A Comparative Analysis of the Business Models of Three Project-Based Professional Choirs

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UNIVERSITY OF MIAMI

A doctoral essay submitted in partial fulfillment of
the requirements for the degree of
Doctor of Musical Arts

A COMPARATIVE ANALYSIS OF THE BUSINESS MODELS OF THREE
PROJECT-BASED PROFESSIONAL CHOIRS

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This study examines the recent phenomenon of project-based professional choirs through a comparative analysis of the business models of three leading project-based professional choirs. Background information regarding nonprofit and performing arts organization economics as well as the history of professional choirs provides context for a definition of organizational stability. Major analysis of public domain financial data, internal and public historical records, as well as interviews with current administrators in each organization provides the formula to determine stability. The resulting analysis identifies major trends in the founding, operations, and future growth of each organization through a historical tracing of the first and last five years of their existence, determining the stability of each model. A comparative analysis produces global trends that identify the expense-revenue stability threshold and its relationship to risk management and organizational growth, particularly through the first five years of existence. Additionally, the analysis confirms the nonprofit literature’s emphasis on mission statement directives and the importance of arts nonprofit tools such as price discrimination, revenue diversification, and market-oriented operations.
Acknowledgements

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Chapter 1

Introduction

Non-sacred professional chamber choirs first appeared in America in the 1920’s with Fred Waring and The Pennsylvanians, “who reigned on vinyl, radio, movies, and television for a generation, defining a new style of American singing.”¹ Waring unintentionally started the professional choir movement in 1938 when he hired a young apprentice to assist with the choir. This young man was Robert Shaw, who went on to become one of the most famous American conductors in history for his work with the Atlanta Symphony Orchestra and Chorus.

Before he received worldwide recognition in his position with the ASO, Shaw formed the New York Collegiate Chorale, which later became the Robert Shaw Chorale.² The first fully professional choir to focus primarily on serious repertoire, the Robert Shaw Chorale garnered international acclaim through extensive touring, landmark commercial recordings, and an easily identifiable sound.³ Around the same time, Roger Wagner first formed his Roger Wagner Choral in 1946 Los Angeles.⁴ The Chorale first gained fame for its work in Hollywood, but established its reputation due to an extensive international touring schedule that included appearances throughout Europe as well as the Pacific and the Middle East.⁵,⁶ The Gregg Smith Singers also followed the blueprint of

² Ibid.
Shaw and Wagner in 1962, recording more than fifty commercial albums focused primarily on American and contemporary choral music.\(^6\)

Perhaps due to the relative youth of these three standard-bearing ensembles, none was able to maintain a consistent roster. Instead, they opted for a “prescription chorus” formed from local professionals for specific projects.\(^8\) Factors such as finances, singer availability, and developing audience tastes prevented efforts to maintain a more stable presence in the respective communities.\(^9\) Professional choirs discovered success in a more stable, regionally-based approach in the second half of the twentieth century, thanks in large part to the work of Robert Shaw, Roger Wagner, and their colleagues.

Regionally-based professional choirs began appearing throughout the country due in some part to the success of the early professional choir pioneers. Choirs like the Dale Warland Singers in St. Paul, MN and the Kansas City Chorale took the baton from earlier innovators, extending opportunities for semi-regular employment to local professional talent. This model stood for many years as the standard for success in professional choral singing in America. The small amount of scholarship from the last thirty years on the professional choir phenomenon suggests that regionally-based choirs are also the standard for sustainability; Morrow, in his analysis of the impact the Robert Shaw Chorale and other early choirs had on regionally-based ensembles, posited that the original prescription choir model had “little in common with the typical American professional choir of the late twentieth century, which has found stability and success as a

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residence-type chorus.”

His analysis—as well as the 2006 case study conducted by Oppenheim—holds merit; as recently as 2016, the regionally-based Kansas City Chorale won the Grammy for best choral performance, implying a potential connection between organizational stability and artistic success. However, the end of the twentieth century also saw the rise of a new model for the American professional choir: the return of the prescription choir with a twenty-first century twist, set to alter the professional choir paradigm.

Project-based chamber choirs—which primarily import its artists from throughout the country—blossomed at the turn of the century. Choirs such as Conspirare (Austin, TX), Seraphic Fire (Miami, FL), and the Santa Fe Desert Chorale (Santa Fe, NM) have consistently taken the artistic standard to another level in twenty-first century choral America, finding success in a country that increasingly undervalues classical music.

The problem is that most of these project-based professional choirs are learning from season to season, hoping to maintain consistent growth and stability. Research on the history, development, and establishment of professional choirs in America as well as how to begin and maintain a non-profit chorus exists, but there remains little to no research on how these principles are best applied to the new project-based phenomenon.

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13 Oppenhiem, “Overview of America’s Professional Choirs.”
This leaves burgeoning professional choral organizations without a model to look toward and, as such, prevents confident strategic planning.

**Definitions**

For the needs of this study, a project-based choir will be defined as a fully paid professional choir in which singers are hired from throughout the country for specific projects to meet the organization’s artistic mission. This stands in comparison to regionally-based professional choirs, fully paid ensembles that hire local singers who rehearse regularly as a consistent ensemble for an entire season. Examples of ensembles include the Kansas City Chorale, Phoenix Chorale, and VocalEssence of Minneapolis, MN. Additionally, stability, as referenced in this study, is defined as consistently achieving end-of-year financial totals at or above zero through efficient management of costs and revenue. See the summary section of the literature review in Chapter 2 for additional details on how stability is achieved in the nonprofit arts.

**Need for Study**

A high-level professional choir can have a similar impact culturally as its colleagues in the symphony, opera, and ballet worlds. Vance George, conductor of one of the first symphony choruses to employ a regular core of professional singers, said as much in a 1990 interview about professional choirs. “Professional choirs can and will grow in importance in the United States. They will continue to develop in our communities and cities until they take their rightful place beside orchestras, chamber
ensembles, and opera, theatre, and dance companies.”¹⁵ Year after year George’s words prove prophetic with project-based choirs from Tucson to Miami being lauded as “expounding the boundaries of choral performance,”¹⁶ “a unique musical offering in the community,”¹⁷ and not “just put[ting] on concerts, [but] put[ting] on shows.”¹⁸ Research needs to be conducted on best practices to establish these ensembles in American cities.

Conducting a project-based chamber choir as a primary source of employment has not surfaced in the choral conducting profession since the likes of Robert Shaw and Roger Wagner. Once seen as a part time job done in addition to a teaching appointment or similar position, artistic directors such as Craig Hella Johnson and Patrick Quigley are successfully crafting careers with their respective ensembles as their primary work.¹⁹ While each took a different path to his current position, each saw a need in the community and found the necessary support to lead his unique organizations. Michael Korn, founder of the since-disbanded Philadelphia Singers, stressed the need for community awareness and engagement when setting out on such a venture. “…Perhaps the most important, is that all of us who have become successful [professional choir directors] really got a handle on the climate of our particular region and found a way to serve it.”²⁰ This model remains true for project-based ensembles and its directors. What

¹⁹ These men conduct the Austin-based Conspirare and Miami-based Seraphic Fire, respectively.
differs, however, is how these ensembles manage community engagement and outreach with artists who are scattered across the country. Research needs to be conducted in order to discover what community engagement challenges project-based ensembles face and how they can maintain effective and reliable community relationships.

The increase in project-based professional choirs has created new opportunities not only for conductors but classically-trained singers as well. According to the National Association of Schools of Music, there were almost 9,000 students studying vocal performance at the undergraduate and graduate level in the 2013–14 academic year alone.\(^\text{21}\) With only around 166 opera companies operating in America,\(^\text{22}\) and many universities hiring primarily adjunct voice teachers, there is a serious need for job creation in America for professional singers. Many are navigating this challenge by making a living in solo oratorio and professional ensemble singing.

Joshua Habermann, Music Director of the project-based Santa Fe Desert Chorale, sees this trend perpetuating. “We have seen a growth in the number and variety of opportunities for singers, and I would expect that to continue.”\(^\text{23}\) Habermann cites the growth of professional choirs as a major catalyst: “Whereas in the past singers trained specifically with the operatic model in mind, thanks to the early music movement and also the growth in quality and number of professional choral ensembles, now there are more options.”\(^\text{24}\) Craig Hella Johnson, director of the GRAMMY-winning project-based ensemble Conspirare, also sees increasing quality of professional choral ensembles


\(^{24}\) Ibid., 33.
resulting in more opportunities for artists and communities: “The level of professional choral music is growing and improving consistently, and I fully expect that the results of this will be that a great many more people in more cities will be able to hear choral music-making at this level.”25 Engagement of future singers should prove just as vital as community building in the stability and growth of these organizations. Research into best practices for singer development—whether through education or a focus on young professionals—is needed in order to recognize stability and growth for the organization as well as their potential future employees.

Lastly, research into stability for project-based professional choirs will assist in the avoidance of financial pitfalls devastating to other non-profit arts organizations. Professional choirs have continued to thrive as fellow arts nonprofits claimed bankruptcy in a volatile market. Much of the downfall of these organizations comes from the perpetuation of a model founded in the mid-twentieth century. European musicians and audiences came to America at the turn of the twentieth century and once established, sought out the symphony and opera traditions of their homelands.26 This led to demand for a professionalized product, from which came the “…year-round, high-level professional orchestra institution that would become the envy of the world.”27 In recent years, a combination of the changing classical music audience and lack of adaptation from organizations led to a decrease in ticket sales, individual gifts, and awarded grants.

A documented example of the demise of the symphony orchestra is the rise and fall of the San Jose Symphony. One of the first professional orchestras in the west, the

27 Ibid., 17.
San Jose Symphony formed in 1877 before the likes of the more-renowned Philadelphia and Chicago Symphonies. After over 100 years in operation, SJS filed for bankruptcy during the 2002 season despite a rich history and generous local support. In a case study investigating what led to the bankruptcy, Wolf listed a collection of conclusions that factored into the downfall of the organization. Of particular note are:

- “Its operation was based on unachievable and overly ambitious vision that grew well beyond what the community could sustain” (Wolf, 20).
- “It spent money it didn’t have and misallocated the money it did have.” (Wolf 10).
- “It operated in a collective bargaining environment that led to too many guaranteed services for musicians that didn’t reflect the reality of the marketplace.” (Wolf, 11).
- “It ignored obvious partnerships in education and technology that would have been positive” (Wolf, 11).

These four principles—community engagement, revenue stream, hiring practices, and outreach & education—are central to the issues surrounding contemporary arts organizations. The pillars that have long defined professional arts organizations incur fixed costs that become too high with inflation, increasing marginal costs in conjunction and making financial stability near impossible. San Jose Symphony has since reinvented itself as Symphony Silicon Valley, a new organization that appears to have learned from SJS’ mistakes by guaranteeing only a core of players, implementing financial controls,

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programming the season based on community interest, and developing an involved outreach & education program.²⁹

The ultimate objective of the project-based professional choir is to make music at the highest level, similar to its non-choral musical counterparts. What must be different, however, is the model it follows to ensure the organization is stable and profitable. While similar to the new movement in symphony orchestra management, research must be conducted to determine how project-based choirs can take advantage of its model to streamline revenue and manage costs in order to avoid the mistakes of former arts nonprofits.

**Purpose of the Study**

The purpose of this study is to examine the recent phenomenon of project-based professional choirs through a comparative analysis of the business models of three leading project-based professional choirs. A narrative historical tracing of each organization through financial and historical records will provide answers to the following questions:

1. In what ways do the identified approaches toward economic growth and stability expressed by the following organizations align with or differ from each other?
   a. Seraphic Fire,
   b. Santa Fe Desert Chorale, and
   c. Kinnara Ensemble.

²⁹ Wolf, “The Rise and Fall of the San Jose Symphony,” 73.
2. How do the managers of these three organizations overcome challenges regarding economic growth and stability, specifically regarding their approaches toward:
   a. Program services,
   b. Management services, and
   c. Fundraising

3. What is expressed in the mission statements of the three organizations and how does it inform operational business models?
Chapter 2

Literature Review

This study examines the recent phenomenon of project-based professional choirs through a comparative analysis of the business models of three leading project-based professional ensembles. First, an overview of existing literature on professional choirs provides necessary context for current study. Next, a review of relevant literature in nonprofit economic theory, capital allocation, and revenue diversification presents information on best business practices. Lastly, a survey of important literature related to the nonprofit arts conveys how nonprofit business practices are applied and how they should be executed.

The History of Professional Choir Literature

Scholarship regarding the history and organizational structure of professional choirs—albeit limited—did not appear until the later half of the twentieth century. Hill was the first to undertake the task in 1980, just a few years after the end of the early prescription choruses. Hill’s study sought to “outline the history of professional choral singing in the United States from the 1920’s to the present time [1980], and to name many of the choral ensembles that currently have a payroll for their singers.”

Hill used interviews with artistic directors in conjunction with materials provided by organizations to gather data, which he provided as a chronological history of the most prominent professional choirs. Perhaps the most important contribution of his study is the organizational breakdown of active professional choirs; here Hill contributed

significantly to the field as the first time data on salaries, method of payment, number of
paid singers per ensemble, type of ensemble (touring vs. regionally-based), and location
of each was recorded in one place. This research opened the way for scholars to research
and discuss the business side of these organizations, which has proven vital in the last
decade.

Shrock conducted a seminal interview in 1990 with three prominent professional
choir conductors that proved valuable for future research into potential growth in the
professional field. The artistic directors interviewed were Vance George of the San
Francisco Symphony Chorus (Professional core), Michael Korn of the Philadelphia
Singers, and Dale Warland of the Dale Warland Singers. Shrock surveyed the men—two
of whom were both founder and director of their ensembles—on topics ranging from
their definition of professional, how much they pay their singers, the history of
professional choral singing in America, and the future of professional choirs. He found
that while these men rarely communicated about how they ran their organizations, they
all wound up going about their business in a similar fashion. Perhaps most important was
their mutual exhortation of scholars to begin academic research into professional choirs.31
This interview stands at the crossroads of professional choral organizations as the era
when project-based ensembles initially took root. As the late nineties turned into the early
twenty-first century, founders of the early project-based choirs looked toward these
conductors and others as exemplars and mentors. Shrock did the literature a great service
by compiling their thoughts all in one place for future scholarly reference.

31 Vance George, Michael Korn, Dale Warland, and Dennis Shrock, “An Interview with Vance George,
Michael Korn, and Dale Warland: Professional Choirs,” The Choral Journal 30, no.7 (February
Published in 1993, Morrow conducted a groundbreaking study on the influence of the early prescription choirs on contemporary choral organizations. With his study, Morrow intended to "examine the influence of three prominent professional choirs upon the broader phenomenon of professional choir development in the United States."  
Morrow collected data from several sources, focusing most on a questionnaire targeted toward active professional choir artistic directors. The questionnaire was constructed to elicit from the respondents any evidence of influence upon either their development as a conductor or musician and the broader phenomenon of professional choruses. Additionally, Morrow left room at the end of the survey for opinions and input on the current state of professional choirs, problems or concerns they saw with the professional climate, and what they thought the future held for professional choral organizations.

The findings of this study shed light on the state of professional choral organizations at the end of the twentieth century. While almost all artistic directors referenced exceptional artistic influence from the three conductors of note, none of them reported any organizational, administrative, or fundraising influence from their prescription choir model. Yet in the free response section, sixteen different respondents listed funding as a major concern. Rather than use these organizations as a model, almost all of the respondents cited Chorus America as their primary resource for organizational needs.

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33 Ibid., 13.
35 Ibid., 89.
36 Ibid., 217-30.
37 Ibid., 166.
Chorus America is the professional organization for all unaffiliated nonprofit choral organizations, ranging from children’s choirs to professional. However, Chorus America’s roots are firmly placed in the professional choir tradition. Bucker’s 1991 dissertation “A History of Chorus America—Association of Professional Vocal Ensembles” compiled all of the minutes and official correspondence of the then Association of Professional Vocal Ensembles and its relationship to the developing choral wing of the NEA. Though not particularly groundbreaking, Bucker’s study did advance the conversation on professional choirs by providing a detailed history of how the early organizations interacted and what they valued as an unofficial union. Chorus America battled for recognition and legitimacy throughout the first few decades of its existence, and this study brought the pertinent characteristics of the organization and its important relationship with the NEA to the forefront.

The remaining literature is all either supported, funded, or published by Chorus America save Oppenheim’s study on the state of professional choirs in 2006. He picked up where Morrow left off, examining business considerations for founding and sustaining a successful professional or community choral ensemble.

While combining the business plan of professional and amateur choirs seems contradictory at first, the regionally-based nature of both types of organizations in Oppenheim’s 2006 study allowed the same nonprofit principles to apply. Each organization has a local board of directors that oversees an organization populated by

local professional or amateur singers looking to provide services to a local community.

With this in mind, Oppenheim interviewed four artistic directors—Charles Bruffy of the Kansas City Chorale (professional), William Hall of the William Hall Chorale (professional), Randi Von Ellefson of the Canterbury Choral Society (amateur), and Michael O’Neal of the Michael O’Neal Singers (amateur)—as well as the executive director of the Kansas City Chorale, Don Loncasty. Though transcripts of the interviews were not provided in the document, Oppenheim addressed topics such as mission statements, developing a cohesive governing body, establishing the financial and legal structure of the organization, and hiring practices. The importance of this study should not go unnoted; while Chorus America provided several resources to assist professional choral organizations, Oppenheim created a blueprint for future study into the construction of individual organizations. Their willingness to share organizational and financial information set a precedent for organizational transparency in future studies.

Sigman produced two documents for Chorus America that contributed significantly to the professional choir literature. First, Sigman wrote *The Chorus Leadership Guide*, a sort of handbook for the nonprofit chorus to assist in creating a structure for governance, artistic leadership, management, marketing, finance, education, and community outreach.\(^{41}\) The book is divided into four chapters, the first being a look at the evolution of choral leadership while the remaining three address the board of directors, artistic director, and executive director. Perhaps most importantly, the monograph provided information about online resources through Chorus America to assist in establishing a nonprofit chorus such as important forms, checklists, and sample

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contracts. While this manual applies to nonprofit choruses at large (similar to Oppenheim), the chapter directed toward executive directors contains significant information on finance, fundraising, marketing, education & outreach consistent with the nonprofit literature analyzed previously in this review.

Sigman conducted a historical study the following year centered on professional choirs. Here he took a similar approach as those that came before him, but diverted by focusing primarily on the business side of the history. Sigman also emphasized the evolution of the business model from Shaw and Wagner to the likes of Warland and Bruffy, highlighting the shift of the market from a demand for a select few ensembles touring nationally to several regional based ensembles supported by the local community. Sigman’s overview gave much needed perspective to the studies that came before, bringing to light the business side of these conductors who have become legends in the choral world.

Yet, just as before, the literature stops short of exploring the next steps for professional choirs, let alone providing any sort of empirical or theoretical testing outside of Morrow. While the various histories and organizational studies on previous iterations of professional choirs are essential for context, the lack of literature on how the project-based ensembles are surviving highlights the need for this study.

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The Origins of Nonprofit Scholarship

Nonprofits existed in America well before the turn of the twentieth century. Ranging from charitable organizations such as the Salvation Army or United Way to major hospitals, nursing homes, and arts organizations, nonprofits have played a vital role in the economic and social establishment of contemporary America. In spite of their influence, economic and legal scholars largely ignored nonprofit organizations until the final quarter of the century.44 Scholarship—albeit minimal—from 1970s focused on the effectiveness of nonprofits in certain industries,45 but little to no research existed on the theory behind nonprofits and their role as a potential third sector.

Hansmann’s 1980 “The Role of Nonprofit Enterprise” was the first and most influential theory on the role of nonprofit organizations in the economy.46 His article stands as a seminal work in the history of nonprofit economics and law.47 He intended to increase attention to the nonprofit organizations’ role in modern economies, and as a result establish a foundation for informed policy.48 “The Role of Nonprofit Enterprise” established Hansmann as the preeminent figure in nonprofit theory, economics, and law.

Hansmann built the theory on his definition of a nonprofit: “A nonprofit organization is, in essence, an organization that is barred from distributing its net earnings, if any, to individuals who exercise control over it, such as members, officers

directors, or trustees.⁴⁹ He further clarified that nonprofits are not barred from making a profit, but are restrained only from distributing earnings to its constituents outside of the form of goods or services. Hansmann called this the nondistribution constraint, which, along with his definition of contract or market failure, served as the foundation of his theory.

In Hansmann’s model, organizations fall on a spectrum designated by the way they are financed or controlled. In terms of financing, he differentiated between donative nonprofits, or organizations that received the bulk of funding from donations or grants, and commercial nonprofits, organizations which received funding from charging for a service or good.⁵⁰ While Hansmann delineated four separate divisions, he also gave concession to organizations existing in the grey area between categories.

Hansmann’s text references the economic theory that for-profit firms will provide product at the quantity, quality, and price that meets demand and social efficacy. That theory assumes three conditions: consumers can make an informed purchase of a product based on comparison between firms, that they can reach an agreement on price and service with the distributor, and that consumers can determine for themselves whether or not the firm held up its end of the agreement.⁵¹ This assumption permeates for-profit firms in the form of money-back guarantees, return policies, and in today’s society, comment pages on Amazon, Facebook, or other online mediums. Hansmann theorized that when these needs are not met the market has failed the consumer, and as such should turn to a nonprofit. This is the essence of market failure theory.

⁵⁰ Ibid., 840-1.
⁵¹ Ibid., 843.
Due to the nondistribution constraint, consumers can invest with confidence knowing that ulterior motives will not interfere with quality or execution. “In other words, the advantage of a nonprofit producer is that the discipline of the market is supplemented by the additional protection given the consumer by another, broader ‘contract,’ the organization’s legal commitment to devote its entire earnings to the production of services.” The corporate charter of a nonprofit organization, in conjunction with state and federal nonprofit laws, ensure consumer protection. In summary, Hansmann claimed that market failure gave rise to nonprofits in order to protect consumers from being taken advantage of due to information asymmetry.

The presentation or distribution of public goods in the nonprofit sector can also be explained by contract failure theory. Hansmann defined public goods by two particular attributes: that “it cost no more to provide the good to many persons than it does to provide it to one person,” and “once the good has been provided to one person there is no way to prevent others from consuming it as well.” Using this definition, every patron of a public good should contribute an amount indicative of the value they put in the particular good. The argument in favor of public goods in a nonprofit context lies in human nature; as it is human nature to be “free riders,” individuals are inclined to contribute as little as possible for a good even though demand may be high. Hansmann used radio as an example: in order for public radio to survive they run annual fund drives in addition to grants in an effort to provide free public radio and increase quality consumer content. Commercial radio, on the other hand, simply sells advertisement spots and limits quality consumer content in order to maintain stability.

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53 Ibid., 848.
54 Ibid., 849.
nondistribution constraint ensures the donor that the money for the good they are buying—free public radio—will go entirely to consumer content, as opposed to the advertising dollars of commercial radio. This will be relevant later in this review in his analysis of nonprofit theory of the performing arts through price discrimination.

Hansmann did acknowledge flaws in the nonprofit model when compared to for-profit models. Nonprofits encounter limitations on raising capital, cross-subsidization, incentives for managerial efficiency, as well as incentives for entry and growth. While he included brief explanations on how each limitation is reasonably navigable, Hansmann spent very little time addressing them, particularly incentives for managerial efficiency as well as the role of altruism in the nonprofit field. He did succinctly debunk theories on tax incentives and charitable deductions, essentially arguing that such benefits played a role in growth, but not necessarily in nonprofit organization. Surprisingly, charitable donations in particular seem to work in the opposite of common theory, as commercial nonprofits such as health services qualify for the charitable deduction but rarely receive donations, while political organizations do not qualify but remain stable primarily due to donations.

Initial Examination of Market Failure Theory

Hansmann’s theory made a major impact in analyses of nonprofit economics and law. However, the lack of relevant information on altruism and operational efficiency left many scholars with more questions than answers in the actual implementation of the

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56 Ibid., 884.
57 Steinberg, “Hansmann Revisited,” 297.
theory. Steinberg contributed an excellent literature review\textsuperscript{58} on relevant scholarship extending, questioning, and in some cases rejecting Hansmann’s market failure theory and the nondistribution constraint thirteen years after the original publication; while useful, Steinberg contends it lost its effectiveness with the resultant poor implementation in the wrong contexts.

Atkinson’s concern with the nondistribution constraint centered on its lack of attention to altruism. Atkinson concluded, “…this omission weakens the descriptive power of Hansmann’s theory and leads him… to restrict the scope of nonprofit exemption unduly.”\textsuperscript{59} As a result, Atkinson introduced benefits of the nonprofit organizations to the variable descriptive spectrum Hansmann developed in order to address financing and control.\textsuperscript{60} This resulted in ten subsets of nonprofits, with a new focus on supply-side organization rather than a strictly demand-centric analysis.\textsuperscript{61} Atkinson’s focus on supply-side organization will receive greater relevance in later decades, as scholars look toward a more holistic approach to address information asymmetry.

While scholars agree that a refined operational definition of nondistribution remained elusive,\textsuperscript{62} they also confirmed the nondistribution constraint as an effective tool when utilized in a clearly defined context. Scholars were less effusive, however, in their support for contract failure at large. Steinberg organized their critiques in three major categories: failure to distinguish governments from nonprofit organizations as remedies

\textsuperscript{58} Steinberg, “Hansmann Revisited,” 297.
\textsuperscript{60} Ibid., 519.
\textsuperscript{61} Ibid., 520.
\textsuperscript{62} Steinberg, “Hansmann Revisited,” 299.
for contract failure, incomplete explanation of how and when organizations are formed to meet donor and consumer demand, and consideration toward the coexistence of nonprofit and for-profit firms. The majority of the scholarship focused on the later two critiques, and relate most easily to the types of arts nonprofits at the heart of this study.

Several theories on the role of contract failure in the formation of nonprofits exist. Young argued that the nondistribution constraint played a role in determining the type of entrepreneur that might found a nonprofit, rather than just the enforcement of nonprofit law. Atkinson also remained relevant on this topic, as he argued for the role of altruism and entrepreneurship over primarily relying on contract failure as a market spark. Other scholars explored the role of contract failure in industries where nonprofit and for-profit firms co-exist. Weisbrod argued that information asymmetry around a particular industry was only temporary, and that once knowledge increased the market would level. Permanent coexistence could be possible, however, if consumers learned to recognize the subtle qualities between for-profit and nonprofit firms and values them accordingly. Easley and O’Hara examined the coexistence of nonprofit and for-profit organizations through two different studies in 1983 and 1986. They first demonstrated that dividing economic activity into for-profit and nonprofit organizations could be partially described

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63 Steinberg, “Hansmann Revisited,” 299.
as the solution to an optimal contracting program.\textsuperscript{68} They found that contract theory provided a rationale for nonprofit firms as well as a more in-depth look at operations, ruling out for-profit firms in industries where information asymmetry cannot be reconciled\textsuperscript{69}

These critiques are particularly relevant to the arts nonprofits addressed in this study, as it is often an altruistic impulse not an outright failure of that market that leads to the formation of said organizations. Where the market fails, however, is the inability to provide high-level art to communities that may not be overly educated on the specific art form; hence the need for safeguards against information asymmetry. As the audiences learn to effectively evaluate the product, the market should, as Weisbrod says, even out. These are important considerations to keep in mind when applying the nondistribution constraint and market theory to an arts nonprofit, as Hansmann addresses through price discrimination and cost management later on.

With contrary proofs regarding the necessity and expendability of nonprofits as a panacea for contract failure, scholars moved on to determine if it need always apply or if there were alternate options. Krashinsky\textsuperscript{70} as well as Weisbrod and Schlesinger\textsuperscript{71} theorized that guarantees and reputational incentives can effectively control nonprofit behavior in order to prevent contract failure rather than the nondiscrimination constraint. Weisbrod\textsuperscript{72} argued that contract theory misses the mark in ensuring honest managerial

\textsuperscript{69} Easley and O’Hara, “Optimal Nonprofit Firms,” 85.
\textsuperscript{70} Michael Krashinsky, “Transaction Costs and a Theory of Nonprofit Organization,” in Rose-Ackerman, 114-132.
\textsuperscript{71} Weisbrod and Schlesinger, “Public, Private, Nonprofit Ownership and the Response to Asymmetric Information,” 133-151.
decisions, implying that nonprofits are only established when monitoring the distribution of funds rather than the quality or quantity of output.\textsuperscript{73}

Other scholars highlighted the limitations of the nondistribution constraint as the main tool of contract failure. Chang and Tuckman examined loopholes in the nondistribution constraint in the context of accumulated surplus and redistribution in the form of benefits or incentives.\textsuperscript{74} Steinberg pointed out that “a necessary corollary of the nondistribution constraint in nonprofit organizations is a ‘fair compensation constraint’ that requires that salaries and benefits be ‘reasonable’ in relation to the going market rate for similar jobs in other organizations.”\textsuperscript{75} In regards to the enforceability of the nondistribution constraint, Hansmann pointed out that nonprofit law should be tailored toward enforceability and the asymmetrical information issue.\textsuperscript{76} Ben-Ner believed that institutional guidelines such as patron representation on a board can delegate some of the responsibility of nondistribution enforceability to the board rather than government agencies.\textsuperscript{77} These theories should greatly informed the operational organization of an arts nonprofit, as the margin of error is thin and managerial overstep or patron misrepresentation can have potential fatal results.

According to Steinberg, Contract failure may not fit every nonprofit industry or every regulatory body, but it did provide a motivation to include a well-defined nondistribution constraint in any nonprofit corporation statute as well as to govern

\textsuperscript{73} Steinberg, “Hansmann Revisited,” 301
\textsuperscript{75} Steinberg, “Hansmann Revisited,” 302.
\textsuperscript{77} Avner Ben-Ner, “Nonprofit Organizations: Why Do They Exist In Market Economies?” in Rose-Ackerman, 94-113.
principles of fair compensation, self dealing, and private inurement.78 Hansmann went on to revisit much of this criticism and present a revisited market failure theory in his book *The Ownership of Enterprise*.

**Hansmann 2.0: The Ownership of Enterprise**

In *The Ownership of Enterprise*, Hansmann reaffirmed his market failure concept but spun it in a way heavily influenced by the for-profit chapters earlier in the book. He now argued that nonprofits occur when monitoring management became prohibitive for prospective ownership and could be efficiently implemented as a nonprofit.79 Hansmann made an important delineation by not mentioning the market is failing the patron, but that the market was prohibitive for organizational ownership. This change in language shifted the focus from the demand-side to the efficiency of the supply-side, which in turn allowed for greater latitude with the nondistribution constraint by addressing information asymmetry through managerial efficiencies.

Hansmann began by confronting the belief that for-profit managers were inherently more efficient than nonprofit managers due to profit motivation and close monitoring by shareholders. While the for-profit objective is quantifiable—increase profit—a successful though not necessarily profit-conducive product can qualitatively measure the nonprofit objective. While overarching goals are to minimize cost and increase capital, managers will increase efficiency when the organizational mission is clearly articulated.80 In other words, with a clear mission statement, “There do not seem

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78 Steinberg, “Hansmann Revisited,” 312-3
80 Hansmann, *The Ownership of Enterprise*, 239
to be dramatic differences among ownership forms in agency costs deriving from poor monitoring of managers, whether the comparison is between investor-owned firms and firms owned by patrons other than investors, or even between owned and unowned firms.”

Efficiency remains paramount for nonprofit managers for the same reason as for-profit managers; while not being closely monitored, nonprofit managers keep their jobs through increasing organizational stability by ensuring consistent capital.

**Capital Allocation and Financial Stability**

While efficiency remains at the center of the new outlook on nonprofit management incentives, accumulating capital becomes the main force behind management—and organizational—success. Thus, it behooves managers to maintain organizational stability. Hansmann went as far as to define nonprofit stability:

“Consequently, even in the absence of any direct or indirect subsidies (such as tax exemption), a nonprofit firm can remain in operation at its current scale as long as its revenues are sufficient to cover depreciation—that is, sufficient to earn just a zero net rate of return.”

As long as a manager can ensure the organization remains above zero, they will remain in business and, in turn, incentivized.

Through Hansmann’s alterations to his definition of nonprofits the threat of market failure became a regulator for managerial efficiency, thereby avoiding contract failure through the spirit of the nondistribution constraint. While this theory supposes nonprofits can survive and in some cases thrive without relying on subsidies, managers

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81 Hansmann, *The Ownership of Enterprise*, 290.
82 Ibid., 240.
83 Ibid.
84 Ibid., 244.
must creatively accumulate capital within the confines of their industry. The key, in Hansmann’s new model, was the latitude of the nondistribution constraint. The consumer assurances implicit in nonprofits should not come from the nondistribution constraint itself, but form the spirit of law implicit in a lack of organizational ownership.\textsuperscript{85}

**Contemporary Critiques of Market Failure Theory**

Market failure today has four main elements: the public goods theory developed by Weisbrod in 1988,\textsuperscript{86} the consumer control theory developed by Ben-Ner in 1986,\textsuperscript{87} Hansmann’s trustworthiness/nondistribution constraint theory,\textsuperscript{88} and the supply-side theory originally explored by Atkinson but developed most recently by Steinberg in 2006.\textsuperscript{89} While the first three theories were covered previously, Steinberg’s most recent exploration into supply-side theory was more focused on examining the consistencies of nonprofit firm behavior, placing particular emphasis on the motivations of managers and entrepreneurs.\textsuperscript{90} Hansmann also reconciled the approach of supply-side theory in the forward to his book, stating “in studying any given organizational form, I have generally followed the simple practice of first examining the range of situations in which that form is found and then looking for theories that can explain the observed pattern.”\textsuperscript{91} This coincided well with Steinberg’s approach to examining nonprofit regularities, sufficiently enough to imply Hansmann’s initial merging of the two theories in 1996. However,

\begin{flushright}
\textsuperscript{85} Hansmann, *The Ownership of Enterprise*, 245.
\textsuperscript{86} Weisbrod, *The Nonprofit Economy*.
\textsuperscript{87} Ben-Ner, “Nonprofit Organizations: Why Do They Exist in Market Economies?”
\textsuperscript{88} Hansmann, *The Ownership of Enterprise*.
\textsuperscript{91} Hansmann, *The Ownership of Enterprise*, ix.
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where Hansmann missed the mark was in examining the role of altruism in nonprofit formation.

Valentinov identified that modern nonprofit economics literature was too conservative, combining strict treatment of the nonprofit sector from neoclassical and new institutional economics perspectives. 92 Valentinov proposed that the study of historical institutional economists like American Thorstein Veblen and Indian economist Radhamakal Mukerjee would result in a more holistic, supply-side dominant view of nonprofits not as a correction for market failure but “… as an outlet for altruism, ideological entrepreneurship, and the practicing of social values.” 93 Not alone in his indictment of the market failure orientation toward nonprofits, Lohmann suggested that the exclusive application of market failure crowded out altruistic motivation for nonprofit firms, noting it defined nonprofits more by what they are not rather than what they are. 94 Valentinov concluded with an integrative theory emphasizing market failure and supply-side arguments, but mostly it containing a logical scheme allowing the application of theories on a case-by-case basis. 95 This theory sought self-sufficiency; nonprofits, when viewed holistically, do not need to be the product of demand or supply, but can exist for the altruistic purpose of providing a public service. This falls most closely in line with the arts nonprofit model.

There is a significant amount of scholarship developing this integrative theory posed by contemporary institutionalist economists. Research guides such as Seaman and

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95 Ibid., 746.
Young’s *Handbook for Research on Nonprofit Economics and Management*\(^{96}\) provide excellent collections of further theoretical study. However, empirical research needs to catch up to theoretical research in order to provide evidence that the integrative model functions better in the nonprofit sector or if it functions any different than Hansmann’s revised contract failure theory at all.

**Revenue, Diversity, and Financial Stability**

Regardless of theory, all economists agreed that for a nonprofit firm to maintain stability, it must accumulate capital. In *The Ownership of Enterprise*, Hansmann postulated that nonprofits can survive without subsidies if they are managed efficiently. While few if any nonprofits were willing to follow that model exactly, scholars investigated the relationship of government subsidies and private donations, and whether the two augment or inhibit each other.

Payne’s 1998 study looked into the decline of government grants to nonprofit organizations in the 1980s.\(^{97}\) The study primarily examined the concept of crowding out, the result of a heavy influx of government grants dissuading private donors from giving to nonprofit firms. Payne in turn tested whether government grants crowded out private donations.\(^{98}\) The result suggested that crowding out in this data set was limited.

Other scholars saw varying results based on industry giving. Brooks took the same question of government crowding out and tested it across four segments of the

\(^{96}\) Bruce A. Seaman and Dennis R. Young, *Handbook of Research on Nonprofit Economics and Management*, (Cheltenham, UK; Northampton, MA; Edward Elgar, 2010).


nonprofit market using data on both federal and local spending.\textsuperscript{99} Brooks also looked at crowding in, which theorized that government subsidies increased private donations to nonprofit firms. While the results do not allow specific conclusions, it confirmed that the relationship between government subsidies and private philanthropy was highly dependent on the industry and the level of government involved.\textsuperscript{100} One of the main factors in subsector dependence was the human motivation for giving or not giving. In some industries, government support could be seen as proof of respectability, especially for lesser-known organizations.\textsuperscript{101} On the other hand, subsidies can make nonprofits appear unique to private donors, and consequently, in need of private support.\textsuperscript{102}

Another variable in donor philanthropy is the reaction of donors to nonprofit commercial activities. Herman and Redina conducted a case study on donor reactions to several different commercial activities within a singular nonprofit organization.\textsuperscript{103} While the established literature by noted scholars such as Weisbrod\textsuperscript{104} primarily argued that commercial sources of funding may constrain the advancement of mission, Hermann and Redina concluded that nonprofit entrepreneurship is not always the same as nonprofit commercialization. Research done on the relationship between donations and commercial income through chapter reports and IRS forms, in combination with a large

\textsuperscript{100} Ibid., 213.
\textsuperscript{101} Ibid., “Is There a Dark Side to Government Support for Nonprofits?” 212.
\textsuperscript{102} Ibid.
data set compiled by Segal and Weisbrod, left doubt that the accepted hypotheses of donors and managers disavowing commercial income were valid. Their case study found that of the relatively small percentage of donors and volunteers who paid attention to nonprofit commercial activities, the majority had no opposition to commercial activity as long as it fulfilled the organizational mission.

Lastly, scholarship on revenue diversification stands as the most relevant in scholarly topics related to nonprofit stability and managerial efficiency. Scholarship on revenue diversification in the for-profit literature goes back to the 1950’s. Markowitz was the first to develop the modern portfolio theory in 1952, which defined the process by which an investor selected a particular investment portfolio. This theory implied the existence of an optimal portfolio that could augment returns and limit volatility. As this was not likely to succeed for a nonprofit firm, scholars moved toward revenue diversification. White wrote in 1983 that revenue diversification increased stability for organizations by limiting the reliance on any one revenue source. This study opened the possibilities of applying modern portfolio theory to modern organizations through revenue diversification.

Carroll and Stater investigated whether revenue diversification led to greater stability in the revenue structures of nonprofit organizations. Their findings suggested

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110 Carroll and Stater, “Revenue Diversification in Nonprofit Organizations,” 947.
that organizations with more diversified revenue structures had lower levels of financial volatility over time, which implied that diversification is viable for organizational stability.\textsuperscript{111} Carroll and Stater concluded that revenue diversification would be particularly helpful for such nonprofit firms despite previous scholarship suggesting otherwise.\textsuperscript{112}

**Application for Arts Nonprofits**

A historically donative subsector, arts nonprofits have straddled the line as a donation-based nonprofit with commercial interests since the establishment of the American symphony orchestra at the end of the nineteenth century. However, the first seminal study into economic problems confronting the performing arts did not occur until 1965. Bauman and Bowen established the precedent for scholarly research on arts nonprofits in their study on the nature of economic challenges facing performing arts organizations. They set out to unveil the root of the difficult economic circumstances surrounding performing arts firms and establish what exactly attributed to the uphill battle many of these organizations face.\textsuperscript{113} Their evidence suggested that the financial strain implicit in the nonprofit sector is magnified by the nature of the arts industry, and that the financial challenges unique to performing arts organizations will only increase.\textsuperscript{114} They suspected there was a ceiling for the amount of private donations received, and

\textsuperscript{111} Carroll and Stater, “Revenue Diversification in Nonprofit Organizations,” 962.
\textsuperscript{112} Ibid.
\textsuperscript{114} Ibid., 499
since the product cannot demand a higher ticket price, organizations would inevitably fail without alternative funding sources.115

Hansmann confronted the idea of rising costs in the performing arts in his 1981 study on performing arts nonprofits.116 He agreed with Bauman and Bowen regarding the rising costs of arts nonprofits due to the economy outgrowing the industry, as well as the need for arts organizations to access alternate types of funding in order to maintain stability. However, instead of writing off this discrepancy as hopeless, Hansmann investigated the types of costs associated with arts presenting and what measures could be taken to ensure greater organizational stability.

According to Hansmann, performing arts expenses fall into two categories: fixed costs, or the costs necessary for a performance to be staged, and marginal costs, or expenses that are more expendable or easily managed.117 These costs will vary from industry to industry; for example, the fixed costs for theater are very high, as line items such as sets, costumes, and rights rentals contribute significantly to the total costs. Hansmann concluded that fixed costs were the expenses that rise over time, as marginal costs stayed relatively stable. This paradox—combined with lowering demand for the live performing arts due to other for-profit entertainment industries such as movies and radio—presented an uphill battle toward organizational viability, let alone stability. Hansmann presented multiple options for arts nonprofit firms to approach stability and achieve missions.

117 Ibid., 345.
The crux of Hansmann’s argument resided on the concept of price discrimination. As noted by both studies, performing arts-related costs are too high for a rise in ticket sales to cover fixed expenses; organizations must rely on donations in order to subsidize costs. However, as opposed to other nonprofit industries, the majority of private donations in the performing arts come from patrons who are regular ticket buyers. If organizations hope to cover costs, some sort of price discrimination must be employed. Due to the high-demand nature of the demographic that attends the performing arts, organizations can elicit a sort of voluntary price discrimination through charging ticket prices intentionally lower than the worth of the event. Additionally, tiered ticket prices based on quality of seat allow patrons to pay what they feel the experience is worth, opening the audience base to previously inaccessible demographics.

This serves two purposes when viewed through the fixed vs. marginal cost paradigm; on one hand, the fixed costs—which present substantial challenges at the onset of putting on a production—become relatively low when adding additional performances and in turn fall under marginal costs. This principle is at the center of the for-profit theater model; once the show is running, producers look to have the show run as long as possible in order to cover costs and maximize profit. While the limitless run is not an option for nonprofits, it is certainly a viable way to increase income through ticket sales.

Additionally, the strength of the nonprofit structure allows organizations to subsidize fixed costs through voluntary price discrimination as referenced above. Research shows that due to perceivably lower ticket prices, voluntary price discrimination

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119 Ibid., 232.
120 Ibid.
121 Ibid., 346.
discrimination occurs in the form of additional private donations. “Ticket purchasers with unusually high demand for performing arts productions can simply be asked to contribute voluntarily some portion of the consumer surplus they would otherwise enjoy at the nominal ticket price—and, interestingly, a large proportion of the audience is willing to do so.” Based on this data, Hansmann concluded that the stability of arts nonprofits was tied to the subsidization of fixed costs through donative funding.

**Recent Theories on Arts Revenue Maximization and Management**

The extent to which government should be involved in nonprofit funding has been debated since government agencies began subsidizing nonprofits through grants and tax benefits. Broadly, scholars have focused on the effects of government funding “crowding out” or “crowding in” private donations. This topic is of special interest to arts organizations where fundraising efficacy starts with voluntary price discrimination and private donations. Brooks’ study on crowding out, referenced earlier in this literature review, examined a few specific examples of government giving toward the arts.

While studies examining fine arts such as art museums found crowding out at the local level at around 40 cents on the dollar, they also found crowding in at the federal level at around 48 cents on the dollar. A related study on symphony orchestras discovered no such relationship between government and private spending. Based on these results, and in comparison with results from sister industries, Brooks concluded that

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123 Ibid., 360.
124 Patricia Nold Hughes and William Lukseitch, “The Relationship Among Funding Sources for Art and History Museums, (Paper Presented at the 26th Annual Conference of the Association for Research on Nonprofit Organizations and Voluntary Action (ARNOVA), Indianapolis, IN, 1997).
government subsidies tended toward crowding out funds in necessary nonprofit industries such as health and human services, whereas industries such as the arts—luxury industries as Brooks defined them—tended toward crowding in.\textsuperscript{126} This conclusion aligned with convention wisdom that attending and donating to the arts was perceived as a social motive.\textsuperscript{127}

Lewis and McKay took an opposite approach, arguing that government giving is unintentionally impoverishing nonprofit arts in the U.S.\textsuperscript{128} However, rather than advocating for less government giving to increase private donations, they believed that private funding had complicated business structures and pushed organizations to operate within a for-profit model.\textsuperscript{129} They argued that the adapted for-profit model detracted from the ability of an organization to make decisions based on its stated mission, and a focus shift toward the portion of the population able to donate takes the service away from the public at large. Essentially, in order to prevent government impoverishment of nonprofits, Lewis and McKay suggested government should fully subsidize arts organizations.

Kirchner, Markowski, and Ford also examined the relationship between government support and financial health, but did so through the paradigm of marketing activities as a measure of stability.\textsuperscript{130} They accepted the assumption that arts

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\textsuperscript{126} Brooks, “Is There a Dark Side to Government Support for Nonprofits?,” 216.
\textsuperscript{129} Lewis and McKay, “Seeking Policies for Cultural Democracy,” 303.
\end{flushright}
organizations depend on government subsidies for financial relevance, but rejected the notion that sufficient government subsidies were the only way for arts nonprofits to survive and guarantee organizational viability. Instead, they examined recent scholarship in order to form a model where organizations could maintain stability through incorporating a complete repertoire of marketing approaches. Kirchner, Markowski, and Ford in turn contended for prudent organizations to make a marketing shift; not just as performing arts establishments, but as worthy causes that impact specific communities. Activities such as outreach, education, and community engagement would introduce the organization to a wider net of potential patrons and donors as well as position the organization for supplemental government subsidy.

They contended this paradigm shift would develop a market-orientated organizational culture, which would result in greater resources, customer satisfaction, and in turn an increased reputation in the community. As an organization’s reputation from market orientation grows, more direct marketing techniques will create an interactive relationship between the organization and the community, enhancing long-term relationships and creating greater appeal for new donors, both private and public. This approach has been positively linked to heightened ticket sales as well as private and public donations.

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While direct causality between government support, marketing activities, and financial health could not be established, the data did suggest that the level of government support did not directly affect financial stability.\(^\text{135}\) They concluded that the higher level of organizational reliance on government support, the higher level of instability within the organization, and vice versa.\(^\text{136}\) Marketing approaches become important as managers carefully project costs and revenue; incorporation of a market-oriented culture allows for greater reach into the community for new patrons and donors, and, in turn, conveys a viable organization with a worthy cause that government agencies will subsidize. In conclusion, by approaching government funding with a moderate approach through market-oriented approaches such as education, outreach, and community engagement, performing arts organizations can utilize principles of revenue diversification to ensure greater stability through market fluctuation and allow room for growth.

**Summary**

Based on Hansmann’s market failure theory, nonprofit firms arise when the costs of establishing and running a for-profit firm exceed the potential profits for an in-demand industry. The nonprofit form is necessary when access to industry-related information by the supplier is greater than access of industry-related information by the consumer. In cases of this type of information asymmetry, the nondistribution constraint—an agreement that prevents nonprofits from redistributing profit to a board of directors or related parties—protects consumers from supply-side exploitation. In the event that the


\(^\text{136}\) Ibid., 111-2.
for-profit market for a product fails the consumer, they can trust a nonprofit firm due to the intent of the nondistribution constraint to govern market and managerial accountability. Additionally, altruistic motivations play a factor in the supply side of the nonprofit equation, with the nondistribution constrain distilling potential entrepreneurs to those who wish to provide a public service rather than explicitly obtain a profit. As the intent of the nonprofit firm is to provide a trustworthy good or service, the stability of a nonprofit firm can be defined as consistently achieving end-of-year financial totals at or above zero through efficient management of costs and revenue.

Due to the relationship of product to the economy, performing arts nonprofits face unique challenges maintaining stability. Due to advancements in technology and shifting tastes, costs for producing the performing arts have exponentially outgrown demand. These fixed costs far outweigh the marginal costs of maintaining a production. To offset fixed costs, the nonprofit structure allows arts organizations to subsidize fixed costs through voluntary price discrimination of ticket prices, resulting in increased private donations from a target demographic. In addition to price discrimination, organizations can obtain additional private and governmental funding through market-oriented approaches that establish its organization as a needed cause rather than a community luxury. A varied approach to securing revenue results in revenue diversification, which ensures greater organizational stability by avoiding reliance on a single primary source for complete funding. As past models have shown, the inability to manage fixed costs and maximize return on marginal costs will result in organizational instability, loss of revenue, and in some cases, bankruptcy.
In short, stability in the nonprofit arts is defined as consistently achieving end-of-year financial totals at or above zero through efficient management of costs and revenue. This can only be achieved through subsidizing fixed costs and maximizing return on marginal costs. Market-oriented philosophies, voluntary price discrimination, and revenue diversification can provide the means to confront the historic challenges of arts nonprofits and maintain stability throughout market shifts.
Chapter 3

Method

The review of pertinent nonprofit literature and how it applies to arts nonprofits illuminates the need for further research into best practices regarding mission statements, price discrimination, revenue diversification, and market-oriented approaches. The presentation of relevant professional choir literature also highlights the need for further guided study in the field, as little to no research existed that examined the business aspects of these organizations. As such, this study examines the recent phenomenon of project-based professional choirs through a comparative analysis of the business models of three leading project-based professional ensembles. The narrative historical tracing of each organization through financial and historical records is guided by three research questions examining how approaches to operational challenges align or differ between the three organizations, how managers overcome challenges to stability, and how mission statements inform business model.

Methodology

This study addresses the research questions through a major analysis of public domain financial data, internal and public historical records, as well as interviews with current top administrators in each organization. Data garnered from these sources was coded, analyzed, compared, and contrasted in an effort to identify consistent fiscal trends and rationalize them to determine if the organizations fulfilled the study’s definition of stability. The resulting data will serve as a reference for fellow project-based
professional choral organizations to evaluate its own operational models, in addition to providing a starting point for future research into the prospects of project-based choirs in America.

Treatment of Data

Three major sources of data were consulted for this study. Primarily, financial documentation provided the basis for fiscal analysis to determine organizational stability. Historical records contributed immeasurable context regarding the culture, model, and mission of each organization from its founding to the present. Interviews with top administrators provided otherwise unattainable insight into current options and future prospects of each organization, as well as a peek into past operations supervised by previous leadership.

Financial Documentation

An analysis of mission statements and 990 tax forms provided the primary evidence of organizational stability. Depending on its fiscal year of the organization, documentation ranging from the 2010 to 2015 was analyzed in order to document stability and efficacy within a consistent sample size. Data from each fiscal year was categorized by revenue and expenses, and coded into three major groups consistent with the 990: for expenses, program services, management services, and fundraising; for revenue, direct public support, government contributions, and program services. Any changes in mission statement in the five-year window were also documented to track organizational behavior changes based on mission. Additionally, the same procedure
examined the first five seasons of existence for each organization in an effort to ascertain how each organization established its business model.

Data relevant to program services focused on costs implicit with the project-based model, such as travel, artist fees, lodging, and concert costs. Additionally, data related to management services included more traditional figures, ranging from professional staff costs to fundraising and marketing fees. Revenue diversification data regarding grants, donations, and program services was analyzed in conjunction with expense diversification data dissecting program, managerial, and fundraising expenses. This was done in an effort to analyze identified trends in total expenses, total revenue, and net assets to establish an expense-revenue stability threshold.

In an effort to reconcile costs and confirm the point of stability, distilled expense and revenue data was analyzed according to the terms set forth in each organization’s mission statement. For ease of analysis, this data was filtered into two major tables within the expense and revenue categories: the first tracking growth through year-to-year and five-year average differentials to determine trends, the second tracking diversification by fiscal year and five year averages to assess said trends. Additionally, itemized expense data extracted from the 990s was organized by fiscal year, providing diversification percentages within major categories (program, management, fundraising expenses) as well as facilitating itemized trend analysis. These tables are included in Appendices A–K for reader reference, but the data is contextualized in the narrative analysis of each organization found in chapters 4–6.
Historical Documents

Visits to the historical archives of each organization produced relevant documentation regarding the founding of each ensemble, major programs, events, and operational changes. These documents consisted of personal letters, speech transcriptions, board meeting minutes, annual appeal letters, subscriber newsletters, season announce brochures, concert programs, concert reviews, and any additional form of media coverage. Archives at the Santa Fe Desert Chorale in Santa Fe, NM as well as Seraphic Fire in Miami, FL necessitated traveling to each office to uncover these documents. All media coverage for Seraphic Fire, as well as any and all historical reference for Kinnara Ensemble, was found through Internet search. Data extrapolated from these files were coded by fiscal year, and utilized to provide contextual information about the founding, establishment, and operations of each organization.

Interview

One sixty-minute interview took place with top administrators from each of the following project-based professional choirs: Janice Mayer with the Santa Fe Desert Chorale of Santa Fe, NM, Rhett Del Campo with Seraphic Fire of Miami, FL, and J.D. Burnett with Kinnara Ensemble of Princeton, NJ. These organizations are three of the leading project-based professional choirs in the United States, and are at different representative stages of development. As such, they are uniquely qualified as subjects for this study. It is important to note here that Kinnara Ensemble does not currently have a professional staff, instead utilizing a working board. Due to this unique organizational
structure, the researcher chose to interview Burnett, who is the founder of the organization and current artistic director of the ensemble.

The interview with these administrators focused on the efficacy of each organization in executing stated mission through its business model. As each executive director is relatively new to each organization, the interview focused on current and future practices. Questions were created by the researcher, and primarily examined how each organization confronts perceived challenges surrounding expense management and revenue generation within the project-based model. Interview questions were informed by data extrapolated from tax returns as well as each organization’s mission and most important mission-related projects. Upon completion of the transcripts, the researcher analyzed and coded the text into the following data units: costs unique to the project-based model, budgeting, current revenue generation practices, expense and revenue diversification, as well as future plans to maintain or create stability. Appendices L–M contain the complete interview transcripts.

**Presentation of Data**

Interviews responses and historical records provided information on the creation of each unique business model, and contextualized financial data confirmed said results. Financial data was analyzed in conjunction with said ensemble history to provide an organizational overview, including the establishment of inaugural mission statements as well as any future alterations. Subsequent data analysis determined trends in organizational success or failure in fulfilling mission statements through business model execution.
Trend analysis of total expenses, revenues, and net assets highlighted perceived challenges to economic growth and stability. Confirmation of these larger trends consisted of the dissection of year-to-year activity within itemized expense and revenue categories, as well as an investigation into yearly and five-year average diversification analysis. This examination resulted in a plethora of charts and graphs for clarification of data unique to each organization’s model. For quick reference, these figures are labeled and numbered in each chapter, and are easily referenced in the list of figures at the beginning of this document. Analysis concluded with the presentation of how founders and current managers identified a problem, reconciled the need to overcome it with the organizational model and mission, and addressed the organizational obstacle.

Lastly, comparisons were drawn between the three organizations in order to identify trends regarding approaches toward founding, organizational challenges, and potential for growth. Conclusions were prioritized by what was universally successful, how each organization approached the project-model differently, and how individual missions influenced the treatment of that process.

Limitations of the Study

The reliance of the study on tax form 990 limited the context, details, and in some cases accuracy of each organization’s fiscal year results. First, 990s are tailored toward total cash, while the audited expenses created by outside accountants for each organization—and often the budgeting processes—are based on accrual. This among other federal and state requirements resulted in reporting inconsistencies as well as a general lack of clarity, which required extensive contextual research to determine the
accuracy of each fiscal year’s activities and trends. Additionally, the somewhat vague nature of the 990 limits the amount of detail required by arts nonprofits in areas such as ticket sales, foundational vs. private giving, and specifics regarding program services (see the three different categories of “other” in appendices C, D, G, or H as an example of this categorical ambiguity). In conjunction with these reporting limitations, a lack of availability prevented a side-by-side analysis of fiscal year results with budgeted revenues and expenses from each time period. These limitations resulted in the study’s focus on overall trends of growth and diversification rather than specific analysis such as comparison of singer fees between organizations, cost of lodging and airfare between markets, or the relationship between organizational vs. state standard per diems.

Another limitation was the reliance on organizational record keeping and press coverage to provide the necessary context for analysis. The Desert Chorale began pre-Internet, when newspapers employed arts critics and reporters to cover the region, which resulted in an immense amount of press coverage. Seraphic Fire has received an exceptional amount of coverage in its lifespan, but the majority of information on the formative years of the ensemble came through retrospectives rather than current documentation. Kinnara’s founding in the Internet age resulted in a categorical lack of coverage, and the majority of work obtaining historical information came from the interview process. Someone early in the Desert Chorale’s history identified the importance of keeping internal historical record; these records played a major role in the analysis of the organization, as a limited number of the inaugural organizational leadership is still living to confirm perceived information. Seraphic Fire and Kinnara can learn from that example and make a renewed effort at keeping concert programs, internal
memos, board meeting minutes, and additional information on major events to provide a more personal look at the organization for future generations.

**Reporting of Data**

The operational definitions, need for study, purpose for study, and research questions were outlined in chapter 1 after an introduction to the history of professional choirs in America. Chapter 2 provided a survey of relevant literature and theories on nonprofit economics, arts nonprofits, and nonprofit choirs, culminating in the definition of stability used throughout the study. Chapter 3 introduced the method by which the research questions were addressed, as well as addressed the limitations of the study. Chapters 4–6 contain the results of the method, with each organization represented in an individual chapter. Each chapter is divided into 4 major sections: founding information, organizational overview, organizational analysis, as well as the future of each organization. Subsections within the overview specifically address broad trends in expense and revenue as determined by model, while the analysis follows a historical approach to effectively dissect trends and establish stability within each time period. Chapter 7 contains a comparative analysis of mission statement efficacy, market-based practices, founding principles, and the establishment of organizational stability. In conclusion, Chapter 8 addresses problems with the study, aspects of the phenomenon that warrant future research, and informed hypotheses on future of project-based professional choirs.
On April 4, 1982, Larry Bandfield delivered a speech that would not only alter the landscape of the already internationally renowned Santa Fe summer performing arts season, but also serve as the de facto call to arms for project-based professional choirs. Addressing a group of potential donors for the first time since moving to Santa Fe in 1981, Bandfield guided his audience through the history of choral music as an institution by unveiling the pedigree of singing societies from Romantic Europe. He emphasized two major points: 1) the singing societies led by Mendelssohn and others ushered in the renaissance of Bach and his contemporaries, and 2) the lack of interest in high-level repertoire by many singing societies led to decline by the early twentieth century. Bandfield identified this—as well as a lack of good records and resources by pre-Mozartian, predominantly choral composers—as the major reason why choral ensembles had not followed on the same trajectory as orchestral and operatic counterparts. He argued that the genesis of choral music in modern America was just beginning, and the residents of Santa Fe could play a major role in its development.

Bandfield attributed advancements in music research—“Thank God for every musty musicologist who has labored for us in the last 100 years or so!”137—and the proliferation of collected works in university music libraries as the seed of a new American choral revolution. He believed there was an audience of relatively recent university alumni, educated and hungry for choral music, waiting in cities across the nation; the problem was these amateur singers and listeners didn’t have a professional

137 Bandfield, “Address Delivered to a Group of Interested Santa Fe Citizens.”
outlet that matched the level of their instrumental and solo vocal interests. Enter the regionally-based professional choir, which modeled itself after the symphony orchestra structure of identifying with a major metropolitan area. Bandfield rattled off a list of ten professional choirs active in 1982—drawn from a list of fifty thanks to the Association of Professional Vocal Ensembles (now Chorus America)—in order to depict the professional choir as an untapped resource in an arts-minded community. Bandfield did not hedge when confronted with the risks of this endeavor: “Some fail. All experiment with repertoire. But the good ones survive, build audiences, produce art, touch hearts, elevate lives.” Bandfield’s speech inspired the community, and 13 months later, the Santa Fe Desert Chorale kicks off its inaugural season.

Such a swift and successful beginning begs the question: just who was Larry Bandfield? Bandfield arrived in Santa Fe with a “disarming blend of charm and confidence” derived from his career as a marketing and sales manager for a small cosmetic business called Cameo Inc. Bandfield built relationships with dentists all over his native Ohio, until one of them shared a new “…viscous liquid purported to whiten the stained teeth of jaded smokers and tired tea-drinkers.” Bandfield quickly bought the formula from the dentist, and after years marketing the product, sold the aptly named Pearl Drops to a larger company. With his economic future secured, Bandfield retired from the business sector at age 41 to pursue his dream of being a choral conductor.

138 Bandfield, “Address Delivered to a Group of Interested Santa Fe Citizens.”
139 Anna Katherine, “From Toothpaste to Conducting Choruses,” The Santa Fean, June 1984.
140 Ibid.
141 Ibid.
142 Ibid.
While a graduate student at the University of Wisconsin, Bandfield began attending conferences of the recently formed Association of Professional Vocal Ensembles. Quickly applying all that he was learning, he combined his musical and entrepreneurial skill sets by founding two choirs during his time in Madison, including a summer professional choir named the August Chorale (APVE).\textsuperscript{143} The APVE’s promotion of professional choirs following the model of metropolitan orchestras inspired Bandfield. Therefore, upon his graduation, he searched for the ideal metropolitan area to found his regionally-based professional choir and settled on Santa Fe.

A combination of his years in corporate America, knowledge of arts business models from the APVE conferences, and the motivation of finally pursuing his dream gave Bandfield an ideal background as an arts entrepreneur. Additionally, his independent wealth from Pearl Drops allowed him to dedicate all of his time and attention to his passion project as a full-time endeavor. This synthesis of varied experience and dedicated time allowed Bandfield to develop a unique model that would stand as the forefather to the now widely practiced project-based format. The 1983 inaugural season would employ thirty singers and ten instrumentalists from throughout the entire Southwest (defined by Bandfield as New Mexico, Arizona, Kansas, Texas, Colorado, Oklahoma, and Utah) who would come to Santa Fe for a summer season spanning from June through August.\textsuperscript{144}

Bandfield took the metropolitan choir model evangelized by the APVE and adjusted it to the needs of his market. For three months in the summer, patrons from all over the world travel to Santa Fe for internationally recognized summer-only programs of

\textsuperscript{143} Katherine, “From Toothpaste to Conducting Choruses.”
\textsuperscript{144} *Voices of the Desert* (Santa Fe: Santa Fe Desert Chorale, May 1982).
the Santa Fe Opera and the Santa Fe Chamber Music Festival. Not only did Bandfield identify that the community would rally financially around a professional choral offering for their summer arts programming, he adapted the structure to accommodate the summer-only nature of cultural tourism in Santa Fe. Additionally, he saw the need to compensate for a lack of human resources in Northern New Mexico by extending his scope to a residential model sourced from the Southwestern United States. With structural concerns addressed, Bandfield set out to codify his artistic and organizational vision.

**Organizational Overview: Fiscal Years 1982–1986**

The inaugural mission of the Santa Fe Desert Chorale, first printed in the 1982 annual appeal, was “To prepare and present to the Southwest a seasonal, diversified choral repertoire performed by an ensemble of professional voices.”145 This mission was founded around six goals established by the original board, executive director, and Bandfield as music director:

> To establish and maintain a standard of excellence, to expand the musical audience’s awareness of the tremendous scope and character of choral music, to increase the status of choral music, to make choral music an integral part of community life, to encourage the younger singer, and to give heart to those who labor in communities less supportive.146

This is the first evidence of Bandfield’s idealistic inclinations toward his passion project; however, the board ratified the mission, and set forth preparing for the inaugural 1983 season.

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145 *Annual Appeal* (Santa Fe: Santa Fe Desert Chorale, December 1982).
146 Ibid.
Expenses

After a year of preparations by the board, the inaugural season of the Santa Fe Desert Chorale began on May 26, 1983 and concluded on August 21, 1983. Bandfield knew he wanted the ensemble to start from a place of organizational maturity, so the board and executive director accommodated his vision with a six-figure operational budget for the 1983 season. With over a year dedicated strictly to development, Bandfield proceeded with his three-month, three-project, thirty-seven-concert summer season, and expenses ran relatively on par with what were expected.

![Expense Diversification, Fiscal Year 1983](image)

As seen in figure 4.1, expenditures began with a relatively even balance between program and management related expenses. There was an understanding of the need for a paid staff and widespread advertising as well a prioritization on singer compensation, with 36% of project expenses going toward salaries and wages.

As the perhaps unintentional godfather of the project-based model, the Desert Chorale likely looked to its opera colleagues for an example of how to address travel, lodging, and food. There are no expenses listed on the 990 from 1983 that explicitly
address any of these categories; while $17,000 were categorized under lodging, this amount likely covers the leasing fees required for thirty-seven concerts at various venues as well as an office space. Upon further examination, the 1983 contract explicitly stated that singers would be responsible for their own lodging and travel, though the Desert Chorale would assist artist in finding group housing for less than $40/month. There is no mention of a per diem in any printed materials, so the logical assumption is artists were responsible for providing their own food. This data stands in contrast to the current project-based model where organizations either completely cover or subsidize travel, housing, and per diem costs. Thus, as the pioneers of the project-based model, the Desert Chorale expected artists to cover their living costs (including phone in 1983) from their fee.

![Figure 4.2. Average Expense Diversification, Fiscal Years 1982–86. See Appendix A for additional data.](image)

When compared to the following four seasons, expense diversification data stays relatively consistent, as shown in Figure 4.2. This is a testament to the organization’s foresight in regards to both how much a professional choir would cost as well as the
importance of having a professional staff in place from the start. The 1984 season transitioned to a full time Administrative Director (former Executive Director), Business Director, and Music Director, with seasonal positions in advertising sales, box office management, audition coordination, and media relations. In terms of expenses, The Desert Chorale was ahead of its time in establishing its structure to provide three months of professional level choral music the Northern New Mexico. However, the idealistic foundation of its mission statement appears in a review of revenue activity.

**Revenue**

As previously mentioned, Larry Bandfield quickly developed a board with the intent of spending the entire 1982 fiscal year raising funds. The organization began fiscal year 1983 with $44,409 from the initial fundraising they astutely restricted in the previous year. The $21,000 dollars spent in fiscal year 1982 were directed toward expansive regional advertising and start-up costs. In addition to further developmental work, Bandfield was confident the entire community would come in droves to experience the Desert Chorale, just as they had for the nineteenth-century singing societies. After all, it was within the organizations stated goals to expand the audience’s awareness of choral music and make it a part of community life.
The imbalanced diversification data found in Figure 4.3 suggests the organization overestimated the galvanizing effect of choral music on the community at large.

Figure 4.3. Revenue Diversification, Fiscal Year 1983. See Appendix B for additional data.

Price discrimination principles are relevant here as well; it is safe to assume that with $134,158 in direct public support, the majority of patrons were also donating.

Figure 4.4. Revenue Diversification, Fiscal Years 1982–86. See Appendix B for additional data.

Five-year averages stay just as consistent as expenses, with the only reprieve coming from an increase in government contributions as discussed later in the chapter.
In spite of its early financial instability, The Santa Fe Desert Chorale was widely critically-acclaimed after its inaugural season; critics hailed the ensemble as “…an ‘exciting’ addition to Santa Fe’s performing arts scene” (Journal North) and “…the definitive choral performing ensemble in these environs” (Albuquerque Journal). Burton L. Karson, a pre-concert lecturer during the 1983 season and Artistic Director of the Baroque Musical Festival in Corona del Mar (CA), assured the board of directors that “the people of Santa Fe surely realize now that they possess a choral institution that balances the known qualities of their summer offerings in opera and chamber music. “Your Desert Chorale undoubtedly will gain renown across the nation.” Karson’s words proved prophetic, as the Desert Chorale received features in publications such as The New York Times and the Association of Professional Vocal Ensembles newsletter, began a program on National Public Radio the next season featuring recordings of leading professional choirs, and fielded auditions in cities such as Chicago and New York due to high national demand. In just one year, Larry Bandfield’s dream went from a potential regional treasure to a national arts presence. Now in its 35th season, the Desert Chorale continues on an ongoing journey to stabilize its financial model and maintain its standing as one of the leading professional choirs in America.

According to a performance record prepared for archival records by the board of directors, a handful of seminal events in the history of the Desert Chorale have shaped the model into its current format. 1988 saw the first appearance of “a Merry New Mexico Christmas,” a three-performance festival in December that would become an annual tradition each season. Two years later, in 1990, Bandfield perceptively changed the

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147 Burton L. Karson, Letter to C. Bruce Moorehead, Board President of the Santa Fe Desert Chorale, August 7, 1983.
148 Voices of the Desert (Santa Fe: Santa Fe Desert Chorale, December 1983).
structure of the summer season, moving away from four or more programs for the entire Chorale to a centerpiece of two or three full choir programs and a collection of cameo concerts that included a handful of singers from the full ensemble. This made programming more versatile and allowed more rest for the singers, resulting in higher quality concerts and singer satisfaction. Bandfield began easing his way into retirement during the 1998 season as the board hired a new Artistic Director, Dennis Shrock, to lead the organization while Bandfield conducted his final full season of concerts. Shrock took full control of the ensemble in 1999, and served in that post through 2003 until Linda Mack—a former Desert Chorale soprano under Bandfield—took over as Music Director in 2004. Current music director Joshua Habermann took over artistic leadership of the Chorale in 2009, the same year of Lawrence Bandfield’s unexpected death at the age of 76.\footnote{Obituary for Lawrence “Larry” Bandfield, \textit{Albuquerque Journal}, February 11, 2009, accessed January 9, 2017, https://www.abqjournal.com/obits/profiles/11914535689obitsprofiles02-11-09.htm.}

**Organizational Overview: Fiscal Years 2011–2015**

Much of the organizational vision implemented by the original board and staff remains in place today. The calendar season with summer and winter festivals remains, with the summer season anchored by two full chorale concerts and two to three cameos concerts with select members of the ensemble. The ensemble continues to be sourced nationally with a selection of the best ensemble singers in America, coming to Santa Fe for what is now a five-week summer festival and ten-day winter festival.\footnote{\textit{33\textsuperscript{rd} Annual Summer Festival} (Santa Fe: Santa Fe Desert Chorale, July 2015).} Even the Chorale’s current mission statement (as of the 2016 fiscal year), which focuses on exciting, engaging, and inspiring audiences through the beauty and power of great choral...
music\textsuperscript{151} shares many of the organizational goals established by the 1982 board. Unfortunately, recent organizational history also shares some of the original shortfalls in the relationship between expenses and revenue, though not necessarily in similar ways\textsuperscript{152}.

**Expenses**

The major financial obstacles of the original Chorale—singer expenses and raising awareness in a competitive Santa Fe market—continue to pose significant challenges to the organization. “It’s expensive!” exclaimed current Executive Director Janice Mayer in her interview for this study\textsuperscript{153}. Mayer cites the competitive nature of Santa Fe in the summer as one of the major reasons.

Especially during peak season which is when we perform. We’re wrangling for housing, as much private housing as we can get that provides privacy and deals with no pets, no allergies, that kind of thing. There are logistical concerns that we have to start earlier and earlier as the market gets tighter and tighter on rental properties each year\textsuperscript{154}.

Mayer eludes here to one major development in the structure of the Desert Chorale project-based model: the number of project-based professional ensembles has risen with the development of fulltime ensemble singers, and in order to stay competitive in what is now a national market thanks to the ease of air travel, organizations must offer higher fees and better compensation. In the case of top-tier ensembles such as the Desert Chorale, housing, travel, and per diems are expected in order to attract the highest caliber singers. Currently the Desert Chorale covers housing through “… as much free,


\textsuperscript{152}See pages 63 and 73 for additional analysis of trends throughout each five-year period.

\textsuperscript{153}Janice Mayer, interview by author, Miami via phone, October 3, 2016.

\textsuperscript{154}Ibid.
appropriate housing as we can,”\textsuperscript{155} and works with various rental sites for the remainder. The Chorale also provides a per diem as part of the singer fee, but additionally tries to subsidize that cost through breakfasts at the start of program rehearsal periods as well as artist receptions and dinners by various board members and supporters of the Chorale. Travel is reimbursed up to $500 per artist, which gives the singers flexibility to travel to Santa Fe however they see fit. The Chorale also provides rental cars to artists for local travel during the duration of their stay in Santa Fe.

Providing more services for the artists and engaging more effectively with the community requires several managerial expenses that, if not carefully accounted and budgeted for, can quickly get out of control. Mayer actively seeks out opportunities to subsidize artist-related costs to allow for such administrative financial flexibility. “If I can find a sponsor for the rental cars for example that saves us $12,000 a season… If we can get the sponsorship from American Airlines to support us at home as well as on the road, that would save us a lot of money, that’s another $12,000–$14,000 a season.”\textsuperscript{156} Another way the Mayer and the board have tried to allow for administrative flexibility is in the structuring of the full time staff.

We restructured the office last year [Winter 2015] and we have a younger, eager, committed, passionate group of people in the office now who are building their portfolio of skills. That allowed us to bring in and mentor, to have three core people outside of myself, and use the payroll resources in a more creative and I think responsible way, because we’re bringing up the next generation of administrators while we’re serving our administrative needs.\textsuperscript{157}

While a lack of reliable reporting makes expense diversification numbers unreliable in this instance, an average net asset decrease of 73\% in the two fiscal years before Mayer’s

\textsuperscript{155} Mayer, interview.
\textsuperscript{156} Ibid.
\textsuperscript{157} Ibid.
arrival in June of 2015 left the organization in a position of expense instability not so
dissimilar to where it was in 1984, justifying Mayer’s instinct to restructure. Further
analysis will take a closer look at how inconsistencies in operational priorities and a loss
of focus on mission directives resulted in expenses straying out of control in spite of
relatively consistent revenue.

Revenue

Just as the irregular expenditures of more recent Desert Chorale operations stand in
contrast to the dutifully budgeted seasons of years past, consistent program service
revenue throughout the last five fiscal years would have been the envy of Bandfield.

Program services increased by an average of 1.91% over five years from fiscal years
2011–2015, and while the organization would have liked to see a greater rate of increase,
program service revenue accounts for 49% of the average revenue over that same period,
an impressively stable number.
Mayer’s focus in the current Desert Chorale administration is to stabilize the direct public support and increase government giving in order to create an atmosphere of growth. In addition to intimate salon gatherings and other exclusive donor events, the organization puts a concerted focus on both summer and winter galas.

You just need more people in the room. So there’s the pressure for the registration, the ticket sales, because you need to hit a certain mark to make the per capita formula work out. But I think also there are galas all the time in Santa Fe… you have to really stand out, and make people think that it’s going to be worth their while: why this gala not the other one, are they really going to have a good time, etc.¹⁵⁸

This stands in contrast not only with how the Desert Chorale operated in its first five years, but also how it operated even a year before Mayer’s arrival. “…the year before I got here [2014 fiscal year] not one foundation application was filed, not one. So we’ve grown exponentially from there… But I think it’s almost 90% is individual contributions at this point, and that is not good.”¹⁵⁹ Between the lack of required revenue itemization on the 990 form and unreliable reporting form this period, clear conclusions are difficult to support. However, when analyzed in the context of expense comparison and perceived leadership instability, this data can add a valuable perspective on recent organizational history.

The Desert Chorale, with its rich artistic history and innovative approach to the professional choir model, appears to be a mirror of itself. While the first five years saw consistent expense planning and inconsistent revenue generation, the last five fiscal years have seen relatively consistent revenue generation unable to assist inconsistent expenditures. An analysis of these two data windows will show just how similar these

¹⁵⁸ Mayer, interview.
¹⁵⁹ Ibid.
two periods are, and how a market-informed, directive-driven mission statement can make all the difference for organizational consistency, stability, and growth.

**Analysis: Fiscal Years 1982–1986**

As mentioned previously, the Desert Chorale’s mission in the inaugural years was “to prepare and present to the Southwest a seasonal, diversified choral repertoire performed by an ensemble of professional voices.”

![Figure 4.6. Revenue Diversification Data for Proposed Budget, Fiscal Year 1983. See Appendix E for additional data.](image)

The Chorale’s commitment to mission is easily seen in its proposed budget for Fiscal Year 1983; the Executive Director and board had a healthy concept of how expenses should be diversified, with a focus on season expenses (program expenses) and enough attention to administration (managerial expenses) to ensure an organization with a reasonably high budget (around $340,000 in 2016 money) run smoothly. However, when it came time to put plans into action, several key costs accounted for more than

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previously anticipated. While the diversification percentage remained relatively similar (see Figure 4.3), spending in almost every category rose higher than budgeted.

Although expenses ended higher than estimated, the organization accurately identified major expense areas and allocated funds accordingly; the plan simply underestimated the costs associated with executing its somewhat idealistic mission. Based on the six goals established by the original board, spending should have focused on establishing a standard of excellence, expanding audience awareness of the tremendous scope of choral music, making choral music an integral part of community life, encouraging the young singer, and giving heart to those who labor in communities less supportive.\textsuperscript{161}

The three highest expenses on the season—other salaries and wages (artists), printing and publication, advertising and promotion—fell directly in line with objectives that support the mission of providing a diversified professional choral season to Northern New Mexico. However, the nature of the organizational vision resulted in some unnecessary spending. For example, the organization pursued these goals by not only hiring thirty singers but also ten instrumentalists for only one concert series at $1,000 a player, while the singers were offered $1,300 for the entire season;\textsuperscript{162} they contracted musical experts from throughout the country to speak during the season about the breadth of musical history contained in the season to expand audience awareness;\textsuperscript{163} and they spent an exceptional amount of money on musical scores for extremely lesser-known works, some costing as much as $17 ($41 in 2016 money).\textsuperscript{164} All of this was done under

\begin{footnotesize}
\begin{itemize}
    \item \textsuperscript{161} Annual Appeal, December 1982.
    \item \textsuperscript{162} Ibid.
    \item \textsuperscript{163} Ibid.
    \item \textsuperscript{164} Lawrence Bandfield, letter to James B. Nelson, March 28 1983.
\end{itemize}
\end{footnotesize}
Bandfield’s guiding principle that the Desert Chorale would galvanize the community just as the singing societies of Romantic Germany and England had done centuries before. In reality, however, audiences came in relatively small numbers, and the organization failed to receive the revenue they expected to compensate for perhaps indulgent mission-related costs.

Bandfield attributed this to marketing failure rather than a philosophical distortion. “Too many concerts and not enough education of potential listeners that a marvelous choral literature exists. People here weren’t familiar with much choral music—I hadn’t realized that.”

Rather than realign their vision to the needs of their market and implement a more directive-driven mission, major supporters of the Chorale created The Friends of the Desert Chorale, a volunteer group with the express purpose of raising awareness of the ensemble in the community. The organization’s inaugural executive director resigned during this same period, leaving the board an opportunity to restructure the full time staff in a way that could improve its forecasting and operations.

Nadine Stafford and Craig Smith, who served as Administrative Director and Business Manager respectively, would assist the board in bringing a steadying force to the organization and secure a path toward financial stability. However, the task of the 1984 season was still at hand.

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165 Katherine, “From Toothpaste to Conducting Choruses.”
166 *Voices of the Desert* (Santa Fe: Santa Fe Desert Chorale, Fall 1983).
With the number of concerts decreasing from thirty-seven to twenty-three, a decrease in costs was expected across the majority of program-related expenses.

And decrease they did, with a 26% decrease in program expenses accompanied by a 6% increase in management expenses due in part to the addition of a full time staff position.\(^{167}\)

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\(^{167}\) See Appendix A for additional data.
Additionally, diversification numbers reflected the beginning of a more practical approach to Bandfield’s initially idealistic vision.

Figure 4.8. Expense Diversification, Fiscal Year 1984. See Appendix B for additional data.

Revenue totals decreased as well, with a 13% decrease in giving and 10% decrease in program revenue.

Figure 4.9. Categorized Revenue Differential, Fiscal Years 1983–84. See Appendix B for additional data.
Revenue totals continued to be adversely affected by mission-centric but idealistic goals. For example, 1984 included four children’s concerts—priced at $1 a ticket—to realize the Chorale’s goal to encourage the young singer to pursue choral singing; however, fees to the artists and venues remained the same. At this point of its development, the organization lacked the financial maturity to give away four entire concerts of revenue in the name of mission. While the Friends of the Desert Chorale initiative managed to raise some awareness—program revenue did improve at a per-concert ratio from $698 to $964—additional organizational introspection was necessary in order to come to terms with how expenses and revenues reflected its mission and establish a plan for the future.

In a letter to the board at the end of fiscal year 1984, Bandfield seemed to come to terms with his idealistic vision for the impact of the Desert Chorale on the community at large. He reflected: “…the difficulty in developing a better-sized audience has affected me the most deeply. I came to New Mexico in 1981 not to help create an ensemble for the discerning few, but to win over to choral music a sizeable audience.” The discerning few were the only patrons attending concerts, leaving the organization with significant financial gaps:

The $20,000 operations shortfall reported for our first eleven months stands in interesting juxtaposition to the $36,000 goal for ticket sales which were anticipated for the 1984 but which actually will amount to about $21,000, or about $15,000 short of goal. $15,000 is three-quarters of our total operational shortfall. In retrospect I guess it’s easy to see that our hopes for ticket sales were unrealistic. But over the longer term we certainly must dramatically expand the audience.

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168 *Voices of the Desert* (Santa Fe: Santa Fe Desert Chorale, Spring/Summer 1983).
169 Lawrence Bandfield, letter to the Board of Directors, September 1984.
170 Ibid.
In response to this letter, Administrative Director Stafford led the board through a planning meeting in October of 1984 to address the disconnect between mission and actual operational expenses of the organization. “The planning issues that confront the organization need to be considered within the framework of the organization’s mission and its goals.”¹⁷¹ The board took part in a brief survey that listed the stated goals of the organization as well as additional goals addressing financial stability. Board members then ranked each goal on a scale from one to five, and indicated the two goals they felt were most important for the future of the organization with a star. The three goals receiving both the most points and stars were:

- To manage all of our responsibilities in a professional manner, with special concern for sound financial policy.
- To establish and maintain a standard of excellence.
- To eradicate the accumulated deficit and to accumulate no additional deficit. ¹⁷²

Stafford reflected in her notes after the meeting:

Not surprisingly, financial stability emerged as our Number One concern. In order to complete the work in this goal area, an active Budget and Finance Committee is imperative. We need this committee to undertake the preliminary work—including consultation with the Development committee—that will result in a recommendation on financial policy and the ’85 budget to submit to the Board at the annual meeting October 24.¹⁷³

This meeting proved to be the turning point for the financial stability of the Desert Chorale. Over the following years, the systems put in place as a result of more directive-

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¹⁷¹ Nadine Stafford, “Santa Fe Desert Chorale Planning Meeting Report” (3rd annual meeting of the Santa Fe Desert Chorale Board of Directors, Tuesday, October 2, 1984).
¹⁷³ Ibid.
driven goals and realistic artistic expectations set the organization firmly on a path toward financial self-reliance and stability.

The data set reflects this turning point beautifully, as the crossing of expenses and revenue in Figure 4.10 establishes the expense-revenue diversity threshold and indicates the beginning of organizational stability. These lines may stay close to together, far apart, or even cross when necessary, but as long as the average revenue rise is greater than the average expense rise from the crossing point forward, stability will follow.
The growth toward stability is also reflected in the organization’s diversification numbers for fiscal year 1986.

While still imbalanced, direct public support accounts for 10% less of the revenue in 1986 as it did in 1983, with an increase in the other three major areas showing a positive trajectory toward healthy diversification. Additionally, expense diversification stabilized from the necessary spike in management expenses during fiscal years 1984–85, reflecting a healthy balance with room for growth moving forward.
Four seasons is a reasonable time frame to get to know a market, both for the audience as well as the artists. Once the organization identified priority costs based on its commitment in 1984 to artistic excellence informed by financial stability, directive-based spending ensured and expenses stabilized. Additionally, the community discovered a greater sense of what the Desert Chorale represented, as the organization doubled down on artistic excellence and allowed for the more idealistic aspects of establishing the professional choral ensemble alongside the symphony orchestra and opera as the triumvirate of classical music to follow suit. While that process is ongoing, the direction of the Desert Chorale was secured once it identified its market-related weaknesses, illuminated its deficits, and began diversifying its revenue all through a more directive-based mission and goals.

**Analysis: Fiscal Years 2011–2015**

As mentioned during the overview of this five-year period, the organizational functionality of the Desert Chorale seems to be an inverse of itself; as the young Desert Chorale found its footing in the 1985 fiscal year, the more recent organization seems to lose it perceivably around 2014 when a spike in expenses crosses the expense-revenue diversity threshold and revenue averages back toward instability, resulting in a 97% decrease in net assets over a two year period. If the mirror parallel holds true, the organization’s challenges likely did not begin in 2014. Reporting during this period is extremely inconsistent, which not only raises concerns but also makes it difficult to create a clear picture supported by data. Analyzing the existing data of each fiscal year through the respective mission statements can provide some insight into how the organization
found itself in such a precarious situation. However, a broader look at the leadership since Habermann’s inaugural season as Music Director provides context as to why the mission statements may have been changing and how they affected the organization’s organizational stability.

Since fiscal year 2009, administrative or board leadership changed nearly every fiscal year; mission statement changes in 2013 and 2016 indicate some sort of trend, as these changes came in the second year of a new board president’s tenure. The most tumultuous fiscal years as per the 990 also followed the turnover of an executive director and board president in the previous year. There is not yet archival data documenting the personnel changes in these years as in the 1982–86 seasons, so there is no anecdotal evidence as to why these somewhat regular changes occurred. However, financial data garnered from the respective 990’s paint a pointillistic picture of how such regular turnover can destabilize an organization’s financial foundation.
Table 1. Major Leadership Positions within the Santa Fe Desert Chorale from 2009–15.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Board President</th>
<th>Executive Director/Managing Director</th>
<th>Music Director</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY09</td>
<td>Robert Ripps</td>
<td>Don Scott Carpenter</td>
<td>Joshua Habermann</td>
</tr>
<tr>
<td>FY10</td>
<td>Kirk Ellis</td>
<td>Don Scott Carpenter (through 10/1)</td>
<td>Andreas Tischhauser</td>
</tr>
<tr>
<td>FY11</td>
<td>Bob Pevitts</td>
<td>Andreas Tischhauser</td>
<td>Joshua Habermann</td>
</tr>
<tr>
<td>FY12</td>
<td>Mary Lou Padilla</td>
<td>Andreas Tischhauser</td>
<td>Joshua Habermann</td>
</tr>
<tr>
<td>FY13</td>
<td>Mary Lou Padilla</td>
<td>Andreas Tischhauser</td>
<td>Joshua Habermann</td>
</tr>
<tr>
<td>FY14</td>
<td>David Bueschel</td>
<td>Daniel Billingsley (Interim, Summer)</td>
<td>Jerry Nelson (Interim, Winter)</td>
</tr>
<tr>
<td>FY15</td>
<td>David Buschel</td>
<td>Janice Mayer (as of June)</td>
<td>Joshua Habermann</td>
</tr>
</tbody>
</table>

The mission of the Desert Chorale during fiscal years 2011–12 was “to enrich the cultural life of New Mexico residents, enhance the experience of visitors by presenting performances of the highest artistic quality, and promote the better understanding and appreciation of choral music through the sponsorship of education programs for youth and community outreach activities.” This mission is in line with many of Larry Bandfield’s original hopes for the organization, with a focus on enriching cultural life, appealing to Santa Fe’s cultural tourism market, and improving the understanding and appreciation of choral music as an art form. However, fiscal year 2011 was also one of the years that fell victim to organizational destabilization through leadership change; there is limited itemization on the 990, with the majority of expenses categorized under “fees for services.” This lack of itemization allows limited insight into organizational priorities for expenditures as well as reliable period trends. Fortunately the categorized revenue equated to a surprisingly healthy diversification.\footnote{Appendix E.} Although
reporting suffered, the Chorale managed to end the year with a $526 surplus; not significant, but still relevant as stable growth.

The 2012 season was a positive for the Chorale with a $10,618 surplus at the end of the year. However, expense data reveals the collateral damage of recent administrative turnover.

Expense diversification data in Figure 4.15 shows interesting abnormalities when compared to regular trends. While 82% of expenses on program service revenue seems
positive, two statistics stand out as abnormal; 12% of spending on fundraising, and only $38,537 spent on management resources. A closer look at the fundraising category raises further questions into why certain expenses were reported as fundraising expenses, most prominently $58,424 dollars in “Staff Development” itemized under “Other Expenses.” While the 2012 season saw the inclusion of a new position (Operations Manager), it hardly justified a total of $61,207 of staff development, particularly with only $25,675 reported as compensation to staff under the management and fundraising categories combined. It appears through reporting that the three major positions on the office staff—Managing Director, Operations Manager, and Development & Marketing Consultant—fall under program, management, and fundraising expenses respectively. These decisions can be explained somewhat by the designation of a Managing Director instead of Executive Director in Mr. Tischhauser’s first full season with the organization. This also may explain the decrease in both expenses and revenue.

Even a year after the major leadership shift in fiscal year 2011, key operational positions were filled with consultants or seemingly interim staff members, resulting in expenses that could have accommodated greater profit on the year. Thus, while the organizational mission appears to be fulfilled through a focus on program service revenue, a closer looks reveals a needed recalibration of the administrative structure in order to accommodate the mission and return to stable growth rather than survival.

The 2013 fiscal year saw the second consecutive year of the same board president (Mary Lou Padilla) for the first time in five years, which afforded the organization the continuity necessary to address structural needs within the organization. Additionally,
the revamped mission statement maintained the same directives of enriching the lives of Santa Feans and tourists alike with concerts, education programs, and community outreach events all while reemphasizing the professional nature and quality of the artists. Based on 990 data the board addressed the administrative structure, with a 222% increase in compensation of key employees from $68,675 to $221,123 in one year.\textsuperscript{178}

Additionally the same inconsistency in reporting exists, with expense diversification showing an imbalance toward the fundraising category and away from management and general.

Figure 4.16. Expense Diversification, Fiscal Year 2013. See Appendix D for additional data.

A side-by-side analysis of expenses from fiscal years 2012 and 2013 reveals several additional inconsistencies. Fiscal year 2013 saw a 17% increase in total expenses, up $111,867 from the previous year. Three categories contributed most to this sudden rise in expenses. Total salaries and wages paid to administration and artists rose 51% from the previous year, a $136,183 difference. Additionally, the ever ambiguous

\textsuperscript{178} Appendix F.
“other” category rose an astonishing 354.84% in 2013, moving from a negligible expense to the third highest expense behind salaries and advertising. Lastly, office expenses rose 190% from the previous year; while this is only a $16,591 difference, it is hard to identify why spending in what should be a relatively predictable expense category rose almost 200% from the previous year.

![Figure 4.17. Expense Differential Inconsistencies, Fiscal Years 2012–13. See Appendix F for additional data.](image)

These sharp increases seem negligible when viewed from the perspective of a net total loss of only $14,206 on the season. However, the lack of consistent categorization and misattribution of expenses paints a fairer picture that the actual state of spending within the organization. The “other salaries and wages” category remained relatively stagnant between years—an 8% decrease in spending between years—which implies that the majority of salary increase should be attributed as a managerial expense. Assuming the program service allocations of “other” and “office expenses” are correct, as well as accounting for $57,000 of revenue listed as an actual program service under key
employees based off of the $43,000 2012 Managing Director salary, there is still a remainder of $207,665 with only $100.294 actually categorized as managerial expenses on the original 990. While well-intentioned, the mysterious categorization of management expenses as fundraising or program expenses in public reporting implies symptoms of an organization getting off mission by spending too much on non-program-related items.

At this point it should also be noted that revenue results moved lock step with expenses through fiscal year 2013. Of considerable note is the stability and growth of program revenue as shown in Figure 4.18, making up around 49% of the revenue diversification statistic through this period with an average growth of 12%, as opposed to

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179 Appendix D
the stasis in reported direct public support. While not the only factor, the continuity of Habermann represents a central anchor when analyzing program-related revenue data.

By the arrival of fiscal year 2014, expenses continued to rise in a way that implied a departure from mission as spending strayed away from program-related activity. Additionally, another full-scale leadership change with a new board president and multiple interim executive directors throughout the season created an unstable environment for moderating expenses and generating revenue. This resulted in a slight rise in expenses and a sharp decrease in direct public support, leading to the first of two major hits to the Chorale’s net assets.

![Adjusted Expense Diversification, Fiscal Year 2014. See Appendix D for additional data.](image)

A review of expense differentials between the 2013 and 2014 seasons reveals justifiable differences in all but one category; office expenses rose an additional 150%, creating a difference of $37,951. In a season marked by $60,718 of loss, over half of that deficit could be attributed to what should be a negligible item. An overreliance on the fundraising category again misconstrues expense diversification data, this time primarily...
through a $141,005 entry under “advertising and promotion” that fell under program expenses for the previous three fiscal years. This accounts for almost the entirety of allocated fundraising expenses. If re-categorized under program expenses as in previous years, diversification data depicts an organization with a healthy balance between program, managerial, and fundraising expenses as depicted in Figure 4.19. With only one slight expense differential falling out of line, it appears the organization has steadied its expenses at a total number around $800,000.

![Figure 4.20. Revenue Differential, Fiscal Years 2011–14. See Appendix E for additional data.](image)

The sharp decline in direct public support would move the organization from a place where deficits were a risk worth managing to establish an expense structure to teetering toward instability. Direct public support in fiscal year 2014 declined 21%, a $65,439 difference from the previous year.

In terms of diversification, revenue was on its way toward the same sort of leap that expenses took in 2014 with the steady increase of government grants and program service revenue. However, the average decline in direct public support over this four-year period—a discouraging 13%—establishes a trend, not an isolated incident. While
there is no data available that can empirically determine why giving declined throughout this period, the consistent turnover of key leadership positions within the administration certainly contributed as some sort of a factor. The fact that direct public support reached its lowest point during a season in which two different people served as executive director should not be viewed as a coincidence. Between this revenue shortcoming and the justifiably rising expenses, a $103,390 swing between giving decline and the unprompted rise in office expenses should have resulted in a major year of profit for the chorale, not record deficits. Instead, fiscal year 2014 resulted in the worst loss of net assets within the five-year period.

Similar to fiscal year 2011, the fiscal year 2015 990 lacks the itemization necessary for thorough analysis, which may be the result of an executive director change in the middle of the year. Total sums for revenue and expenses do display another major drop in net assets—this time a startling 94%, $50,680—that appears to confirm developing trends. First, expenses remain in the low $800,000’s, a ceiling that appears to be secure for the organization. Curiously, program revenue dips an astonishing 24%, an inexplicable $107,607 loss of revenue. A related analysis of program books from the 2015 season revealed the Chorale actually produced three separate seasons that fiscal year; in addition to the annual summer and winter seasons, the ensemble toured New Mexico, Colorado, and Utah on its way to perform as a headliner at the 2015 American Choral Directors Association National Convention in February. As the concert was provided as part of the conference, this tour would have generated little to no revenue for the ensemble, though certainly would have raised expenses. This tour alone can explain the 65% spike in direct public support, as the Chorale likely petitioned for donations
specific to the southwestern tour. This endeavor also remains precisely on mission, as it promotes the appreciation of choral music to New Mexico residents as well as visitors by bringing the Desert Chorale to them in the form of a tour. It also aligns well with the Desert Chorale’s focus on youth education and community outreach, as the American Choral Directors Association is the largest governing body for choral musicians and educators in the country. However, the 990 on file provides no historical information for this tour or any activity of the organization in the spaces provided under “major programs.”

This trend prompted a similar analysis of program books from the five-season window, and the results were revealing. In each 990 from fiscal years 2012–14, the statement under major programs remained consistent: “The Chorale presented numerous performances during the fiscal period. Singers from around the world come to Santa Fe to perform music from the great body of choral literature. The Chorale’s concerts attract more than 7,000 people annually.” However, a brief analysis of information in the program books revealed program services such as Desert Chorale II, a mentorship ensemble which made its first and only appearance in 2011, a major commissioning project and pilot program for a new music education program in 2012, and the solidification of the music education program through 2014 as well as major projects with internationally-respected mezzo-soprano Susan Graham in 2013 and 2014. This information provides valuable context for financial results in each year: for example, a rise in program revenue is perfectly reasonable in 2013 and 2014 knowing that Susan Graham was performing with the Desert Chorale, which implies these increases may actually be aberrations rather than trends. It also confirms non-mission expenditure
trends in these years, as collaborating with Susan Graham in theory should have resulted in revenue increase, rather than the steepest decline in the five-year period. Such detail is absent from fiscal reporting in spite of the fact that there is space for its inclusion and a need for the context it provides.

The Future

All signs point toward 2016 being this administration’s 1985. As Buschel’s third year as a Board President and Mayer’s second year as Executive Director, there are sure plans for the future to secure the financial stability from previous seasons. The board has ratified two main pillars of expenses—artistic product and marketing—that will govern organizational spending for the foreseeable future. “Other things can be pruned or reduced, but those are two things that are pretty much sacred cows, because if you don’t have a good product you’ve got nothing to market, and if you have a great product you need to tell people about it.”

Additionally, Mayer and the budgeting committee established a rigorous budgeting process predicated on the previous year’s expenses and developing local price trends. “…we price out everything, we try to get our estimates as close as we possibly can in terms of cost, we monitor them on a monthly basis where we are compared to what we budgeted and see if we’re going over in a particular area we need to go back and make the adjustment. And then that process leads into budgeting for the next year.”

Aware of the Chorale’s reliance on cultural tourism for revenue generation, the organization is planning an expansive tour and commercial recording for the fall of 2017

180 Mayer, interview.
181 Ibid.
in order to take the ensemble to its most regular visitors from the Dallas/Fort Worth area.

“We have an affinity with a lot of folks in Texas; they come here regularly for vacation, and so we felt like that was the first really independent tour that we would embark on because there’s already some connections in that community. So the idea there is to find additional support as we grow and Josh’s vision gets bigger and bolder. The organization also believes its revamped mission statement will aid fundraising efforts by putting a clearer emphasis on being a part of the greater Santa Fe community year round:

You know, when I got here people were saying: “you know you’re in Santa Fe but you’re not of Santa Fe. You guys think you’re a national organization but you just happen to be based here.” So the community engagement—you know, the revamping of the mission statement [as of the 2016 season] and following through on that in putting our money where our mouth is—doing these community engagement events, making sure they come off well, that they’re serving the community, then evaluating after the fact and seeing what worked, what didn’t work, what could we do differently or better next time... And when we go on tour or when we do other things, which we hope we’ll be doing more of in the future, it’s bringing glory back to Santa Fe; it’s not the other way around.

The Desert Chorale’s future plans for season revenue paint a much clearer picture of stability. According to Mayer, the 2016 fiscal year “[is] all about stabilizing, and that’s our goal for this year is to come to the end of the year in a good place.” Looking into 2017 debt reduction and limited rollover of payables will be the focus, with a plan to retire a line of credit for $75,000 to get fully out of debt. Assuming all goes to plan, 2018 will see the construction of “…some kind of endowment or reserve fund, to have that in place.”

The organization intends to accommodate the uncontrolled variables of running a professional choir by building a cushion into the budget for excess costs, but the bottom-

182 Mayer, interview.
183 Ibid.
184 Ibid.
up budgeting augmented by a commitment to mission-related expenditures and appropriate risks for additional revenue should maintain a culture of administrative stability for years to come.\textsuperscript{185} Just as in the inaugural years of the Desert Chorale, idealistic goals and unrealistic expectations can easily direct an organization off mission. But, similar to its founding with Larry Bandfield, the Desert Chorale of today is well primed to go into its next five years as an example of stability and growth in the project-based professional choir field.

\textsuperscript{185} At the time of this writing the Desert Chorale reported their first surplus in three years, validating their plan for the future and pushing the revenue line back over the expense line on the model of financial stability.
Chapter 5
Seraphic Fire

After moving to Miami following graduate work at Yale, Patrick Dupré Quigley saw an arts scene with potential for high-caliber music making beyond what he could offer as Director of Music at Church of the Epiphany. When asked by the church—a sizeable Catholic parish in Coral Gables—what he wanted to do, Quigley voiced his vision: “I said, I want to start a professional choir, something like Les Arts Florissants. And they said, well, what would that cost? And I named a number that I thought was absolutely outrageous, being a poor grad student, and they said, OK, fine, what else?” With the parish committed to underwrite the ensemble as a sort of resident ensemble for its burgeoning concert series, Quigley reached out to other young professionals in the area, most notably graduate students in voice and conducting from the University of Miami Frost School of Music. From there, Quigley and eight friends produced the inaugural concert featuring works by Palestrina, Victoria, and others, as well as a wide swath of contemporary American choral composers. The most influential composer of the night was William Billings, whose anthem “Invocation” from The Continental Harmony provided the titular theme of the concert: “Majestic God, our muse inspire, and fill us with Seraphic Fire!”

For the next three years Church of the Epiphany underwrote the newly formed Seraphic Fire, which continued as the keystone of the parish’s concert series while expanding its repertoire and audience base. As a result, Seraphic Fire began receiving invitations for performance ranging from Shakira—who’s platinum-selling *Oral Fixation Vol. 2* “…made Seraphic Fire the first classical ensemble since the Benedictine Monks of Santa Domingo de Silos in 1994 to reach the top 10 on the Billboard pop chart”¹⁸⁹—to Michael Tilson Thomas and the New World Symphony. Quigley began to wonder if Seraphic Fire was ready to exist independently from its sponsor institution:

> After three years [2002–2004] we started to perform with the New World Symphony and Michael Tilson Thomas, we recorded with Shakira. I was spending about five percent of my time working on Seraphic Fire, and ninety-five percent of my time working on church music. And this is a very Irish thing to say, but I figured that if I am spending five percent of my time on this and it’s going this well, what if I put one-hundred percent of my time in?¹⁹⁰

After three years of development under the umbrella of the Church of the Epiphany, in 2005 Quigley and America’s newest professional choir set out to make a go of it independently. With the help of co-founder Joanne Schulte, Quigley and Seraphic Fire found new roots through a partnership with First United Methodist Church of Coral Gables, which provided office, rehearsal, and performance space to the ensemble. The organization was not the only thing moving in 2005; many of the original singers had graduated from their programs at the University of Miami and spread throughout the country teaching and performing. “This was the fourth year, and all of the original people who were in this organization moved away… I really didn’t want to have to start


¹⁹⁰ Downey, “Patrick Quigley looks to the Past and Future as Seraphic Fire Opens 15th Season.”
over from scratch every time.”¹⁹¹ Unwilling to compromise with an entirely new roster of singers, Quigley and his colleagues concocted a plan that would allow the singers to return to South Florida for three to four days of intensive rehearsals before a weekend of concerts. “We began to build what you might call the American Airlines chorus. It’s a chorus of all-stars, my very favorite choral mercenaries, people who are ‘singers of fortune.’”¹⁹² This transition to the project-based model afforded the ensemble tremendous continuity, which in part resulted in the meteoric rise of Seraphic Fire from local commodity to national relevance.

**Organizational Overview: Fiscal Years 2004–2008**

Organizational independence necessitated 501(c)3 status; Schulte had the foresight to already register South Florida Friends of the Arts as a nonprofit to facilitate payment to the singers as part of the Epiphany concert series. Schulte and Quigley took the opportunity created by the official corporate name change in 2005 to establish the newly independent ensemble’s mission statement: “Seraphic Fire’s mission is to present high-quality performances of under-performed music with cultural significance to audiences in South Florida. At the same time, Seraphic Fire aims to encourage the occupational advancement of young musicians by providing a forum for development and presentation of their talents.” This mission has remained consistent throughout the following twelve years, save occasional alterations in verbiage, and is remarkable in its simultaneously direct yet vague language. The statement curiously omits any direct reference to choral music, leaving the door open for future inclusion of any and all

¹⁹¹ Downey, “Patrick Quigley looks to the Past and Future as Seraphic Fire Opens 15th Season.”
¹⁹² Ibid.
musical endeavors. Alternately, it establishes Quigley’s priorities of high-quality performances and development of young professionals, which embodied the entirety of the ensemble at the time. With priorities in place, Seraphic Fire put its newfound project-based model to the test.

**Expenses**

Before its residency at First United Methodist Church, Seraphic Fire operated from Joanne Schulte’s kitchen table while Quigley took no salary so they could afford one part-time office assistant. Due to exceptional success developing revenue, the organization established its professional staff in phases beginning in 2007, which maintained a focus on program expenses. As a result, fiscal year 2008 stands alone as the only year in the first five where management expenses exceeded program expenses.

![Figure 5.1. Expense Growth, Fiscal Years 2004–08. See Appendix G for additional data.](image)

The steep rise in program expenses can be categorized into two major categories: artist fees and expenses specific to the project-based model. Though not the first

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193 Flesher, “Patrick Quigley, Seraphic Fire in Fine Mettle as They Open 10th Season.”
ensemble to move toward a project-based professional choir model, Seraphic Fire was one of the early pioneers of the weeklong residency as opposed to the six to twelve week model established by the Santa Fe Desert Chorale. As such, the establishment of the weeklong residency model can be tracked through the yearly increase of travel expenses.

This data is revealing for several reasons. First, there is a direct parallel between total spent on travel and number of projects per season. As Quigley maintains an ensemble of thirteen artists for most concerts, an increase in travel expense should correlate directly to an increase of projects produced by the organization. The rise in artist fees signifies organization health for similar reasons, in addition to the natural rise in costs as artists qualify for raises. The absence of an itemized schedule on the 990 for fiscal year 2006 prevents clear analysis of artist fees; however, the 59% increase from 2007 to 2008 represents a major spike in program offerings, representative of a doubling down on artistic costs. Both of these expense items are at the heart of Seraphic Fire’s mission to present high-quality performances and encourage occupational advancement for young artists, and establishes its model as functional within mission.
Revenue

The combination of Quigley’s charming, entrepreneurial savvy and Schulte’s connections within the Miami music and philanthropic culture created a dynamic fundraising team. While direct public support statistics are enviable, perhaps most impressive is the increase of government contributions over the five-year period. These government grants are often the most difficult to obtain; however, through the organization’s ingenuity of programming and appeals, local government granting agencies saw a community organization worth supporting.

Figure 5.3. Revenue Diversification, Fiscal Years 2004–08. See Appendix H for additional data.

Aside from a brief reporting aberration in fiscal year 2008, this number increased at a staggering 128% over a three-year period from 2005 to 2007.\textsuperscript{194} This rapid growth in a challenging sector of revenue development led to diversification data far healthier than average for a five-year-old organization.

Revenue growth followed an accelerated but logical growth curve through the first three years, depicting an organization on the rise in a new arts community eager to

\textsuperscript{194} See Appendix H for additional data.
support the mission and product. However, the spike in revenue during fiscal year 2007 altered the trajectory of the organization for good. Seraphic Fire was ready to take the next step as an organization; how many steps, and in what direction, would define the following five years.

**Organizational Overview: Fiscal Years 2010–2014**

2007 marked the beginning of the maturation process for Seraphic Fire as an organization. Two major milestones marked the beginning of that process: “…the group began touring nationally and decided to incorporate a[n] orchestra to its ensemble. With a $250,000 grant from the Knight Foundation, the Firebird Chamber Orchestra was created, making its debut the following year.” That grant led to what appeared as limitless financial flexibility, and Seraphic Fire set out to create an all-encompassing arts organization that fulfilled its mission to present high-quality performances of under-performed music and advance the careers of musicians. The Firebird Orchestra received its debut at the Arsht Center for the Performing Arts in October of 2008, with a subscription series of four concerts including a combined *Messiah* with the artists of Seraphic Fire. The flexibility of Seraphic Fire’s mission allowed for the incorporation of an entire chamber orchestra while still retaining its organizational principles.

The 2010 season heralded the beginning of a new era for Seraphic Fire. After releasing several live recordings in previous seasons, 2010 saw the release of the organization’s first professional recording: *Vespers of the Blessed Virgin 1610* by

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Claudio Monteverdi. The ensemble travelled to Kalamazoo, MI to record the album in conjunction with the Western Michigan University Chorale where Seraphic Fire Chorus Master James Bass also served as the Director of Choral Activities. Ripples from this project would be far-reaching: directly, the album charted in the top-ten for classical recordings on iTunes, among musical luminaries such as the London Symphony Orchestra and Yo-Yo Ma. Quigley shared the news on Facebook with his followers and tagged all the artists who took part in the project; from there it took off like wildfire, rising to number six within thirty-six hours and generating enough attention the story was featured on NPR’s All Things Considered.

Table 2. Seraphic Fire Discography

<table>
<thead>
<tr>
<th>Name of Album</th>
<th>Year of Release</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginnings</td>
<td>2005</td>
</tr>
<tr>
<td>Bach's Six Motets</td>
<td>2006</td>
</tr>
<tr>
<td>Amazing Grace: A Gospel and Bluegrass Journey</td>
<td>2007</td>
</tr>
<tr>
<td>Shalom Pax</td>
<td>2008</td>
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<td>Messiah Live</td>
<td>2008</td>
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<td>IKON</td>
<td>2009</td>
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<td>The Brandenburg Project (Firebird Chamber Orchestra)</td>
<td>2010</td>
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<td>Monteverdi: <em>Vespers of the Blessed Virgin 1610</em></td>
<td>2010</td>
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<td>A Seraphic Fire Christmas</td>
<td>2011</td>
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<td>Brahms: <em>Ein Deutches Requiem, op. 45</em></td>
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<td>Silent Night</td>
<td>2012</td>
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<td>Seraphic Fire</td>
<td>2013</td>
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<td>Ave Maria: Gregorian Chant</td>
<td>2013</td>
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<td>Reincarnations: A Century of American Choral Music</td>
<td>2014</td>
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<tr>
<td>Candlelight Carols: Music for Chorus and Harp</td>
<td>2014</td>
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<tr>
<td>Steal Away: The African American Concert Spiritual</td>
<td>2016</td>
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198 Lunden, “From Zero To Hero: Seraphic Fire’s Viral Monteverdi.”
Seraphic Fire’s momentum would only keep growing. Another indirect ripple from the Monteverdi recording project was the creation of the Professional Choral Institute, an ensemble of the nation’s top rising choral talent augmented by Seraphic Fire artists.\textsuperscript{200} Overseen by Bass, who had since moved from Western Michigan to the University of South Florida in Tampa, the PCI and Seraphic Fire prepared Brahms’ \textit{Ein Deutches Requiem} for a concert and commercial recording. This album, along with Seraphic Fire’s first Christmas album \textit{A Seraphic Fire Christmas}, premiered in 2011 to great critical and commercial success, receiving GRAMMY nominations for Best Choral Performance and Best Small Ensemble Performance respectively.\textsuperscript{201} The organization has since recorded six additional albums including two Christmas albums, a Gregorian chant recording, a self-titled greatest hits album, a disc featuring new American works, and an homage to the African-American concert spiritual.

Additionally, 2009 saw the establishment of the Miami Choral Academy (MCA), a tuition-free after-school program for elementary school children from at-risk schools in inner-city Miami.\textsuperscript{202} At its peak, the program served four elementary schools in addition to an honor choir, totaling five choirs and upwards of 250 students. Supported by the Knight Foundation, this program had a major effect on the students and communities it served. All of this was intentional; Randy Cohen, vice president of research and policy at American for the Arts, had this to say in regard to Seraphic Fire’s MCA program: “I think the organizations that are really starting to pull ahead of the others are the ones that


\textsuperscript{201} Crandell, “South Florida’s Unlikely Grammy Hopefuls.”

are connecting with the community, the schools and community organizations. They’re 
embracing the community and then the community is in turn embracing those arts 
organizations.”

Seraphic Fire also began a Knight Arts Challenge-sponsored relationship with the South Miami Dade Cultural Arts Center in 2013, bringing world-class classical music to a community underserved by classical music. By incorporating the phrase “promotes community well-being through musical education programs,” Seraphic Fire successfully expanded its programming three-fold and managed to stay on mission.

Expenses

Much of the major expense categories in recent Seraphic Fire history remain the same as they were in the past, simply on a larger scale. However, since fiscal year 2014 current Managing Director Rhett Del Campo has revamped how they account for project-related expenses, tracking the cost of individual artists to the cent.

We pay for their flights, we pay for a piece of checked luggage, we pay for their rental car or transportation throughout their stay, if they’re in a hotel we pay for their hotel. And of course a meal stipend every day. So for every… basically for every dollar I pay a musician I’m spending $1.20 on getting them here and putting them up.

The organization affords these costs primarily through subsidizations. For example, Del Campo emphasizes that hosts are the best option for housing artists during their stay, but “number two is just having a great hotel partner.” This however does not always mean

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205 Rhett Del Campo, interview by author, Miami via phone, September 23, 2016.

206 Ibid.
the cheapest option: “What we used to do is just go to the cheapest bidder, but you got what you paid for and artists weren’t happy. So we ended up actually having to spend a little bit more money but we’re getting a lot more out of it as far as the quality and the service we’re getting, so in a way that was an investment.”

The organization’s approach to project-based expenses references Seraphic Fire’s mission; when artists are in town, they are treated like professionals in order to maintain occupational development and respect. Additionally, artist comfort in many ways leads to a higher-quality product, or a greater level of investment in the ensemble. With that in mind, Del Campo looks for other ways to cut costs in order to preserve a program-related focus. “It really is just going through your expenses, and your artistic expenses, and just continuing to be as lean as possible and do it every year. What do we need to market, what do we need as far as development expenses and to keep the office going, and just be as lean as possible.” Average diversification numbers for this period support his approach, with 83% of total expenses going toward programming throughout the period.

![Expense Diversification, Fiscal Years 2010–14](image)

Figure 5.4. Expense Diversification, Fiscal Years 2010–14. See Appendix J for additional data

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207 Del Campo, interview.
208 Ibid.
Revenue

Ironically, the data implies that the organization’s unstable years came as a result of too much revenue; a combination of a perceived false sense of actual net assets, an inability to grow assets, and veering off operational mission in the name of seeking out additional revenue. Seraphic Fire is one of the leaders among project-based professional choirs at government and foundational support (categorized under direct public support). However, these assets are almost always restricted to a specific project or initiative; when those grants run out, the funding is gone. Often in these cases, these grant-supported initiatives do not create enough project-related revenue for future savings. So while Figure 5.5 creates an image of organizational health and stability, the overreliance on program service revenue colored with an understanding of active organization grants should keep an organization on its toes preparing for the proverbial other shoe to drop.

![Revenue Diversification, Fiscal Years 2010–14. See Appendix K for additional data.](image)

A closer examination of fiscal year 2010 with some reference to the past will explain how these potentially off-mission revenue sources led to a 93% drop in net assets over a two-
year period, and how a recommitment to fiscal responsibility within mission led to almost immediate stabilization.

**Analysis: Fiscal Years 2004–2008**

Seraphic Fire’s revenue and expense growth for fiscal years 2004–06 are easily reconciled and typical for an organization in its first three years of incorporation.

Figure 5.6 displays all the symptoms of a new organization taking the necessary risks for establishment in a market. However, while early swings in net assets normally indicate an organization establishing its administrative foundation through management expenses, Seraphic Fire’s program expenses rise 295% between fiscal years 2005 and 2006. This falls within mission as well as Quigley’s stated approach to marketing: “Outstanding music marketed well can thrive in any market.”

**Figure 5.6.** Total Expenses, Total Revenue, Net Assets, Fiscal Years 2004–06. See Appendix H for additional data.

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expense trends coincide with its mission and are most likely the reason for such excellent revenue growth in the following years. Management costs will rise, but first the artistry must be outstanding.

Seraphic Fire received the aforementioned $250,000 grant from the Knight Foundation to start the Firebird Chamber Orchestra in the fall of 2007, which accounts for the unprecedented 5125% increase in net assets for the 2007 fiscal year. By the end of 2008 the related jump in revenue returned to a more stable growth curve due to Firebird Chamber Orchestra related expenses covered by the grant. When contextualized by the mission-based jump in program expenses for fiscal year 2006, the timing of the Knight Foundation grant hardly seems like good fortune but the anticipated result of focused artistic and organizational development.

While less declamatory in growth, expenses continued to rise at a steady but rapid rate. The largest difference between years is the 136% increase in salaries categorized as management expenses, in addition to the allocation of “printing and publication” as a management expense instead of a program expense as it had been in previous years.
Both of these increases can be attributed to the inaugural season of the Firebird Chamber Orchestra; more program offerings equate to a greater need for human resources and, in this case, photocopies and scores.

![Graph showing total expenses, total revenue, and net assets from FY04 to FY08.](image)

Figure 5.8. Total Expenses, Total Revenue, Net Assets, Fiscal Years 2004–08. See Appendix H for additional data.

Of particular note in fiscal year 2008 is the hiring of Lorenzo Lebrija as President & CEO of the organization, relieving Quigley of administrative oversight to focus exclusively on artistic direction. This is the first administrative leadership change since Quigley and Schulte founded Seraphic Fire, and the following two years proved the most tumultuous in the organization’s young history.

**Analysis: Fiscal Years 2010–2014**

A cursory look at the general data for this period begs one major question; what happened between fiscal year 2008 and 2010? This two-year period laid the groundwork for Seraphic Fire’s rise in the public conscious, with the aforementioned Monteverdi recording and international tour in 2009 and subsequent album release in 2010.
However, net assets dropped an astonishing 93% over the period, jolting the organization over the expense-revenue stability threshold. Seraphic Fire had never been more popular than at the start of fiscal year 2011; however, with an operational budget north of a million dollars and an average difference of $149,000 between expenses and revenue over the period, it had also never been closer to instability.\textsuperscript{210}

Expense and revenue data both provide evidence into how this steep decline in net assets may have happened to the organization. At least part of the natural decline of assets can be attributed to the Firebird Chamber Orchestra grant-induced spike and subsequent fall. It is impossible to differentiate between Seraphic Fire and Firebird revenue and expenses on the 990 documents; that being said, the inability of revenue to keep up with expenses in the period implies that the additional programming failed to bear long-term fruit in terms of revenue generation and asset growth. Additionally in this

\textsuperscript{210} While fiscal year 2009 falls out of the direct parameters of this study, analysis of fiscal year 2010 would be incomplete without reference to 2009. Thus, some data from 2009 will be extrapolated to provide a clearer picture of operational activity during the period.
period, fiscal year 2009 saw the grant-based founding of the aforementioned Miami Choral Academy. MCA was reported as a separate program, which differentiates the cost of this program and the normal program expenses for Seraphic Fire and Firebird Chamber Orchestra.

Figure 5.10. Program Expenses Differentiated by Major Programs, Fiscal Years 2008–10. See Appendices H & K for additional data.

After taking into account the expenses attributed to the Miami Choral Academy, there is still a $300,000 difference in expenses between fiscal years 2008 and 2009, and an additional $98,906 difference between 2009 and 2010. There is not any one category that egregiously increased between years; beginning in 2009 the ever-vague category of “other” accounts for a major portion of expenses, but that number can be almost entirely negated by the subsidized cost of the Miami Choral Academy, which logically makes sense categorized as “other” as a separate program. Additionally, a 2013 article by Nicky
Diaz in the *Miami Herald* reported that the organization only spends six percent of its then 1.4 million dollar budget on MCA,\(^\text{211}\) which when compared to 2009 expense data comes out to just under $50,000 of non-subsidized expenses.

\[^{211}\text{Diaz, “Smart Marketing, Community Engagement Help Fuel Seraphic Fire.”}\]

Another challenge in pinpointing exactly what went wrong in this period lies in the change of 990 forms between 2008 and 2009. Categories between the 990-EZ and the full 990 vary drastically, which limits the ability to draw through lines across the period. However, comparisons drawn between relatable categories suggest the rise in expenses was predominantly justifiable when analyzed through mission and planned program activities. Outside of key employee compensation—Lebrija and Quigley...
received raises—all other expenses can be attributed to the travel, lodging, and promotion involved with the international tour and subsequent recording of the Monteverdi Vespers album. While these expenses are justifiable through the artistic lens of the mission, fiscal justification must come from revenue data over the same period. Stability implies that these major projects were budgeted for based on projected costs and earnings; however, a review of the actual revenue suggests an entirely different result.

It is important to note at this juncture that stability is defined by achieving end-of-year financial totals—net assets—at or above zero through efficient management of costs and revenue. As demonstrated by the organization in fiscal years 2004–06, running a yearly deficit to solicit artistic growth can be a useful tool for a young arts nonprofit; the management of that risk, however, should be predicated upon current net assets and expected resulting growth. Seraphic Fire saw potential for revenue increase through individual donor giving as well as the Knight Foundation grant, and determined an immediate focus on artistic excellence would lead to greater revenue growth. Thus, they subsidized managerial costs and devoted assets toward developing program-related expenses, most prominently singer fees and project-based expenses. While this initiative ran a $21,000 deficit in fiscal year 2006, it was also on mission, which emphasized high-quality performances and occupational advancement for young musicians. This risk resulted in a $260,000 increase in direct public support for the 2007 fiscal year, establishing Seraphic Fire as one of the artistic leaders of South Florida in a matter of five years.
Revenue diversification stayed relatively consistent throughout that three-year period, as a lack of dependence on any one category allowed for financial risks. The data suggests the organization identified direct public support as the one category they could forecast based on annual giving trends and promises by regular donors.

![Revenue Diversification, Fiscal Years 2005–06](image)

Figure 5.12. Revenue Diversification, Fiscal Years 2005–06. See Appendix H for additional data.

With a cushion of $26,701 in net assets, they expanded program offerings to highlight the superior artistic product, and in doing so managed to increase all three categories of revenue, resulting in a yearly deficit, but maintaining stability in net assets. If the diversification data had been switched—with program revenue accounting for 57% of total revenue—the risk would have been fiscally irresponsible, with instability as the likely result. If the 2005–06 revenue diversification data is the model for a period in which to take program-related risks, 2009–10 revenue diversification data is the model for a period in which to avoid program-related risks.
Diversification averages over the previous five years convey a healthy balance of the three major categories of revenue, as depicted in Figure 5.4. However, averages for fiscal years 2009–10 change drastically from trends over the previous five fiscal years.

Overreliance on program revenue is augmented by the drop in percentage of government contributions, creating an environment where the organization was relying heavily on program revenue and direct public support, which declined 25% during the period.

The peak of this imbalance came in 2010, when program revenue accounted for 63% of total revenue, with a $427,276 difference between program revenue and direct public support.

Fiscal year 2010 is the point of highest dissonance between artistic perception and fiscal stability. *Monteverdi: Vespers of the Blessed Virgin 1610* was released in the middle of August 2010 and charted in the top-ten on iTunes classical. NPR’s coverage of the self-produced album created a viral following; high school and college choral singers all over the country were listening to and talking about Seraphic Fire, and that
contributed to increased prestige within South Florida. Ticket sales continued to rise, and the inclusion of an iTunes top-ten album—which was funded by a grant—contributed greatly to program revenue. While this range coincides with recovery from the national recession, popularity of and appreciation for Seraphic Fire was reflected in annual gifts. The data suggests the decline in direct public support throughout this period was the result of grant-related expenditures. With such robust programming funded by grants, the lines between on and off mission expenses began to blur, creating an environment of excellent music making but fiscal irresponsibility.

As Seraphic Fire prepared to open its tenth season in fiscal year 2011, artistic reputation was at an all-time high among South Florida patrons and critics.

In a rough decade for classical music in South Florida, the Florida Philharmonic folded, regional orchestras came and went and the area’s two major opera companies cut back on their seasons. Yet during that period, under the direction of founder Patrick Dupré Quigley, Seraphic Fire has played to full houses with a wide age range than the senior-dominated patrons that tend to dominate classical audiences.  

In addition to Seraphic Fire’s already vast program offerings, the organization formed the Professional Choral Institute during the summer of 2011 to record Brahms’ *Ein Deutches Requiem* with Seraphic Fire. The aforementioned GRAMMY nominations for this album as well as *A Seraphic Fire Christmas* came in December of 2011, resulting in additional acclaim and program revenue from two more iTunes top sellers. Artistic success was at an all-time high.

In an effort to resolve the dissonance between artistic excellence and pending fiscal instability, Seraphic Fire promoted Joey Quigley from Operations Manager to Managing Director in February of 2012, two-thirds of the way through the season. At the

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212 Flesher, “Patrick Quigley, Seraphic Fire in Fine Mettle as They Open 10th Season.”
time of his hiring, Joanne Schulte commented: “Joe is the natural choice for us. As Operations Manager, he steered us from pending deficits to a significant projected surplus. In tandem with his brother, Joey has been part of the team that has reached record-breaking ticket sales as well as Grammy nominations.” Patrick Quigley confirmed Schulte’s assessment, stating that “Joey [had], in essence, been working as the ensemble’s managing director for many months now. Appointing him to the position of managing director was a mere formality.”

As a former singer in the ensemble as well as Operations Manager, Joey Quigley had a thorough understanding of the administrative and artistic mission, similar to his brother. The two of them in tandem brought Seraphic Fire back into relative stability almost immediately with a 534% increase in net assets by the end of fiscal year 2012.

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214 Burgess, “Seraphic Fire Appoints Managing Director.”
The Quigleys managed this quick turnaround through immediately limiting expenses and increasing revenue, particularly through direct public support, which enjoyed a 45% increase from a five-year low in fiscal year 2010. As such, diversification data also improved as government contributions rose steadily to balance reliance on direct public support and program revenue.

![Pie chart showing revenue diversification]

Figure 5.15. Revenue Diversification, Fiscal Years 2011–12. See Appendix K for additional data.

Expense itemization produces no significant aberrations either positively or negatively. While the “other” category continued to rise, other costs such as artist fees and travel rose steadily according to revenue, reflecting fiscally responsible commitment to mission. A closer look at program books from these seasons reveals a reduced commitment to concerts strictly featuring the Firebird Chamber Orchestra primarily. While past seasons featured as many as three stand-alone concerts for Firebird, 2012 featured only one strictly Firebird Chamber Orchestra concert, and even that included a soprano soloist. By the 2014 season, the Firebird Chamber Orchestra had been phased out, replaced in that season by visiting ensemble, The Sebastians, from New York City.
Additionally, the last mention of the Professional Choral Institute came in a concert announcement press release from 2012. Seraphic Fire responded to market feedback in these cases by phrasing out programs as the funding that supported them—in most cases, grants—faded.

The final two years of the period mark another organizational shift. With Naxos CD distribution and Columbia Artists Management deals secured, Seraphic Fire appeared primed to take the next step in spreading its artistic brand. Additionally, the organization received an $180,000 award from the Knight Arts Challenge to take up a residency at the South Miami-Dade Cultural Arts Center to perform choral-orchestral masterworks during the 2014 season. However, the unintentional consequences of grant subsidization returned for Seraphic Fire, leading to an eerily familiar deficit trend beginning in 2014.

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As depicted in Figure 5.16, the stable relationship between revenue and expenses begins to deteriorate in 2013. While negligible at first—an $8,920 annual deficit in 2013—2014 appears like the beginning of a trend in the wrong direction. The two remaining programs supported by grant funds—Miami Choral Academy and the recent partnership with South Miami-Dade Cultural Arts Center—provide insight into that developing trend.

Shawn Crouch, the inaugural director of the Miami Choral Academy, left the organization in 2013 to pursue graduate studies at the University of Miami. Enter Brett Karlin, former Assistant Conductor of Seraphic Fire and current Artistic Director of the Master Chorale of South Florida. Karlin extended Crouch’s legacy with the program even as grant funds disappeared, receiving a featured article in the *Miami Herald* which documented the social and academic improvements made by students involved with the tuition-free after school program. In spite of documented programmatic success, Seraphic Fire lost all grant funds for the Miami Choral Academy in fiscal year 2014 due to additional requirements outside of the scope of the organization. As grant funds disappeared during fiscal years 2013–14, the organization’s contribution to the initiative increased, creating budgetary restrictions in other areas. This led to an expensive restructuring of the program in 2015 producing the

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Seraphic Fire Youth Initiative, a program which connects the with the schools in an assembly format and allows the organization to reach thousands of students in a year.

Seraphic Fire navigated the potential minefield of cancelling the Miami Choral Academy altogether in order to maintain services that fulfill its mission commitment to promote community well being through music education. However, its second grant-supported program at the South Miami-Dade Cultural Arts Center fell victim to the fiscal trap that stalled the organization from 2009–10. The grant specifically supported the production of choral-orchestral works at the recently opened performing arts center during the 2014 season.

![Figure 5.17](image.png)

Figure 5.17. Artist Fees and Travel Expenses, Fiscal Year 2013-14. See Appendix L for additional data.

Due to the dissolution of Seraphic Fire’s in-house orchestra, the organization searched outward and found funding to help subsidize the cost of bringing a chamber orchestra to South Florida. Additionally, collaboration with early music ensemble Piffaro required addition orchestral funding. The results of these collaborations manifested in both revenue and expense data. According to the 2014 program announcement booklet,
donors underwrote three of the four appearances of The Sebastians—the imported chamber orchestra—at South Miami-Dade Cultural Arts Center. Information on the remaining concert, in addition to the Piffaro collaboration, contains no information on subsidization of orchestral forces. These omissions may explain the increase in travel and artist fees between fiscal year 2013 and 2014.

Figure 5.18. Revenue Decrease by Category, Fiscal Years 2013–14. See Appendix K for additional data.

A closer look at the program booklets from fiscal years 2013 and 2014 reveals information that could explain the 14% decrease in program revenue and direct public support in 2014. In order to accommodate the South Miami-Dade Cultural Arts Center residency, the organization left a venue in Boca Raton at which it presented every concert of the 2013 season. This resulted in an absence from Palm Beach County in 2014, alienating a county with a history of arts support. An unprecedented increase in government contributions saved what could have been $179,000 dollars of potential loss.

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Fiscal year 2014 concluded with plenty of net assets but concerning questions about trajectory. From a broader standpoint, these concerns seem to be a trend with the Seraphic Fire every five or so years; whenever the organization approaches a major turning point, they grapple with its true identity and what programming most closely aligns with its mission, resulting in wavering stability before taking the next step and coming out the other side expense-revenue stability threshold stronger.

![Figure 5.19](image)

Figure 5.19. Total Expenses, Total Revenue, Net Assets, Fiscal Years 2004–14. See Appendices H & K for additional data.

This is reflected best in its revenue and expense growth, as each time the organization grapples with its identity the lines cross, teetering on fiscal disaster. If history is any indication, the 15th anniversary of “Miami’s miracle choir”221 should be the next step forward for an organization at the cutting edge of the project-based professional choir world.

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221 Burgess, “The Little Chorus That Could Does it Again.”
The Future

Rhett Del Campo was hired as Managing Director in fiscal year 2014 to ensure the organization continues a tradition of excellence. Identified by Quigley for “his keen sense of innovative business practices,” Del Campo’s approach to the future may be just what the organization needs to take the next step forward. Del Campo already has a finger on the pulse of the grant-related setbacks the organization has navigated in the recent past.

For example, we got the seed money to start the Miami Choral Academy which is great, but, I won’t delve into this now, that put us down a path toward something that got off mission and eventually put us in a dangerous situation of… almost losing our education component all together and having to spend a lot of time and effort redesigning it.

Additionally, Del Campo is already working to bridge the gap in Boca Raton created by the 2014 organizational departure from the area.

Our Knight award for residency at South Miami-Dade Cultural Arts Center was basically $90,000 a season to perform four concerts there. We left Boca Raton—where we had a very solid subscriber base—to go and perform these fee concerts essentially. And we made a lot of money doing that. And then that award runs out, and you’ve got a $100,000 gap in your income. And you’ve also alienated subscribers in Boca Raton.

Looking into the future of grant writing for Seraphic Fire, Del Campo says “what we’re focusing on now is going after grants that really strictly align with our mission… and a great example is our Knight grant this year [fiscal year 2016] for the commissions [eight commissions of new works by American composers in one season]. This is very much on mission, and it’s working well for us.”

223 Del Campo, interview.
224 Ibid.
225 Ibid.
Currently the organization is looking closely at untapped avenues for subsidization. One unexplored area Del Campo sees as ripe for subsidization is concert production costs. The organization is attempting to increase the number of venues that pay to present Seraphic Fire, rather than renting a venue, paying ticket fees, and paying staff to work at the concert. “For instance, in a year [2017–18 season] I have a couple of little run out concerts to Atlanta, Georgia where we’re going to get paid $15,000 to do that. And if I did a [self-produced] concert in South Florida I might make only $4,000–$5,000.”226 The production staff at Seraphic Fire is also looking very closely at price discrimination principles as they relate to the number of concerts they produce a year:

I’ve also learned that there’s a threshold as far as… you know if you program more concerts, you’re just not going to make more money. And if you program fewer concerts, you’re actually going to lose more money… I guess what I’m trying to say is there’s a very fine balance between how many concerts you put out there and how it affects your bottom line. It gets to a point where adding the concerts is not simply going to make you more money.227

The meticulous approach to identifying and subsidizing costs comes as a result of the organization’s revamped approach to budgeting and season programming within mission. “Number one you’re starting with the artistic product. What do we need to do to put on a great season. For next season [2017–18] we recognize we need to stay competitive and need to start paying our singers more, so we prioritized something like a 20% increase in singer compensation, and then you just go down the list.”228 In recent years, the organization has created safeguards to ensure artistic vision develops in line with projected costs and asset availability. This is great signal of organizational maturity, as past missteps are now informing future growth. “We’re too young to be able to run

226 Del Campo, Interview.
227 Ibid.
228 Ibid.
deficits... We’ve learned the hard way we can’t just have money in the bank with no policies; people will spend it. So next is the policies and what we do with that surplus.”

Del Campo and the board have put together a plan to ensure a stable future centered on budgeted surpluses.

We’re starting to invest in a board restricted reserve that we want to build up to equal the average of our 3 most expensive months and that’s the amount we want to have in our restricted reserve, so that’s probably going to be about $350,000. Also just cash in our bank account; we want to have at least cash to support our most expensive month, but ideally we want to have between $250,000–$300,000 dollars. So those are benchmarks that we’re working to reach now.

Additionally, Del Campo hopes to cultivate partnerships with local arts organizations such as the Frost School of Music at the University of Miami to enhance local presence and subsidize future project-related costs. “In 10 years, I would love for people to look at Miami and say either, hey, I could go to UM and have a chance to intern with Seraphic Fire or start singing with them and if things go well, I’ve got a $20,000, $30,000 base of work in Miami that I can subsidize with teaching and doing other things.”

Ultimately, Del Campo believes the project-based model provides the organizational model for stability:

The really interesting thing about an organization like Seraphic Fire is—and it’s really kudos to Patrick for his brilliant business model—you know he can decide to do St. Matthew Passion [Bach] and it would be brilliant, but if we needed to save money like we did this year, we could just as easily do the Bach motets and it will be equally as spectacular and it saved us $75,000 dollars… If we sense a lean year coming up, perhaps we’re sensing pullback from state support or some other factor, we can plan accordingly.

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229 Del Campo, interview.
230 Ibid.
231 Ibid.
232 Ibid.
Seraphic fire blazed a trail for future organizations to follow with its weeklong residency project-based model. Success through organizational growing pains speaks highly of its leadership; Seraphic Fire would not have survived without the prodigious artistic and managerial talent of Patrick Dupré Quigley and the steady influence of Joanne Schulte, its co-founders. With a successful history and a bright, stable future ahead, Seraphic Fire should continue to inspire audiences and future entrepreneurs alike for years to come.
Chapter 6

Kinnara Ensemble

In the fall of 2008, a group of recent Westminster Choir College graduates identified a problem. Having just graduated from Westminster—the only college in the country to focus exclusively on the choral arts—they felt a need to continue singing, but were left searching for a medium that would meet the musical standards and environment of their collegiate experience. So, the eight singers put on their own winter concert series and Kinnara made its unofficial debut. The group quickly realized their small ensemble model was not sustainable, so they reached out to J.D. Burnett, current Artistic Director of Kinnara Ensemble. He took on conducting responsibilities in January of 2009, expanded the choir to 18, and the ensemble took off. With its early success, Burnett saw the potential for the ensemble as a nonprofit organization, and put together a board in that same year. The board obtained 501(c)3 status in 2010 and the organization became officially known as Kinnara Ensemble. In the following seven years, Kinnara has established itself as one of the preeminent rising professional choirs, creating its own model as a hybrid project-based professional choir.

During the inaugural seasons, Kinnara functioned more as a regionally-based volunteer choir rather than a project-based professional ensemble. Having a professional caliber volunteer choir early in its development had to do with its location in Princeton, NJ and proximity to Westminster Choir College. However, being centrally located in an area populated by artists and educated arts patrons would present its own set of challenges.
I thought we could make a go of this on a volunteer basis just by having our alumni network do the work for us in terms of finding singers. But I knew that the downside of that is we’re also in a very saturated market choral music-wise and in a competitive one, and so I wasn’t sure how we would get from volunteer to professional. But I did know that I wanted to move in that direction from the beginning.\(^{233}\)

Kinnara continued in a volunteer, weekly-rehearsal model until the spring of 2011, when the model switched to project-based and began providing compensation. The purpose of this was two-fold: in addition to the Burnett moving to North Texas for additional graduate studies, the vision and mission of the ensemble seemed best served by the project-based model.

There’s something about the project model that feels sort of like ‘choir camp,’ so it feels like an intense week of rehearsals and being together where you don’t have the distractions of your normal routine… knowing that I wanted it to move toward a professional model, I didn’t ever want it to feel like a gig, I wanted to preserve to the best of my ability the volunteer spirit and yet compensate people for the training they had.\(^{234}\)

This commitment to the volunteer spirit had a major influence on its transition to the professional project-based model during the 2012 fiscal year. By fiscal year 2013 they had committed to paying artists and began the process of compensating them for travel.\(^{235}\)

However, what set the organization apart from its more developed project-based colleagues was from where it sourced its artists.

Rather than abandon the organization’s foundation as an ensemble born of local Westminster alumni, Burnett and the board of directors doubled down on developing local talent—singers come predominantly from central New Jersey, but will stretch as far north as New York and South as Philadelphia—and gave them a platform for performance. In an effort to cultivate its professional culture, Kinnara also began

\(^{233}\) J.D. Burnett, interview by author, Miami via video chat, September 23, 2016.
\(^{234}\) Ibid.
\(^{235}\) Appendix K.
augmenting the ensemble with professionals from across the country for each project. “I wanted to remain a hybrid of using local singers, especially those that have been with us for a long time, and peppering in professional colleagues from outside the area…I like the texture that that provides the organization.”\textsuperscript{236} Kinnara began its rehearsal and concert process as a hybrid as well, rehearsing heavily the weekend before concerts and then meeting only in the evenings during the week to allow area artists the opportunity to attend to their various day jobs.\textsuperscript{237} While the rehearsal and concert model has aligned more over time with national project-based norms, Burnett still maintains his commitment to this hybrid project-based model.

**Organizational Overview: Fiscal Years 2010–2015**

Kinnara’s mission is to “engage the public in exemplary choral experiences that speak to the modern soul.”\textsuperscript{238} The organization accomplishes this through a hybrid project-based model. It also fulfills that mission on a relatively small budget compared to peer organizations: since its founding as a nonprofit, Kinnara has operated at an average budget of around $16,000 annually, with incremental increases each season.\textsuperscript{239} The organization incorporates several practices to keep costs low, including a mission-based budgeting process, emphasis on subsidization, and addressing the financial obstacles implicit in the project-based model. Where its savings begin, however, is with its working board.

\textsuperscript{236} Burnett, interview.  
\textsuperscript{237} Ibid.  
\textsuperscript{239} Appendix N.
Kinnara adheres to what is termed a working board; a board in which members have tasks for which they are responsible for within the operations of the organization. As such, they currently have no paid administrative staff. Since 2009, Kinnara’s working board has done expert work in guiding the organization toward its goals.

…We wanted to make it something where the board is functioning as a team with subcommittees and some leadership from the top, and then management of volunteers who have come from inside and outside the choir who really believe in our mission and have volunteered their services as far as public relations, artist liaison, graphic design, and project management.240

What this model does effectively is maintain the nature of the volunteer spirit—an organization run predominantly by volunteers or stipend workers supervised by a board—while promoting a professional board full of regional civic and business leaders rather than singers from the ensemble. “We know that keeping [singers on the board] separate in that way is something that makes our organization stronger and healthier even though we’re still under a working board situation.”241

Expenses

As alluded to previously, Kinnara’s success thus far stems from a relatively untenable situation; while the organization has been fortunate in having several highly capable and highly devoted volunteers from the professional sector serve on its board, those people eventually move on, and the lack of a professional staff can result in a sort of organizational vacuum. Burnett has an interesting perspective on the organizational development thus far:

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240 Burnett, interview.
241 Ibid.
I think that our artistic product has sort of outpaced our ability to keep up administratively, and a lot of that has to do with my commitment to paying the singers. I think if I hadn’t been resolute in that way, we might have seen our fee structures creep up at a much, much slower rate. I’ve tried to get the board to be aggressive in that way which has precluded us from being able to spend money in other places.\textsuperscript{242}

While tax forms do not require specific information regarding fee structures, overall spending on professional fees and other payments to independent contractors (i.e. artists) has increased on average 127\% in the four years since they became a project-based ensemble.\textsuperscript{243}

![Graph of Independent Contractor Expenses, Fiscal Years 2012–15. See Appendix O for additional data.](image)

This aligns well with Kinnara’s mission to “engage the public in exemplary choral experiences;” the organization predominantly accomplishes this through its mission-focused budgeting and expenses.

In addition to its expressed mission, Kinnara follows a major operational mission that aligns well with the intent of the hybrid model.

\textsuperscript{242} Burnett, interview.  
\textsuperscript{243} Appendix O.
“There’s a sort of tacit sub line there that is not official but it’s sort of parenthetical that we want to carve out and provide professional singing opportunities for young singers. And so that part, the kind of parenthetical part that’s not explicit, is maybe more what interfaces with our budgeting process in terms of aggressively hiring singers.”

As discussed above and exemplified in Figure 6.1, artist compensation has remained the primary budgetary focus of the organization through fiscal year 2015. Part of the budgeting process for the organization looking forward—and how that intersects with its strategic planning—is actually creating costs so they will grow out of the semi-volunteer business model that currently exists. “…[Spending] is mostly personnel driven… it’s hard to describe because things that we need in our long term planning, we feel like we need to discipline ourselves to create costs for ourselves so that we can move in that direction so we get accustomed to spending money.”

This lack of administrative spending is clear after examining program and managerial expenses.

In the past several years, Kinnara has also succeeded in obtaining a great deal of either waved or donated venue fees. Additionally, the organization has opted to feed singers between sessions on long rehearsal days rather than provide an official per diem; these meals are often donated, and make a major difference to the bottom line. The organization is currently looking for ways to subsidize program expenses, including but not limited to: paid advertising in programs, concert underwriters, and endowed singer positions.

A portion of Kinnara’s hybrid model success resides in the amount of money saved on lodging and travel. As referenced previously, Kinnara began hiring singers.

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244 Burnett, interview.
245 Ibid.
246 Ibid.
247 Ibid.
from throughout the country only in the past few years as a way to augment the artistic product, raise awareness of the organization nationally, and create more flexibility with rehearsal and concert schedules. Travel compensation for these singers has developed lock step with the evolution of the organization.

At the beginning the only money we were offering our singers we were calling a travel money and it was at the very beginning $25–$50 to defray the cost of gas for our local folks. That sort of took a jump in the last couple of years toward an actual fee. And then in this present year we’re offering a fee plus a travel stipend to defray the cost of their travel.

Reporting of travel on the 990 illuminates that development, as musician’s travel was not included on the 990 until fiscal year 2015 as a line item under “Other Expenses.” Additionally, the organization has a three-tiered travel system, where artists local to central New Jersey don’t receive any travel compensation, artists local to New York or Philadelphia receive tier one compensation, and artists farther away receive tier two; this essentially comes out to regular commuting, driving to stay in Princeton, or flying to stay in Princeton. Lodging for the tier one and tier two artists is provided by homestays with local homeowners.

**Revenue**

Kinnara’s path toward revenue generation has taken the opposite path of many of its project-based colleagues. In the cases of the Santa Fe Desert Chorale and Seraphic Fire, each organization began with either a generous donor acting as a patron or a supporting organization that subsidized the ensemble’s foundation. Additionally, both the Desert Chorale and Seraphic Fire exist in markets where the competition for choral

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248 Burnett, interview.
249 Ibid.
250 Appendix O.
music is relatively low; while Desert Chorale competes with Santa Fe Opera and the Chamber Music Festival, and Seraphic Fire competes with Florida Grand Opera and the New World Symphony, neither organization started in a region where choral music headlined the cultural arts offerings. In addition to the world-class symphony orchestras and opera houses in New York and Philadelphia, Princeton itself offers competing choral organizations such as The Princeton Singers, The Same Stream Choir, and Princeton Pro Musica, in addition to excellent collegiate choirs at Westminster Choir College, Princeton University, and fully paid church choirs throughout the area. With many organizations approaching the same corner of the market, in-kind donations should be more difficult to obtain than ticket sales, as well-informed audiences are more likely to attend several organizations’ concerts but not necessarily give to all of them. Kinnara’s revenue figures depict the opposite.

Figure 6.2 takes an unexpected turn; while the development of direct public support is a positive trend for an organization—particularly at a healthy 57% increase rate over the period—the unpredictable nature of that revenue gives cause for concern.

Figure 6.2. Revenue Growth, Fiscal Years 2010–15. See Appendix N for additional data.
A lot of this has to do with our inability to draw satisfactory paid attendance at our concerts. We credit this mostly to the saturation of the market, there’s just so many options in Princeton… We are working to remediate that problem because we believe that we need to, that we’re a little out of balance in that way. We want more of our income to come from program-related income, so that’s a focus for us as a board right now, how can we do that.\(^\text{251}\)

Another noticeable gap in the organization’s revenue distribution breakdown is government, corporate, and foundational contributions. This is a matter primarily of organizational bandwidth; without paid staff to apply for and track government and foundational grants, the organization is left at the mercy of its working board.

“Ultimately, I think we would like for our individual plus institutional giving to be close to 50/50 or 60/40; right now I think even for our forecasted for our next year we’re more like 20/80 and that’s not where we want to be. So that’s just a point of growth for us.”\(^\text{252}\)

Burnett attributes much of this to the need to increase paid audiences:

…The hard part about this is how do we attract more audience members and it’s just been a real slow build for us. I’m not exactly sure of the answer and that’s something we’re all working on. How to do that is the big question, without tons of money resources outpouring in terms of paid advertising and big flashy projects that will cost us a lot to produce.\(^\text{253}\)

Looking to the future, the organization is exploring more ways to increase the amount and efficiency of revenue-generating activities. Kinnara is scheduled to record its first commercial album in the Spring of 2017, which will raise awareness of the ensemble and serve as a tool to solicit donations and increase revenue from CD sales.\(^\text{254}\)

Future endeavors into education outreach are also being pursued, with a focus on a pre-professional training program of sorts connected with the various higher education

\(^{251}\) Burnett, interview.  
^{252}\) Ibid.  
^{253}\) Ibid.  
^{254}\) Ibid.
establishments throughout New Jersey. But, ultimately, everything returns to increasing the audience size. “And then just build the size of our audience. So, knowing how much we have to spend on paid advertising to make a difference in what shows up. Can we even make back in ticket sales what we would spend on paid advertising to get that many more people in the hall? And that’s a tricky little balance beam act.”

Outside of program related activity, Kinnara has a board member who directs its fundraising and development wing. The organization focuses these efforts on two semi-annual appeals, one in the spring and another in the fall. These come in addition to an unofficial ask at the end of the calendar year. They refine this process every year, which may play a factor in the growing returns.

We have instituted more recently a strategy of tailoring our mailing to specific groups of donors, so those who have given before and have continuously given, those who have given from time to time but are not consistent, and new asks. And the ones who have given consistently we keep track of what they’ve given of course and ask for a little bit more each time. We’ve seen pretty good response on that. We haven’t been overly wild or ambitious in what we’ve increased our ask, but it’s been fairly consistent.

In addition to semi-annual appeals, the organization holds semi-regular receptions and open rehearsals tailored around the concert schedule as a way of introducing the singers and audience on a different level. “[We are] just trying to connect as often and more intimately and more sort of vulnerable on our part with them so that they feel like they’re a little bit more on the inside. Those have been good strategies for us.”

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255 Burnett, interview.
256 Ibid.
257 Ibid.
258 Ibid.
Analysis: Fiscal Years 2010–2015

Kinnara’s founding and relative longevity is an inspiring example for musical entrepreneurs looking to establish a project-based professional choir. The crux of the organization’s early success seems to center primarily on its location; the ability to create a professional level volunteer ensemble was due largely to Westminster Choir College and other major music programs nearby, and proximity to two major metropolitan areas in New York and Philadelphia contributed to its ability to field a high-level professional board so early in the development process. A strong choral culture in the community and a devotion to classical music at large created an environment where qualified professionals were willing to volunteer their services in order to create an exceptional product for limited cost, allowing the organization to operate at an extremely low-cost budget and focus its spending almost entirely on project-related expenses. Yearly earnings and net assets at the end of each fiscal year indicate the organization is consistently stable and trending upward. However, after a closer analysis of the data, the two main factors calling its stability into question for the future are its “intentionally vague” mission statement and the absence of a professional staff.

__259 Burnett, interview.__
Kinnara’s expenses align beautifully with its mission by focusing the majority of expenses on artists and programs at large.

![Expense Growth, Fiscal Years 2010–15](image)

**Figure 6.3. Expense Growth, Fiscal Years 2010–15.** See Appendix M for additional data.

The lack of managerial expenses—due to the working board at the center of its current model—consistently secures its financial stability. However, this imbalance in expenses could prompt a fall into instability in the future. The 50/50 start for program and management expenses is healthy and normal. The immediate spike in management expenses is also not terribly concerning; as fiscal year 2010 was its first year as a nonprofit, the majority of the managerial costs in that year are fixed and related to start-up fees, lawyer fees, and first-time bank fees. The 86% drop in management expenses between fiscal years 2013 and 2014, in addition to the 102% spike in program expenses, is the first sign of real imbalance.\(^{260}\) The data from the tax forms point to a category labeled “corporate and professional fees,” a predictably ambiguous category which provides very little insight without consulting the actual expense records. After this,

\(^{260}\) Appendix M.
program expenses continue to rise while management expenses gain 5% of ground, a
negligible amount from a macro perspective.

To further illustrate the expense imbalance, Figures 6.4 and 6.5 examine the
expenditure diversification for fiscal year 2010, Kinnara’s inaugural season as a
nonprofit, and fiscal year 2015, the final year available on public record at the time of this
writing.

Figure 6.4. Expense Diversification, Fiscal Year 2010. See Appendix M for additional data.

The commitment to program expenses increase over a six year period is a creative and
effective way to establish an organization; it creates good will amongst the artists due to
the continually rising pay scale, and allows the ensemble to build a reputation quickly,
rather than spending time and assets creating an administrative foundation and hoping the
product will bloom with limited capital. However, Burnett states in his interview that
balancing expenses is a major priority for the board going forward, and the numbers
suggest that those priorities are correct.
While this path has been an effective way to establish Kinnara’s artistic reputation, the organization will need to diversify expenses in order to solicit substantial growth.

Figure 6.5. Expense Diversification, Fiscal Year 2015. See Appendix M for additional data.

Kinnara is currently exploring expense balance through subsidizing costs. Subsidizations such as endowed singer positions and concert underwriting will go a long way toward balancing program expenses. The artist fee will stay the same and conservatively increase, while the monies previously funding said items would be available for other managerial items such as office rental or staff hires. The proper ratio between program, management, and fundraising expenses will vary based on the organization and stage of its development; however, the history of other organizations suggest that management expenses must increase before eventually decreasing.

Kinnara is stable with its current model, and will continue to be through the acquisition of key players—such as a grant writer in the past year\textsuperscript{261}—to its board and volunteer corps. However, the data suggests this model is too dependent on human resources rather than systems. The hiring of and budgeting for professional staff is a cost.

\textsuperscript{261} Burnett, interview.
that will likely triple the current operating budget in management expenses alone.

Without a professional staff, the organization appears to lack the human bandwidth to obtain the capital necessary to take the next step forward while maintaining its hard-earned stability.\footnote{262}

Revenue data confirms the implication that a professional staff is necessary for further organizational growth and stability. This manifests throughout revenue generating activities, but is most apparent in Kinnara’s inability to secure government, corporate, foundational support consistently. The organization currently excels in the area where boards often excel: individual donations. Whether through personal donations or the solicitation of friends and colleagues, obtaining donations is the primary responsibility of a board of directors, and Kinnara’s board is exceptional at it, with an average increase of 57% and—even more impressively—67% increase over the last two

\footnote{262 As of the Fall of 2016, Kinnara is actively exploring the transition toward incorporating a managing director as its first full-time staff hire.}
fiscal years.\textsuperscript{263} While corporate and foundational grants are trending in the right direction, they lack the steep increases present in the individual donations. Burnett’s suggestion that this is a human resources issue is an astute one; grants are the most time-intensive sort of funding, with not only extensive applications but also the necessary data tracking after the initial receipt of the grant. This in addition to the development of relationships with corporate and foundational partners is too much for one working board to accomplish at the same level of efficiency as its work with individual donations. Investing in paid staff could be a classic case of spending more to make more.

Burnett speaks for the board when he discusses its desire to find more ways to increase ticket sales. According to revenue diversification data, increasing program service revenue is the key to stabilizing its revenue imbalance. However, as concerts are the only current program activity undertaken by Kinnara, it is safe to infer that program revenue reflects ticket sales. At $25/ticket, this comes out to around 302 tickets sold on average per season over the past six seasons. These inclinations fall in line with nonprofit price discrimination principles; more ticket sales mean more audiences, which in turn means a larger base of willing donors in addition to the increased income from ticket sales and eventually additional concerts.

\textsuperscript{263} Appendix M.
However, this alone may not have a dramatic effect on the diversification data, as donations will hypothetically rise with program service revenue.

Another key to unlocking this problem may lie in diversifying project-related activities. Similar to how paid staff would assist with diversifying direct public support, increased human resources dedicated to additional program services could have a serious impact on Kinnara’s current revenue practices. The organization is well on its way to addressing this obstacle with the aforementioned commercial recording project as well as the exploration of outreach activities with pre-professional undergraduates at area colleges. These activities can serve a two-fold purpose; outreach not only increases awareness of the ensemble in the community, but also if incorporated into the concert experience, will raise ticket sales through supportive parents, teachers, and colleagues attending to see their student perform with Princeton’s leading professional choir. Additionally, any costs for these activities could eventually be subsidized through specific grants or donations tailored toward outreach. The ability to pursue these additional projects successfully and efficiently would be greatly enhanced by paid administrative support staff.
Kinnara’s mission to “engage the public in exemplary choral experiences that speak to the modern soul”264 is sufficiently fulfilled through a priority on project-related expenses that, in theory, bring the highest possible quality product to the public. However, the data suggests returns from project revenue are not sufficient. Burnett’s goal to “speak a little less to the academic audience and a little more to the whole person and offer flexibility in our programming to carve out that niche”265 is excellent, and has helped Kinnara arrive at an admirable level of success in a highly competitive market. However, it seems to serve more as a vision statement for the organization rather than an operational mission. Kinnara is at the precipice of greater growth and continued stability; in order to make the adjustments the data suggests it seeks, a revamped mission statement focusing more on board-established directives should play a major role in that effort.

In conclusion, the most important analysis derives from Figure 6.8. Kinnara Ensemble is growing at a staggering average rate of 97%, thanks in large part to the hybrid project-based model and artistic excellence due to its financial focus on project revenue. They have an astute artistic director who has vast experience in the field, and a highly capable board that is analyzing all of the data available to it in order to keep Kinnara progressing at or near the current trajectory.

\footnote{264 “Home Page,” Kinnara Ensemble, accessed September 23, 2016, \url{http://www.kinnaraensemble.org}.}
\footnote{265 Burnett, interview.}
While 97% may not be sustainable for the life of the organization, evidence shows this leadership team will do all within its power to create a stable environment for Kinnara Ensemble to flourish.

![Graph showing Total Expenses, Total Revenue, Net Assets, Fiscal Years 2010–15.](image)

**Figure 6.8.** Total Expenses, Total Revenue, Net Assets, Fiscal Years 2010–15. See Appendix N for additional data.

**The Future**

Of the hybrid project-based ensemble, Burnett believes that as long as the model meets the artistic needs of the ensemble, the hybridization will remain intact.

...I think it connects us to the community in a unique way, and provides a little bit of service to singers that are in the area and provides them an opportunity to practice their craft and be compensated for it. I don’t know if that’s going to be a tenable situation for the life of our organization... but I do feel personally committed to make that work as long as we can.\(^\text{266}\)

\(^{266}\) Burnett, interview.
Chapter 7

Global Trends

After extensive analysis of each organization, the following trends manifested which applied throughout the current lifespan of all three ensembles.

• Continuity of organizational leadership is paramount to solicit any type of growth. Most importantly, the leadership structure should be built on a well-vetted, directive-based mission statement.

• Organizational success and cohesion is best achieved when artistic and administrative operations are predicated on the directives found in the mission statement.

• There is not a perfect model for every project-based choir. The perfection of the model is adaptability to market needs.

• Significant organizational growth necessitates risk taking, and is done most effectively through leadership awareness of its relationship with the expense-revenue stability threshold.

• Itemized information regarding expenses and revenue is critical in order to analyze trends and evaluate risk.

• Artistic excellence should be the top organizational priority, and should govern mission, expenses, and revenue generation.

A closer look at these collective trends through comparison and contrast between organizations will produce refine trends applicable throughout the project-based professional choir community.
Mission Statement Analysis

Matthew Sigman provides a sort of model for mission statement analysis in his book *The Chorus Leadership Guide* published by Chorus America. His differentiation between vision and mission is critical, as the directive nature of a mission statement as opposed to the idealistic nature of a vision statement makes a major impact on organizational efficiency. Three of his points relate most to project-based ensembles: First, “[the mission statement] should be consistent with the aspirations as well as the abilities of the organization and its community.”267 In his first point, Sigman reaffirms the market-oriented approached at the center of the project-based model. Second, “actualizing aspirations requires not just money, but sustained tradition, leadership, enthusiasm, and the active engagement of multiple constituencies.”268 This confirms the maturation process of Seraphic Fire, who maintained consistent growth for seven years until a combination of new leadership and the reassignment of organizational priorities jostled them briefly off mission. Lastly, “The best vision and mission statements are also practical tools for decision making. By defining genre, geography, audience, and objective they prevent ‘scope creep,’ the inevitable phenomenon of too many people with too many good ideas.”269 The “scope creep” espoused by Sigman is an overarching trend, and can explain many of the obstacles encountered by all three organizations.

The Desert Chorale’s inaugural mission—“To prepare and present to the Southwest a seasonal, diversified choral repertoire performed by an ensemble of professional voices,”—attempted at addressing genre, geography, and objective, but

268 Ibid.
269 Ibid.
lacked directive action while misunderstanding the aspirations and abilities of its community. The Desert Chorale’s founder Larry Bandfield attempted to clarify this mission with the principles upon which he founded the ensemble, emphasizing choral singing’s potential for societal change and the need to increase awareness of the art form among symphony patrons and operagoers. However, Bandfield’s highly idealistic goals placed the mission in the context of a vision statement, which led to major losses in its first two seasons due to an overestimation of program revenue. The board rectified the situation in 1985 with its adoption of financial stability as a major tenet of the operating mission, and doubled down on artistic quality while forgoing with the more idealistic aspirations centered on changing societal and musical norms. While the board did not change their official mission drastically—the elimination of “Southwest” reflected a national scope—the shift in operational priorities toward directives resulted in organizational growth.

The idea of a working mission and a public mission is common among all three organizations. Kinnara’s mission—“to engage the public in exemplary choral experiences that speak to the modern soul”—is an excellent vision statement, but lacks direction outside of loosely defining the audience, geography, objective, and genre. While the organization purports the mission as “intentionally vague”\textsuperscript{270} to allow for flexibility of repertoire and location, the operational mission of providing professional singing opportunities for young singers is what governs their expenses. Kinnara has identified the soul of its organization, and should not alter that drastically; however, the inclusion of an addendum, which delineates how they will achieve its objective to speak to the modern soul, would be a welcome enhancement.

\textsuperscript{270} Burnett, interview.
Seraphic Fire’s inaugural mission statement is a good example of an addendum attached to an organizational vision statement in order to create direction. The organization’s vision is “to present high-quality performances of under-performed music with cultural significance.” They define geography and audience by adding “to audiences in South Florida” at the end of its vision, already giving the statement 50% more vision through five words. This could easily read “to present high-quality performances of under-performed music with cultural significance to audiences in the San Francisco Bay Area,” or, “to audiences along the Gulf Coast,” and as such is a quick trick to incorporate quick and easy scope into a mission statement. Seraphic fire simply adds a period at the end of this sentence, and goes on: “At the same time, Seraphic Fire aims to encourage the occupational advancement of young musicians by providing a forum for development and presentation of their talents.” This incorporates its secondary objective outside of presenting music to audiences, and lets audiences, donors, and employees know exactly where the organization expects to spend money and generate revenue.

Seraphic Fire’s mission-related struggle comes for the unwillingness to define genre in its mission. The organization adapted mission beautifully to its growing national prominence by eliminating the “audiences in South Florida” addendum, reflected its current roster of artists by removing “young” from the directive sentence, and incorporated the evolving education outreach initiative as a third directive with “promotes community well-being through musical education programs.” This expertly crafted statement surely has assisted Seraphic Fire with its journey from church choir to GRAMMY-nominated project-based professional ensemble, and allows for great
flexibility in program offerings each year. However, the failure to define genre is a high risk-high reward proposition as evidenced by Seraphic Fire’s first fifteen years.

The Desert Chorale’s 2015 mission has perhaps the opposite problem of Kinnara and Seraphic Fire; it lacks vision. This vision portion of the statement, “to promote the appreciation of choral music,” is fine. However, the directives—“enriching the lives of New Mexico residents and visitors through concerts, youth education programs, and community outreach activities, which are presented by an ensemble of professional singers of the highest caliber”—limits the creativity of the organization. This mission commits the chorale to three directives in which two of them do not explicitly address choral singing let alone performance, putting into question the purpose of presentations with an ensemble of high caliber professional singers. These directives encourage an unhealthy diversification of expenses, while limiting a nationally renowned ensemble to a very specific geography better fit for a regionally-based ensemble.

Each of these mission statements was and in some cases is perfectly sufficient for each organizations. Each ensemble consistently receives critical and public acclaim, and has achieved enough excellence to become the topic of a major research study. That being said, each of these missions has at least one aspect that, if not governed properly, could lead the organization toward certain instability. Seraphic Fire and the Santa Fe Desert Chorale have already exhibited this in each organization’s history, and in the Desert Chorale’s case, more than once. Due to the increased expenses implicit in the project-based model, risk management is at an even higher premium than similar regionally-based choirs. However, all three organizations have also exhibited great stability, and in several cases set the standard for the industry. This stability ideal is
predicated upon an understanding of the expense-revenue stability threshold and its relationship with mission and market-based operations.

**Stability Threshold and Market-Based Models**

As defined by examples in previous chapters, the expense-revenue stability threshold is the line at which expenses and revenues meet, with trends of stable surplus on one side and trends of unstable deficit on the other. The key is in the trend and direction; while the threshold point is determinable by the crossing of expense and revenue totals, stability or instability can only be defined by a trend of two or more years. The key to forecasting potential risk or reward resides in evaluating revenue and expense diversification trends and implementing systems to consistently address said trends. Making bold revenue generating decisions is far more manageable if there is a fiscal safety net under the tight rope of risk. In the case of project-based professional choirs, these decisions about business model must be market-based in order to ascend to the proverbial platform, let alone walk across to the other side.

Each of these organizations has made market-based decisions in the construction of its current models. Table 3 gives an overview of the model each organization follows in constructing its season and ensemble, as well as compensating artists. The structure of each project, and in turn season, is built upon price discrimination principles.
<table>
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<th>Organization</th>
<th>Model</th>
<th>Identifying Factors</th>
<th>Compensation Structure</th>
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| Santa Fe Desert Chorale | Project-based residency | Summer season that produces at least 4 projects over the span of 5 weeks. Winter season produces 1 project over 10 days. Occasional fall or spring tours that last no longer than 2 weeks. Ensemble normally 24 singers. | Artist fee – one contract, several projects  
Travel – reimbursement up to $500, rental car  
Housing – private home stays, vacation rentals  
Food – per diem, occasional meals |
| Seraphic Fire | week-long projects | Season runs from October–May, with at least eight 7–8 day projects a year. Additional or extended projects for special events such as tours or collaborations with other arts organizations. Ensemble normally 13 singers, flexible upon needs of the project. | Artist fee – separate contract each project  
Travel – booked flight, checked bag, rental car  
Housing – private home stays, hotels  
Food – Per diem |
| Kinnara Ensemble | week-long projects hybrid | Season runs October–May with 3–4 seasonal projects a season. Ensemble normally 32 singers, flexible upon needs of the project. | Artist fee – separate contract each project  
Travel – 3-tiered system based on distance  
Housing – private home stays, live locally  
Food – regularly provided lunches |

Bandfield learned in 1983 that thirty-seven concerts was far too many to present in one season, as the audiences were generally under-filled. He shifted to twenty-four concerts of three projects in 1984, and Habermann has settled that number to around fifteen to eighteen a summer, with seven in the winter.\(^{271}\) When Quigley moved to the project-based model, time constraints necessitated no more than four concerts per project;

\(^{271}\) 33rd Annual Summer Festival.
rehearsal Saturday night through Wednesday night, and concerts beginning Thursday and
going through the weekend ending with a Sunday matinee. This keeps Seraphic Fire at
the front of audiences’ minds for an eight-month period in a city notoriously ripe with
entertainment options. Kinnara follows a similar pattern to Seraphic Fire for many of the
same reasons, though they generally only present three concerts per project.

The size of the ensemble is largely determined by the director, however market
oriented project-based costs also play a factor. Desert Chorale uses different
combinations of its artists for the summer projects, with a full twenty-four-voice project
augmented by eight-voice and sixteen-voice cameo concerts.\(^{272}\) Additionally,
Habermann will sometimes expand the ensemble to 32 should he program a project that
demands more forces.\(^{273}\) This residential model is possible due to the high number of
vacation rentals in Santa Fe, though they are filled quickly in the summer due to cultural
tourism. Quigley moved to thirteen from eight, though like Habermann adapts the size
of the ensemble based on project demand.\(^{274}\) Kinnara’s thirty-two is relatively stable as it
is the conductor’s preference,\(^ {275}\) and is made possible through its model; with a good
number of the ensemble living in the greater Princeton area, the organization subsidizes
costs through not providing a per diem and providing travel in tiers in addition to not
paying travel for a majority of the ensemble. This model would never work in Santa Fe,
where a lack of human resources has required the organization to implant singers since
1983. Thirteen singers allows Seraphic Fire housing flexibility in a metropolitan area
that is short on homes with private available space but high on hotel rooms.

\(^{272}\) 33\(^{rd}\) Annual Summer Festival.
\(^{273}\) Ibid.
\(^{274}\) 2014-2015 Seraphic Fire Season.
\(^{275}\) Burnett, interview.
An additional factor in constructing a model is the management of cash flow considerations. For example, Seraphic Fire intentionally programs its big expense—and consequently big revenue—programs November through February; this is around the holidays when patrons are most willing to give, as well as the peak of snowbird season in Miami and its surrounding areas. Thus in October and May they generally plan a more artistically adventurous program, as the audience will primarily be drawn from the subscriber base. This allows for a small cushion of cash as the organization prepares for November, and a late influx of program related revenue in May to finish out the fiscal year. Desert Chorale begins the fiscal year in January, just after its more lucrative winter season; with Santa Fe Opera and the Santa Fe Chamber Music Festival not producing concerts, the organization consistently sells out large venues while still accounting for end-of-year appeals. The organization simply has to operate as lean as possible from January–July to ensure cash flow is prepared for the arrival of the artists and the production of the less lucrative but artistically excellent summer season. These are two examples Kinnara should keep in mind as they aim to increase program revenue; market influences everything, even fiscal year.

These market and project-based financial factors are critical in correctly identifying revenue and expense trends. This is the blessing and the curse of the project-based model; an organization has the flexibility to do whatever it wants, but in order to ensure any semblance of stability, it must adapt the entire structure to the needs of the individual market. The Santa Fe Desert Chorale’s first five years are an excellent example of failing to identify market trends initially, and changing course in order to cross back over the expense-revenue stability threshold.

Del Campo, interview.
Comparative Analysis

Larry Bandfield’s idealized mission to bring the city of Santa Fe a Mendelssohnian singing society led to a misevaluation of his the market.

![Graph showing total revenue, total expenses, and total cash end of period from 1982 to 1986.]

Figure 7.1. Santa Fe Desert Chorale Total Expense, Total Revenue, Net Assets, Fiscal Years 1982–1986. See Appendix B for additional data.

After raising significant funds in order to begin the Desert Chorale as a relatively mature organization, Bandfield’s vision overcame practicality due to an insufficient mission. Additionally, expense diversification suggests that the ratio was too even; Bandfield and the Desert Chorale needed to pick between establishing an administrative structure or putting on an expansive, four project, thirty-seven-concert summer festival. Bandfield wanted both, which resulted in overspending.

Fiscal irresponsibility resulted in the highest yearly expense of the period, also the organization’s greatest yearly deficit. However, this is only half of the story. Bandfield was certain audiences would feel immediately drawn to this new professional choir; he formed these conclusions around a nineteenth century precedent, and had no available data with which to project potential revenue or predict audience habits. Revenue
Diversification shows this gap in expense-revenue projection, with ticket sales accounting for only 16% of the total revenue, an underwhelming $25,874 over 37 concerts.

The misevaluation of market interest, lack of regard for price discrimination principles, and over-budget spending due to a lack of directive within mission statement led to the Desert Chorale’s greatest deficit of the period in its inaugural season, moving them well past the expense-revenue stability threshold toward instability. Fiscal year 1985’s reevaluation of mission and priorities charted the Desert Chorale on a course toward its first threshold point. Fiscal year 1986—the Desert Chorale’s fourth season—was the first budget surplus in the organization’s history, implying a greater understanding of market and flexibility to adapt spending around market-based needs.
Expense diversification for Fiscal Year 1986 reflected wiser management of expenses, and a greater shift toward program services reflected a recommitment to artist excellence as the paramount organization priority.

Additionally, revenue diversification also reflected a greater understanding of the market, with a 3% increase in program revenue with two-thirds the number of concerts from 1983, suggesting an increase in giving per price discrimination theory. These improved results indicate greater understanding of the Santa Fe market, an adjusted mission to “accommodate the aspirations and abilities of the community,”\textsuperscript{277} and an understanding of expense and revenue trends that revealed the expense-revenue stability threshold before it was too late.

\textsuperscript{277} Siedman, \textit{Choral Leadership Guide} 9.
With a 37% increase in net assets—a difference of $15,407 between expenses and revenue—the Desert Chorale burst through the stability threshold on a path out of debt and toward organizational stability.

![Pie chart showing revenue diversification](image)

Figure 7.4. Santa Fe Desert Chorale Revenue Diversification, Fiscal Year 1986. See Appendix B for additional data.

When compared with the first five incorporated years of Seraphic Fire, the Desert Chorale’s stumble out of the gate teaches a valuable lesson about the importance of trend information and risk management.

Thanks to early sponsorship from the Church of the Epiphany, Seraphic Fire had subsidized time to identify its audience and assess its market, leading to a mature, directive mission statement from the onset of its 2005 incorporation. This would mark the ensemble’s fourth year of performing in Miami, though only the first as an incorporated nonprofit.
Just like the Desert Chorale, Seraphic Fire identified what they needed in order to take the next step as an organization at the completion of its third fiscal year.

![Figure 7.5. Seraphic Fire Total Expense, Total Revenue, Net Assets, Fiscal Years 2004-08. See Appendix H for additional data.](image)

However, unlike the Desert Chorale, Seraphic Fire had a $26,701 cushion in net assets; additionally, the organization had four years of identifying audience attendance trends as well as reliable annual giving. The data implies that Quigley and Schulte identified a reliable safety net in direct public support and existing net assets. As a result, the organization doubled down on the performance-centric directives contained in its mission, with an understanding that an improved product would illicit greater ticket sales, which through price discrimination would lead to heightened giving further down the road.
Revenue data backs up the decision to willfully cross the expense-revenue threshold, with an 84% increase in direct public support in addition to a 164% increase in program revenue, softening the deficit blow and keeping the organization’s net assets in the black.

Figure 7.6. Seraphic Fire Revenue Distribution, Fiscal Year 2006. See Appendix H for additional data.

Seraphic Fire also understood that such robust trends in giving and artistic excellence made the organization a viable candidate for government and foundation giving. Thus, unlike the Desert Chorale’s race to organizational maturity that led them off mission, Seraphic Fire managed risk through identification of a deficit buffer in direct public support trends, an understanding of a market desire for increased quality, and a commitment to preexisting mission directives to present high-quality music.
The risk was increasing program expenses by 65%—a $115,428 increase—to expand the quality and quantity of programming; the reward was a $280,000 seed grant from the Knight foundation to create the Firebird Chamber Orchestra, doubling programming opportunities and collaterally increasing program and giving revenue, thrusting the organization back into the surplus side of the expense-revenue stability threshold.

![Figure 7.7. Seraphic Fire Revenue Diversification, Fiscal Year 2007. See Appendix H for additional data.](image)

Through six years of incorporation, Kinnara Ensemble has shown no propensity for risk, resulting in no major reward outside of the incremental rise of net assets. Both the action and the result in this situation are easily justified by the model and market. The oversaturated classical music market in Princeton and the greater New York metro area would caution against a steep increase in program expenses, as a 40% increase in program revenue is two-thirds of the 60% increase in program expenses throughout the same period. Additionally, as the hybrid week-long project model does not require extreme spending on project-based costs, the only area in which to increase program
expenses would be additional concerts, negating what price discrimination momentum currently exists.

Kinnara has two modest threshold points on either side of its fifth year of incorporation, fiscal year 2014. However, the relatively small amount of money in play, the one-year sample size, and the overall trend of net assets suggest this is more of a stability aberration than a trend. Curiously, this stands in contrast to Seraphic Fire and the Desert Chorale, whose expense-revenue stability threshold turning point occurred in year five after a reconciliation of mission with the market in year four. The data suggests this trend doesn’t apply to Kinnara due to the false sense of security provided by the hybrid model; with no major expenses and a working board, the ensemble’s fiscal force has been directed exclusively toward the artistic product and has outpaced the organizational infrastructure, creating a catch-22 resulting in slower growth. As referenced in chapter 6, Kinnara’s path to its next phase of organizational maturity may
necessitate a spike in expenses similar to Seraphic Fire circa 2006, with an emphasis on increased managerial costs rather than program expenses.

Figure 7.9. Kinnara Ensemble Expense Diversification, Fiscal Year 2015. See Appendix M for additional data.

Extreme expense imbalance supports the theory of an expense shift with only $779 spent on managerial costs in 2015, the year after the threshold point. Additionally, the 58% average increase in direct public support over the six-year period identifies a trend of steady and willing annual giving. With a $36,858 cushion in net assets, there are eerie similarities to Seraphic Fire circa fiscal year 2005. Kinnara has an additional advantage in heavily subsidized project-based costs thanks to the hybrid model. Data suggests that the next few years are an ideal window to begin developing a professional staff, beginning with a managing director. In theory, a shift toward a managing director should greatly increase human resources with a full-time employee focused entirely on managing expenses and developing revenue, particularly in corporate, foundational, and government contributions untapped by the organization. Additionally, the hiring of professional staff creates the ideal situation for a reevaluation of mission, giving the
board a chance to add more directive-based priorities to its well-established organizational vision.

Seraphic Fire’s progression since its grant-based coup in 2007 establishes several lessons worth noting regarding the adaptation of mission to changing financial and leadership circumstances.

As determined in Chapter 5, Seraphic Fire also settled into a certain false sense of security due to a steep increase in total assets in 2007. In hindsight, an additional seed grant for the Miami Choral Academy built the sort of restraint exhibited in the Desert Chorale’s 2015 mission; while the grant-funded expansion of programs raised the artistic profile of the organization, it also necessitated an increase in expenses based on a one-time significant increase in revenue. This lack of stability is reflected in the threshold
point between 2008 and 2009, with the duration from 2008 to 2011 establishing a concerning trend through the threshold toward instability. The most concerning trend is the referenced overreliance on the deceptive direct public support statistics during this period; revenue diversification paints a relatively healthy picture, but the subsequent 33% decrease in direct public support due to grant-based spending created an overdependence on the less-stable program revenue, which peaked at 63% of total revenue in 2010.

2008 also marked the first hiring of a fulltime managing director. The sudden change in leadership, while not substantiated, also could have had an effect on mission and administration through the disruption of sustained tradition and leadership referenced by Sigman.²⁷⁸

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The following four years saw a significant period of growth under a new managing director back through the expense-revenue stability threshold. However, in fiscal year 2013 an apparent struggle ensued on the front lines of the stability threshold, which by fiscal year 2014 had yet to be wholly resolved. Now employing its third managing director since the initial shift in 2008, organizations should look to Seraphic Fire as a model to ensure a commitment to mission-based fiscal activity by board, artistic, and administrative leadership, as even a slight deviation from mission can create several years of course corrections.

![Figure 7.12. Santa Fe Desert Chorale, Total Expense, Total Revenue, Net Assets, Fiscal Years 2011–2015. See Appendix E for additional data.](image)

While in-depth comparison is not necessary to establish a trend at this point, the Desert Chorale endured a similar period of insecurity during the same timeframe, employing three full-time and three interim executive directors in seven years. Fiscal Year 2014 was particularly concerning, with 52% net loss under the supervision of two separate interim executive directors.
Conclusions

Five major trends stand out from the comparison of these organizations with different approaches to the project-based model. First, market-based mission directives are the key to establishing a stable project-based model. Each model will be slightly different based on the needs of the market, but the basic principles of finding ways to subsidize project-based costs in order to present a world-class product at a manageable price point that is equipped for growth will permeate no matter the project-based format. Second, the expense-revenue stability threshold is critical in determining long-term trends, while extrapolating trends into actionable directives necessitates itemized expense and revenue diversification analysis. This statistical analysis leads to informed risk management, which is necessary to achieve substantial organizational growth.

Comparison between the first five years of Seraphic Fire and the Santa Fe Desert Chorale identified a five-year growth trend that recognizes market needs by the third fiscal year, evaluates risk and executes a trend-based plan in the fourth fiscal year in order to achieve substantial organizational growth by the fifth fiscal year. That five-year strategic plan is predicated on risk management through identification of a deficit buffer, an understanding of market desires, and a commitment to mission-centric directives. Kinnara Ensemble’s six-year history casts some doubt on the efficacy of that plan with the hybrid week-long project model, but additional data is needed. Lastly, some full-time staff is required in order to stay consistently above the expense-revenue stability threshold. With human resources at a premium, full time staff play a vital role in gaining access to corporate, government, and foundational grants, while also building relationships with current and potential donors and streamlining artistic operations.
Chapter 8

Conclusion

The purpose of this study was to examine the recent phenomenon of project-based professional choirs through a comparative analysis of the business models of three leading project-based professional choirs. A narrative historical tracing of each organization through financial and historical records provided answers to the following questions:

1. In what ways do the identified approaches toward economic growth and stability expressed by the following organizations align with or differ from each other?
   a. Seraphic Fire,
   b. Santa Fe Desert Chorale, and
   c. Kinnara Ensemble.

2. How do the managers of these three organizations overcome challenges regarding economic growth and stability, specifically regarding their approaches toward:
   a. Program services,
   b. Management services, and
   c. Fundraising

3. What is expressed in the mission statements of the three organizations and how does it inform operational business models?

These questions were contextualized through a review of pertinent nonprofit, arts nonprofits, and professional choir literature. They were addressed through a major
analysis of public domain financial data, internal and public historical records, as well as interviews with current administrators in each organization. The resulting analysis identified major trends in the founding, operations, and future growth of each organization through an examination of the first and last five years of existence, determining the stability of each model. A comparative analysis produced global trends that identified the expense-revenue stability threshold and its relationship to risk management and organizational growth, particularly through the first five years of existence. Additionally, the analysis confirmed the nonprofit literature’s emphasis on mission statement directives and the importance of arts nonprofit tools such as price discrimination, revenue diversification, and market-oriented operations.

**Implications of the Study and Need for Future Research**

Analysis models produced by this study can serve as a starting point for organizations looking to evaluate stability with expense and revenue results rather than the ambiguous figures reported on the 990. Additionally, the importance of record keeping and a well-vetted mission statement should have an important impact throughout the early years of project-based organizations; proper budgeting and record keeping results in the more accurate identification of trends, which will lead to greater stability and potential growth. The trends around founding years identified in this study can also stand as a model for future arts entrepreneurs looking to introduce a project-based professional choir to their own markets.

The most important implication of this study is the clear need for future research. As the first study of its kind on the project-based professional choir model, this study will
hopefully be just the first voice in a growing conversation about one of the fastest growing organizational models in the performing arts. Further historical tracing and analysis of trends centered on each specific organizational models would produce more directly applicable results for boards looking to replicate past success. There are several other organizations doing great work around the United States that follow similar models; Austin-based Conspirare is one of the pioneering organizations in the week-long project model, with other colleagues such GRAMMY-nominated True Concord (Tucson, AZ) and Spire Chamber Ensemble (Kansas City, MO) following in its footsteps. While the Desert Chorale’s model is not widely duplicated due to market-oriented needs, Kinnara’s week-long project hybrid has sprouted in other metropolitan areas with historically strong choral traditions; Salt Lake City’s Brevitas and New England’s Skylark Vocal Ensemble are other hybrid-model ensembles that qualify for further study. Additionally, an exploration into the nation’s growing gender-specific project-based choirs such as Boston-based Lorelei, Washington DC’s Brethren, and New York-based men’s ensemble Trident could be valuable in determining its potential in other markets.

Another line of study that sprouts from this research centers on the artists who sing in these ensembles. Many of the nation’s leading project-based choirs include a similar list of artists on each of its rosters, which leads to artistic and management questions surrounding singer compensation, professional lifestyle, and the ability to consistently make a living when the majority of the artist’s work is done on the road. Details such as how artists claim permanent residency, manage personal costs, and maintain health on the road could highlight valuable information for collegiate voice teachers and choral directors when advising students. Additionally, a study investigating
the ideal artistic attributes of project-based ensemble singers and how to develop them could have a major impact on the future of singer employability, as well as the versatility of collegiate voice programs nationwide.

**Justification for the Model**

Rationale for commitment to the model varies from organization to organization, but all concur that the project-based professional choir model allows the most financial and creative flexibility to pursue artistic excellence, serve its market, and create a culture for the development of current and future singers. Del Campo emphasized the flexibility of not only repertoire but also the ability to hire the best singers in the country at that music:

> We can go from Glass Einstein on the Beach to some French requiems and have the right artistic performers for that. Like last year [2015–2016 season] we did Brahms Requiem and then followed that up the next week by doing some Reich [Desert Music] at the New World Symphony. So I think one is just artistic flexibility, we’re not married to one particular style.²⁷⁹

Mayer also emphasized this point:

> The project aspect of it really gives [Artistic Director Joshua Habermann] a lot more flexibility in terms of engaging the people that are right for the particular repertoire… Because we are able to recruit from a national pool, we do. So if he’s doing romantic music he can bring in some voices suitable to that, if he’s doing early music he can bring in some voices suitable to that, and in the case of specialty artists like a Glenn Miller [basso profundo] when you need a particular talent and a particular skill, he has the flexibility to bring in the artists that meet that need.²⁸⁰

Burnett puts particular emphasis on how the culture of Kinnara is enriched due to the inclusion of singers from throughout the country augmenting its local artists:

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²⁷⁹ Del Campo, interview.
²⁸⁰ Mayer, interview.
I like that idea of bringing in people who live in really kind of academic cities and combining those people with people who live in rural areas and really bohemian areas and our local people many of whom are Westminster—but we have many of whom are not Westminster alumni—that sort of choral hegemony, that sort of philosophical hegemony amongst our singers.\textsuperscript{281}

When asked if the challenges implicit with the project-based model are worth the resulting artistic product, all of the managers answered with a resounding yes. Del Campo emphasizes the financial sustainability that the model produces, that “If we sense a lean year coming up, perhaps we’re sensing pullback from state support or some other factor, we can plan accordingly.”\textsuperscript{282} Mayer recognizes market influence on the structure of her organization and identifies it as the only reason the Desert Chorale has endured the last thirty-five years. “I never met Larry Bandfield the founder so I can’t pretend to have read his mind—but I think that the structure very much follows where we live and the fact that we have two very distinct high population periods of time here and I think he programmed during those periods to be able to reach out to the broadest audience.”\textsuperscript{283}

Burnett identifies the role of exponential artist improvement through high-level experience and repetition as a tenet that affords the project-based model greater artistic potential.

I guess one of the tenets that I left off just a second ago is that because there are people out there able to devote a fair amount of their professional singing lives to ensemble singing, that’s a set of skills that gets really finely honed and refined, and I think that’s a great thing. I think it enhances all of our musical products when people come in and this is really what they do. So I think it does elevate the possibilities for artistic excellence.\textsuperscript{284}

After careful analysis, the future prospects of the project-based professional choir appear to brighten each year. With new ensembles sprouting throughout the country,

\textsuperscript{281} Burnett, interview. \\
\textsuperscript{282} Del Campo, interview. \\
\textsuperscript{283} Mayer, interview. \\
\textsuperscript{284} Burnett, interview.
audiences will hopefully look back on this period as the beginning of a new golden age in American choral singing. Administrations will reach the bar of excellence set by the ensembles they support as business models stabilize and trends solidify. Additionally, with economic and governmental change from election to election, the need for a stable, verifiable, market-based arts nonprofit model has never been greater. The project-based professional choir model has the opportunity to be on the forefront of that revolution.
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APPENDIX A

SANTA FE DESERT CHORALE EXPENSES DATA
FISCAL YEARS 1982-1986

Analysis of Program Services, Management and General, Fundraising, and Other
Expenses; expense differential (year-to-year difference) and diversification (percentage
of total) analyzed by fiscal year as well as five-year average. Headings include financial
totals represented through dollars as well as expense differential and diversification
represented by percentages, resulting in fiscal period dollar totals, dollar averages,
and differential averages. Diversification of the fiscal period averages and totals are
also represented. Digital access to the data set is available through an Excel
worksheet via the scholarly repository.
APPENDIX B

SANTA FE DESERT CHORALE REVENUE DATA
FISCAL YEARS 1982-1986

Analysis of Direct Public Support, Government Contribution, Program Service Revenue, Other Revenue, Interest/Investment Income, and Fundraising; revenue differential (year-to-year difference), diversification (percentage of total), and net asset trends analyzed by fiscal year as well as five-year average. Headings include financial totals represented through dollars as well as revenue differential and diversification represented by percentages, resulting in fiscal period dollar totals, dollar averages, and differential averages. Diversification of the fiscal period averages and totals are also represented. Also included is a differential analysis of total expenses, total revenue, and total net assets for the fiscal period. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX C

SANTA FE DESERT CHORALE ITEMIZED EXPENSES DATA
EXTRAPOLATED FROM FORM 990, FISCAL YEARS 1982-1986

Itemization of Program Services, Management and General, Fundraising, and Other Expenses; Analysis of expense distribution within each category, as well as diversification percentage of the total by category. Headings include financial totals represented through dollars as well as expenses diversification represented by percentages. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX D
SANTA FE DESERT CHORALE EXPENSES DATA
FISCAL YEARS 2011-2015

Analysis of Program Services, Management and General, Fundraising, and Other Expenses; expense differential (year-to-year difference) and diversification (percentage of total) analyzed by fiscal year as well as five-year average. Headings include financial totals represented through dollars as well as expense differential and diversification represented by percentages, resulting in fiscal period dollar totals, dollar averages, and differential averages. Diversification of the fiscal period averages and totals are also represented. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX E

SANTA FE DESERT CHORALE REVENUE DATA
FISCAL YEARS 2011-2015

Analysis of Direct Public Support, Government Contribution, Program Service Revenue, Other Revenue, Interest/Investment Income, and Fundraising; revenue differential (year-to-year difference), diversification (percentage of total), and net asset trends analyzed by fiscal year as well as five-year average. Headings include financial totals represented through dollars as well as revenue differential and diversification represented by percentages, resulting in fiscal period dollar totals, dollar averages, and differential averages. Diversification of the fiscal period averages and totals are also represented. Also included is a differential analysis of total expenses, total revenue, and total net assets for the fiscal period. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX F

SANTA FE DESERT CHORALE ITEMIZED EXPENSES DATA
EXTRAPOLATED FROM FORM 990, FISCAL YEARS 2011-2015

Itemization of Program Services, Management and General, Fundraising, and Other Expenses; Analysis of expense distribution within each category, as well as diversification percentage of the total by category. Headings include financial totals represented through dollars as well as expenses diversification represented by percentages. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
Analysis of Program Services, Management and General, Fundraising, and Other Expenses; expense differential (year-to-year difference) and diversification (percentage of total) analyzed by fiscal year as well as five-year average. Headings include financial totals represented through dollars as well as expense differential and diversification represented by percentages, resulting in fiscal period dollar totals, dollar averages, and differential averages. Diversification of the fiscal period averages and totals are also represented. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX H

SERAPHIC FIRE REVENUE DATA
FISCAL YEARS 2004-2008

Analysis of Direct Public Support, Government Contribution, Program Service Revenue, Other Revenue, Interest/Investment Income, and Fundraising; revenue differential (year-to-year difference), diversification (percentage of total), and net asset trends analyzed by fiscal year as well as five-year average. Headings include financial totals represented through dollars as well as revenue differential and diversification represented by percentages, resulting in fiscal period dollar totals, dollar averages, and differential averages. Diversification of the fiscal period averages and totals are also represented. Also included is a differential analysis of total expenses, total revenue, and total net assets for the fiscal period. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX I

SERAPHIC FIRE ITEMIZED EXPENSES DATA
EXTRAPOLATED FROM FORM 990, FISCAL YEARS 2004-2008

Itemization of Program Services, Management and General, Fundraising, and Other Expenses; Analysis of expense distribution within each category, as well as diversification percentage of the total by category. Headings include financial totals represented through dollars as well as expenses diversification represented by percentages. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX J

SERAPHIC FIRE EXPENSES DATA
FISCAL YEARS 2010-2014

Analysis of Program Services, Management and General, Fundraising, and Other Expenses; expense differential (year-to-year difference) and diversification (percentage of total) analyzed by fiscal year as well as five-year average. Headings include financial totals represented through dollars as well as expense differential and diversification represented by percentages, resulting in fiscal period dollar totals, dollar averages, and differential averages. Diversification of the fiscal period averages and totals are also represented. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX K

SERAPHIC FIRE CHORALE REVENUE DATA,
FISCAL YEARS 2010-2014

Analysis of Direct Public Support, Government Contribution, Program Service Revenue, Other Revenue, Interest/Investment Income, and Fundraising; revenue differential (year-to-year difference), diversification (percentage of total), and net asset trends analyzed by fiscal year as well as five-year average. Headings include financial totals represented through dollars as well as revenue differential and diversification represented by percentages, resulting in fiscal period dollar totals, dollar averages, and differential averages. Diversification of the fiscal period averages and totals are also represented. Also included is a differential analysis of total expenses, total revenue, and total net assets for the fiscal period. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX L

SERAPHIC FIRE ITEMIZED EXPENSES DATA
EXTRAPOLATED FROM FORM 990, FISCAL YEARS 1982-1986

Itemization of Program Services, Management and General, Fundraising, and Other Expenses; Analysis of expense distribution within each category, as well as diversification percentage of the total by category. Headings include financial totals represented through dollars as well as expenses diversification represented by percentages. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX M

KINNARA ENSEMBLE EXPENSES DATA
FISCAL YEARS 2010-2015

Analysis of Program Services, Management and General, Fundraising, and Other Expenses; expense differential (year-to-year difference) and diversification (percentage of total) analyzed by fiscal year as well as five-year average. Headings include financial totals represented through dollars as well as expense differential and diversification represented by percentages, resulting in fiscal period dollar totals, dollar averages, and differential averages. Diversification of the fiscal period averages and totals are also represented. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
Analysis of Direct Public Support, Government Contribution, Program Service Revenue, Other Revenue, Interest/Investment Income, and Fundraising; revenue differential (year-to-year difference), diversification (percentage of total), and net asset trends analyzed by fiscal year as well as five-year average. Headings include financial totals represented through dollars as well as revenue differential and diversification represented by percentages, resulting in fiscal period dollar totals, dollar averages, and differential averages. Diversification of the fiscal period averages and totals are also represented. Also included is a differential analysis of total expenses, total revenue, and total net assets for the fiscal period. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
APPENDIX O

KINNARA ENSEMBLE ITEMIZED EXPENSES DATA
EXTRAPOLATED FROM FORM 990, FISCAL YEARS 2010-2015

Itemization of Program Services, Management and General, Fundraising, and Other Expenses; Analysis of expense distribution within each category, as well as diversification percentage of the total by category. Headings include financial totals represented through dollars as well as expenses diversification represented by percentages. Digital access to the data set is available through an Excel worksheet via the scholarly repository.
KN: What unique challenges does the Santa Fe market present your organization?

JM: Well Santa Fe is a community of 70,000 people, and there are over 700 nonprofit organizations here. So the ratio of full time citizens to nonprofit organizations is pretty incredible. Dave Bueschel [President of the Board of Directors] thinks that it’s not replicated anywhere else, the sheer number of nonprofits in a community of this size. So the nonprofits represent all kinds of different sectors and focuses; it could be environment, it could be animals, it could be social services. But there’s a very heavy arts presence here, so that means that most of us are going to many of the same people over and over again for support for our organizations and missions. So right there is a significant challenge just in numbers. And then the challenge is that the community basically doubles in July and August. So, there’s the challenge of serving and being present in New Mexico, and then there’s also the challenge of reaching out to tourists and visitors, and fully engaging in that market. So its kind of a two pronged effect; trying to serve the people that are here and our neighbors, and then also trying to reach out and welcome those that are coming from a distance.

KN: How do you address the idea of “Northern New Mexico?” Or do you?

JM: Well we’re working on that much more aggressively than we ever have in the past. We have an Albuquerque task force and we have now three board members who are either from Albuquerque, currently living in Albuquerque, or working full time in Albuquerque. So we’re very much trying to improve or increase our footprint in Albuquerque through these three board members and hopefully others who will join the task force. We’re trying to bridge the gap up to Los Alamos which is one of the most highly educated communities in the country. A lot of the scientists have a mutual interest in music, so we’re trying to collaborate with the lab and start—we’ve been looking at venues—start to perform up there but also trying to do some collaborations with them that bring their experts into our realm as well and maybe do something that we’re trying to do with a lot of businesses in Northern New Mexico which is try to partner with the business community and have Los Alamos National Laboratory night at the Santa Fe Desert Chorale. So we’ve joined the Chamber of Commerce, we’re trying to really build in the business community as well. Taos we came close to performing at this year, we’d like to do that, but it would really need to be in partnership with an arts organization that is frequently there so there’s a stepping stone to building an audience there, because that would be a new community to us but one that’s really interesting.
KN: On the tourist side, are you tracking where the tourists are coming from and looking to take the product to them during the rest of the year?

JM: I think that’s another one of the two fold things. One is to be able to know when they are coming to town and to be able to reach out to them prior to their arrival here. There is a very I guess active tourism sector here that recruits and woos visitors, especially conventions and large scale events, but we’ve been challenged because we don’t find that they’re very productive in terms of generating leads. Comparing, when I lived in New York and did group sales back in the day for the New York City Opera and the Met, you could go the Convention and Visitors Bureau and you’d get a listing of tour operators and conventions that were coming up and who the contacts were, and you could reach out to them very easily. That mechanism is not in place here in Santa Fe, and that is a challenge that we’re trying to overcome. And it’s really tricky to try and get to the source of who is, you know, what tour operator, what group sales person, what travel agency is sending in numbers of people… individual tourists it has to be through advertising and you know tourism guides and websites, but in terms of the groups, which we would welcome, it’s very hard to get to that information.

KN: What challenges does the project-based model present your organization?

JM: It’s expensive! I think we’re actually a little bit of a hybrid in the sense that Josh [Habermann, artistic director] is very clear about wanting to maintain an atmosphere of kindness and consideration and respect, and to have that kind of culture continue season after season there needs to be a core of people that really understand that ethic and really want to be a part of that kind of a community. So I think there’s always going to need to be a core of those people who carry the standard forward. But, the project aspect of it really gives him a lot more flexibility in terms of engaging the people that are right for the particular repertoire. And a lot of places don’t have that luxury. Because we are able to recruit from a national pool, we do. So if he’s doing romantic music he can bring in some voices suitable to that, if he’s doing early music he can bring in some voices suitable to that, and in the case of specialty artists like a Glenn Miller [basso profundo] when you need a particular talent and a particular skill, he has the flexibility to bring in the artists that meet that need. So I think we’re a little bit of a hybrid, but I understand where you’re going in terms of the project-based. The challenge is it’s expensive, it’s really expensive. Especially during peak season which is when we perform. We’re wrangling for housing, as much private housing as we can get that provides privacy and deals with no pets, no allergies, that kind of thing. There are logistical concerns that we have to start earlier and earlier as the market gets tighter and tighter on rental properties each year. Prices go up they don’t go down. Then we also have the logistics of rental cars; we’ve been trying to secure a car sponsorship, we’re still not there. And flights. We do have an American Airlines sponsorship for the tour that we’re going to be doing in [October] 2017, but thus far they have not extended that sponsorship to the, you know, seasonal New Mexico performances. We’re hoping they will, we’re not there yet, but we’re building that relationship.
KN: What systems or checks and balances do you have in place to ensure that the board, staff, and artistic director are communicating to make sure you’re spending enough to ensure you have a great product but also not too much to bring the organization under?

JM: Philosophically, when we had our board retreat we together shared case studies that Michael Kaiser had pulled into one of the books that he’s written, and different board members took different case studies, and met about them, talked about them, and then presented their findings to the board overall. It was a very interesting exercise. And what the consensus was very much in alignment with Kaiser’s idea that when you try to move an organization forward, even if it’s challenged, you can’t cut back on the product, the artist product, and you can’t cut back on the marketing. Other things can be pruned or reduced, but those are two things that are pretty much sacred cows, because if you don’t have a good product you’ve got nothing to market, and if you have a great product you need to tell people about it. So that’s where the board came down. That being said, we have especially in the last year put in a very rigorous budgeting process. It’s bottom up budgeting, we price out everything, we try to get our estimates as close as we possibly can in terms of costs, we monitor them on a monthly basis where we are compared to what we budgeted and see if we’re going over in a particular area we need to go back and make the adjustment. And then that process leads into budgeting for the next year. The tour that I mentioned is a huge project for the Chorale, it’s the first commercial recording in nine years or more, the first time in Josh’s tenure anyway, and it’s new territory for us. But we know, given the competition that we talked about at the very beginning of this interview, that we need to expand our base in terms of donors and ticket buyers. We have an affinity with a lot of folks in Texas, they come here regularly for vacation, and so we felt like that was the first really independent tour that we would embark on because there’s already some connections in that community, Fort Worth and Dallas in particular. So the idea there is to find additional support as we grow and as Josh’s vision gets bigger and bolder.

KN: You mentioned the budgeting process; what are some of the areas you are trying to prune or limit as much as is reasonable through the budgeting process?

JM: Well if I can find a sponsor for the rental cars for example that save us $12,000 a season. And that’s a big chunk, that’s very helpful if we can do that. If we can get the sponsorship from American Airlines to support us at home as well as on the road, that would save us a lot of money, that’s another $12,000-$14,000 a season. So these are obvious places. In terms of marketing, we worked with a marketing consultant this year, she’s an expert in this region in advertising, and she helped us make some different and, more focused I would say, advertising choices. We didn’t spend less, but our goal was to come in 10% ahead of last year’s ticketing income and we came in 18%, so it was really successful. The tweaks that she helped us do were more digital, more radio, varied radio, and this is in a time when any of my colleagues in Santa Fe that I’ve talked to have expressed that they did not even make goal, they came in under goal, they came in under their sales from last year. So for us to come in 18% ahead is remarkable. So that was a good analysis, and you know as one board member said if you keep doing the same
things you’re going to get the same results, or isn’t that the definition of insanity too right? So we were trying to look at different ways to reach the market; maybe a younger market would be more attentive to digital marketing than print. So, you know, we’re exploring a lot of different ways to achieve better results.

KN: What is your ideal expense ratio between program services and management costs?

JM: We restructured the office last year and we have a younger, eager, committed, passionate group of people in the office now who are building their portfolio of skills. That allowed us to bring in and mentor, to have three core people outside of myself, and use the payroll resources in a more creative and I think responsible way, because we’re bringing up the next generation of administrators while we’re serving our administrative needs. Obviously younger staff is also less expensive, so that’s a helpful thing. So ratio I think it’s hard to say because we are a year round operation even though we have two essentially festival seasons, but we’re also trying to have a presence off-season now to maintain our fundraising, really. And to be visible.

KN: When it comes to raising funds, what sort of activities do you pursue as an organization toward fundraising? What do you see that is most effective?

JM: Well, there are different kinds that we try to use all the tools that are available to us. We have intimate salon gatherings, we’re looking at having a director’s circle or artist’s circle or whatever we end up naming it, donors at a certain level are invited specifically to these events. Right now we’re doing that, but it’s on a less formal basis rather than having a renewal and if it’s this amount you get to go to six, and if it’s this amount you get to go to four… right now we’ve been inviting all of our donors who are at a particular contribution level to these events. I’m not sure we’re maximizing the quality and the exclusiveness of these events as well as we could be, so we’re looking at that. Then we have bigger events. The gala in the summer is the traditional annual fundraiser; silent auction, live auction, entertainment, paddles up, you know, contributions that come in because people can’t come so they send in some money in lieu of attending, that’s the big fundraiser. We’ve been doing a smaller fundraiser in December, more elite I would say in that it’s in a smaller space, higher price, curated I would say. Then we do our end of the year appeal letters like everybody does, trying to get them out earlier this year in particular it being an election year and there being so much uncertainty. Donation letters go out at various points in the year and specifically targeted sponsorship opportunities, and again some of that involves the business community. And foundation application and government applications. We have increased all of our government grants this year, so that was a step in the right direction, including the NEA; we went up 50% with the NEA. And we’re putting out a lot of grant applications, so hopefully they will start gaining traction because a lot of these foundations are new to us and we’re new to them and so you really have to introduce yourself and the organization and make sure that they know what we’re actually doing on the ground, that we’re not just talking that we’re actually walking the walk. Especially in terms of community engagement that’s a big factor.
KN: When you’re planning these bigger fundraising events, do you find the costs are worth the reward? Or is it sometimes planned with future donations in mind?

JM: Well, the size of our gala has grown in the last two years. Literally physically grown, we had to have a tent this year to accommodate the silent auction because last year the room was simply too crowded. So once you get into tenting and that kind of thing to accommodate larger numbers of people your expenses are bound to go up, but on a per capita basis not necessarily. You just need more people in the room. So there’s the pressure for the registration, the ticket sales, because you need to hit a certain mark to make that per capita formula work out. But I think also there are galas all the time in Santa Fe, there’s another one tomorrow night. I’ve gone to five in the last six, seven weeks.

KN: So it’s kind of the standard in the market?

JM: Yeah, you have to really stand out, and make people think that it’s going to be worth their while, why this gala not the other one, are they really going to have a good time, etc. And if people are in a good mood, if they’re having a good experience they’re much more likely to contribute more at the event and then following. But there is pressure definitely to put on a good event.

KN: Do you have a hard time with these fundraising pitches based on the fact that the product doesn’t live there?

JM: Well that has been a problem in the past. You know, when I got here people were saying, “you know you’re in Santa Fe but you’re not of Santa Fe. You guys think you’re a national organization but you just happen to be based here.” So the community engagement, you know the revamping of the mission statement [as of the 2016 season] and following through on that in putting our money where our mouth is, doing these community engagement events, making sure they come off well, that they’re serving the community then evaluating after the fact and seeing what worked, what didn’t work, what could we do differently or better next time, and also it needs to associate with Josh’s programming as much as possible. So there’s a lot of variables, but I think by embarking on this we’re showing people that we really do care about where we are based and that we truly are home here. And when we go on tour or when we do other things, which we hope we’ll be doing more of in the future, it’s bringing glory back to Santa Fe it’s not the other way around.
KN: You referenced earlier the idea of subsidizing some of the project-based costs; How are you as an organization currently handling travel?

JM: We have a ceiling of $500 per artist. They can come however they want to come. If they fly, they can put in receipts for the cost of the flight and any ground transportation to get from the airport to their domicile. If they drive the owner of the car is reimbursed at the standard IRS standard rate that’s in effect at that time—it varies year to year—so depending on what that is up to $500. If they’re a passenger in the car they’re not eligible for reimbursement, they just get a ride. But we hope when it comes time to using the American Airlines sponsorship for the tour we’ll have to book those because they give you a vast number of miles which you then—they’re in a bank basically and you use them to buy the tickets—so that will have to be done through the office at that point.

KN: As far as lodging goes, is that subsidization for your organization?

JM: We try to get as much free, appropriate housing as we can. You know, board members who have casitas or friends of the Chorale who have an extra guest bedroom and bathroom, that kind of thing. But it has to be comfortable for the artists, and again the pets and privacy issues are always paramount. I don’t believe that the housing of someone is a tax deduction for them; I think if they had a rental property and they did it then it could be. And I would really want to look into that, but I think if you just have a part of your house that you invite someone to stay in I don’t think that that’s eligible for tax deduction. So there’s not a big motivation there, and also it gets more competitive because people have guests that come in the summer, and we need the housing for an extending period of time. So otherwise we’re working on all kinds of rental sites, and working with brokers, and we’ve tried too various dormitory situations with the colleges, that didn’t work, they use them for other summer programming. In the winter we have a much easier ride because we can rent or sublet the opera’s apprentice apartments. But in the summer that’s not available of course.

KN: That is really unique problem you have in that the population doubles during the time your festival occurs, so the infrastructure itself can’t handle it.

JM: Which is a blessing and a curse!

KN: You provide a per diem; how do you come to a decision on the amount that you offer? Are you doing anything to subsidize that cost?

JM: The pay scale, which include per diem, is a part of the budgeting process. We would always like to pay the artists more. They did get an increase this past year [2016 season], 3%. You know we of course would like to pay them more. It’s a balancing act of what we can afford to pay and you know the housing and the travel, rental cars as we can do them, you know a lot of the donors are happy to have an opening or closing party, we have breakfast once a week. When a new program rolls in there’s a first rehearsal breakfast for people, so trying to make it as pleasant of an experience for the artists as we can when they’re here.
KN: What is your ideal model for revenue diversification?

JM: Well there hasn’t been… I mean the year before I got here [2014 season] not one foundation application was filed, not one. So, we’ve grown exponentially from there. We’ve been really researching and churning them out as appropriate. And the government is up. But I think it’s almost 90% is individual contributions at this point, and that is not good. And in the past—it’s not so true now, and we are working even further to develop a broader base, the whole Texas issue you know spreading out there, and out to Oklahoma and spreading out there—but there has been a reliance on particular “angels” in the past that, while very helpful in the moment, created an unhealthy situation in the long run because if one person’s going to step up other people step back, and we need to have a more even paying field where the organization is supported by a larger community, not relying on particular individuals who jump in when there’s a crisis. It’s also not healthy planning that way, you know, so we want to increase the business sector, we’re working very hard at that. We want to increase the foundation sector; I’ve been working very hard at that. And like I said government [funding] is up. So we hope that within the next 18 months there will be a shift in proportion there and it’s something that we are really aware of and trying to strategically adjust.

KN: What do you have in place regarding program revenue? Are there particular things you do to keep the program revenue number consistent? Are you looking at additional options?

JM: The biggest revenue is always going to be the winter concerts. They’re more popular in focus, they sell the most tickets, and it’s a much shorter period of time so the expenses are less. So, you know, your spending less and getting more. So the winter is critical in terms of ending the season—and our fiscal year ends December 31st—so it’s a really important time for us. December is very important in terms of closing any gaps and trying to end as healthily as possible. Additionally, other sources are CD sales while unfortunately a lot of our inventory is dated so that’s another reason why we need this recording we’re doing in 2017. And so we do sell them, we do have gift certificates, we revamped the website this past summer and put a lot of effort into that to make commerce, initially ticket sales, but ultimately there could be merchandising that’s done through there and now we’re capable of hosting it. And then we’re trying to do some diversification in terms of time of year by trying to do chamber concerts or recitals or something that keeps us present in the off-season. But it’s low cost; we did a high cost event last March as our first foray and we didn’t do well at that. We were new in that market and so we had a co-presenter that backed out, so we ended up having to pay all the expenses.
KN: As far as net assets go, is there a number that you don’t want to see that number dip under? What’s the goal and what’s the reality understanding the nature of arts nonprofits?

JM: Well I can’t give you a number, but what I can say is that in the next year’s… this year [fiscal year 2016] was about stabilizing, and that’s our goal for this year is to come to the end of the year in a good place. Then next year it’s about debt reduction, retiring a line of credit, retiring… not retiring but making sure we start the new year with as few payables as possible. There’s going to be some just because of when the season ends and when the new year starts, but to keep, to not roll over a lot of payables as has been done in the past. But we are on a plan to retire the line of credit that we have for $75,000 so that we’re just operating on an even keel, we’re not in debt. And then to build in some kind of a cushion into the budget for cost overruns, and also to start to move—and I don’t think we’ll be able to do this next year [2017] but the following year [2018]—but to start to move towards some kind of endowment or reserve fund, to have that in place.

KN: Do you have a grant writer on staff?

JM: Yes we do and I’m it! I’m also trying to mentor Laura [Pancoast, Development and Marketing Associate] in this way. I mean she’s our Development and Marketing Associate, and she’s interested in development, and I’m interested in her development, so she has, under supervision, worked on some smaller application and also worked on the reporting. And that’s the other thing; it’s one thing to write the grant application, but if you’re so fortunate that you’re funded, the amount of reporting that’s required is often disproportionate to the amount of funding you get. So that’s something that I hope that the foundation sector looks at some point.

KN: What kind of varied sources of income do you pursue when you’re looking for grants? How creatively are you looking for collaborations?

JM: For me it’s one of the most creative parts of my job. First of all I believe passionately in being part of the community and making the society you’re in more livable and available to everybody. Not everybody is going to be interested in choral music, but to the extent that we have the ability to get out into the community and bring excellence with us wherever we go. We’re tying to do really grassroots work. Josh has programmed this summer coming up on liberty and justice; it’s very rich, full of possibilities. And possibilities in other sectors. We’ve partnered in the past with a lot of arts organizations, museums, galleries, and other types of performing arts and it’s been fantastic, and we have a couple of those that are ongoing. But this liberty and justice theme allows us to look at a more integrated approach. So we are looking at an ongoing program with the interfaith homeless shelter, we’re looking at working with homeless youth, we’re looking at a program with the youth detention center, we have meetings about that next week. And panel discussions with members of the ACLU and the NAACP. So it’s really exciting what the possibilities are, and I think it will allow us to
reach many people who might not think of coming to a choral concert but they would come to a lecture and see that it’s sponsored by us. And that the programming is connected to it; I think it could have a lot of reverberation in the community. And it may also help our ticket sales. I think those things, the more you get out there the more likely you are to have increased word of mouth and people coming. But it’s also the right thing to do, and Josh is very clear on this and I am too that there are things you do sometimes to market or promote, and there are things you just do because it’s right. And we’re trying to have a productive mix of those things together.

KN: I’ll be interested to call you again in three or four years to see how those things have born fruit financially as well, because I have to imagine that generally when you try to do the right thing it pays off in more ways than one.

JM: That’s what we’re hoping!

KN: Why does the Desert Chorale continue to subscribe to this model? How do you think it keeps you competitive?

JM: I believe we’re the only choral festival like this in the country. I know that there’s Berkshire Choral Festival [Sheffield, MA] but that’s a different model with mostly avocational singers coming in with a few soloists or section leaders, but it’s not a fully processional group that comes together for a concentrated period of time. I think that’s it—I never met Larry Bandfield the founder so I can’t pretend to have read his mind—but I think that the structure very much follows where we live and the fact that we have two very distinct high population periods of time here and I think he programmed during those periods to be able to reach out to the broadest audience. If you only have 70,000 people during the regular year and then you go up to 140,000 or 150,000 during two months there’s a built in incentive to program during that time when there’s a lot of activity and movement. So, you know, I don’t think we would be the same if we… I think the culture would change if it were spread out so it was coming in for a week here or coming in for a week there. I don’t think we’d be able to preserve and grow that feeling of kindness and respect that Josh talks about, the love that some of the singers talk about, the closeness that they feel being here for four, five weeks at time. We recently did an institutional video, and in asking the singers questions about their experience here, and why do they come—because we don’t pay the highest rate available in the country, we’re not a union chorus, and we pay on a daily basis not an hourly service basis—singers come here making some financial concessions but coming here for the quality of life and quality of artistry, and I don’t think we’d get that same cohesiveness if they came in for a week and then left, and came in another time for a week and left, I don’t think it would… I think it would dramatically change the atmosphere. And the artistic quality is only improved by having that great atmosphere. If morale is good and they’re feeling like a tight unit they’re going to perform better, especially by the end of the summer. It’s unbelievable what these folks can do.
APPENDIX Q

INTERVIEW WITH RHETT DEL CAMPO, MANAGING DIRECTOR
SERAPHIC FIRE

KN: What challenges have you encountered that have been unique to the Miami market?

RDC: Well, they’re the ones that everyone talks about… it’s a community that’s not big on philanthropy; a lot of different cultures, and of course a lot of people imply that certain cultures here are not used to having to support the arts, so that’s certainly a big one. I would say too that it’s a new arts community; there’s been a lot of growth very quickly, so there’s also a lot of organizations vying for people’s money, and actually a surprisingly large amount of arts programs that are, you know, some are well established, some are just starting, and some are like us right in the middle so there’s a lot of competition. And, of course, I think this is not so much the case in Miami anymore, but people always talk about this being a transient community; a lot of people just coming down here for half the year or more importantly some people retiring here and their philanthropy is still tied up from their homes back up north.

KN: Do you find a difference in addressing South Florida—is there a difference between Miami, Ft. Lauderdale, Boca, Palm Beach—and how do you access those different subtleties?

RDC: First of all, trying to be an organization that hits all these different markets, all the way up from Miami to Boca Raton—and now over to Naples—that in and of itself is just a challenge to engage with everyone and fundraise. Miami and Ft. Lauderdale are our main markets, and there’s a subtle difference up in Ft. Lauderdale… well one of them is up in Ft. Lauderdale, our audience there is much more predominantly gay, so not as many… well here in Miami we—what’s the best way to describe it—well a lot more people in Miami have been here for quite a long time, and a lot of our Ft. Lauderdale audience I would say is newer to the area and moved down here to retire. So that’s the primary difference. And then of course you go over to Naples, and Naples is a completely different culture; it’s almost like being back in the Midwest. It places very high importance on the arts, they’re very committed, and they understand what it takes to support the arts. So it’s, although this is only our, we’ve only been there a year, I imagine making our pitch for support will be different over there because we don’t have to be so literal in our explanation in what our need is.
KN: You are starting to expand nationally—you did the tour to the northeast last year, you’ve got the thing with Cleveland [Orchestra] this year—is this a part of the active vision of the organization, to start spreading nationally? If so, how are you planning to accomplish that while keeping local roots?

RDC: Well, I wouldn’t say it’s part of the goal to expand nationally; I think we just want to have an awareness nationally. Our home is South Florida and in order for us to survive and thrive we have to make our roots here, we have to be relevant in the arts community here, but touring is also important. I think last year was a little bit overkill, but it is important for us to get our name out there especially at this point in our growth. Our product is fantastic, but still you say Seraphic Fire and most places around the country nobody has any idea what you’re talking about. And on the flipside of the challenge, when I talked about people moving down to South Florida and still having philanthropic ties to their homes back in the north, the more that we’re up there introducing ourselves, I’m wondering if that in the long term if people will the move down here and already be familiar with Seraphic Fire. And I know actually a couple people that—one of them’s on our board—their decision to retire here was in part made by some of the arts offerings including Seraphic Fire.

KN: What do you as an organization have in place to confront the market challenges directly?

RDC: One is purely making a case for support. This organization has been—and we continue to be—lucky in that the people that have come to know us love us and they’re very committed and we have an incredibly high—something like 97%—of our donors that are $1,000 or above continue to give the next year. So that right there shows how committed those people are. But two years ago we had our first what we call the “season announcement”, and what we did was simply just say “hey, we need your support, here’s why.” We got up in front of our audience in both Miami and Ft. Lauderdale and we saw about $40,000-50,000 in just increased giving. So that’s number one, telling people yes we need your support. It makes a difference. I’m sure there are other ways that we are addressing that, but it’s really grassroots, pounding the pavement, getting people into our concerts, and then talking with them. You can’t… I come from Chicago, so you can’t just expect someone to expect someone to buy tickets for the first time for Seraphic Fire and then just turn around and start supporting us. I think that happens less frequently here than it would up north.

KN: What challenges do you run into as an executive director with the project-based model? Are there specific challenges with that? And how are you confronting them?

RDC: Yes, very specific challenges. I can’t do outreach outside of our concert week, and during our concert week I can’t do outreach because our artists are far too busy with rehearsals and performances. So trying to find ways to get our artists interacting with potential supporters outside of just the performances is extremely tricky. There are so
many opportunities that come our way that I can’t take advantage of because I simply don’t have our artists here. For instance, even something as silly—not that this is silly—but singing the national anthem at the Marlins game, or the Heat game, or the Dolphins, I can’t do that. So, that’s a specific challenge. How I’m addressing it is one trying to build in days in our calendar to have days off where I can use our artists in other ways. And also trying to find opportunities that are adjacent to our concert weeks where I can keep four artists down here and go do some other activities whether it’s a gig or something with outreach… also our education component is really important because that’s something we do on a weekly basis. Getting the word out that we are in the Miami Dade Schools every week.

KN: In that same vein, the project-based model is a choice that was made from the beginning and has continued to happen. Where and how do you in consultation with the artistic director do you draw the line between artistic vision and organizational fiscal responsibility?

RDC: I think of course you’re always leading with your artistic vision. But, stability trumps everything. Especially when you’re at this point in our growth—we don’t have an endowment to speak of, we don’t have large reserves—so really survival sometimes takes precedent over being artistic interesting, and this current season [2016-2017] is an example. In our planning process for this season over a year ago we were looking at what Patrick [Quigley, artistic director] originally wanted to do which was a great season, but it was just far too expensive for what we could reasonable rely on in terms of income, so we had to scale it back. However, the flip side of that is nobody—the public face of that nobody sees that. Nobody sees “well they didn’t do this larger choral-orchestral program and instead they’re doing the Bach motets,” so it’s really only an internal struggle for the most part, but I think we’re at a point now where we have to, every time we plan a season now, we’re starting with what we can reasonably expect to bring in from ticket sales and philanthropy and all the other planning goes from there.

KN: When you say “we,” who’s involved with that process?

RDC: Well, the financial parts start with the staff internally. We go through a process on our own and that comes in consultation with the finance committee. It’s really up to the board to decide how much risk they’re willing to take on in any given season. And this is actually new for us because it used to be different, but then I face it: this is the amount of money we have allocated for our artistic product this year, and I go to Patrick and I say “this is what we can afford to do,” and he plans a season. And that’s far different than how it used to be—thankfully it’s a lot better now—but how it used to be was Patrick would just put together whatever he wanted to do—and of course it was amazing—and then we would struggle for a year to figure out how to support it.

KN: The models show a really healthy progression in where season revenue comes from as far as the cross section of program service revenue and giving.
KN: What is your ideal model for revenue diversification?

RDC: In a perfect world I’d love for at least 40% to come from private funding, another 40% to come from revenue from our product, and the other 20% to come from government and foundation support. That’s a perfect world. Actually a perfect world is all private dollars because then you’re free to do whatever you want.

KN: From my calculations that perfect world isn’t all that far off; program service revenue has maintained a pretty consistent level, especially in the last 5 years where it stayed within a 2%-5% range. What systems do you have in place to maintain that kind of consistency?

RDC: Well it’s how we structure the season. For one I think we know in the outer months—October and May—the audience isn’t going to be as strong, it’s really just going to be our core subscribers, so we can program more adventurously in the outer months, so that’s one thing we do. And we of course know that December and January are the money making months, so that’s when we put in our popular program. And then November, February, April have been the months where we do larger programs, choral-orchestral. So I think one just doing that. And two it’s having a solid subscriber base, that’s how you can really count on your revenue. And that’s why there’s a really large push in March to build subscriptions for the next season, to get people to renew and to get people to go from single tickets to subscriptions.

KN: Are you exploring other avenues to increase program revenue? I know you record a fair amount; is that more a money making endeavor? Or a reputation building endeavor?

RDC: That’s reputation. I don’t think you record to make money. Obviously we are looking to grow our audience, and if you drill down on the number you will see that our revenue from ticket sales has actually gone down because of some, perhaps not the best decisions as far as changing venues. So we really need to see that grow. Of course one thing that you don’t see in ticket revenue you actually see in concert fees, when we get paid to perform somewhere where we don’t have to sell tickets. So also trying to build in move opportunities for that because that can be really easy. For instance, in a year [2017-2018 season] I have a couple of little run out concerts to Atlanta, Georgia where we’re going to get paid $15,000 to do that. And if I did a [self-produced] concert in South Florida I might make only $4-$5,000. So that of course hits on two important points, of course, making money and expanding our brand. An interesting side note is I’ve also learned that there’s a threshold as far as… you know if you program more concerts, you’re just not going to make more money. And if you program fewer concerts, you’re actually going to lose more money… I guess what I’m trying to say is there’s a very fine balance between how many concerts you put out there and how it affects your bottom line. It gets to a point where adding the concerts is not simply going to make you more money.
KN: On the other side of that coin, direct public support has been really excellent both percentage wise and dollar amounts, especially in the last five years.

RDC: Well that’s not as good as it seems. A lot of that I think is Knight foundation money, which has been program-specific and has actually faced more challenges than opportunities in this. For example we got the seed money to start the Miami Choral Academy which is great, but, I won’t delve into this now, that put us down a path toward something that got off mission and eventually put us in a dangerous situation of… almost losing our education component all together and having to spend a lot of time and effort redesigning it. Number two, for instance, our Knight award for residency at South Miami-Dade Cultural Arts Center was basically $90,000 a season to perform four concerts there. We left Boca Raton—where we had a very solid subscriber base—to go and perform these fee concerts essentially. And we made a lot of money doing that. And then that award runs out, and you’ve got a $100,000 gap in your income. And you’ve also alienated subscribers in Boca Raton. I would say actually if you look at it in reality, it’s quite average and in fact what we’re focusing on now is going after grants that really strictly align with our mission rather than “oh, if we come up with this cool project then we’ll get all this money.” And I see that… I’ve served on grant panels for a lot of local… for instance for Miami-Dade County I’ve served on grant panels, and I’ve seen this with other arts organizations. Their budget inflates for a year and they do this cool thing and then they have to scale back again, and it’s dangerous, sometimes organizations are getting off mission.

KN: So it appears what you are trying to do now is refocus on mission and only applying for grants that are applicable rather than to just increase revenue at whatever cost.

RDC: Right. And a great example is our Knight grant this year for the commissions. This is very much on mission, and it’s working well for us.

KN: While we’re on the subject, do you have a full-time grant writer on staff?

RDC: Well we used to have a full-time grant writer in house, but now we outsource to a professional grant writer. I wouldn’t say she’s full time, but that is her primary focus.

KN: Do you encounter challenges in individual giving with your product not living here? Does your donor base have a hard time with that?

RDC: Not so much. I think people… There was a great article in the Philadelphia Inquirer about this idea of a local institution, and that really is more of a new idea. Symphony orchestras well back in the 1950’s, 40’s, before that, they were, you know, a lot of musicians were coming from elsewhere. So I don’t see that as an issue, and I actually see it as a strength in that we are free to bring in whoever we want. If this person on the other side of the world is perfect for this program we can bring them in. We are not married to one single group of artists. The key is also to—and our artists are great with this—you can still engage the artists with the patrons, and they do that very well.
And another program I’m trying out is finding sponsors for artists. A fan of ours, they’re in Chicago and are big arts supporters, but there’s an artist of ours Patrick Muelheise that lives in Chicago, and they’re sponsoring him. So it also opens up opportunities.

**KN:** As far as net assets go, that has kind of been an adventure according to the 990. For your philosophy as an executive director, is there a certain number that you want to never let net assets dip under? Understanding the nature of an arts nonprofit is that sometimes you lose money, what is your hard line?

**RDC:** I don’t want to go into too much detail, but we’ve actually gone through a very drastic change in how we do our finances in that we are for the foreseeable future budgeting to a surplus. In that we are looking—and I touched on this earlier—on what we can reasonable expect to bring in; for instance looking at ticket sales and expecting a 15% attrition rate and looking at donations a 15% attrition rate of course those one time unreliable gifts, and starting from there. And the same with grant funds, you know what can we reasonably expect. And that’s how we build our season. And this is the first year we’re really doing that. We’re too young to be able to run deficits, so then the second part of that is coming up with very strict board guidelines on how those surpluses are managed. We’ve learned the hard way we can’t just have money in the bank with no policies, people will spend it. So next is the policies and what we do with that surplus. One is we’re starting to invest in a board restricted reserve that we want to build up to equal the average of our 3 most expensive months and that’s the amount we wan to have in our restricted reserve, so that’s probably going to be about $350,000. Also just cash in our bank account; we want to have at least cash to support our most expensive month, but ideally we want to have between $250,000-$300,000 dollars. So those are benchmarks that we’re working to reach now. Of course there are other ways we are allocating surplus funds, but I know what you’re looking at when you look at these 990s and you see these wild swings and I think that’s, it’s just typical of the small young organization, but yet that’s actually changing for the foreseeable future.

**KN:** Right. And you shed light on something earlier where you get a giant grant and that net asset number goes way up. But what isn’t clear is the majority of that money is set aside for something specific, so it can’t really grow the way you want it to.

**RDC:** Right. And a side note is I can’t tell you how difficult it makes it to analyze an organization and really get your finger on what the facts and what data you can really rely on to make certain decisions.

**KN:** Do you find yourself looking mostly at percentages or dollar signs when you’re dealing with analyzing and projecting?

**RDC:** It’s a mix. When it comes to growth I’m looking at percentages. For instance this FY18 season I wanted to keep our artistic growth between 3%-4%. But if you look at it in prior years it’s grown and shrunk drastically. And some of it is just dollar amounts. For instance, you look at our program surplus deficit, just the cost of our concerts vs. the
income from ticket sales over the past five years it has swung drastically. We had something like $200,000 surplus and within 3 years that went to a $270,000 deficit. So trying to cancel that out and come up with a magic number, what is a reasonable surplus deficit for your program and right now I think that’s about a $100,000 deficit as far as cost of programs and ticket sales.

**KN:** Knowing that you’ll make that up in grants, donations, and such.

**RDC:** Yeah, you’ll make that up in donations. And that’s a perfect pitch for concert sponsors. You know we do nine concerts [concert programs] and that runs us a deficit of $100,000, and we ask, you know, a concert sponsorship is $10,000.

**KN:** What is your ideal ratio for expense diversification related to what you’re spending on programs and what you’re spending to support the organization administratively?

**RDC:** Well, if this were a symphony orchestra that’d be a much easier answer. For a smaller organization your administrative expenses are typically going to be a little bit higher compared. Obviously I’d love to say we’re spending less than 30%, and I think we’re maybe a little bit more toward 40%, but that is less scientific. It really is just going through your expenses, and your artistic expenses, and just continuing to be as lean as possible and do it every year. What do we need to market, what do we need as far as development expenses and to keep the office going, and just be as lean as possible. And it’s kind of exhausting, but I can’t really put out “what’s the right number,” that’s more of a feel.

**KN:** That’s a tough situation; a lot of the literature on nonprofit theory talks about how keeping management expenses low is actually against your best interests because it’s how you pay yourself.

**RDC:** Well, for instance marketing. There are benchmarks for how much money you should be spending to make a certain amount. There’s plenty of resource you can look to in order to gauge “are we spending enough on marketing, are we spending too much on the same thing in development,” but really what it comes down to is what are you getting out of it? If you’re spending shockingly little on development—which we did this last year, we spent $27,000—but you’re raising a ton of money, there’s no need to tweak that at least drastically. And the same thing with ticket sales. If you’re selling tons of tickets and not spending that much money, there’s no sense to market.

**KN:** When you’re sitting down to budget with the staff and the finance committee, what categories do you prioritize as major areas? Which areas do you try to limit? And does it vary from season to season?

**RDC:** Number one you’re starting with the artistic product. What do we need to do to put on a great season? For next season [2017-2018] season we recognize we need to stay competitive and need to start paying our singers more, so we prioritized something like a
20% increase in singer compensation, and then you just go down the list. For instance we had a tour year coming up last year and we wanted to prioritize marketing, so we added $30,000 so we could hire a PR agent. There’s a better way to describe it than just… of course starting with the artistic product and figuring out what you need to do to support that.

**KN:** Because the project-based model is unique, what you mean by artistic product varies a fair amount. You pay to bring these people in take care of them while they are here, which is unique to this model. So, how do you compensate travel and lodging?

**RDC:** We pay for their flights, we pay for a piece of checked luggage, we pay for their rental car or transportation throughout their stay, if they’re in a hotel we pay for their hotel. And of course we pay a meal stipend per day. So for every… basically for every dollar I pay a musician I’m spending a $1.20 on getting them here and putting them up.

**KN:** What do you do to subsidize that cost?

**RDC:** It is a challenge and it’s a large cost. And it’s something we are aggressively attacking in a number of ways. One, finding more hosts and finding hosts that get along with artists so we can eat into our hotel costs more. Number two is just having a great hotel partner. What we used to do is just go to the cheapest bidder, but you got what you paid for and artists weren’t happy. So we ended up actually having to spend a little bit more money but we’re getting a lot more out of it as far as the quality and the service we’re getting, so in a way that was an investment. But also, and this is really long term, we have to develop local talent. And that’s part of why I want us to be a partner with the University of Miami. In 10 years, I would love for people to look at Miami and say one either “hey, I could go to UM and have a chance to intern with Seraphic Fire or start singing with them and if things go well, I’ve got a $20,000, $30,000 base of work in Miami that I can subsidize with teaching and doing other things.” So the long-term plan is to make that happen. I think Conspirare is lucky because some people that have had so much work with them, they’ve just moved to Austin and that’s their base. So the long-term plan is to eat into those costs by having more local talent.

**KN:** When you have hosts, do you pay them a stipend? Pay their expenses? Or is it a tax write off for the host?

**RDC:** It’s a tax write off for the host, but really they’re just doing it out of the kindness of their heart.

**KN:** What kind of a role does your mission statement play in this decision-making process?

**RDC:** Well, there are two different missions. One the written one is important, but it’s really the unwritten mission. And it’s no secret; it’s just having a superior artistic product. Everything else is secondary. Obviously it is important to talk about education,
or to talk about premiering new American music, or whatever it is, and that should be talked about, but I’m embarrassed to say our written mission statement isn’t the best guide for us, but we do know internally what our mission is. Is that too vague?

**KN:** No, I think it’s reflected in your spending and the way your organization operates, the support for a superior artistic product. It’s the “if you build it they will come” principle I think, which is ideal.

**RDC:** And you know, the really interesting thing about an organization like Seraphic Fire is—and it’s really kudos to Patrick for his brilliant business model—you know he can decide to do St. Matthew Passion [Bach] and it would be brilliant, but if we needed to save money like we did this year, we could just as easily do the Bach motets and it will be equally as spectacular and it saved us $75,000 dollars.

**KN:** And that’s directly reactive to the project-based nature of it.

**RDC:** Yes. And, you know, if we were a symphony orchestra, you’re locked into 110 musicians, and paying them this salary, and there’s no flexibility.

**KN:** Or say if you were using just local talent you’d be pretty stuck with what they’re capable of rather than being able to turn over your entire roster based on the needs of the music.

**RDC:** Exactly.

**KN:** When your organization looks at the money you need to make, what role does traditional fundraising play in your approach?

**RDC:** We don’t hold galas that bring in hundreds of thousands of dollars. We’re very organic in our fundraising. My approach to fundraising right now is it’s very—I hate to say ground level—here right now what I’m coming up with is my season bible. Here’s everyone who gave us money last year. Here’s everyone who we can expect. We don’t need to worry about our long time supporters, but here are the people we think are capable of giving more and who we need to solicit, who we need to have a dinner with, we need to contact with plans, and here are the prospects people that haven’t donated yet, here are the board members in charge of getting in touch with them… it’s very, very manual labor. There is no one event that we’re going to hold that’s going to bring in a lot of money. Obvious our annual appeal in December and our subscription renewal people usually pay for their VIP seats through donation.
KN: It seems that is in line with the nature of your product though as well. That it is an intimate art form and it’s a one on one sort of situation. Having a gala would line up more with a giant organization.

RDC: Exactly. Because we’re not trying to raise money to support finding a cure for a disease, we’re trying to raise money to support this phenomenal product. And the only way you’re going support it is if you’ve experienced it.

KN: And the data backs that up big time, both your data and the research in that the people who will donate the most are the ones who are buying VIP tickets, who have bought in on the organization. Is that market driven as well? Are your patrons just not interested in a big gala?

RDC: Well I think one Miami is gala-ed out. We are doing more events, we’re doing smaller events. We really didn’t used to do any, and the season announcement events have been popular just because it’s been a great chance for our fans to get together, get to know each other, get to know some of the artists, but overall they don’t want to have a party they want to come to a concert.

KN: In closing, why does Seraphic Fire choose a project-based model?

RDC: Because it gives us incredible flexibility as far as repertoire. That’s number one. We can do… like this [2016-2017] season. We can go from Glass Einstein on the Beach to some French requiems and have the right artistic performers for that. Like last year [2015-2016 season] we did Brahms Requiem and then followed that up the next week by doing some Reich [Desert Music] at the New World Symphony. So I think one is just artistic flexibility, we’re not married to one particular style. And Patrick says this best: you know you talk about the Chicago symphony back in the [Georg] Solti era had that CSO sound, that CSO brass sound, and a lot of orchestras claim “this is the way we play things, this is our sound” and Patrick always says there is no Seraphic Fire sound, we try to sound like how this composer intended this piece to sound. So, you’re not going to hear us sing in the same style from piece to piece. Patrick really works to mold, you know, this is how the German Requiem should have sounded, or this is how Brahms would have wanted it to sound, and this is how this should have sounded. It’s not about how Seraphic Fire sounds. So, as important as the artists are, most importantly is the music.

KN: From your perspective, are the inherent challenges with the project-based model worth it for the artistic product?

RDC: Yes, absolutely. And the long-term sustainability. The fact that we are flexible financially. If we sense a lean year coming up, perhaps we’re sensing pullback from state support or some other factor, we can plan accordingly.
APPENDIX R

INTERVIEW WITH JD BURNETT, FOUNDER AND ARTISTIC DIRECTOR
KINNARA ENSEMBLE

KN: What was the motivation behind founding Kinnara? How did it start and why?

JB: This is a little tricky to answer because it really kind of had two foundings… in the early fall of 2008 my colleague Reed Masters (associate conductor, Kinnara) got some friends together—I think there were probably 8 or 9 of them, cause they had recently graduated from Westminster choir college, they were all in the area—and he put together a small group and was sharing the leadership of that from a musical standpoint with another colleague of ours, and they ended up moving all the way through the fall and doing a Christmas program in December—I think they performed it 2 or maybe 3 times—and in the meantime they had recorded a cd very inexpensively and sold it at their first concert. It was the rep they had performed live, so that happened. I had just returned from a year teaching in San Jose so was back in New Jersey doing a bunch of different stuff. And so, what Reed and his colleague who were sharing the responsibilities found was the model they didn’t really feel like was working out as well as they’d like it to work, so at that point he approached me and asked me if I would consider coming on as the conductor of this, and I talked to him for a while, and I was kind of up to my ears with stuff to do already and was a little bit reluctant, but then I said well I would want to make it a bigger choir, you know I love small ensemble music but I don’t want to conduct that, but I’d like to do some conducting, and so he said sure, and so we got it going. So the most succinct way to describe it was is that that was the real, very recent founding, and then I took over in January of 2009, and we made a bigger choir, I think we did my first concert with 18 singers, and you know it just kind of started growing from that. And then after about a year of that I put a board together, and that board helped me to go through the process of getting us incorporated and applying for 501(c)3 status, and getting a body of governance and some bylaws and that sort of thing, and I think—you probably know better than I do—I think that started in 2010.

KN: As you were starting out, what was the process of putting a board together like? What were you looking for?

JB: Well I had a little bit, well more than a little bit of experience working with nonprofit choral organizations in Houston and New Jersey and elsewhere, and so I knew that to get where we wanted to go we needed to form a board. And so basically I asked friends of mine if they would do it. One was a recently retired—he retired early—marketing directing for M&M/Mars Corporation in New Jersey and he was looking for a project and so he agreed to serve as our inaugural president. And then another friend of mine Cory Reeves who’s now our president came on board, we worked together at McGraw/Hill at the time, or that was actually just before. And then there were a couple singers who I trusted and who were all in support of this and moving it forward. And then I needed a
finance person, and there was a guy who recently retired Jim Ferguson who’s still our treasurer for another 6 months or so. He had retired from Prudential and AIG—in the part of AIG that didn’t collapse with the downturn of the market—so he had a career’s worth of finance experience and so he agreed, he was in a church choir I conducted and he agreed to serve us in that way and has done so dutifully for the last 9 years.

**KN:** When this all started, what was your vision of what the ensemble could become?

**JB:** Well, I wanted to… you know I’m kind of in love with the chamber choir, you know like the 24-32 voice chamber choir, and that’s what I wanted it to be. I wanted it to be a mixed choir, I wanted it to perform a wide variety of repertoire, because my interests are varied in terms of repertoire, I didn’t want to specialize in anything particular. And you know I also had a fair amount of experience singing in ensembles like that (Desert Chorale, Conspirare, a few others), so that’s kind of what I had in my mind for what I wanted to do. I identified early on, and it’s proven to be pretty much exactly right, that there are a ton of singers in the Princeton and surrounding area. It’s a very densely populated part of our country, and it is served by the only choir college in the world, and so I knew there were a lot of alumni of Westminster around who might like to sing, And I thought we can make a go of this on a volunteer basis just by having our alumni network do the work for us in terms of finding singers. But I knew that the downside of that is we’re also in a very saturated market choral music wise and in a competitive one, and so I wasn’t sure how we would get from volunteer to professional. But I did know that I wanted to move it in that direction from the beginning. So, I just wanted to have a small chamber choir to conduct.

**KN:** You mentioned going from volunteer to professional; did you always have the idea that you wanted it to be project based in mind? Like your experiences had been?

**JB:** No! IN fact we started on a weekly basis, we rehearsed on Sunday evenings for quite a bit of time. I’m trying to track it back in my head… I think the first project model we did was the maybe the spring before I left to do my doctorate at North Texas, which would have been spring of ‘11, and up until that point we would have been weekly. I did that knowing that I was probably going to move away, and so it was sort of an experiment we make this work on a project basis because that would mean it would be possible for me to come back here and continue doing it after I left. And so at first that wasn’t the model, it was a weekly rehearsal.

**KN:** So was that the primary need? Or was there something in the market that you served that you thought the Project-Based model would work better?

**JB:** A little of both. The market issue is more of a personnel consideration. I had a feeling it was gonna be better overall for us to go to the project model. There’s something about the project model that feels sort of like “choir camp”, so it feels like an intense week of rehearsals and being together where you don’t have the distractions of
your normal routine, and I wanted it… knowing that I wanted it to move forward toward a professional model, I didn’t ever want it to feel like a gig. I wanted to preserve to the best of my ability the volunteer spirit and yet compensate people for the training that they had. And so I thought the best way to do that would be project based mainly because the weekly rehearsal becomes so much of a grind, you know it’s just one thing amongst the many obligations we all have every week, and I just felt like that was a little bit of a spirit expense on us, and we couldn’t… everybody showed up dutifully for the most part, but it felt a little bit grindy and I didn’t want that to be the feeling.

KN: When you switched over to the project model, did you always know you were going to move toward some travel with the singers? Or was that just a development that was need based?

JB: I had a feel that that was going to be the way, but you know out loud to the singers always have said I want to remain. I want to have one foot where our roots have always been, and that’s in “local singers.” As far as local I sort of consider central New Jersey all the way up to New York and down to Philadelphia. And so those were our local singers, although New York’s not exactly local, neither is Philly, but it still feels very kind of connected, and those are the people we can regularly bring in without you know flights involved. And I knew that was going to be something that we would move toward because I like the texture that that provides the organization. I think that contributes a little to what I was talking about in terms of “choir camp” feeling; I know that sounds a little hokey and I know it does, but it feels more special when people intentional leave where they are every day and focus for a week in retreat together. So I always knew that was probably going to be something, but I wanted to remain as a hybrid of using local singers especially those that have been with us for a long time and peppering in professional colleagues from outside the area.

KN: When you decided you were going to go project based and incorporated, what challenges did you face 1.) from the project based model, and 2.) how it interacted with your market?

JB: The biggest project based challenge I think for us at the beginning was finding a rehearsal structure within the week that could honor obligations that some of our local singers wanted to maintain. So we were never able… from the launch of project based, we didn’t go headlong into it in the sense that everybody gave up everything, we did try to structure our week so that people could work their normal jobs because we have still several teachers who sing with us who it’s hard for them to take a week off. So finding a structure where we would rehearse heavily the weekend before our concerts Saturday and Sunday, and then we settled into a pattern of taking Monday off because those two days are heavy, and then Tuesday and Wednesday evenings, and then we sort of had to not rehearse on Thursday because that’s the church choir night in New Jersey, and then do concerts Friday, Saturday, Sunday. So that’s the biggest challenge, is finding a rehearsal schedule that would work. In terms of our market, finding varied locations and deciding where wanted to be regularly. We knew from the beginning that Princeton is our home, that we would perform there always, but when we decided we were going to do three
concerts on a given weekend—which is a little different from what we did when we were not project based, we would spread them out over the course of a few weeks often or even in certain cases separated by the month but with the same rep—we had to decided what’s our philosophy? Where do we want to be and what are we? So we decided fairly early on that we wanted to make Princeton our home that it had been but we knew that we needed repeated exposure in the same market in order to develop a following—and we’re still working on that—so we identified a northern town called Morristown in New Jersey that we wanted to either be in or around regularly with every repertoire, and then we sort of philosophized that our third rep, usually our Sunday afternoon rep, would be in some ways for lack of a better description an outreach, still a regular concert but we would go to different venues and we would make ourselves available to be contracted for church series that bring in artists, whereas we wouldn’t have to self produce those concerts but would be paid a fee for our appearance and not handle any box office issues or anything.

KN: When you were starting out, how did all of these factors determine your mission statement (or vice versa)?

JB: Those things did not weigh heavily into the formation of our mission statement. We took our mission statement a little bit more from the standpoint of what do we have that is unique within our saturated market? And we felt at the time and to a large degree still do that the other organizations in our area tend to specialize or limit themselves in someway, and we wanted to keep as many limits off us as we could. So for instance Princeton Pro Musica is a sort of semi-professional organization, they tend to do larger works from the standard cannon, and we didn’t want to limit ourselves to that or not that. Princeton Singers is another organization in Princeton, paid group, but they are only 16 singers. They do a variety of work, but they have Steven Sametz as their conductor so a lot of their programming tends to be music of his. So we didn’t want to limit ourselves in that way, and we sort of felt like that there are certain pockets in the country—Boston probably being the most obvious one, maybe San Francisco a little and Princeton to some degree—to be a sort of “heady” environment of all the obvious reasons. And we wanted to speak a little less to the academic audience and a little more to the whole person and offer ourselves flexibility in our programming to carve out that niche.

KN: What challenges or opportunities does the project-based model present your organization now and going forward? Are they similar? Different?

JB: I would say the only thing that’s really different now is that we have progressed enough from an artistic standpoint to being to attract better talent and talent that is outside of our immediate area. There are singers around who want to sing with us that don’t live in New Jersey, and because we can pay enough to let some of those singers make a little money off of their week with us, and it certainly doesn’t cost them anything anymore, so finding budget in order to support that is I guess our biggest challenge with the project-based model at this point.
KN: You mentioned the New Jersey singers and the hybrid; is that something you expect to extend into the future of the organization? Or do you think it will move toward the Desert Chorale/Conspirare mostly flown in artists?

JB: You know I have this conversation with myself and with a couple of my trusted colleagues pretty regularly. I feel like as long as we can remain hybridized in that way and meet the artistic needs of the group I would like to remain so. I think… I have felt it’s sort of born out of a loyalty to those that have been with us and sort of gotten us this far, and also… I don’t know I think it connects us to the community in a unique way, and it provides a little bit of a service to singers that are in the area and provides them an opportunity to practice their craft and be compensated for it. I don’t know if that’s going to be a tenable situation for the life of our organization… I don’t know if there’s any way for me to know that right now, but I do feel personally committed to make that work as long as we can.

KN: It seems something that is unique to your market in the sense that you have the world’s only choir school there so you have a lot of potential to contribute to your product as opposed to somewhere like Santa Fe, NM.

JB: That’s right. I mean I think New Jersey is the most densely populated state in the country, we’re smack dab between New York and Philadelphia, and for all the challenges that presents us from a market standpoint it does mean that there are more singers in an immediate radius of us that would like to sing. And so I feel that i’d like to make the best use of that that I can.

KN: Do you think it would be tenable in other places in the country like that? I think of places with a choral tradition like Decorah, IA or even Provo/Salt Lake [UT] area where there’s a big mass of people that all do choir well. DO you think this hybrid model is something that could be replicated?

JB: I think so. I think you’re right to imply that it probably couldn’t work everywhere but it could work in some places. Beyond just big cities I think of choral cultures… like San Francisco, they just have a lot of singers because they’re a big city. Minneapolis, they have the same situation but they also have a particularly rich choral community up in that part of the country so I think it could certainly work there. But you know, the other side of that is we could have picked up our show and just stationed ourself in New York City and we could have had all the singers in the world just right there in the city. So it just sort of depends, like, it depends what you want the texture of the organization to be so I think it could work in some other places but certainly could not work in other. You know even Conspirare, who is in a metropolitan area, most of their singers come from not Austin, and the ones who live in Austin, many of them have actually moved to Austin because of Conspirare. You know, singers looking for a home base and are getting hired regularly there, it’s a great city to live in. But Austin doesn’t seem to generate the level of talent that could support something on the level of Conspirare.
KN: What are some of the particular advantages you see [within that model] to picking the ensemble based on project? As opposed to regionally based, weekly rehearsals?

JB: Well, I mean beyond what you just said which is that you can tailor your personnel to whatever repertoire you might need, I mean, that’s pretty great to be able to be that specific. In that way it sort of mirrors the huge organizations like the big opera houses where they can hire the certain voice from a certain country you know for a certain role so in that way it’s very specific, so I definitely would say that is an advantage to the project-based model. I don’t think it’s much more than that really.

KN: We’ve talked previously about the structure of your board and management situation; can you elaborate a little more on that?

JB: Yeah. So we will be entering next fall our tenth year, and we don’t have any paid administrative staff at this point. We have a functional board that is working; I think it would still qualify as what the nonprofit folks call a working board which is people on the board have actual tasks for which they’re responsible for operations, but we have tried to structure to provide for space in that model whereas… well, in our strategic plan we have identified that we would like to have paid staff at a certain point. And so we wanted to make it something where the board is functioning as a team with subcommittees and some leadership from the top, and then management of volunteers who have come from inside and outside the choir who really believe in our mission and have volunteered their services as far as public relations, artist liaison, graphic design, project management. So all of those people who are volunteering their services—or to some degree volunteering, some are getting stipend a little bit—they report to either me or a board member who is overseeing a specific portion of our operation. What we were all trying to avoid in the long term is making the board a situation where it’s populated all by singers—you see this a lot in community groups, a working board that’s populated all by singers in the group—who then kind of develop an ownership of the organization in a negative way, and the makes it harder to be flexible, makes it harder to breathe new life into the board and the organization, and so you know knowing that we want to move to a paid staff situation eventually, we knew we wanted to have as few singers on the board as possible. So we moved from a situation where we had 3 or 4 singers on our board at the beginning to we have just 1 now. And he doesn’t serve as a “singer liaison” officially, but he sort of does unofficially. He still has responsibilities as a real board member and even occupies an office right now, but that’s going to change in the coming year, and we know that keeping it separate in that way is something that makes our organization stronger and healthier even though we’re still under a working board situation.
KN: Does the working board make it so that the checks and balance between management and artistic needs are pretty well taken care of?

JB: I think we’ve managed to strike a beautiful balance so far. I think the leadership we have at the top; Cory Reeves is our president, he understands that the board exists to support the artistic mission, so he’s been really good about never wanting it to be the other way around and he’s made believers out of the rest of the board in that way as well. It would be easy—all arts organizations sort of struggle with this—what do we need to sell in order to make a go of it? And really, hopefully, in some sort of well-balanced situation, it’s how can we can convince people they need to buy what we’re selling? Rather than what do we need to make in order to make a profit.

KN: It appears your model allows you to operate at a lower price point while still managing a superior artistic product. Do you see more challenges or opportunities from being a smaller budget organization compared to some of your peer institutions?

JB: Well from my vantage point of artistic director I think it’s mostly challenges, although I can recognize exactly what you just described. We have managed to make a go of it at a high artistic level with minimal administrative paid support. I don’t know that that’s a tenable situation forever; we’ve relied on the generosity of a devoted few who really believe in what it is we’re trying to do, and those people, you know, won’t be around forever, although there very well may be other people who would sort of rise to take over that situation. I think that our artistic product has sort of outpaced our ability to keep up administratively, and a lot of that has to do with my commitment to paying the singers. I think if I hadn’t been resolute in that way, we might have seen our fee structures creep up at a much, much slower rate. I’ve tried to get the board to be aggressive in that way which has precluded us from being able to spend money in other places. So as you know that’s our biggest expense, our personnel.

KN: You are starting to spread a little more consistently into New York. Is that intentional to combat some of these issues? Why are you expanding now?

JB: That’s a fair question and one wrestled with a lot. The New York decision was… well; let me take a step back. Our board is also sort of reflective of our choir in that we’re hybridized that way. The president of our Board lives in New York City, the treasurer lives in Northern New Jersey, two of our development people live in northern New Jersey, one lives in north Texas, two live in Austin now, and so that’s a big glaring absence of Princeton people. And so we wanted to dip our toe in other markets to see if that’s something we could either, you know down the road have some practice in us if we every wanted to relocated which there’s no specific talk of right now but you know, again, allowing flexibility for the future. Or, there’s no real model in the country right now of… I don’t know what to call it other than franchisement, whereas there could be a Kinnara in New Jersey and one in Denver. Again, no specific talk of that at this time, and I don’t really know, but we wanted to live the door open. New York just by virtue of its population has more listeners. And we thought that might be a place we could build a
satisfying sized audience. We also thought that there’s money there to be perfectly honest, and we have some connections into people who really are in New York, and because a considerable number of our singers do come from New York they have a network also. So it’s a visibility thing and an experiment thing.

KN: One of the most interesting things is you first 5 years is a mirror image of how most ensembles start. They generally begin with big public donation with zero program revenue and then those lines cross after 3 or 4 years. You have basically done the opposite. Was this intentional?

JB: The simple answer to that is no, and that’s a balance thing that we are trying to remedy. A lot of this has to do with our inability to draw satisfactory paid attendance at our concerts. We credit this mostly to the saturation of the market, there’s just so many options in Princeton. And, to be honest, because we are so relatively close to New York and Philadelphia, if people want to go see world class music they have two cities that they can make a quick jaunt to. So I think those are challenges for us. We are working to remediate that problem because we believe that we need to, that we’re a little out of balance in that way. We want more of our income to come from program-related income, so that’s a focus for us as a board right now, how can we do that.

KN: Do you have an ideal revenue diversification model by percentage? Between government giving, private giving, and program revenue?

JB: Yeah. So right now most of our income or revenue come from just individual private donations. We’ve just in terms of human resources we haven’t had up until the last year someone available to us and knowledgeable on our board to navigate the vast landscape of grants and institutional giving. But now we do, so we’ve made application o more and more of those corporate foundations and grantors, and we hope to see more of that come in as opposed to just individual donations. Ultimately, I think we would like for our individual plus institutional giving to be close to 50/50-60/40; right now I think even for our forecasted for our next year we’re more like 20/80 and that’s not where we want to be. So that’s just a point of growth for us. You know, the hard part about that is how do we attract more audience members and it’s just been a real slow build for us. I’m not exactly sure of the answer and that’s something we’re all working on. How to do that is the big question, without tons of money resources outpouring in terms of paid advertising and big flashy projects that will cost us a lot to produce.

KN: What are some other unconventional avenues you are exploring for program revenue?

JB: What we’d like to do as we move forward is try to couple that with education outreach. So, I think Seraphic Fire has done something like this, but some sort of professional choral institute, which we set about doing about 5 years ago, and didn’t’ quite launch it. But targeting pre-professional singers maybe undergraduate level. So that’s sort of on our radar for the next few years so we think that may be something we could offer as a service but also could be a revenue generator for us a little bit. We’re
making our first endeavor into recording this spring, and it’ll be recorded and released on a small label and distributed through Naxos so that will be good for us. Even just to have recordings to sell at our own concerts we think that could be a way to make some money. And then just building the size of our audience. So, knowing how much we have to spend on paid advertising to make a difference in what shows up. Can we even make back in ticket sales what we would spend on paid advertising to get that many more people in the hall? And that’s a tricky little balance beam act.

KN: I’m curious with the professional choir institute; that is something that a lot of organizations elude to but can’t really lock down. Do you think there’s a natural partnership with Westminster in that regard?

JB: We would like to think so, but it hasn’t materialized yet. There is enough higher ed in New Jersey we think we could probably make a go of it. We came very, very close; we just need to… you know this is where we wish we had paid staff who could spend their 40-hour weeks thinking about these things. We run up against the limit of human resource time just to figure out when would be the ideal time to make that happen, what it would look like, and who would be our key partners. And I do think that we will figure that out in the coming couple of years, it’s just not in the immediate future. We have to prioritize things, so this year it’s the recording.

KN: When you budget a season, what categories do you prioritize as major areas to spend money? You mentioned paying the singers, and that’s clear in your reporting. But what are some areas?

JB: Well we look at recurring costs, just small overhead things that probably pale in comparison to bigger organizations. But you know the insurance we carry, the dues to professional organizations like Chorus America… increasing the stipending of some of our paid folks including myself and our graphic design person, artist liaison, project manager, PR… you know those people are working on small contract amounts right now, so increasing that. But it is mostly personnel driven, and we’re looking at… it’s hard to describe because things that we need in our long term planning like our strategic planning, we feel like we need to discipline ourselves to create costs for ourselves so that we can move in that direction so we get accustomed to spending money. So we’re going to rent an office space that’s small and super humble, and nobody will be there most of the time, but we’re going to start renting an office space at a church where we perform regularly. I don’t make a ton of money from Kinnara yet, in fact I probably give more than I make, but I insist that they pay me something in increasing increments, because If I go careening off a cliff somewhere either the organization’s going to shut down or it’s going to be hard to find somebody that wants to donate their time to this.
KN: Are there specific categories you identify in the budget you think there is potential for subsidization?

JB: One thing that we’re looking at—these are small things, but they’re big to us—we have beautifully crafted designed programs now which we didn’t always have, but they’ve become more and more expensive to print so we’re looking at ways to cancel that out by maybe selling paid advertising in the program so that they pay for themselves. We’re looking at trying to find sponsors for specific concerts, underwriting that… we’ve also talked about endowing singer chairs, you know, you’re paying for this singer to be there for this repertoire and it would go in the program whoever’s giving the money. We have tried to solicit donations from, rather than forking out money… our rehearsal model is such that they’re intense kind of six hour days ad we tend to try to feed the signers in between, so one extra way that we try to show our intention to them that we care about them and try to take care of them without increasing their fee a similar amount so trying to get those meals donated ad we have been successful in that. Beyond that, trying to get venue costs either donated or greatly reduced. We have been successful in that way. For instance the place that we’ve performed both times in New York has been essentially donated. We’ve paid a sexton fee, so that’s no small thing especially when you’re talking about Manhattan.

KN: How much does your mission statement influence your budgeting process as an organization (or vice versa)?

JB: Our mission statement is sort of significantly… well, our mission statement is sort of purposely vague so that, again, it allows us flexibility. We knew that we wanted to do something and do it at a really high level, and that we wanted to connect with people’s hearts, so that’s where our mission statement comes from. There’s a kind of tacit sub line there that is not official but it’s sort of parenthetical that we want to carve out and provide professional singing opportunities for young singers. And so that part, the kind of parenthetical part that’s not explicit, is maybe more what interfaces with our budgeting process in terms of aggressively hiring singers. Most of these organizations—Desert Chorale, Seraphic Fire—they don’t hire 32 singers usually at a time, and we have done that on a number of programs. Conspirare does from time to time, but certainly not an organization as small as we are. So that’s… we don’t have to do that, most of the rep we could get by with fewer, but I like that size and I like the depth of sound that it provides, and it also provides opportunities for singers.

KN: What is your organizational philosophy on fundraising? What sort of activities do you pursue? Do you see profit from that?

JB: Typically we have a board member who has steered that—fundraising and development is what we’re calling that—and the big push is an appeal semi-annually. So we do two big appeals a year, spring and fall usually. And that comes in the form of a letter that solicits their giving. We usually do a third sort of unofficial “light ask” again around the end of the year, which is fairly traditional standard practice in nonprofits. So we have seen good returns on that in the past on all of those three. We have instituted
more recently a strategy of tailoring our mailing to specific groups of donors, so those who have given before and have continuously given, ones who have given from time to time but are not consistent, and new asks. And then ones who have given consistently we keep track of what they’ve given of course and ask for a little bit more each time. We’ve seen pretty good response on that. We haven’t been overly wild or ambitious in what we’ve increased our ask, but it’s been fairly consistent. We have a team now on our board…. We have a grant writer on our board now which is a huge coup for us, it’s a big deal, and so we’re really only in our second year of really concerted applications to granting institutions, so we’re hoping we might see a little more fruit from that this year. So there’s a strategy in place on the board of what’s available and who to ask and when to ask and how much to ask for and that kind of thing. So we have people steering that. We haven’t really messed with our ticket prices at all, but we’ve kept them pretty standard. We do offer a student rate, which we don’t have too many people take advantage of but we remain committed to offering that as a possibility. That covers basically what we’re able to do at this point.

KN: Do you think your market is one that would benefit from a fundraising event? Or would that just be wasteful spending?

JB: I think the reason we haven’t done something like a gala or some sort of big event… we’ve had little receptions here and there that we’ve seen a little bit of donation as a result of that. We have invited some consistent donors to open rehearsals and we’ve seen a few take advantage of that. Just trying to connect as often and more intimately and more sort of vulnerable on our part with them so that they feel like they’re a little bit more on the inside. Those have been good strategies for us. I think the next event would be something like a gala or a benefit, I think that we just feel a little bit delicate still that we don’t have a big cushion. So if we were to just take a bath on one of those it would be exceptionally costly for us as an organization.

KN: As far as expenses go, two years ago is when you first started giving a travel stipend to people from outside the area. Why did you start feeling the need to bring people in from the outside?

JB: A little bit of it was need driven and a little bit of it was discipline driven. I knew that we wanted to work in that direction, and so similarly to what I sort of described before I wanted us to start forcing ourselves into that position where we needed to spend money on that kind of thing. And I do believe that the strength of the singers we can bring in from the outside does improve our product—I hate referring to it as that—but what we’re able to do artistically. But also our connection into the broader landscape nationwide of these types of organizations raises awareness amongst my singing colleagues of our existence. And then the need side of that was sometimes there was… somebody would withdraw last minute for a number of reasons health or otherwise, and there’s not a local person available who could total upheave their schedule and be with us, so we’ve brought in somebody from the outside who was more available in that way, you know people who do that mostly as their only job. So that was the need side of it.

JB: It’s a hard one to describe because it’s been different almost every year. At the beginning the only money we were offering our singers we were calling a travel money and it was at the very beginning $25-$50 to defray the cost of gas for our local folks. That sort of took a jump in the last couple of years toward an actual fee. And then in this present year we’re offering a fee plus a travel stipend to defray the cost of their travel. We haven’t been dealing in reimbursements; we don’t have the manpower to really deal with that so we just offer a stipend. SO part of the money paid to each singer is fee and part is travel. That also helps them on the tax front.

KN: Do you give everyone the same travel stipend? Or is it based on distance traveled?

JB: It’s based on distance traveled. So for our local people we don’t give any. For our people in New York and Philadelphia we give tier 1, and for our people farther away from that we give tier two.

KN: Do you provide any sort of lodging for people that are farther way or are they one their own?

JB: We do. We put them up with generous homestays.

KN: Do you provide any sort of per diem?

JB: No.

KN: But that certainly gives the singers on the other hand the opportunity to claim it as a tax write off.

JB: That’s true, and we do feed them 3 meals during the week.

KN: Why philosophically does your organization continue to subscribe to the project-based model?

JB: I think there are probably a few pillars that have informed that the most. One is that I think that the combination of the project based and people coming in that don’t’ see each other every day or even every week, there’s a sense of community and coming home that I feel like is super healthy and really creates a vibrant collegial situation where it feels like family. I like also the idea that someone could conceivably make their living as a choral singer in this country now because there are enough of these organizations in different parts of the country that they can sort of hop from one engagement to the other. I like that idea philosophically. I never did that as a full time singer, but I have spent enough of my professional life having recurring engagements with certain groups that feel important to me and so I like to provide those opportunities for other singers. I feel
like the ability for us to attract singers from all different parts of the country is one that enriches the experiences and sort of cross pollinates our choral community in the country, and I like that idea of bringing in people who live in really kind of academic cities and combining those people with people who live in rural areas and really bohemian areas and our local people many of whom are Westminster—but we have many of whom are not Westminster alumni—that sort of choral hegemony, that sort of philosophical hegemony amongst our singers… You know there’s sort of a way; you come from this school of choral singing, you come from this school of choral singing, or you come from this one or this one, and I like diffusing that to be perfectly honest. So I see value in that, I really do see value in people, you know, somebody’s who’s from Boston who’s used to singing a Bach cantata every week and has sung lots of esoteric new and ancient music because that’s what they do a lot of in Boston sitting next to somebody from Wyoming who doesn’t get to sing much at all professionally just based on where they live, so you know they bring a different kind of vision to the process and what it’s all about, and I just find that really enriching and inspiring. I think those are probably the main ones.

KN: Knowing the potential costs moving forward this unique project-based model presents, do you think it’s worth it? The artistic product vs. the cost you are facing?

JB: I do. I do think it’s worth it. And I guess one of the tenets that I left off just a second ago is that because there are people out there able to devote a fair amount of their professional singing lives to ensemble singing, that’s a set of skills that gets really finely honed and refined, and I think that’s a great thing. I think it enhances all of our musical products when people come in and this is really what they do. So I think it does elevate the possibilities for artistic excellence.