

Midterm Paper_Ping Chong & Co

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1. Introduction

Ping Chong and Company (PCC) is a nonprofit arts organization of socially engaged theater for over 50 years. Founded by Ping Chong, the organization is celebrated for its innovative theatrical works that explore issues of history, culture, identity, and social justice. This paper explores how PCC exemplifies innovative nonprofit practices through its mission-driven strategies, financial management, and commitment to sustainability. We will explain how the organization integrates commercial tactics to support its mission, adopts forward-thinking management structures to foster inclusivity and collaboration, and builds meaningful external partnerships to enhance its social impact. Additionally, the paper evaluates PCC's approach to sustainability and risk management, focusing on its ability to address economic, ecological, and ethical challenges while maintaining long-term viability.

2. Background

2.1 Mission

Ping Chong and Company (PCC)'s mission is to create theater and art that reveal beauty, invention, and precision while remaining deeply committed to social justice (PCC, n.d.). This mission is perfectly reflected in multiple aspects of PCC's work, emphasizing artistic innovation, community engagement, and cultural awareness.

One of PCC's missions in action is the Undesirable Elements Series, an ongoing series of interview-based theater productions that explore issues of culture and identity within specific communities (Undesirable elements, n.d.). These productions bring personal narratives to the stage, fostering understanding and empathy. Additionally, PCC offers a wide range of educational programs, including training and workshops in K-12 schools and universities, which are designed to cultivate artistic skill-building, discovery, and critical thinking (Learn PCC, n.d.).

Through these initiatives, PCC ensures that its mission is not just a statement but a lived practice that enriches the lives of diverse communities.

2.2 Unique Financial Theories

In 2021, PCC undertook a comprehensive strategic planning process in collaboration with P.S. 314, a social change consulting agency, to address the organization's long-term goals and leadership transition as it celebrated its 50th anniversary (PCC Executive Summary, 2022). The process emphasized equity, innovation, and community building while ensuring the legacy of its artistic vision. The resulting three-year strategic plan provides a roadmap for transitioning PCC from a founder-led organization to a collaborative model that honors its heritage while preparing for sustainable growth and future innovation.

PCC has effectively embraced the commercialization of nonprofit practices to sustain its mission and operations. By integrating revenue-generating initiatives such as paid workshops, community-specific productions, and educational programs, PCC has diversified its income streams while maintaining its commitment to accessibility and social justice. These strategies demonstrate how nonprofit organizations can balance financial sustainability with mission-driven activities, creating mutually beneficial relationships with stakeholders and audiences.

In 2022, PCC implemented a transformative leadership model that transitioned the organization to a non-hierarchical Artistic Leadership Team. This team, comprising Nile Harris, Jane Jung, Mei Ann Teo, Talvin Wilks, and Sara Zatz, operates through consensus-based decision-making, reflecting contemporary management theories that prioritize collaboration, inclusivity, and shared accountability (PCC, 2023). This innovative leadership structure enables PCC to decentralize authority while fostering collective creativity, ensuring the organization remains agile and responsive to the evolving needs of its audiences and artists.

The organization also actively collaborates with diverse communities, educational institutions, and cultural organizations, creating meaningful partnerships that amplify its mission. These collaborations result in community-specific theatrical works and educational programs that extend PCC's influence while addressing social and cultural issues. By building these strategic partnerships, PCC not only expands its audience base but also reinforces its reputation as a leader in socially engaged art.

3. Financial Management System

3.1 Overview of Systems

PCC has established a comprehensive financial management system designed to support the organization's mission and ensure sustainable growth. The system is built to track and optimize multiple revenue streams, including contributions, grants, program service revenue, and investment income.

Revenue Trends

Key Revenue Categories

Contributions and Grants:

- Representing the largest source of income for PCC, contributions and grants increased from **\$1,510,773 in 2022 to \$1,699,765 in 2023**.
- This 12.5% growth reflects PCC's success in securing donor support, foundation grants, and other funding aligned with its mission of socially engaged theater.

Program Service Revenue:

- Revenue generated from PCC's primary service activities grew significantly, from **\$149,762 in 2022 to \$230,262 in 2023**, marking a 53.8% increase.

- This growth highlights PCC's expanding outreach and ability to monetize its programmatic offerings without compromising accessibility and inclusivity.

Investment Income:

- PCC's income from investments (e.g., interest and dividends) increased from **\$1,486 in 2022 to \$8,917 in 2023**, a growth of nearly 500%.
- This surge likely reflects improved market conditions or a strategic shift in investment allocations.

Other Revenue:

- Other sources of income, which may include rental income, merchandise sales, or other non-primary activities, rose modestly from **\$605 in 2022 to \$2,129 in 2023**.

Total Revenue:

- Combining all revenue sources, PCC's total revenue grew from **\$1,662,626 in 2022 to \$1,941,073 in 2023**, reflecting an overall increase of 16.8%.

Key Expense Categories

Salaries, Other Compensation, and Employee Benefits:

- Expenses related to staff compensation and benefits accounted for a substantial portion of PCC's budget, decreasing slightly from \$810,657 in 2022 to \$799,874 in 2023.
- This stability indicates effective management of personnel costs, even as other operational expenses grew.

Other Expenses:

- These include costs not categorized as salaries or program-specific expenditures, such as administrative overhead, consulting fees, or travel expenses.

- Other expenses more than doubled, rising from \$318,553 in 2022 to \$721,362 in 2023, likely reflecting investments in leadership transition, rebranding, and strategic planning initiatives.

Total Expenses:

- PCC's overall expenses increased by 34.6%, from \$1,129,210 in 2022 to \$1,521,236 in 2023. This rise underscores the organization's commitment to expanding its operations and investing in its mission during a period of growth and transition.

Net Assets or Fund Balances

Beginning and Ending Balances:

- PCC's net assets or fund balances grew from **\$1,626,825 at the start of 2022 to \$2,046,662 at the end of 2023**, an increase of 25.8%.
- This demonstrates the organization's strong financial health, with the ability to maintain surpluses despite rising costs.

Liabilities:

- Total liabilities rose significantly, from **\$3,861 in 2022 to \$171,078 in 2023**, reflecting additional obligations taken on during the period, potentially tied to strategic initiatives.

3.2 Regulatory Compliance

As a nonprofit organization, PCC adheres to the Financial Accounting Standards Board (FASB) guidelines for nonprofit entities, which outline best practices for financial reporting and management. The organization fulfills its regulatory requirements by filing annual IRS Form 990, providing transparency regarding its revenue, expenditures, governance structure, and

operational activities. These filings demonstrate PCC's commitment to adhering to nonprofit regulations and maintaining donor trust.

The organization's financial transparency is further underscored by its use of independent auditors to assess its financial statements. According to the 2022 and 2023 filings, Mary G. Sormeley CPA conducted the audits, providing assurance of PCC's compliance with accounting principles and regulatory standards. Audits are crucial not only for identifying potential financial risks but also for building credibility with stakeholders, including grant providers and individual donors. PCC's compliance efforts ensure that it operates with accountability while meeting the expectations of both regulators and supporters.

3.3 Roles of Key Financial Personnel and Audit Processes

PCC ensures effective financial oversight through a combination of dedicated financial personnel, an engaged board of directors, and external audits. The organization's financial leadership structure integrates operational expertise with strategic guidance to maintain fiscal health and accountability.

Key Financial Personnel

- **Deirdre Valente, Treasurer:** As a member of the board of directors and principal at Lisa Booth Management, Inc., Valente oversees the organization's financial strategy and ensures it aligns with long-term goals. Her role includes budget approval, financial monitoring, and expert advice on fiscal matters.
- **Arts Financial Management Services, Financial Manager:** This role involves managing daily accounting tasks, overseeing payroll, and ensuring that PCC complies with nonprofit financial regulations. The financial manager collaborates with leadership to prepare accurate financial reports.

- **Mary Sormeley, Accountant:** Somerley, PCC’s external accountant, provides professional support for financial operations, including annual audits and regulatory filings.

Board of Directors

PCC’s board of directors, chaired by **Amy Chin (President)** and **Lillian Cho (Secretary)**, plays a critical role in governance. The board provides oversight of financial operations, reviews key performance metrics, and ensures that organizational practices adhere to high ethical standards. With five of six independent voting members, the board brings objectivity and accountability to financial decision-making.

Audit Processes

To maintain transparency and build stakeholder trust, PCC undergoes annual external audits conducted by Mary Sormeley CPA. The audit process evaluates the accuracy of financial statements, assesses adherence to internal controls, and ensures compliance with nonprofit accounting standards. The findings from these audits provide actionable insights, helping PCC mitigate financial risks and improve operational efficiency.

This structured financial oversight framework reflects PCC’s commitment to responsible stewardship of its resources and its dedication to maintaining donor and stakeholder trust.

4. Sustainability Reporting

In response to the retirement of founder Ping Chong and Executive Director Bruce Allardice, PCC announced a three-year leadership transition and strategic plan in June 2022 that articulated an innovative approach rooted in exploration, experimentation, and intentional evolution of the company toward a reimagined future. In this section, we will apply the SASB framework in conjunction with an analysis of PCC’s Economic, Ecological, Ethical, Social, and

Governance performance (Sustainability Accounting Standards Board, 2023). Through this integrated approach, we aim to identify and assess the sustainability issues that are most important to PCC.

4.1 Key Sustainability and ESG Issues

Economic Factors

- *Financial Sustainability:* Through its strategic planning process, PCC's executive board has emphasized the importance of financial health for the future survival and growth of the organization, particularly in ensuring financial stability during leadership transitions. Form 990 data from 2022 to 2023 shows that the organization's total revenue grew from \$1,662,626 to \$1,941,073 during this period, demonstrating a steady revenue growth trend. This growth was largely due to an increase in donations and grants, which demonstrates the organization's strong performance in fundraising capacity and good market reputation.

On the expense side, total expenses are \$1,129,210 in 2022 and increase to \$1,521,236 in 2023. The increase in expenses is primarily for employee compensation enhancements and expanded operations, reflecting the fact that the organization is investing in its core mission and expanding its arts and education programs. Despite the increase in expenses, the organization's net assets increased from \$1,626,825 to \$2,046,662, demonstrating its financial health.

However, it is worth noting that the liabilities in 2023 ballooned from \$3,861 to \$171,078. This significant increase may indicate underlying financial stress or money management strategies that may require additional attention in the future.

- *Resource Development and Communication:* In FY23, PCC received transition funding from the New York Community Trust to launch the firm's strategic communications and rebranding program. They developed a Request for Proposal (RFP) seeking a two-year partnership with a consulting firm to work on the rebranding. Based on the Art Leadership Team's (ALT) work on the art and vision for the company, branding will begin in the coming year with a strategic communications firm. In FY25, PCC will begin implementation of a new brand strategy, including a new visual identity, website, and launch campaign (PCC Annual Report, 2023, p. 21).
- *Fundraising and Budget Allocation:* During PCC's first year of transition, salaries and benefits accounted for the largest portion of total expenditures, approximately 37 per cent, demonstrating the organization's commitment to maintaining the stability and morale of its core team during the transition. Consultants accounted for 21% of total expenditures, reflecting the extent to which the organization relied on outside experts for strategic planning and transition management. In terms of program expenditures, the Lazarus 1972-2022 program accounted for 19% and the All Islands Connect Underwater program accounted for 13%, proportions that demonstrate the organization's significant financial commitment to these specific arts and education programs. An Extra Ordinary Afternoon project accounted for 7% of expenditures, demonstrating a commitment to this innovative program. Additionally, the UE 30th Anniversary Symposium project had a lower expenditure of 4%, which may indicate that while the celebration was important, the financial commitment was relatively low (PCC Annual Report, 2023, p. 28).

PCC developed a detailed financial plan with an estimated cost of \$1.5 million for the entire transition program, which is in addition to regular program and operating

expenses. The Mellon Foundation provided a \$900,000 grant in March 2022, which included \$300 million dollars in matching funds required. Through Mellon Foundation lead funding, PCC plans to raise an additional \$600,000, of which \$300,000 will be used to meet Mellon's matching funds requirement. In the first year, PCC partnered with Mission Driven Consulting (MDC), which provided support to meet the transition fundraising goals, to develop a fundraising and communications plan. The plan included a year-end fundraising campaign, a fundraising campaign timeline and action plan, a case for multi-targeted support, and tools and guides to support the diversification of funding sources, particularly in the areas of individual and major gifts. In its first year, PCC was successful in securing two major grants, which included \$100,000 from the Howard Gilman Foundation and a two-year \$150,000 grant from the New York Community Trust, the latter for strategic communications and rebranding (PCC Annual Report, 2023, p. 21).

During FY23-FY25, PCC's budget is increased by around 50% due to additional transition-specific expenses, which includes an allocation of staff time devoted to transition work, succession support for departing leaders, consultant support, a communications strategy and archive process (PCC Annual Report, 2023, p. 27).

Ethical and Social Factors

- *Social Justice and Equity*: The considerations of equity are embedded throughout the organization. In FY23, PCC chose not to hire a separate equity consultant, opting instead to incorporate equity considerations into the broader Organizational Development work led by Leading ChangeMakers (LCM). This integration was intended to create equitable spaces through various organizational activities, emphasizing relational aspects and addressing power dynamics across the organization (PCC Annual Report, 2023, p. 18).

- *Community Engagement and Education:* PCC's learning, training, and community-engagement programs are rooted in the methodologies of Undesirable Elements. In K-12 schools, universities, senior centers, and a variety of community settings, PCC offers tools for dialogue and connection, and creates supportive spaces for artistic skill-building and joyful discovery with youth, elders, cultural workers, community members, artists, and arts educators who seek to deepen and expand their practice (PCC Annual Report, 2023, p. 15).

Governance Factors

- *Organizational Structure:* To define and envision an artistic future that is in line with fundamental principles and long-term goals, a five-person transition Artistic Leadership Team (ALT) was formed, bringing together the voices of various multidisciplinary artists, producers, and administrators.
- *Strategic Partnership and Leadership Transition:* To ensure a smooth transition for the organization, PCC partnered with P.S. 314 Social Change Consulting for the purpose of having P.S. 314's team guide PCC's key stakeholders through a series of internal assessment, ideation, and orientation processes (PCC Annual Report, 2023, p. 8).

Moving forward, they will focus on building a sustainable, adaptive organizational structure that transcends individual roles. Sara Zatz emphasizes that their challenge is not just to replicate the roles of founders Bruce and Shohei, but to create a system that supports the ongoing needs of the organization and facilitates a collective approach to leadership. This required redefining the way leadership interacted, emphasizing communication around core values, decision-making processes, and power dynamics within the organization (PCC Annual Report, 2023, p. 6).

4.2 Materiality Analysis

To conduct a materiality analysis for PCC using the SASB Standards for the Media & Entertainment industry, the key disclosure topics include Media Pluralism, Journalistic Integrity & Sponsorship Identification, and Intellectual Property Protection & Media Piracy (Sustainability Accounting Standards Board, 2023). Initially, we categorized PCC's relevant ESG topics based on these industry standards and company's activities to ensure a targeted and industry-specific approach.

Potential Topics

Environmental Topics

1. Environmental Impact of Productions
2. Sustainable Resource Use
3. Carbon Footprint

Social Topics

4. Equity
5. Diversity and Inclusion
6. Cultural Sensitivity
7. Content integrity and Truthfulness
8. Protection of Privacy
9. Employee Well-being
10. Community Engagement

Governance Topics

11. Artistic Leadership
12. Stakeholder Engagement

13. Crisis Management

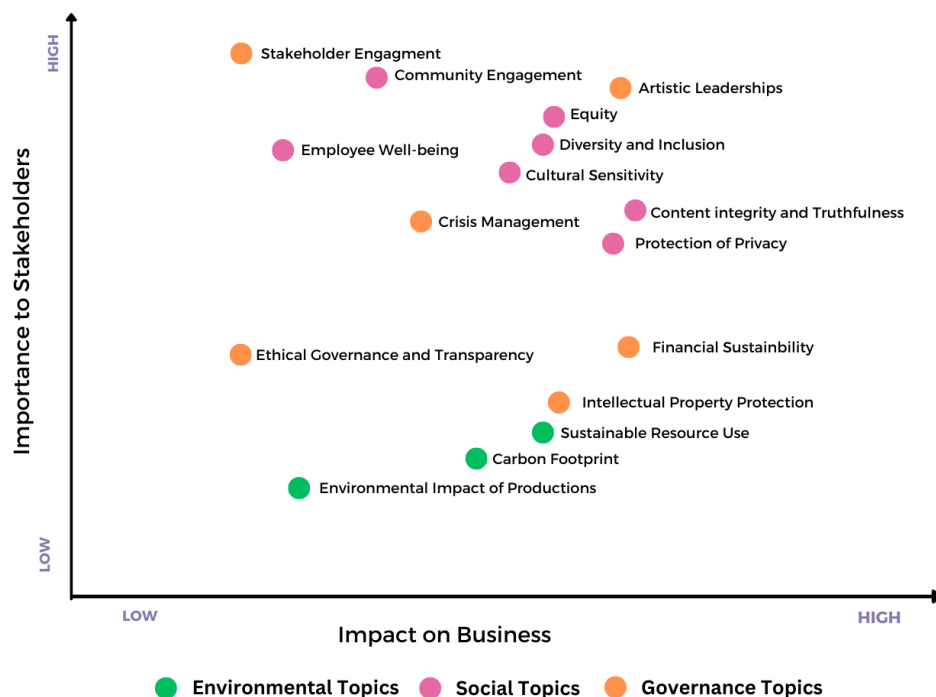
14. Ethical Governance and Transparency

15. Intellectual Property Protection

16. Financial Sustainability

Two-dimensional Matrix Analysis & Prioritize

- The vertical axis represents the importance to stakeholders.
- The horizontal axis represents the impact on the business.



This analysis highlights community engagement, stakeholder engagement, and arts leadership as areas of high importance and impact. This reflects PCC's commitment to fostering deep, meaningful engagement with audiences and maintaining strong, creative leadership. On the environmental front, the moderate impact and significance of Sustainable Resource Use and Carbon Footprint are also indicative of growing stakeholder expectations for arts organizations to be environmentally responsible. Financial sustainability and ethical governance and transparency

are rightly identified as key to business impact and stakeholder trust, and PCC needs to adhere to rigorous financial and ethical standards to ensure long-term viability and integrity.

4.3 Risk Management

The risk factors and potential financial impacts influencing the viability of PCC primarily stem from transition risks associated with the organization's strategic shift and leadership succession. *Key risks include:*

- Reputation and Engagement: Stakeholder perceptions regarding PCC's commitment in the transition period can significantly impact its ability to attract funding, audiences, and partnerships. Failure to align with these values could reduce support from donors, sponsors, and the community.
- Investment in Sustainability: Transitioning to sustainable practices requires significant upfront investment. Although potentially costly, these investments can lead to long-term financial and operational benefits, aligning with broader funding trends and donor expectations.

Management of Transition Risks

- Artistic Leadership Team (ALT): This team is responsible for ensuring that the organization's artistic and operational practices integrate contemporary environmental and social standards. They oversee the creative output and operational adjustments necessary to align with sustainability goals.
- Board of Directors: The Board, particularly roles like the Treasurer, plays a crucial role in strategic oversight. They monitor the financial and operational impacts of transition risks, ensuring that PCC navigates these changes effectively while remaining financially viable.

- **Operational Managers:** These managers handle the implementation of sustainable practices at the operational level. They ensure that day-to-day activities and PCC's facilities are resilient and comply with current environmental standards, thereby maintaining operational effectiveness.

4.4 How might PCC Improve Sustainability Practices

Although PCC has made considerable improvements in sustainability reporting and risk management, particularly through its leadership transition, there are areas where the organization can further align its practices with best industry standards to enhance long-term sustainability and operational resilience.

One of the key areas for improvement is in financial risk management. While PCC has demonstrated financial growth through increased revenue and strategic funding, the sharp rise in liabilities from \$3,861 in 2022 to \$171,078 in 2023 indicates potential financial stress or liquidity challenges. To mitigate these risks, PCC should implement more robust financial forecasting and reserve fund policies to ensure fiscal stability, particularly as it navigates leadership and operational transitions.

Another critical area for enhancement is strategic communications and external relations. PCC has successfully secured major grants and partnerships, including transition funding from the Mellon Foundation and the New York Community Trust for rebranding efforts. However, its reliance on foundation funding suggests a need for a broader, diversified fundraising strategy. Expanding revenue streams through corporate partnerships, audience-driven crowdfunding, or a membership program could provide more financial stability and reduce dependence on large grants. Additionally, a stronger digital engagement strategy could help broaden its audience reach and donor engagement. Incorporating data-driven marketing techniques and leveraging

digital analytics to optimize fundraising campaigns and audience outreach may be a potential solution to build strong and robust external relations.

Additionally, sustainability strategy integration presents an opportunity for improvement. PCC has embedded equity and inclusion within its governance model by incorporating diverse voices into its Artistic Leadership Team (ALT). However, its environmental sustainability efforts remain underdeveloped compared to best practices in the field. While arts organizations globally are adopting carbon footprint reduction strategies, sustainable production methods, and resource-efficient operations, PCC has not yet formalized a comprehensive environmental impact assessment or sustainability policy. Implementing greener production methods, sustainable material sourcing, and carbon reduction initiatives can further align PCC with the growing sustainability expectations in the arts and cultural sector.

5. Data Analytics

While direct examples of data analytics are not evident in the public information provided by PCC, this may hint at a broader conversation about data transparency in nonprofit arts organizations. Data analysis plays a key role in modern organizational management, but detailed documentation and public display of such practices may not be common in the arts, particularly in the nonprofit sector.

5.1 Speculative use of data analytics

Program Evaluation: For example, PCC's Undesirable Elements series of programs tells the stories of community members from diverse backgrounds by inviting them to tell their stories, which may involve systematic collection and analysis of participant feedback and audience interactions. PCC may evaluate the impact of these performances, such as audience perceptions

and changes in attitudes toward social issues, through regular audience surveys, which can guide the design of similar programs in the future.

Participant Feedback: In PCC's Creative Aging program, by providing older adults with opportunities for narrative theater and storytelling creation, the organization may collect indicators of older participants' psychological and social well-being at the beginning and end of the program. These data can be used to analyze the specific impact of the program on improving older adults' social connections, well-being, and quality of life.

Resource Allocation: PCC offers intensive training and professional development opportunities based on devised theatre and community engagement methods, as well as community building and storytelling workshops tailored to arts and community organizations. PCC may adjust its resource allocation strategy based on the response of specific communities or populations by increasing its investment in those areas or groups, or by developing more customized content targeted to those groups.

To deepen our understanding of how PCC uses data analytics, we will further reach out to organizations to obtain first-hand data and information. This will include asking the organization how it collects, analyzes, and applies data to guide its strategic decisions and day-to-day operations.

6. Conclusion

In conclusion, Ping Chong and Company (PCC) exemplifies the transformative power of socially engaged art by seamlessly integrating innovative practices with a strong commitment to its mission. The organization has demonstrated resilience and adaptability through its strategic leadership transition, financial management, and sustainability efforts. By fostering inclusivity, embracing equity, and forming meaningful partnerships, PCC has not only upheld its artistic and

social justice values but also secured a sustainable foundation for future growth. Its ability to balance financial stability with community impact serves as a model for other nonprofit arts organizations navigating similar challenges. Moving forward, PCC's ongoing commitment to adaptability, transparency, and stakeholder engagement will be pivotal in ensuring its continued success and relevance in a dynamic cultural landscape.

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