Jaycie Greenawalt

Melissa Teodoro

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**Non-profit Studio Ownership:**

**The Impact of Dance Entrepreneurship in Communities**

This summer, I interned with Schneider Downs in Pittsburgh, working in their audit department. During my time there, we focused on ERISA’s, which are the audits of defined contribution plans, such as a 401k, and defined benefit plans, otherwise known a pension plan, which ensure the financial statements of businesses are truthful and free of intentional error. Through my experience, I learned about the different types of businesses that can be audited, which include both non-profits and for-profits. One of the non-profits that I discovered was audited by the company included Pittsburgh Ballet Theatre, a local non-profit dance company based in Pittsburgh, PA. Many of the dance companies across the country operate as a non-profit, or in formal terms, a 501(c)3 organization. Essentially what this means is that these companies “rely on contributions to create new works, to provide arts education programs, and engage audiences and communities”. (Dance/USA, 2023) Through my research process, I have grown attached to discovering how studio ownership of a non-profit run business differs from that of a for-profit business. I have heard of a multitude of dance companies operating under the non-profit sector within the economy but find that there are much fewer small business dance studios that operate in the same fashion. I am interested in discovering not only how a dance studio can operate as a non-profit, but additionally I would like to assess the benefits as well as the hardships of non-profit studio ownership. I believe that through non-profit studio ownership, this can allow for increased community engagement and outreach of a business, providing greater accessibility to those who might otherwise not be able to afford dance training in their lives. I will be diving into the characteristics of what non-profit studio ownership entails, looking at the differences between for-profit studio ownership and non-profit studio ownership followed by an assessment of the benefits as well as the challenges of operating as a non-profit through real world case studies in order to gain a better understanding of the options that remain available to studio owners that could change the trajectory and functionality of dance within society.

The intended purpose of a non-profit should be to serve and benefit its surrounding community in some fashion as opposed to having a primary goal of making monetary profit. In a functionality sense, “nonprofits do not distribute profit to anything other than furthering the advancement of the organization.” (Fraraccio, 2024) This is a crucial aspect of non-profit ownership to consider, especially when determining how a business will plan to sustain operations. In contrast, studios that fall under the category of for-profit businesses seek to earn a profit through operations. There are much fewer restrictions regarding how the business may choose where their profits go, whether this be dispersed among owners or the employees of the business. “Choosing the proper business structure depends on your goals, target audience, and desired tax advantages.” (Fraraccio, 2024) Each business structure has its own advantages and disadvantages that play an important role in studio ownership.

While generating profit should not be the primary purpose of business operations, non-profits still must find a way to generate money. Funding for non-profits can be generated in a variety of ways. Some of the ways in which non-profits make money may be through individual or corporate donations, fundraising events, government or private foundation grants, earned income, and corporate sponsorships and partnerships. (The Charity CFO, 2022) Having a source of income for non-profits is essential to “pay overhead costs, fund its programs, and cover administrative fees.” (The Charity CFO, 2022)

“Nonprofit organizations are exempt from federal income taxes under subsection 501(c) of the Internal Revenue Service (IRS) tax code.” (Morah, 2024) In order to receive this tax-exempt status, these businesses must file a *Form 990* on a yearly basis with the IRS. As donations that are made to companies are tax deductible, essentially what this means is that “an individual or business that donates to a nonprofit is allowed to deduct their donation from their tax return [and] the nonprofit, likewise, pays no taxes on any money received through fundraising.” (Fraraccio, 2024) As many non-profit businesses are also reliant upon the funds that are received through charitable contributions and donations, this means that the financials and information pertaining to how a non-profit business operates must be made known to the public. This information can be found in the financial statements of the business as well as business records that show how contributions are utilized.

 Pittsburgh Ballet Theatre (PBT) provides easy access to their financial reports on their website with financial information and annual reports of the company, dating back to their 2012-2013 season up until most recently their 2020-2021 season. Some of the information that is made available includes the *Audited Financial Statements*, the *Form 990 Tax Return*, and an *Annual Report* for each season highlighting and detailing key moments of activity for a business throughout its fiscal year. The audited financial statements confirm freedom from material misstatement in financial records and disclose the financial position of the business by displaying every single piece of data pertaining to what the business holds in terms of asset, liability, and equity. The Form 990 Tax Return confirms that the business is tax-exempt and details the total amount of revenue and expenses that is received through means of charitable contributions.

Many non-profit businesses and organizations are reliant upon government and private foundation grants to support the funding of their operations. The National Endowment for the Arts, commonly referred to as the NEA, “is an independent federal agency that is the largest funder of the arts and arts education in communities nationwide and a catalyst of public and private support for the arts.” (National Endowment for the Arts, n.d.) The mission of non-profits, which serves as a foundation for operations, should be to impact society and the community in a positive light.

“While working in New Mexico state juvenile detention centers over the past 23 years through Keshet Dance Company’s M3 program, artistic director Shira Greenberg got feedback from students that they were struggling academically. Her response was to develop a movement-based curriculum focused on math, literacy, science and conflict resolution. Testing before and after each program shows an average 28-percent increase in student scores, and students who participate also demonstrate increased confidence and cooperation.” (Caldwell, 2019)

Through the design and implementation of an artistic-based movement program to assist students’ education within the community, this was a direct form of outreach, displaying how the positive impact of the arts could trickle into the educational and daily lives of the community. Artistic director, Shira Greenberg, worked in conjunction and listened to the needs of the environment she was operating in. “Taking the time to research the community you’re working with is paramount to creating a meaningful partnership.” (Caldwell, 2019) Keshet Dance Company wound up being a grant recipient of the National Dance Project Production Grant in 2024. (NEFA) Within the past two years, Keshet has received over $166,000 in grants, helping the company to fund artistic collaborative projects within Bernalillo County, New Mexico. In 2023, Keshet was awarded the Outdoor Equity Fund grant, a collaborative project with 21st Century Public Academy and National Water Dance “to provide Middle School Outdoor Environmental Education and community programming focused on water issues for youth in Albuquerque.” (New Mexico Outdoor Recreation Division, n.d.) Through many of the awarded grants, this has allowed the company to make positive change taking the arts beyond the limits of the dance space.

Through a tedious grant application process, the NEA supports arts projects through grantmaking and funding of artistic products. In the grant application process, businesses will submit an application that includes a project budget and plans regarding how grant funding will be matched with donations. A panel then evaluates these applications, “assessing the artistic excellence of the project, as well as artistic merit,” (National Endowment for the Arts, 2020) which measure the potential impact that the specific arts project might have on surrounding communities. The National Council on the Arts is responsible for reviewing the grants and sending them to the chairman of the NEA who has the ultimate say as to whether grant applications are accepted or rejected.

“Not only will it give you access to grants and tax exemptions, but it may also, most importantly, increase community support and respect for your business.” (Schwab, 2011) Reaching out to the community and building meaningful relationships, is extremely effective to the mission and success of non-profits as this is how a foundation of loyal and regular donors is established overtime. Companies that fall under this category of businesses include the Alvin Ailey American Dance Theatre, Boston Ballet, and more locally, Pittsburgh Ballet Theatre. Each of these companies has a place dedicated to receiving donations on their online platforms. Listed on the “Support” page of Boston Ballet’s website it is stated that “as a nonprofit, Boston Ballet relies on your support to fuel all we do. In thanks for your generosity, we offer experiences designed to bring you closer to our art and artists. (Ahmed, 2024)” Under the “Give” section on the Alvin Ailey homepage it is stated thar “every donation to AILEY, a non-profit organization, furthers the pioneering vision of our founder, Alvin Ailey, to deliver dance back to the people.” (AILEY, n.d.) Donors may support these companies in numerous ways through the funding of operations, scholarships, educational programs, corporate sponsorships, or anonymous contributions.

“In 2017, we achieved a milestone, and a central part of our strategic plan, with the success of our $21.2 million Campaign for Pittsburgh Ballet Theatre. More than 175 supporters made possible the debt-free construction of our world-class Byham Center for Dance and important advances in repertoire, scholarships and education.” (Pittsburgh Ballet Theatre, 2023)

Through generous givers, and the support of many, the construction of this space now gives back to the community as it continues to be utilized for many other purposes beyond performance and rehearsal space for company members and students. This space creates positive change within the community by promoting wellness and offering dance and conditioning classes to the public. Donors that make contributions through the funding of scholarships also provide students, who might not otherwise be able to afford it, with the opportunity to take dance classes and pursue training at a pre-professional level. Non-profit companies also find ways to engage with the community through sponsorships of productions or events that bring businesses within the community closer together. It is through the investments on behalf of the community that make operations possible on behalf of non-profit dance organizations.

While these three names are extremely well known, non-profits do not just exist at a large scale leveled company that might be known nationally or globally. These non-profit businesses can also exist at a smaller level, among local businesses. A few examples of studios that had made the switch to non-profit run businesses include Dimensions Dance Center, located in St. Louis, Missouri, Blue Ridge Studio for the Performing Arts, located in Berryville, Virginia, and Ridgefield Conservatory of Dance, located in Ridgefield, Connecticut. Likewise, these studios go through the grant application process in hope of receiving funding, however, this and individual donations only make up a small portion of the income that is generated. Most of the funding for these studios comes from student tuition, making business operations possible. Similar to the scholarships that are funded to provide financial assistance to dancers by dance companies such as the Alvin Ailey American Dance Theatre, “Dimensions Dance Center maintains a Scholarship Fund for students in financial need.” (Dimensions Dance Centre, n.d.) What we see in non-profit business operations on a smaller level are also reflected on a higher level.

While non-profit dance studio ownership can bring about many positive opportunities for the operations of a business, non-profits also face many hardships. The management of non-profits can be very difficult at times. “For-profit organizations have fewer regulations and more control over how they use their funds. In contrast, nonprofits have fund restrictions and must comply with stringent reporting guidelines, which can vary based on the stakeholders involved, such as donors and regulatory agencies.” (Fraraccio, 2024) There is an extreme amount of involvement that goes into running a non-profit. Management is responsible for the constant paperwork and reporting of business activities that ensures a non-profit is truly complying with guidelines and parameters as to how the company should function.

Overall, there are many options that must be taken into consideration when deciding how you may wish to operate a business. Ultimately, the decision regarding which business model is best comes down to what will best fulfill the desired mission, goals, or intentions. A for-profit dance studio business model might seem more fitting if there is a goal to maximize wealth by generating money without restrictions as to what can be done with it. On the other hand, non-profit dance studio ownership focuses on being a catalyst for change within society through outreach, impactful community engagement, and collaboration. I think that it is extremely important that we see the impact of arts and dance move beyond the four walls of a studio and leave a lasting impact on communities. Dance has the power to shape lives and through non-profit dance studio ownership this is possible. We continue to see the driving force and impact of the arts in the daily lives of individuals as non-profits change the trajectory and functionality of dance within society for the better.

As I look toward my future career path, this research has been very informative, working in conjunction with my other major in accounting. This process allowed me to bring together two things that I am so passionate about and I hope that going forward I am able to apply the knowledge that I have gained and carry that into my future endeavors. It is a goal of mine to one day run my own dance studio, being able to apply both my entrepreneurial and dance knowledge. I will carry this research with me as I am now able to consider the variety of ways in which I could choose to run a business, knowing the functional difference between the operations and missions that these business structures stand upon.

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