

RETHINKING OVERHEAD

THE NONPROFIT CENTERS
NETWORK

CASE STUDY: CultureWorks Greater Philadelphia

CultureWorks Greater Philadelphia (CultureWorks) is a 501c3 tax-exempt charitable organization based in Philadelphia, Pennsylvania. Founded in 2010, CultureWorks' mission is to provide equitable access to the resources that arts and heritage practitioners and organizations need to flourish. CultureWorks serves approximately 260 program members, including over 100 who are fiscally sponsored, with missions that foster fine arts, performing arts and media arts as well as heritage arts and humanities. CultureWorks nurtures an intentional community among members and a "management commons" that fosters the sharing of space, management services, and skills and expertise.

"We refer to ourselves as an intentional community. We are more cooperative and deliberate in how we are sharing resources and provide flexibility." - Thaddeus Squire, Chief Commons Officer, CultureWorks Commons Management

General membership, Track 1, offers 20 hours/month access to shared workspace, meeting and conference rooms; a 360 degree assessment by CultureWorks' administrative team; opportunities for sharing and support among the broader membership; discounts and preferred rates with a variety of service partners; and, the option to add access to space or consulting services as needed. All CultureWorks members must have a strong commitment to equity and diversity and their work must reflect three criteria: intentionality, impact and interaction.

Track 1 members can also apply to Track 2 to access comprehensive shared back office services, which include: financial management, access to legal services and forms, bookkeeping, Cultural Data Project reporting and compliance, human resources management and payroll, basic insurances, donation and grants management, and additional management support. These are delivered through a comprehensive fiscal sponsorship structure.

CultureWorks is currently developing a Track 3, an opportunity to raise financial resources with management support for fundraising, marketing, data management, and operational funding.

FUNDING MODEL

CultureWorks describes itself as a beneficiary-supported common good corporation and funds operations primarily through earned revenue from membership "cost allocations." The term "cost allocation" is intentionally used in the place of "fee" to match CultureWorks' cooperative relationships and move away from transactional language.

General membership, Track 1, is renewable on a monthly basis for \$40 per month. Cost allocations for Track 2 are 12% of the individual's or organization's earned and contributed revenue. CultureWorks is in the process of assessing moving to a *dynamic cost allocation* model, potentially the first of its kind in the fiscal sponsorship field. Track 3, under development, is advertised at 5% to 20% of earned and contributed revenue.

CultureWorks intentionally avoids philanthropic subsidy for operations not only to avoid competing with members who are trying to achieve funding, but also owing to lack of such funding interest in shared services among the philanthropic community. Current member organizations and their funders develop an understanding that a percentage of members' funding will be re-allocated for CultureWorks membership.

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KEY WINS

- Sharing resources lowers barriers to accessing them. Through membership, more individuals and organizations can access CultureWorks' space, services and support – a win for equity, for arts and culture, and for overall quality of life.
- Costs of services are allocated as a percent of monthly earned or contributed revenue and not expenses. Arts and culture organizations often rely on project-based or occasional contracts. This cost allocation strategy helps members to weather months with variable revenue and also makes membership less risky.
- This model promotes efficiency and sustainability in terms of human effort and actual dollars. Members allocate money for access to services that enable a greater focus on mission, flexibility and adaptation. Relatedly, CultureWorks strives to move the arts and cultural community mentality from one of scarcity to one of abundance.

LESSONS LEARNED

- Human behavior can be a challenge. Some members are more comfortable with a simple transaction and request that services be available a la carte. Difficulties arise in getting members to invest their time and expertise and fully engage in the management commons culture, participate in collective problem solving, and accept the concept of co-management. Trust and familiarity among members and CultureWorks staff are critical to mutual success.
- Relatedly, the nonprofit sector is motivated by very deeply entrenched notions of what it means to do charitable work. There is a conflation between independence of mission, vision, and work and independence of infrastructure. This leads to a misconception that members, who participate in shared and collaborative infrastructure, are not strong, independent organizations.

“The field is starting to notice and understand that fiscal sponsorship is not just a set of training wheels for weak or unstable organizations but solutions to permanently restructure the sector and its scale.” - Thaddeus Squire, Chief Commons Officer, CultureWorks Commons Management