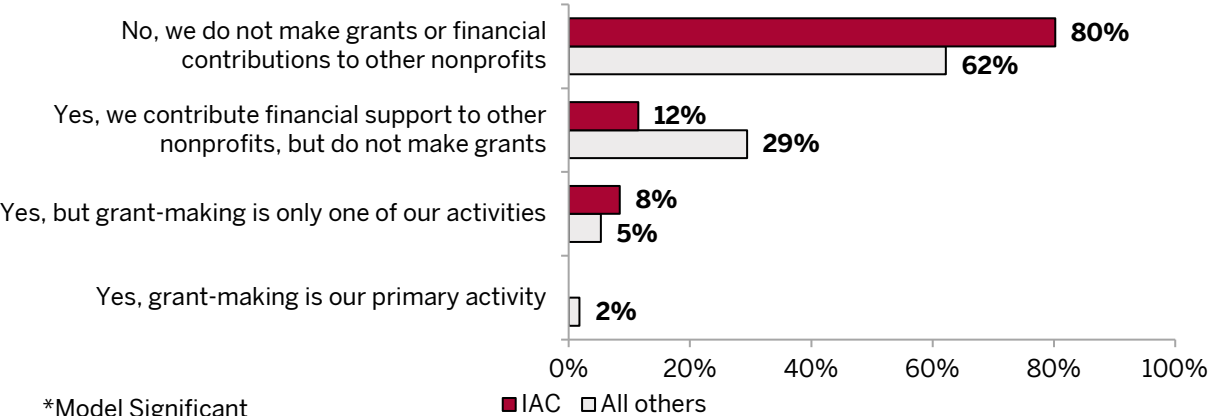


Figure B3: Grant-making and financial support* (n=131, 955)



Appendix C: Overview of the Indiana Nonprofits Project

Since 2000, the **Indiana Nonprofits Project: Scope and Community Dimensions** has produced a substantial body of research about the nonprofit sector in Indiana: its composition and structure, its contributions to Indiana, the challenges it faces, and how these features vary across Indiana communities. The goal of this collaborative research effort is to help community leaders develop effective and collaborative solutions to community needs and to inform public policy decisions.

The project is directed by [Kirsten Grønbjerg](#), Efroymsen Chair in Philanthropy at the [Lilly Family School of Philanthropy](#) (LFSOP) and Professor and Associate Dean for Faculty Affairs, [School of Public and Environmental Affairs](#) (SPEA), Indiana University Bloomington. It has benefitted greatly from the advice and support of the Project's distinguished [Advisory Board](#),¹³ the contributions of almost 90 SPEA research assistants – undergraduate, masters, and doctoral students – and financial support as described in the Acknowledgements on page 1.

The project's major components include:

[Surveys of Indiana nonprofits](#). This component includes four surveys of Indiana nonprofits:

- Round I: Comprehensive survey of Indiana nonprofits (2002) in collaboration with the IU *Center for Survey Research* (CSR); 7 statewide reports on special topics and 12 regional reports on the nonprofit sector in selected communities across the state.
- Round II: Two surveys on nonprofit capacity and management challenges, including a survey (2007) for the *Indiana Philanthropy Alliance* and the *Lumina Foundation for Education* (1 report) and a more extensive survey (2010) for the *Indiana Arts Commission* (2 reports).
- Round III: Comprehensive survey of Indiana nonprofits (2017) in collaboration with the CSR is currently being analyzed and is the basis for this report.

[Trends in paid nonprofit employment in Indiana](#). This component, undertaken in collaboration with the *Indiana Business Research Center* (IBRC), includes analyses of trends in paid nonprofit paid employment over time by industry and with comparisons to paid employment in the private and government sectors.

- Statewide trends in paid nonprofit employment by industry and sector (5 reports)
- Statewide trends in paid nonprofit employment for in selected industries (6 reports)

[Community reports](#). This component focuses on the scope and composition of the nonprofit sector in communities across the state:

- Featured community reports for 7 metropolitan regions and 5 non-metropolitan

¹³ See <https://nonprofit.indiana.edu/AboutTAB/advisory-board.html>

counties across the state, including size and composition of the nonprofit sector and profiles based on Round I survey of Indiana nonprofits (2002)

- Regional trends in paid nonprofit employment by industry with comparisons to private and government sector employment: Metropolitan Areas and Economic Growth Regions (2007) and the Fort Wayne Metropolitan area (2015), in collaboration with *IBRC*.
- County reports on nonprofit paid employment 1995-2009 for Indiana counties with a population of 50,000 residents or more (29 reports), in collaboration with *IBRC*.

Surveys of local government officials. This component is based on surveys of Indiana local government officials (LGOs) on topics of special interest to Indiana nonprofits in collaboration with the *Indiana Advisory Commission on Intergovernmental Relations* (IACIR).

- PILOT/SILOT policies: attitudes towards requiring charities to provide payments (or services) in lieu of real estate taxes (PILOTS/SILOTS), 4 reports.
- Trust in Nonprofits: 2 reports.
- Government-nonprofit relations: 3 reports.
- 2-1-1 information and referral services: 2 reports.

Special topics. Several smaller projects have been completed in response to major national policy initiatives, as extensions of project components described above, or as special opportunities presented themselves.

- Overtime pay regulation: the likely impact on Indiana nonprofits by changes in the Fair Labor Standards Act (proposed 2016) on overtime pay for exempt employees,
- IRS Exempt Status Initiative: the impact of major changes in IRS reporting and compliance requirements mandated by the Pension Protection Act of 2006.
- Two surveys of Indiana residents conducted in collaboration with the *CSR*. This includes a 2001 survey on affiliation and involvement with Indiana nonprofits in preparation for Round I survey of Indiana nonprofits, and a 2008 survey on trust in nonprofits in collaboration with *CSR*.
- Comprehensive database of Indiana nonprofits, initially completed in preparation for Round I survey of Indiana nonprofits, now hosted by the *IBRC*.

For a full description of the project and access to all project reports, please visit <https://nonprofit.indiana.edu>.