

Tacoma Art Museum: Will Less Be More?

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Synopsis

The Tacoma Art Museum was a regional, mid-sized museum in Western Washington dedicated to collecting and exhibiting Northwest art. The Museum's leadership had worked hard toward achieving its vision as a national model for regional museums. Elements of the vision included engaging, inspiring, and building community through art. Recently, the Director and the Deputy Director of Finance discussed whether to offer free admission to all visitors all the time. The Director supported the idea of free admission, as she believed it would increase the number of visitors in total and from targeted underrepresented groups. However, the Deputy Director expressed concern over the financial impact of free admission. The decision would require using money from the endowment to cover the lost revenue. The Director and Deputy Director had less than one week to sort through the issues, reach agreement, and to prepare their case for presentation to the Board of Trustees.

Learning Outcomes

The outcomes of this case are:

1. Identify the strategy of a not-for-profit arts organization and describe how it differs from the strategy of a for-profit company.
2. Identify three-to-four major stakeholder groups of a not-for-profit arts organization and indicate how they contribute to the organization's success.
3. Compare and contrast major financial statements of a not-for-profit organization (balance sheets and statements of activities) with similar financial statements of a for-profit company (balance sheets and income statements).
4. Compare and contrast the statements of activities of a not-for-profit arts organization used by management to the statements of activities prepared for external users.
5. Examine the potential positive and negative financial and non-financial impacts of offering free admission.
6. Propose and defend a decision to offer free admission from the perspective of the Director, who is responsible for executing the organization's key strategies.

Application

The case is appropriate for undergraduate business courses or graduate masters in public affairs courses in managerial accounting, not-for-profit accounting, or not-for-profit management.

Key Words

Not-for-profit management, not-for-profit accounting, and managerial accounting.

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