



# **Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues**

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Montgomery County, Maryland



# Executive Summary

## Office of Legislative Oversight Report 2025-13

### Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

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#### Purpose and Scope

Montgomery County Government actively supports its arts and culture sector through annual grants, service contracts, operating funds, and capital investments. It also owns eight arts venues – operated by nonprofit and for-profit entities – which receive additional County support for utilities and maintenance. The COVID-19 pandemic significantly impacted nonprofit arts and humanities organizations, and while recovery is underway, many still face financial challenges and have sought direct County aid.

This Office of Legislative Oversight (OLO) report responds to the County Council’s request to examine the sector’s post-pandemic economic status, focusing on its reliance on County funding. Part 1 analyzes County support from FY18 to FY25; Part 2 presents financial data for the eight organizations operating County-owned venues from FY18 to FY24. The report begins with a sector overview and concludes with findings and recommendations for Council consideration.

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#### Overview of the Arts and Culture Sector

Montgomery County is home to over 500 cultural organizations and 2,000 artists and scholars. In 2022, local nonprofit arts and culture groups and their audiences generated \$183.8 million in economic activity, supported nearly 4,000 jobs, and contributed \$5 million in local tax revenue. Annual revenue for nonprofit arts and culture organizations comes primarily from three sources – earned income (41-43%), private philanthropy (40-42%), and government support (10-12%).

#### Government support

Local governments remain the largest source of public arts funding. While nominal funding for local arts agencies (LAAs) has grown since 2005—peaking during the pandemic—adjusted for inflation, it has declined since 2001. Montgomery County’s LAA, the Arts and Humanities Council (AHCMC), has seen steady nominal increases (per capita spending rose from \$5.13 in FY18 to \$6.33 in FY25), but its inflation-adjusted budget has remained flat since 2017.

Historically, U.S. arts funding has favored larger, less racially and ethnically diverse organizations in wealthier urban areas. In response, funders like AHCMC and the Maryland State Arts Council are now prioritizing cultural equity to better support communities that have been underrepresented in resource allocation.

## The Economic Impact of COVID-19

Nonprofit arts organizations are especially vulnerable to economic downturns, with slow recoveries following recessions (e.g., post-2008). The COVID-19 pandemic caused severe financial losses across the sector, forcing many organizations to rely on emergency government aid. **In the County, AHCMC distributed \$5.8 million in relief grants to organizations in FY21 and FY23.** Although the sector is recovering, earned income remains below pre-pandemic levels (adjusted for inflation) and contributed income is declining as relief funding ends.

### **Part 1: County Government Funding for Arts Organizations**

From FY18 through FY25, the County invested a **total of \$97.9 million across six funding streams:**

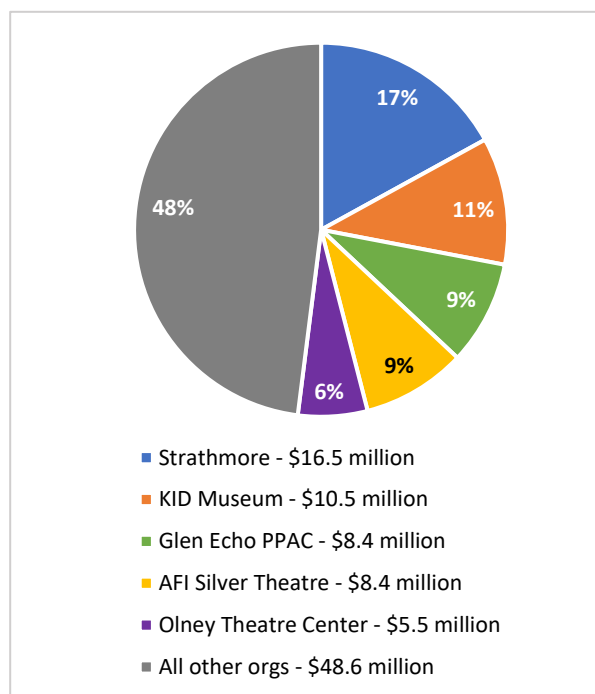
- Grants administered by AHCMC, including pandemic relief (\$46.1 million);
- Capital project funding, such as cost-sharing capital grants (\$10.7 million);
- Contracts, including both non-competitive and other procurement types (\$11.3 million);
- Grants outside of AHCMC, both competitive and non-competitive (\$2 million);
- Operational support through Non-Departmental Accounts (\$6.6 million); and
- In-kind support for utilities and maintenance costs (\$21.2 million).

Five organizations (see Chart 1) received approximately half (52%) of this support. These organizations benefit from multiple funding streams including direct operating support, grants, contracts, capital funding, and in-kind facility support.

#### AHCMC Grants:

**AHCMC is the County's main arts funding source, awarding \$46.1 million in grants to organizations from FY18 to FY25, including COVID-19 relief.** General Operating Support (GOS) makes up 70% of all AHCMC funding. Most (79%) goes to organizations with budgets over \$150,000 via GOS II grants. Five organizations—Strathmore, Olney Theatre Center, Imagination Stage, Round House Theatre, and the Baltimore Symphony Orchestra—received over half of GOS II funds. Since FY18, AHCMC has expanded support for smaller and mid-sized organizations by making GOS I and Advancement Grants more equitable and accessible. The share of GOS I funding grew from 15% of all GOS grants in FY18 to 29% in FY25.

While County appropriations have slightly outpaced inflation, they haven't kept up with demand, leaving some panel-recommended applicants unfunded each year.



**Chart 1. County Support is Concentrated Among Five Large Organizations**

### Capital Funding:

**Between FY18 and FY25, the County invested \$10.5 million in capital projects for arts organizations.**

Three organizations – Glen Echo Park Partnership (\$4 million), Olney Theatre Center (\$2.1 million), and Round House Theatre (\$1.4 million)—received 71% of this funding, primarily for multi-year renovations and expansions.

### Contracts and Other Grants:

**The County awarded \$13.5 million to nonprofit arts and humanities organizations through contracts and grants.** The largest recipients were AFI Silver Theatre (\$6.8 million in non-competitive contracts), KID Museum (\$3.1 million combined), and BlackRock Center for the Arts (\$1.4 million plus \$330,000 in supplemental appropriations). *Note: KID Museum also received \$6.6 million in operating funds through the KID Museum NDA.*

### Utilities and Maintenance:

**From FY18 to FY24, the County provided \$21.2 million in free utilities and/or maintenance** to seven arts and humanities nonprofits operating in County-owned spaces. However, organizations in County libraries (Arts on the Block, Action Youth Media, and Levine Music) must reimburse the County for utilities.

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## **Part 2: County-Owned Arts Venues**

Eight organizations operate in County-owned arts venues – seven are nonprofits, and one (The Fillmore) is for-profit. These groups receive layered County support, including grants, contracts, capital funding, and in-kind contributions like rent, utilities, and maintenance. **County support accounts for 5% to 34% of their annual revenue, varying by organization and year.**

Property	Operated By	MCG Pays for	
		Utilities	Maintenance
AFI Silver Theater	American Film Institute, Inc.	✓	✓
Black Box Theater	Theatre Consortium of Silver Spring (TCSS)	✓	✓
BlackRock Center for the Arts	Germantown Cultural Arts Center, Inc.	✓	✓
The Fillmore	Live Nation Worldwide, Inc.		
Imagination Stage	Imagination Stage, Inc.	✓	
Round House Theatre	Round House Theatre, Inc.		
<i>Education Center</i>	<i>same as above</i>	✓	
<i>Admin. Offices/Rehearsal</i>	<i>same as above</i>	✓	
<i>Scene Shop at Broome MS</i>	<i>same as above</i>	✓	✓
Strathmore	The Strathmore Hall Foundation, Inc.	✓	✓
Writer's Center	The Writer's Center, Inc.	✓	

### County Leases and Operating Agreements:

**OLO found that County leases and operating agreements with these organizations often lack clarity and oversight.** Unclear maintenance responsibilities (e.g., Imagination Stage, TCSS) have caused confusion and delays in repairs. The County's non-competitive contract with AFI Silver Theatre also lacks formal evaluation metrics.

Many leases include County use provisions – allowing use of facilities for public or government events – but these clauses are inconsistently structured and often underused.

### Pandemic Impact and Recovery:

All eight County-supported arts organizations suffered major revenue losses during COVID-19, especially in earned income. Government relief was vital, covering up to 40% of revenue for some (e.g., Strathmore in FY22). Recovery has been uneven: AFI, Round House, Strathmore, and TCSS have largely rebounded, while BlackRock, Imagination Stage, and The Writer's Center continue to face slower audience returns.

Some, like BlackRock, still operate at a deficit. Due to ongoing financial instability, BlackRock received \$330,000 in supplemental County funding in FY24 and FY25 to avoid closure – highlighting both the severity of its fiscal challenges and the County's recognition of its civic and cultural importance in an underserved area.

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## **Recommendations**

Based on the findings above, OLO offers the following recommendations for Council consideration:

1. Request the County Executive to strengthen performance evaluation and oversight for County-funded contracts with arts organizations, particularly contracts providing general operating support.
2. Require that the County's Department of General Services (DGS) improve oversight, communication, and transparency in the management of County-owned arts facilities by implementing regular lease reviews, clarifying responsibilities, designating County liaisons, and providing detailed information on in-kind support.
3. Recommend that the County Executive revisit and clarify the County's utility policy to ensure consistent application across all nonprofit arts and humanities organizations operating in County-owned facilities.

## OLO Report 2025-13

# Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

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## Introduction

In Montgomery County, Maryland, the arts and humanities are a vital part of the community's cultural and civic fabric. The County is home to a dynamic and diverse network of organizations, artists, scholars, and community groups that provide cultural programming and educational opportunities for residents of all ages. From music and theater to visual arts and literature, these contributors help sustain a thriving creative ecosystem. The County also features a range of venues that serve as cultural anchors throughout the region. Institutions such as the BlackRock Center for the Arts in Germantown, the Olney Theatre Center, the Fillmore in Downtown Silver Spring, and Strathmore in North Bethesda offer residents meaningful opportunities to engage with the arts and serve as hubs for artistic expression, civic engagement, and economic activity.

Montgomery County Government plays an active role in sustaining the arts and culture sector. It provides annual support through a range of mechanisms, including grants, service contracts, and capital investments, that enable organizations to deliver programming, maintain facilities, and expand access to cultural experiences. The County Government itself owns eight arts venues – operated by nonprofit and for-profit organizations – with a ninth currently in development. It also leases additional public spaces to arts and humanities organizations. The County supports the operation and upkeep of these public assets through the payment of utilities and maintenance.

The COVID-19 pandemic dealt a significant economic blow to Montgomery County's arts and humanities organizations, many of which were still recovering from the Great Recession. While some organizations have begun to rebound to pre-pandemic levels, most continue to face financial challenges in a sector that has fundamentally shifted – particularly in terms of philanthropic funding and audience engagement. Some organizations, at risk of closure, have turned to the County for direct operating support to remain open.

**Project Scope and Report Structure.** This Office of Legislative Oversight (OLO) report responds to the County Council's interest in assessing the economic status of arts, culture, and humanities organizations since the COVID-19 pandemic, as well as their reliance on County funding. It compiles and analyzes County Government support for nonprofit arts and humanities organizations across various funding streams from FY18 to FY25. The report also presents financial data on the eight organizations operating in County-owned venues from FY18 to FY24.

- **Part 1, County Government Funding of Arts Organizations,** identifies and analyzes six categories of County Government funding for arts and humanities organizations: AHCMC grants, non-competitive contracts, community and other grants, operational support through non-departmental accounts, and utilities and maintenance support.



- **Part 2, County-Owned Arts Venues**, assesses the financial health of eight arts and humanities organizations that operate in County-owned facilities and receive substantial support from the County through the categories presented in Part 1.
- **Findings and Recommendations**, presents OLO's findings from both Parts 1 and 2 and presents recommendations for County Council's consideration.

To inform Parts 1 and 2, the report begins with an overview of the arts and culture sector, including the local landscape, economic trends, and the impact of the COVID-19 pandemic.

**Methodology.** This report was prepared by OLO staff member Chitra Kalyandurg, with assistance from Blaise DeFazio. To conduct this study, OLO compiled data from Montgomery County Government's Approved Operating and Capital Budgets for fiscal years 2018 through 2026, as well as from the Departments of General Services, Recreation, and the Office of Grants Management, and the Arts and Humanities Council of Montgomery County. OLO also conducted interviews with staff from County departments and programs, state agencies, and the eight arts and humanities organizations profiled in this report. In addition, OLO analyzed financial data from each organization's audited financial statements for fiscal years 2018 through 2024, where available. This analysis was supplemented by a review of research on the broader arts and culture sector.

#### Limitations/Constraints

Because arts and humanities funding is distributed across multiple departments and budget categories, some funding for organizations may not have been easily identifiable and could have been unintentionally excluded from this analysis. Additionally, while contracts between Montgomery County Public Schools and arts and humanities organizations represent a significant investment, they were excluded from this report due to scope limitations. Despite these constraints, this report provides a snapshot of the most clearly identifiable arts and humanities-related organizations and programs supported through County funding and operations during the study period.

This report is not intended to evaluate arts and culture organizations, nor does it assess the impact of their programs on Montgomery County residents. The scope of Part 2 is limited to a small subset of nonprofit arts and humanities organizations that operate within County-owned buildings. These organizations receive certain types of County support that most other cultural organizations in the County do not. As such, the organizations profiled in Part 2 of this report represent only a small portion of the broader arts and culture landscape. The insights presented in Part 2, therefore, reflect the experiences of this specific group.

It is also important to recognize that much of the arts and culture in Montgomery County is created and experienced outside of formal institutions, often informally and within communities. Because this report focuses on *nonprofit arts and humanities organizations*, it captures only a narrow slice of the County's rich and diverse cultural ecosystem.

### **Applying a Racial Equity and Social Justice Lens to OLO Report 2025-13**

In 2019, the County Council established the Racial Equity and Social Justice Act. This law directs County departments and offices to apply a racial equity and social justice (RESJ) lens to their work. RESJ is a process that focuses on centering the needs, leadership, and power of Black, Indigenous, and other people of color (BIPOC). RESJ is also a goal of eliminating racial and social inequities. To apply a RESJ lens, OLO pays attention to race, ethnicity, and other social constructs when analyzing problems, looking for solutions, and defining success. We recognize this is necessary to fulfill our mission and advance RESJ in Montgomery County.

In this report, OLO applies a RESJ lens in the following ways:

- Highlighting key trends in the racial and ethnic composition of individuals working in the arts and culture sector, including both arts managers and artists; and
- Presenting disaggregated data, where available, on the racial and ethnic makeup of audiences, boards, and staff at selected nonprofit arts and humanities organizations operating in the County (see Part 2).

**Acknowledgments.** OLO received a high level of cooperation from everyone involved in this study and appreciates the information and insights shared by all who participated, including:

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**The Writer's Center**

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## Overview of the Arts and Culture Sector

To help inform Parts 1 and 2 of this report, the following provides an overview of the arts and culture sector, organized as follows:

- **Section 1** describes the landscape for arts and culture in Montgomery County, including the role of public funding and how residents are changing the way they engage with the arts;
- **Section 2** describes the economics of the nonprofit arts, humanities, and cultural organizations, including a review of financial trends and sources of funding; and
- **Section 3** briefly discusses the impact the COVID-19 pandemic had on the creative sector.

### 1. Arts and Culture in Montgomery County

The Arts and Humanities Council of Montgomery County (AHC MC) estimates that the County is home to more than 500 cultural organizations and over 2,000 artists and scholars.<sup>1</sup> In its sixth national economic impact study of the nonprofit arts and culture industry – *Arts & Economic Prosperity 6 (AEP6)* – Americans for the Arts reported that in 2022, nonprofit arts and culture organizations and their audiences in Montgomery County generated \$183.8 million in economic activity, supported 3,963 jobs, and contributed \$5 million in local tax revenue.

That same year, AEP6 found that in-person events at nonprofit arts and culture organizations saw 1.6 million total attendances by Montgomery County residents, including repeat visits.<sup>2</sup> While these organizations represent a vital part of the County’s creative sector, the broader arts and culture ecosystem extends far beyond formal institutions.

**An Expanding Definition of Arts and Culture:** Research conducted in 2022 to inform the County’s upcoming cultural plan revealed residents engage with arts and culture through two distinct yet complementary types of cultural assets: “traditional venues” and “community-identified cultural assets.”

- **Traditional venues** include well-known institutions like Strathmore, as well as widely recognized spaces for experiencing arts and culture – such as movie theaters, galleries, and dance studios. These venues are typically located along major corridors and in densely populated areas.

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<sup>1</sup> [About | Arts and Humanities Council of Montgomery County](#)

<sup>2</sup> [AEP6, "The Economic & Social Impact Study of Nonprofit Arts & Culture Organizations & Their Audiences in Montgomery County."](#)

- In contrast, **community-identified cultural assets** are places where residents come together – formally or informally – to create, share, and enjoy artistic and cultural experiences in everyday settings. These include religious or spiritual gatherings, recreational activities like ice skating, collaborative art-making such as community quilting, and informal creative spaces like comedy nights at local breweries. These assets are more widely distributed across the County.<sup>3</sup>

Importantly, the research found minimal geographic overlap between these two types of cultural spaces. This suggests that while residents recognize and visit traditional venues as centers of cultural production, they often do not view them as spaces for their own personal creative expression. The study’s authors emphasized that community-based creative gatherings offer a fundamentally different experience from traditional arts, culture, and humanities organizations – which currently receive the majority of public funding.<sup>4</sup>

## Support for Arts and Culture in County Law

Chapter 5A of the Montgomery County Code affirms the County’s commitment to fostering and supporting the arts, culture, and humanities. The law recognizes the arts and humanities as essential to a progressive and informed society – contributing to a deeper understanding of the past, a more thoughtful analysis of the present, and a clearer vision for the future.<sup>5</sup>

Acknowledging that many County residents, including individual artists, scholars, organizations, and community groups, lack sufficient opportunities and resources to pursue creative and scholarly work, the law states that it is an “appropriate concern of the County government” to provide public funding for arts and humanities activities. This support is intended to complement contributions from individuals and the private sector.<sup>6</sup>

To lead these efforts, the law establishes a nonprofit organization – the Arts and Humanities Council of Montgomery County (AHC MC) – as the official body for coordinating cultural initiatives. As the designated local arts agency, AHC MC is authorized to receive County funding, advise on cultural policy, and implement programs that advance the arts and humanities. (*See Part 1, Chapter 1 for more detail on AHC MC’s annual funding and grantmaking activities.*)<sup>7</sup>

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<sup>3</sup> Community Research Consultants and Arts and Humanities Council of Montgomery County, *Setting The Stage: Planning for a Cultural Plan in Montgomery County, MD*, 2024.

<sup>4</sup> Ibid.

<sup>5</sup> Montgomery County Code, Chapter 5A, Arts and Humanities

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

## The Role of Public Funding and Equitable Distribution

In the late 1990s and early 2000s, the County launched a cultural planning process to evaluate the pace of growth in its arts and culture sector and identify the sector's evolving needs. The resulting plan – *Creative Montgomery: A Vision for the Arts and Humanities in Montgomery County, MD*, published in 2001 – outlined key findings and recommendations.

Chief among these findings was the need for increased public investment, particularly in the form of general operating support for nonprofit arts and humanities organizations. The plan cited research by Americans for the Arts that found Montgomery County's investment in arts and humanities was significantly lower than comparable jurisdictions. Whereas the County spent \$3.47 per capita in support for arts and humanities organizations, nine other county local arts agencies (LAAs) across the country were spending an average of \$8.14 per capita.<sup>8</sup> (The County's per capita arts spending has risen to \$6.33 in fiscal year 2025).

At the time, County support funded approximately 5% of the operating budgets for about 20 larger local arts and humanities organizations. Over the past 25 years, this proportion has remained relatively unchanged. As noted in Part 1, Chapter 1, General Operating Support II grants continue to support a core group of 18 to 20 organizations, covering about 6% of their allowable budgets.

The plan also raised concerns about the equitable distribution of grant funds, reflecting feedback from the broader creative sector that this small group of historically funded, large-budget organizations received, what was then, 95% of AHCMC's grant dollars.<sup>9</sup> This issue has long been a point of concern across the arts and culture field. As noted in their *Annual Funding Snapshot*, Grantmakers in the Arts report that U.S. arts philanthropy has historically favored larger, less racially and ethnically diverse organizations in wealthier urban areas. In response, many funders are now restructuring their practices to better support historically underserved communities, artists, and cultural traditions.<sup>10</sup>

For example, in 2021, the Maryland State Arts Council (MSAC) adopted a new funding formula for its largest program, Grants for Organizations (GFO), aiming to promote greater equity in general operating support. The formula, phased in beginning in FY24, awards a higher percentage of eligible expenses to smaller-budget organizations, while larger organizations – typically with more access to private funding – receive a lower percentage. MSAC also removed panel scores from the formula to reduce subjectivity and increase accessibility.<sup>11</sup> Similarly, AHCMC has revised its grantmaking approach to direct a greater

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<sup>8</sup> Jerry Allen and Associates for the Arts and Humanities Council of Montgomery County, *Creative Montgomery: A Vision for the Arts and Humanities in Montgomery County, MD*, May 2001.

<sup>9</sup> Ibid.

<sup>10</sup> Grantmakers in the Arts, *Public Funding for the Arts 2022*, 2023.

<sup>11</sup> Information from MSAC; Press Release, "Maryland State Arts Council Adopts New Funding Formula for Grants for Organizations Program," September 21, 2021.

share of funding toward the general operations of small and mid-sized organizations (as discussed in Part 1, Chapter 1).

**Meeting the Needs of a Changing Population:** The County’s 2001 cultural plan also acknowledged the need for public arts funding to reflect the realities of a rapidly diversifying population. For years, arts and culture scholars have observed organizations struggling with attracting younger, and more racially and ethnically representative audiences. Some argue this may reflect a broader shift in how communities – particularly those historically underserved by the sector – engage with the arts and humanities. As the planning process for the County’s upcoming cultural plan revealed, many communities circumvent traditional engagement methods (e.g., attending the symphony) in favor of informal formats (e.g., living room concerts). These forms of engagement often fall outside conventional definitions and remain largely invisible to funders and policymakers.<sup>12</sup>

Equity in participation is also closely tied to racial and ethnic representation within arts organizations themselves. National data from the NEA (2019–2023) show that arts managers are disproportionately White, Asian, or multiracial, and underrepresented among Hispanic, Black, American Indian/Alaska Native, and Pacific Islander populations.<sup>13</sup> Similarly, artists in the labor force are more likely to be female, White, or multiracial, and less likely to be male, Black, Hispanic, American Indian/Alaska Native, or Pacific Islander.<sup>14</sup> These disparities highlight the ongoing need for more inclusive leadership and staffing across the arts and culture sector.

## 2. The Economics of Nonprofit Arts and Culture

In the United States, the arts and culture sector is a diverse field composed of individuals and organizations involved in the creation, distribution, preservation, and education of cultural and artistic works. The field can be broadly categorized into three disciplines: the performing arts (such as live theater, dance, and musical concerts), the visual arts (including museums and galleries), and the humanities (encompassing literature, historical inquiry, and cultural heritage activities).<sup>15</sup>

While arts and culture entities exist across the commercial, nonprofit, and public sectors (and are often embedded within institutions like universities, community centers, and religious organizations), nonprofit organizations play a particularly important role in the larger creative economy.<sup>16</sup> In 2017 the nonprofit arts industry generated \$166.3 billion in combined organizational and audience spending,

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<sup>12</sup> Stefan Toepler and Margaret J. Wyszomirski, “Arts and Culture,” in *The State of Nonprofit America*, 2nd ed., ed. Lester M. Salamon (Washington, DC: Brookings Institution Press, 2012), [pg. 229]. [hereinafter Toepler and Wyszomirski, “Arts and Culture”]

<sup>13</sup> [National Endowment for the Arts, Measuring the Arts: Indicator A.6, Who Are the Arts Managers?](#)

<sup>14</sup> [National Endowment for the Arts, Measuring the Arts: Indicator A.1, Who Are the Artists](#)

<sup>15</sup> Toepler and Wyszomirski, “Arts and Culture”

<sup>16</sup> Ibid.

employed 4.6 million workers, and generated \$27.5 billion in government revenue.<sup>17</sup> Furthermore, nonprofit and commercial arts providers rarely compete directly with each other.<sup>18</sup>

According to recent data from Nonprofit Montgomery, there are 7,242 nonprofit organizations in Montgomery County. 10% of these organizations focus on arts, culture, and the humanities.<sup>19</sup>

### Financial Trends

The financial health of nonprofit arts and culture organizations in the United States is closely tied to the broader economy. These organizations tend to experience above-average growth during economic booms but suffer significant revenue declines during recessions. Unlike other parts of the nonprofit sector – such as social services, which often see increased demand during downturns – arts and culture organizations are particularly vulnerable to economic contractions due to reduced philanthropic giving, lower consumer spending, and broader industry cutbacks during such periods.<sup>20</sup> For example, data from the *2016 National Arts Index* by Americans for the Arts show that the sector’s recovery from the 2008 Great Recession lagged behind the overall economy’s across several indicators, like the number of arts organizations, which fell in 2011 and 2012 even as the broader economy began to stabilize. Although the Index cautiously estimated a turnaround by 2012 – which proved accurate – the sector’s recovery remained uneven and sluggish going into 2016.<sup>21</sup>

Even before the Great Recession, however, research indicated that the nonprofit arts and culture sector was heading toward financial strain. The field expanded rapidly during the 1990s, but by the early 2000s, annual expenditures were consistently outpacing revenues. This growing structural imbalance raised concerns about the sector’s long-term financial stability, independent of broader economic conditions.<sup>22</sup> Between 2007 and the height of the recession in 2009, the percentage of arts organizations operating at a deficit rose from 36% to 45%. Despite signs of economic recovery by 2013, 42% of these nonprofits were still unable to generate positive net income.<sup>23</sup> Many of these organizations – already operating in the red and with limited cash reserves – faced an existential crisis at the start of the new decade, when the COVID-19 pandemic forced widespread closures and caused entire revenue streams to vanish.

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<sup>17</sup> [AEP6 The Economic Impact of Nonprofit Arts & Cultural Organizations & Their Audiences One Pager](#)

<sup>18</sup> Toepler and Wyszomirski, “Arts and Culture”

<sup>19</sup> *2025 State of Nonprofits in Montgomery County, Maryland*, Nonprofit Montgomery

<sup>20</sup> Toepler and Wyszomirski, “Arts and Culture”

<sup>21</sup> Americans for the Arts, *National Arts Index 2016*

<sup>22</sup> Toepler and Wyszomirski, “Arts and Culture”

<sup>23</sup> Americans for the Arts, *National Arts Index 2016*



Despite these challenges, historical trends show that the creative economy is resilient. The majority of arts organizations have found ways to adapt and survive financial crises.<sup>24</sup> In fact, recent data from the National Endowment for the Arts and the U.S. Bureau of Economic Analysis reveal that between 2022 and 2023, the arts and culture sector grew at twice the rate of the overall U.S. economy, contributing \$1.2 trillion – or 4.2% - to the Gross Domestic Product (GDP).<sup>25</sup>

## Revenue Structure

Annual revenue for nonprofit arts and culture organizations comes from three primary sources:

1. Government support (e.g., grants, tax incentives);
2. Private philanthropy (e.g., individual gifts, foundation grants, corporate sponsorships); and
3. Earned income (e.g., ticket sales, admissions, tuition, rentals).

Historically, government support has made up a relatively small portion of annual revenue for these organizations, especially when compared to private philanthropy and earned income. While estimates vary slightly, funding data generally show that government sources account for about 10-12% of total revenue, with private philanthropy contributing approximately 40-42% and earned income making up around 41-43%.<sup>26</sup>

This funding balance shifted significantly during the pandemic, as arts organizations became more reliant on contributed income – particularly government relief funds and major philanthropic donations – to remain operational. According to data from over 6,500 arts and cultural organizations compiled by SMU DataArts, these two sources accounted for 71% of total revenue in 2021. However, by 2024, the same study indicates that the distribution of earned and contributed revenue began returning to pre-pandemic patterns.<sup>27</sup>

## Government Support

In the United States, public funding for the arts is supported by federal, state, and local governments. At the national level, the National Endowment for the Arts (NEA) receives its funding through Congressional appropriations. State Arts Agencies (SAAs) are financed by both state legislative budgets and federal funding, and Local Arts Agencies (LAAs) draw from a blend of local, state, and federal

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<sup>24</sup> Toepler and Wyszomirski, “Arts and Culture”

<sup>25</sup> [Arts and Cultural Industries Grew at Twice the Rate of the U.S. Economy, Adding \\$1.2 Trillion | National Endowment for the Arts](#)

<sup>26</sup> OLO calculated averages for data from 1977-2005 from Toepler and Wyszomirski, “Arts and Culture,” and from 2019-2024 from [Data Tables - DataArts](#).

<sup>27</sup> SMU DataArts, [National Trends 2025](#)

funding sources. Together, these agencies form an interconnected system that supports artists and cultural organizations through grants and other services.<sup>28</sup>

Figure 1, from *Grantmakers in the Arts*, illustrates trends in public arts funding from 2005 to 2024. It shows that local governments consistently contribute the largest share of annual public arts funding, followed by state governments. In aggregate, both SAAs and LAAs have seen their nominal funding (not adjusted for inflation) increase since 2005. Following historic peaks during the pandemic, both SAAs and LAAs are seeing decreases in funding as pandemic-era relief measures end. Despite these declines, nominal funding for both remain higher than pre-2020 levels and is expected to stabilize into fiscal year 2025.<sup>29</sup>

Maryland's SAA is the Maryland State Arts Council (MSAC), which is an agency within the Maryland Department of Commerce. MSAC has maintained strong funding levels compared to national trends. Since 2020, its legislative appropriation has increased by 46%, with only a slight decline of less than 1% between FY24 and FY25. In FY24, Maryland ranked fourth in the nation for per capita arts spending, allocating \$5.59 per resident. By comparison, the District of Columbia led all states and jurisdictions with \$73.75 per capita, while Virginia ranked 40th, spending just \$0.53 per resident on the arts.<sup>30</sup>

Funding for Montgomery County's LAA, the Arts and Humanities Council of Montgomery County (AHCMC), is discussed in more detail in Part 1, Chapter 1. In FY25, County appropriations to AHCMC reached \$6.33 per capita – an increase from \$5.13 in FY18.<sup>31</sup>

However, as illustrated in Figure 1, when adjusted for inflation, funding for LAAs across the country has actually declined compared to 2001 levels. Similarly, inflation-adjusted increases for both State Arts Agencies (SAAs) and the National Endowment for the Arts (NEA) are significantly smaller than they appear in nominal terms.

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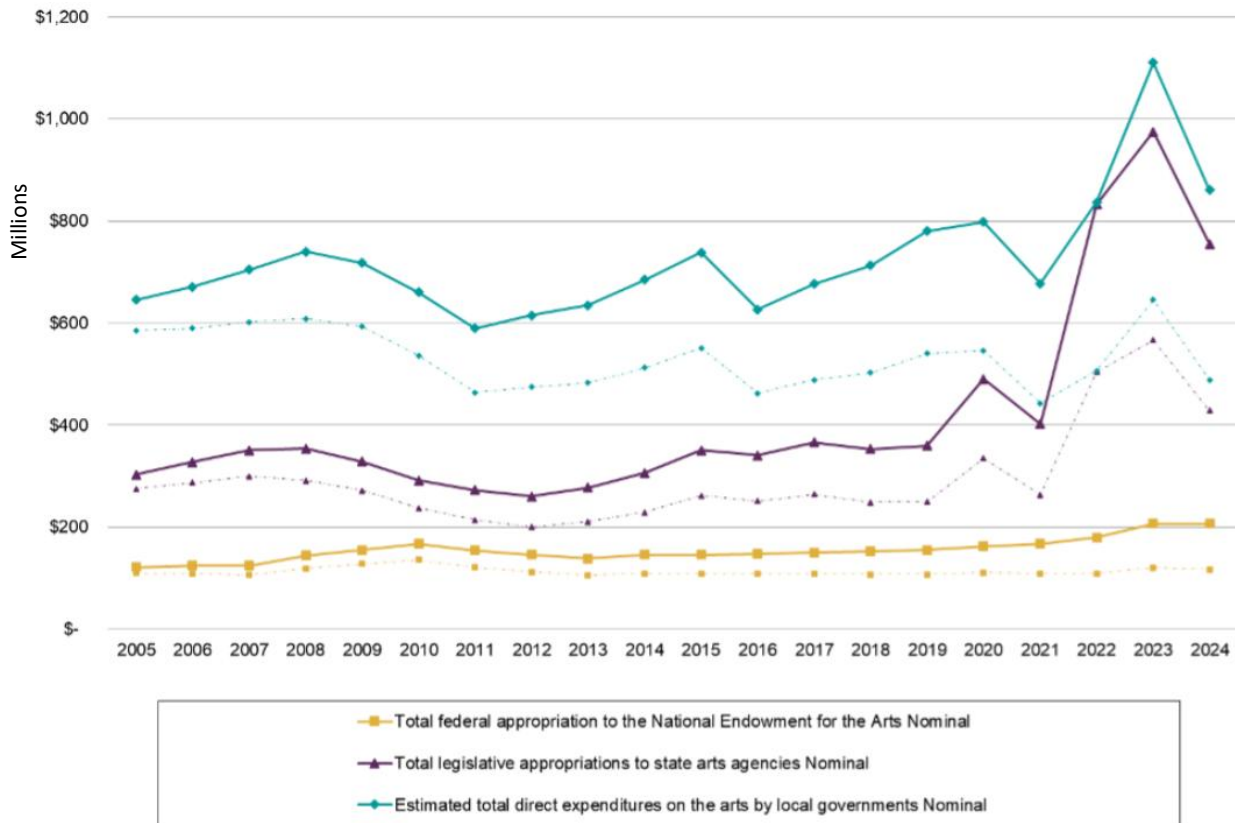
<sup>28</sup> Grantmakers in the Arts, [Public Funding for the Arts 2024 — The Reader](#)

<sup>29</sup> Ibid.

<sup>30</sup> National Assembly of State Arts Agencies, [State Arts Agency Revenues, Fiscal Year 2025](#).

<sup>31</sup> County appropriations to AHCMC in FY25 was \$6,848,500. Montgomery County had 1,082,273 residents in 2024, according to data from the U.S. Census Bureau 2024 American Community Survey, 1-year estimates.

**Figure 1. Federal, State, and Local Government Arts Funding, Nominal and Inflation Adjusted Dollars, 2005-2024**



Source: [Public Funding in the Arts 2024](#), Grantmakers in the Arts

Inflation-adjusted figures are represented by corresponding lines below each source. Inflation adjustments are calculated using Bureau of Labor Statistics Consumer Price Index (CPI) figures with a base year of 2001.

## Private philanthropy

According to SMU DataArts, contributed revenue has accounted for an increasingly larger share of arts and culture organizations' funding since 2021. However, private contributions – from foundations, corporations, and individuals – have shown mixed trends. When adjusted for inflation, foundation giving rose by 28% between 2019 and 2023, while support from individuals and corporations declined.<sup>32</sup>

At the same time, many arts and culture nonprofits – particularly larger, more established institutions – are navigating shifting priorities among major foundations. As highlighted in a recent *New Yorker* article, three of the nation's largest arts funders – the Andrew W. Mellon Foundation, the Doris

<sup>32</sup> SMU DataArts, [National Trends 2024: Funding Sources Analysis](#)

Duke Foundation, and the Ford Foundation – have restructured or reduced their support for traditional arts infrastructure. These changes reflect new strategic directions: deeper investments in fewer, often newer grantees; a focus on advocacy for artists as workers and emerging technologies; and a shift toward national equity goals over regionally concentrated funding, especially in New York.<sup>33</sup>

### Earned income

Earned income – a vital revenue stream for nonprofit arts and culture organizations – was severely disrupted by the pandemic.<sup>34</sup> National data from SMU DataArts show that while many sources of earned revenue (e.g., single ticket admissions, subscriber revenue, education revenue, rentals) are approaching or exceeding 2019 levels, none have recovered to pre-pandemic levels when accounting for inflation.<sup>35</sup>

## 3. The Impact of COVID-19

As noted throughout this overview, the COVID-19 pandemic had a devastating economic impact on the arts and culture sector. Data from the National Endowment for the Arts (NEA) and the Bureau of Economic Analysis (BEA) show that the U.S. arts economy contracted at nearly twice the rate of the overall economy between 2019 and 2020.<sup>36</sup> Additional analysis by SMU DataArts and TRG Arts found that nonprofit arts and cultural organizations across the country lost an estimated \$6.8 billion between March 2020 and February 2021 – representing a 26% shortfall in annual operating budgets for the average organization.<sup>37</sup> In Montgomery County, a survey conducted by AHCMC in April 2020 projected that local organizations would lay off nearly 500 employees, lose close to \$7 million in revenue, and deplete nearly 40% of their financial reserves by June of that year.

For most organizations, government relief funding – primarily through federal programs under the CARES Act, along with state and local initiatives – was essential to maintaining operations and preserving jobs.<sup>38</sup> However, recovery has been uneven and slow, particularly for performing arts organizations, which were among the hardest hit. While some groups are only now returning to pre-pandemic levels of activity and revenue, many continue to face financial strain, and all are navigating a transformed funding landscape.

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<sup>33</sup> Helen Shaw (April 24, 2025), *The Show Can't Go On*, The New Yorker

<sup>34</sup> Toepler and Wyszomirski, “Arts and Culture”

<sup>35</sup> SMU DataArts, [National Trends 2024: Funding Sources Analysis](#)

<sup>36</sup> [New Data Show Economic Impact of COVID-19 on Arts & Culture Sector | National Endowment for the Arts](#)

<sup>37</sup> SMU Arts and TRG Arts used historical financial, operating, and attendance data from roughly 35,000 nonprofit arts and cultural organization in the U.S. with annual budgets above \$50,000. The estimates are based on the assumption that the majority of organizations would be able to resume activity on October 1, 2020. [In It for the Long Haul - DataArts](#)

<sup>38</sup> SMU DataArts, [Which Funding Sources Stepped Up for the Arts in 2020?](#)

Research by SMU DataArts shows that most nonprofit arts and cultural organizations entered the pandemic with less than six months of working capital – a key measure of liquidity that reflects the unrestricted resources available to meet daily financial obligations. In essence, it indicates how much financial cushion an organization has during periods of uncertainty or revenue loss. During the pandemic, working capital for arts organizations increased due to emergency relief funding and reduced expenses from shutdowns. However, as expenses rebounded in 2022 and began to outpace revenue in 2023, available working capital has started to decline. The analysis also found that organizations of all budget sizes that were running deficits before the pandemic saw those deficits deepen, while those with pre-pandemic surpluses generally improved their financial positions.<sup>39</sup>

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<sup>39</sup> SMU DataArts, [Nonprofit Arts and Culture See Decline in Working Capital](#)

## Part 1. County Government Funding of Arts Organizations

Montgomery County Government is committed to fostering and supporting the arts, culture, and humanities throughout the County. County law underscores the “importance of arts and humanities for a progressive society” and acknowledges the need for “community support, resources, and coordination to promote creative expression and scholarly pursuits.”<sup>40</sup> Each year, the County supports the arts and humanities through a variety of mechanisms, including grants, contracts, and capital funding.

The County owns eight arts venues, each operated by arts and humanities organizations. To maintain these public assets, the County provides additional support by paying for utilities and maintenance. In some cases, the County has also provided direct operational funding to the managing organizations to help them avoid closure in times of financial hardship (see Part 2, Chapter 6 for a discussion on recent County support for BlackRock Center for the Arts). In past years the County has extended similar financial assistance to other arts organizations not responsible for managing County-owned venues when they faced comparable challenges.<sup>41</sup>

The County Council is interested in understanding the types and amounts of funding that arts and humanities organizations have requested and received from the County Government since 2018. Specifically, the Council seeks to determine whether any nonprofit organizations in this sector have received or requested supplemental direct funding beyond the County’s typical annual support.

This OLO report aims to identify and analyze County Government funding for arts and humanities organizations across six primary funding streams. However, because this funding is distributed across various parts of the County’s budget, some relevant expenditures – and service providers that incorporate arts and humanities – may not be fully captured.

From FY2018 through FY2025, the County supported nonprofit arts and humanities organizations through the following funding mechanisms:

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<sup>40</sup> Montgomery County Code, Chapter 5A, Arts and Humanities

<sup>41</sup> In 2010, Olney Theatre Center faced a financial crisis due to operating deficits and \$6 million in debt from a major construction project. To assist, the County provided \$500,000 through the Arts and Humanities Council of Montgomery, contingent upon the Theatre submitting a financial recovery plan that included quarterly (later biannual) progress reports and a five-year financial strategy. Additionally, the County provided the National Philharmonic with direct operating support totaling \$550,000 over FY16-FY18 to address financial shortfalls and support strategic planning. However, the County declined further funding in FY19 and FY20, prompting a public fundraising effort that ultimately saved the Philharmonic from closure. Sources: Resolution No. 16-1373, Approval of and Appropriation for the FY 2011 Operating Budget of the Montgomery County Government, adopted May 27, 2010; Horwitz, Jane (August 2, 2011), *Olney Theatre Center on the road to fiscal recovery*, The Washington Post; OLO Report 20219-12, [Strathmore and the Arts in Montgomery County](#).

1. Grants administered by the Arts and Humanities Council of Montgomery County (AHCMC);
2. Capital project funding, such as cost-sharing capital grants;
3. Contracts, including both non-competitive and other procurement types;
4. Grants outside of AHCMC, both competitive and non-competitive;
5. Operational support through Non-Departmental Accounts (NDAs); and
6. Payment of utilities and maintenance costs.

## Chapter 1. The Arts and Humanities Council

The Arts and Humanities Council of Montgomery County, Inc. (AHCMC), is the County's designated local arts agency. It is a nonprofit organization governed by a 10-member board of directors and supported by a team of 11 staff members.<sup>42</sup> County law authorizes AHCMC to support the arts and humanities by promoting creative activities, providing funding, and advising all levels of government on the sector's needs.<sup>43</sup>

This chapter is organized as follows:

- **Section A** provides background on AHCMC's purpose and activities;
- **Section B** examines trends in the County's annual appropriations to AHCMC; and
- **Section C** analyzes grants for nonprofit arts and humanities organizations.

### A. Background

AHCMC operates under a contract with the County Government that outlines its responsibilities as the County's designated local arts agency. The contract is managed by the Department of Recreation, and specifies that AHCMC must provide the following services to arts organizations and artists within the County:<sup>44</sup>

- Maintain a database of arts groups in Montgomery County;
- Offer counseling and referrals to help artists and arts organizations with grants, marketing, and program development;
- Publish a periodic newsletter and calendar of arts events;
- Plan and manage special events to promote the arts in Montgomery County;

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<sup>42</sup> [Staff + Board | Arts and Humanities Council of Montgomery County](#)

<sup>43</sup> Montgomery County Code § 5A-6.

<sup>44</sup> Contract 1019037 between Montgomery County, Maryland and Arts and Humanities Council of Montgomery County, Inc., at p. 1 (Aug. 3, 2012).

- Provide art "juries" as needed to help implement County art projects;
- Conduct workshops and seminars related to the arts;
- Assist programs that bring the arts to disadvantaged populations in the County; and
- Award, distribute, and monitor grants to individual artists and arts organizations.

The County's current contract with AHCMC began in FY13. It follows the fiscal year, running from July 1 to June 30, and is renewed annually.

AHCMC reports regularly to the County on its grant and administrative expenditures and provides the County Executive, the Director of the Department of Recreation, and the County Council annual updates on its past accomplishments and future goals.<sup>45</sup>

In addition to grants, AHCMC's activities include professional development, technical assistance, and capacity building programs, providing executive leadership and coaching, maintaining an online cultural events calendar, and administering the Public Arts Trust, the County's central program for managing and commissioning public art on County-owned property.

### **B. Annual Appropriation**

The County funds its contract with AHCMC annually through an appropriation to a non-departmental account (NDA). For FY26, the Council appropriated \$7,053,955 in general operating funds to the Arts and Humanities Council NDA, which is a 3% increase over the previous fiscal year and represents an inflationary adjustment to nonprofit service providers.<sup>46</sup> The Arts and Humanities Council NDA does not include funding for the Public Arts Trust, which is allocated separately in the Public Arts Trust Capital Improvements Program (CIP) project.<sup>47</sup>

The figure below shows County appropriations to the Arts and Humanities Council NDA from FY18-FY26 both in nominal dollars and inflation-adjusted (real) dollars. Note: these amounts do not include special appropriations in FY21 and FY22 for COVID-19 relief and in FY21 for capital grants, which are described below. While nominal appropriations (solid line) have increased steadily over this period, inflation-adjusted amounts (dashed line) have remained essentially flat. On average, nominal funding grew by 3.14% per year, slightly faster than the average annual inflation rate of 2.96%. However, the

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<sup>45</sup> Contract 1019037 between Montgomery County, Maryland and Arts and Humanities Council of Montgomery County, Inc., at p. 2-3 (Aug. 3, 2012); Email from Suzan Jenkins dated July 11, 2025.

<sup>46</sup> [Montgomery County, Maryland FY26 Approved Budget, Non-Departmental Accounts, pg. 73-1.](#)

<sup>47</sup> [Public Art | Arts and Humanities Council of Montgomery County; Public Arts Trust \(P729658\) | Montgomery County Maryland Capital Budget](#)



real growth rate was just 0.18% per year after adjusting for inflation.<sup>48</sup> This means AHCMC's funding has grown very little in terms of actual purchasing power.

At the same time, demand for grants from across the County's arts and humanities sector has continued to grow. AHCMC regularly requests increases to its budget appropriation to help meet this rising demand.<sup>49</sup> For example, AHCMC reported the following statistics from FY26 grant applications:

- Demand for General Operating Support II grants increased 6% compared to FY25;
- Demand for Programming and Capacity Building Project Grants increased 20% compared to FY25;
- Demand for Advancement Grants increased 103% compared to FY25; and
- Demand for Wheaton Cultural Project Grants increased by 11% compared to FY25.

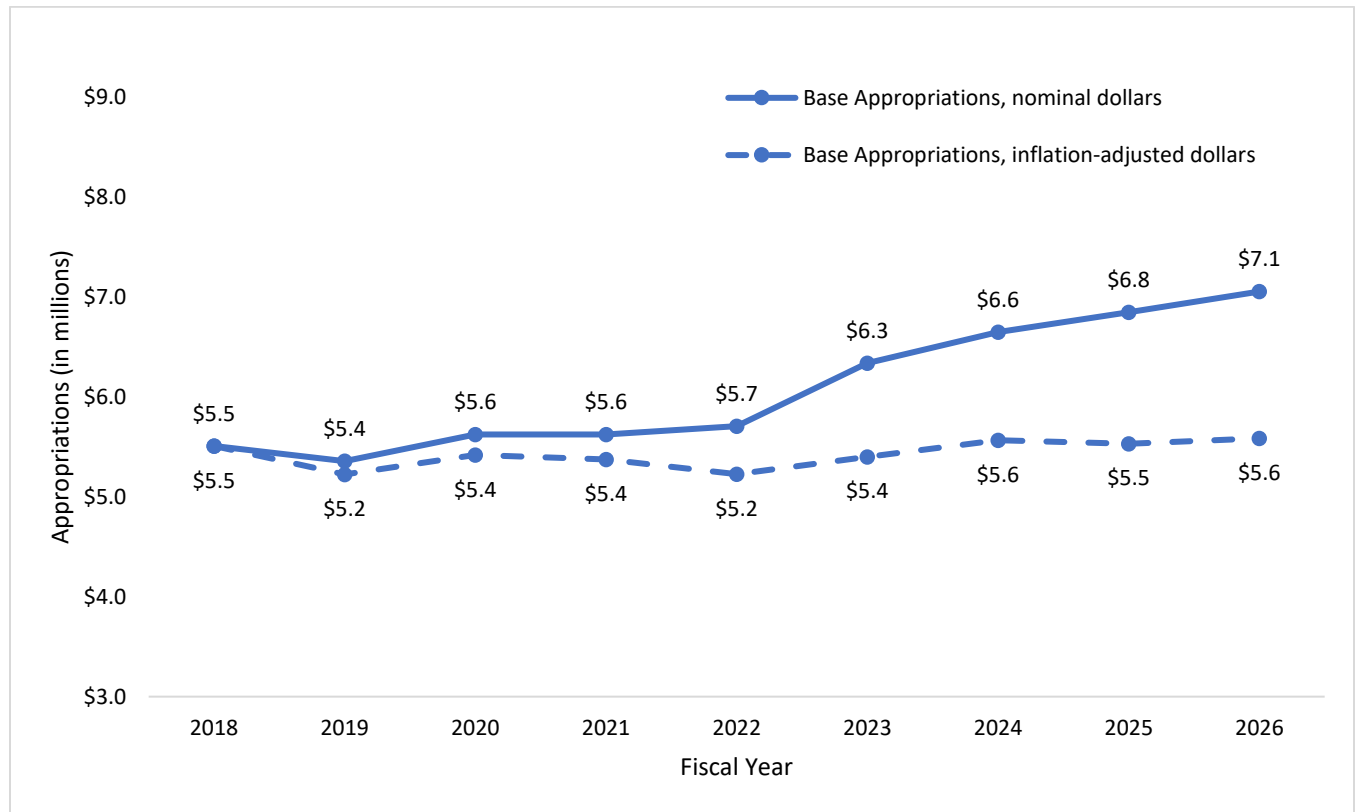
AHCMC reports that inflationary increases to its annual appropriations have not kept pace with the growing demand for funding. In FY26, AHCMC was unable to fund 25 eligible, panel-recommended applicants due to insufficient County appropriations to meet total grant demand.

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<sup>48</sup> To analyze the real growth of AHCMC appropriations over time, OLO adjusted nominal funding amounts for inflation using the [Consumer Price Index \(CPI\) for the Washington-Arlington-Alexandria, DC-VA-MD-WV region](#), as published by the U.S. Bureau of Labor Statistics (BLS). The base year for inflation adjustment was 2017. AHCMC's fiscal year runs from July 1 through June 30, with funding typically received in August at the start of each fiscal year (e.g., funding received in August 2017 corresponds to FY18). Because BLS does not publish a single CPI index value for August for this region, OLO used the CPI for July of each year to align with the beginning of each fiscal year. To assess real appropriations growth, OLO calculated the compound annual growth rate (CAGR) of inflation-adjusted appropriations over the period from FY18 to FY26. CAGR provides a smoothed, annualized rate of change between a starting and ending point, taking into account the compounding effect of inflation.

<sup>49</sup> AHCMC Responses to Questions Posed by the E&C Committee April 30, 2025 – UPDATED May 9, 2025; statistics as of May 9, 2025.

**Figure 2. Base Appropriations to Arts and Humanities Council NDA, Nominal and Inflation-Adjusted Dollars, Fiscal Years 2018-2026**



Excludes special appropriations in FY21 and FY22 for COVID-19 relief and in FY21 for arts capital funds. Inflation adjustment was calculated using the [Bureau of Labor Statistics Consumer Price Index \(CPI\) figures for the Washington region](#) with a base year of 2017.

Source: Montgomery County, MD FY18-FY26 Operating Budget Resolutions; FY18-FY26 Recommended Operating Budget: Arts and Humanities Council Nondepartmental Account (NDA) County Council Staff Reports.

## 1. Special Appropriations

In FY21 and FY22, the County Council approved three special appropriations to the Arts and Humanities Council NDA in addition to its base budget appropriations. These appropriations are described below and illustrated in Figure 3 on page 23:

- **\$3,250,000 to FY21 Arts and Humanities Council NDA for Arts and Humanities COVID-19 Relief Fund (Source: Federal Grant Funds)<sup>50</sup>**

On July 7, 2020, the County Council approved a special appropriation via Resolution 19-522 to create an Arts and Humanities COVID-19 Relief Fund. The resolution states that the funds were “needed to provide emergency grant funding to creative class professionals and arts and humanities organizations that have been impacted by the COVID-19 global pandemic.” An amount of \$3,000,000 was designated for eligible arts and humanities organizations, and \$250,000 was designated for eligible artists and scholars.

While executing the grant process, AHCMC discovered that the demand for relief funds from new applicants – eligible organizations, artists, and scholars who had never previously applied for or received AHCMC arts and humanities grants – was much higher than expected.

- **\$406,190 to FY21 Arts and Humanities Council NDA for Arts and Humanities COVID-19 Relief Fund (Source: Federal Grant Funds)<sup>51</sup>**

To meet the high demand for relief funds, the County Council approved an additional \$406,190 in emergency grant funding for the Arts and Humanities COVID-19 Relief Fund on November 10, 2020, through Resolution 19-645. The intent of these additional funds was to ensure that “all eligible organizations and individuals will receive equitable grant funding levels.”<sup>1</sup> An amount of \$290,500 was designated for eligible arts and humanities organizations, \$44,000 was designated for eligible artists and scholars, and \$71,690 was designated for AHCMC to use for administrative and technical grant support.

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<sup>50</sup> Resolution 19-522, Special Appropriation to the Fiscal Year 2021 Operating Budget Montgomery County Government Arts and Humanities Council of Montgomery County Non-Departmental Account Arts COVID-19 Relief Fund \$3,250,000 (Source: Federal Grant Funds), adopted July 7, 2020.

<sup>51</sup> Resolution 19-645, Special Appropriation to the Fiscal Year 2021 Operating Budget Arts and Humanities Council of Montgomery County Non-Departmental Account, Arts COVID-19 Relief Funds, \$406,190 (Source of Funds: Federal Grant Funds), adopted November 10, 2020.

- **\$746,638 to FY21 Arts and Humanities Council NDA for Arts Capital Funds (Source: Cost Sharing: MCG)<sup>52</sup>**

On March 9, 2021, the County Council approved a transfer of \$746,638 from the FY21 Capital Improvements Program, Department of Recreation Cost Sharing: MCG to the Arts and Humanities Council NDA to distribute FY21 arts capital funds to five arts and humanities organizations, as follows:<sup>53</sup>

- Round House Theatre - \$250,000;
- CityDance School & Conservatory - \$200,000;
- VisArts - \$150,000;
- Glen Echol Park Partnership for Arts and Culture - \$112,238; and
- Sandy Spring Museum - \$34,400.

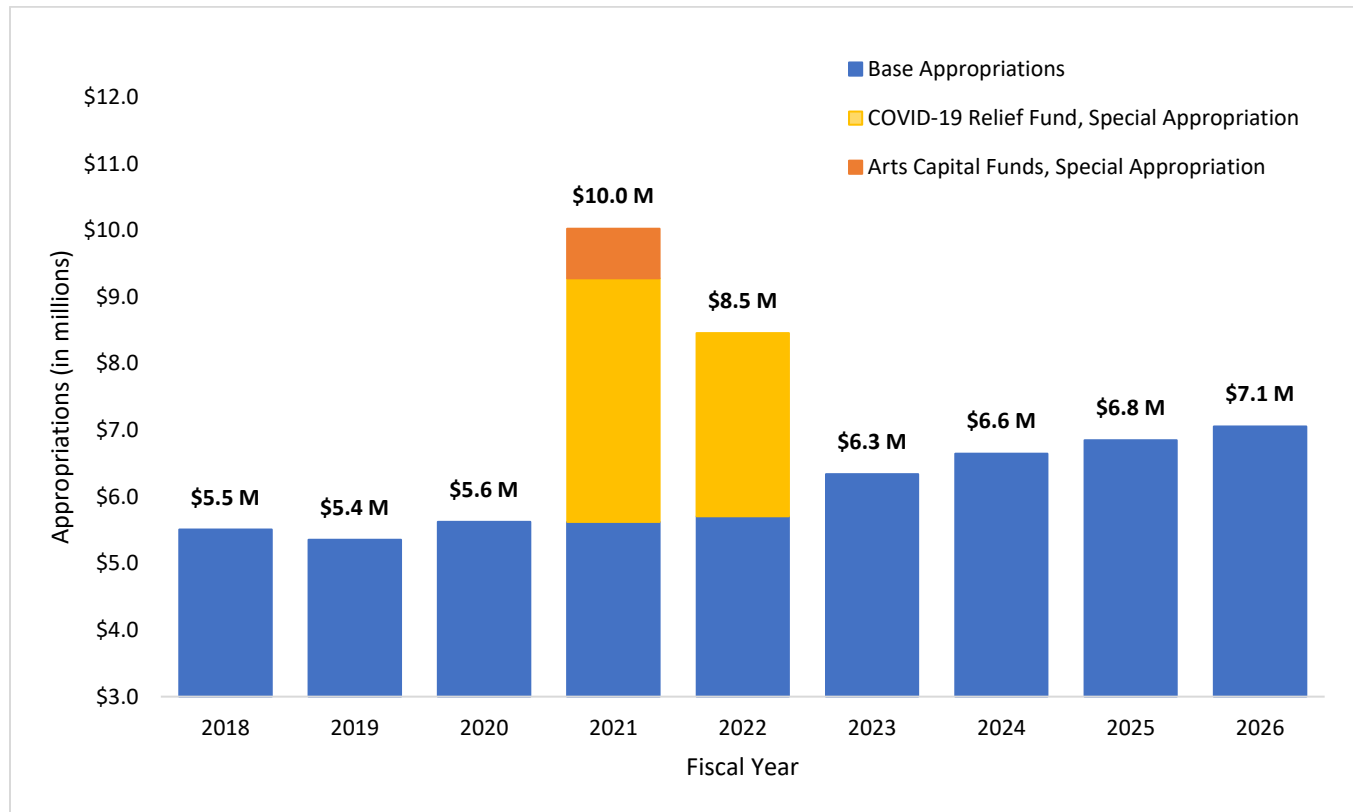
The County Council had initially approved the Department of General Services (DGS) to manage the funds. However, transferring the funds reduced DGS's administrative burden and allowed for a more streamlined process for capital project reimbursements.

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<sup>52</sup> Resolution 19-758, Amendment to Resolution 19-593, Department of Recreation, Cost Sharing: MCG, adopted March 9, 2021.

<sup>53</sup> In FY21, AHCMC did not convene a Capital Improvement Project (CIP) grant panel and instead served solely as an administrator, issuing grant award letters in accordance with the Council's directive.

**Figure 3. Total Appropriations to Arts and Humanities Council NDA, Nominal Dollars, Fiscal Years 2018-2026**



Source: Montgomery County, MD FY18-FY26 Operating Budget Resolutions; FY18-FY26 Recommended Operating Budget: Arts and Humanities Council Nondepartmental Account (NDA) County Council Staff Reports.

**Earmarked Funds:** In FY18, County Government provided the National Philharmonic – which is a resident partner of Strathmore – with \$150,000 in direct funding through AHCMC to stabilize its operations. This allocation followed two consecutive years of County support for the same reason: \$250,000 in FY16 and \$150,000 in FY17. This funding is discussed in detail in *OLO Report 2019-12: Strathmore and the Arts in Montgomery County*.<sup>54</sup>

<sup>54</sup> [OLO Report 2019-12: Strathmore and Arts in Montgomery County](#).

### 2. Grantmaking

AHCMC distributes its annual County appropriation as grants to the County's creative sector.<sup>55</sup> These grants fall into two broad categories:<sup>56</sup>

- **Grants for Organizations:** These support operating budgets, capacity building initiatives, and programs; and
- **Grants for Individuals:** These fund artistic and scholarly projects.

Since FY18, AHCMC has distributed approximately \$49 million in County funding through its grants. This total includes \$43 million for its regular grant categories and an additional \$6 million for COVID-19 relief grants. Table 1 displays AHCMC's total granting in each of its categories from FY18 to FY25. The data show that of the total \$49 million granted, 94% has gone to arts and humanities organizations, while the remaining 6% has funded individual artists and scholars.<sup>57</sup>

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<sup>55</sup> A portion of the County's annual appropriation to AHCMC is allocated for administrative expenses and not re-granted. From FY18 to FY25, this allocation averaged 10%. In FY25, 14% of the County's appropriation was designated for AHCMC's administrative expenses.

<sup>56</sup> Since FY18, AHCMC has revised its grant categories to better align with the evolving needs and priorities of the County's creative sector. Some categories have been renamed, others reclassified, and some have been eliminated altogether.

<sup>57</sup> Data compiled from Grants Awarded PDFs from fiscal years 2018 to 2025 on AHCMC website.

Table 1. AHCMC Grant Distribution, FY18-25

AHCMC Grant Categories	Total FY18-FY25	% of Total FY18-FY25
<b>Total Granted</b>	<b>\$48,823,780</b>	<b>100%</b>
<b>Grants for Organizations</b>	<b>\$46,130,458</b>	<b>94%</b>
General Operating Support II Grants	\$27,004,704	55%
General Operating Support I Grants	\$7,125,963	15%
Advancement Grants	\$2,509,926	5%
Programming and Capacity Building Project Grants*	\$1,610,695	3%
Capital Improvement Project Grants^	\$1,337,626	3%
Wheaton Cultural Projects Grants (Organizations)	\$726,044	1%
COVID-19 Relief Grants for Organizations	\$5,815,500	12%
<b>Grants for Individuals</b>	<b>\$2,693,322</b>	<b>6%</b>
Artists and Scholars Project Grants	\$1,642,407	3%
Arts Residencies in Schools	\$319,674	0.7%
Artists and Scholars in the Community#	\$6,000	0.01%
Wheaton Cultural Projects Grants (Individuals)	\$206,241	0.4%
COVID-19 Relief Grants for Individual Artists & Scholars	\$519,000	1%

Source: Grants Awarded PDFs from fiscal years 2018 to 2025 on AHCMC website

\* In FY21 AHCMC redesigned its grant categories to center equity and inclusion. It replaced the Project Grants for Small Organizations and Groups category with the Programming and Capacity Building Project Grants category. The new category serves the same grantees under updated guidelines.

^ AHCMC administered Capital Improvement Project Grants until FY20.

# Artists and Scholars in the Community Grants were discontinued after FY18.

Given that this OLO report primarily addresses the County Government's funding of *nonprofit arts and humanities organizations*, the remainder of this chapter focuses exclusively on **grants awarded to organizations**, excluding data on grants awarded to individuals. In the case of Wheaton Cultural Project Grants, which are available to both organizations and individuals, OLO has excluded grants to individuals from its analysis.

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

The following table summarizes AHCMC's grants for organizations for its current FY26-FY27<sup>58</sup> cycle:

**Table 2. Description of Grants for Organizations, FY26-FY27**

Category	Guidelines
General Operating Support I Grants (GOS I)	<p><b>Purpose:</b> Operating budget funding</p> <p><b>Eligibility:</b> Allowable<sup>59</sup> operating revenue and expenses between \$50K - \$150K</p> <p><b>Grant amount:</b> \$10K – \$50K or 35% of allowable operating revenue and expenses, whichever is lower. <i>Requests &gt; \$25K require audit or financial review.</i></p> <p><b>Funding cycle:</b> Two years (new starting in FY26)</p>
General Operating Support II Grants (GOS II)	<p><b>Purpose:</b> Operating budget funding</p> <p><b>Eligibility:</b> Allowable operating revenue and expenses &gt; \$150K</p> <p><b>Grant amount:</b> Base grant = 6.2% of avg. allowable cash revenue or expenses, whichever is lower. Additional award based on panel score, total no. of eligible applicants, and County appropriation. Maximum award is \$600,000.</p> <p><b>Funding cycle:</b> Two years</p>
Advancement Grants	<p><b>Purpose:</b> Capacity-building projects</p> <p><b>Eligibility:</b> Allowable operating revenue and expenses &gt; \$50K</p> <p><b>Grant amount:</b> \$10K – \$100K. <i>Requests &gt; \$25K require audit or financial review.</i></p> <p><b>Funding cycle:</b> One year</p>
Programming & Capacity Building Project Grants	<p><b>Purpose:</b> Support projects for organizations and groups that may or may not be nonprofits.</p> <p><b>Eligibility:</b> Operated in the County for at least 12 months, have an arts/humanities mission, and functions as a nonprofit regardless of 501(c)3.</p> <p><b>Grant amount:</b> \$1K – \$15K. <i>Requests &gt; \$5K require 501(c)3 status.</i></p> <p><b>Funding cycle:</b> One year</p>

<sup>58</sup> General Operating Support II Grants (GOS II) have been a two-year funding opportunity since FY21. Starting in FY26, General Operating Support I Grants (GOS I) will also become a two-year funding opportunity. Successful grantees in both programs receive the full grant amount each year.

<sup>59</sup> Allowable revenue refers to an organization's actual cash income, excluding items like investment earnings, in-kind donations, and capital or re-granting funds. Allowable cash expenses are the organization's actual cash expenditures, excluding non-operating costs such as depreciation, loan payments, capital improvements, and in-kind contributions. These definitions are used to determine eligibility and grant award calculations for general operating support grants. [FY25-26-GOS-II-Guidelines-1.pdf](#)



Category	Guidelines
Wheaton Cultural Project Grants (Orgs)	<p><b>Purpose:</b> Projects that engage the Wheaton community, promote cultural diversity, and engage local artists and scholars.</p> <p><b>Eligibility:</b> Operated in the County for at least 12 months, functions as a nonprofit (501(c)3 not required), and have annual operating budget &lt; \$500K</p> <p><b>Grant amount:</b> \$1K – \$10K</p> <p><b>Funding cycle:</b> One year (Jan-Dec)</p>

Sources: Grant guidelines published on [AHCMC website](#).

#### Other Grants:

- **Capital Improvement Project Grants:** From FY14-FY20, arts and humanities organizations seeking support for capital projects could apply for Capital Improvement Project Grants (CIP). These Capital Grants were administered by AHCMC but funded through the Cost Sharing: MCG project in the County’s Capital Budget. AHCMC discontinued its administration of CIP after FY20 and only distributed funds in FY21. Organizations interested in applying for large Capital Grants must now apply through the Office of Grants Management (OGM).

Organizations can also apply for funding for smaller capital projects through AHCMC’s Advancement Grants (discussed later in this chapter) and/or Programming & Capacity Building Project Grants. However, they cannot also apply for a Capital Grant through OGM within the same fiscal year.<sup>60</sup>

- **COVID-19 Relief Fund Grants:** In FY21 and FY23, AHCMC also distributed Arts and Humanities COVID-19 Relief Fund grants to organizations, groups, and individual artists/scholars in the County who demonstrated financial hardship due to the COVID-19 global pandemic. In FY21 and FY23, eligible organizations/groups received maximum grants of \$100,000 and \$75,000, respectively, and minimum grants of \$2,500 and \$3,300, respectively. As described on page 21, the County Council funded these emergency grants through special appropriation to the AHCMC NDA.

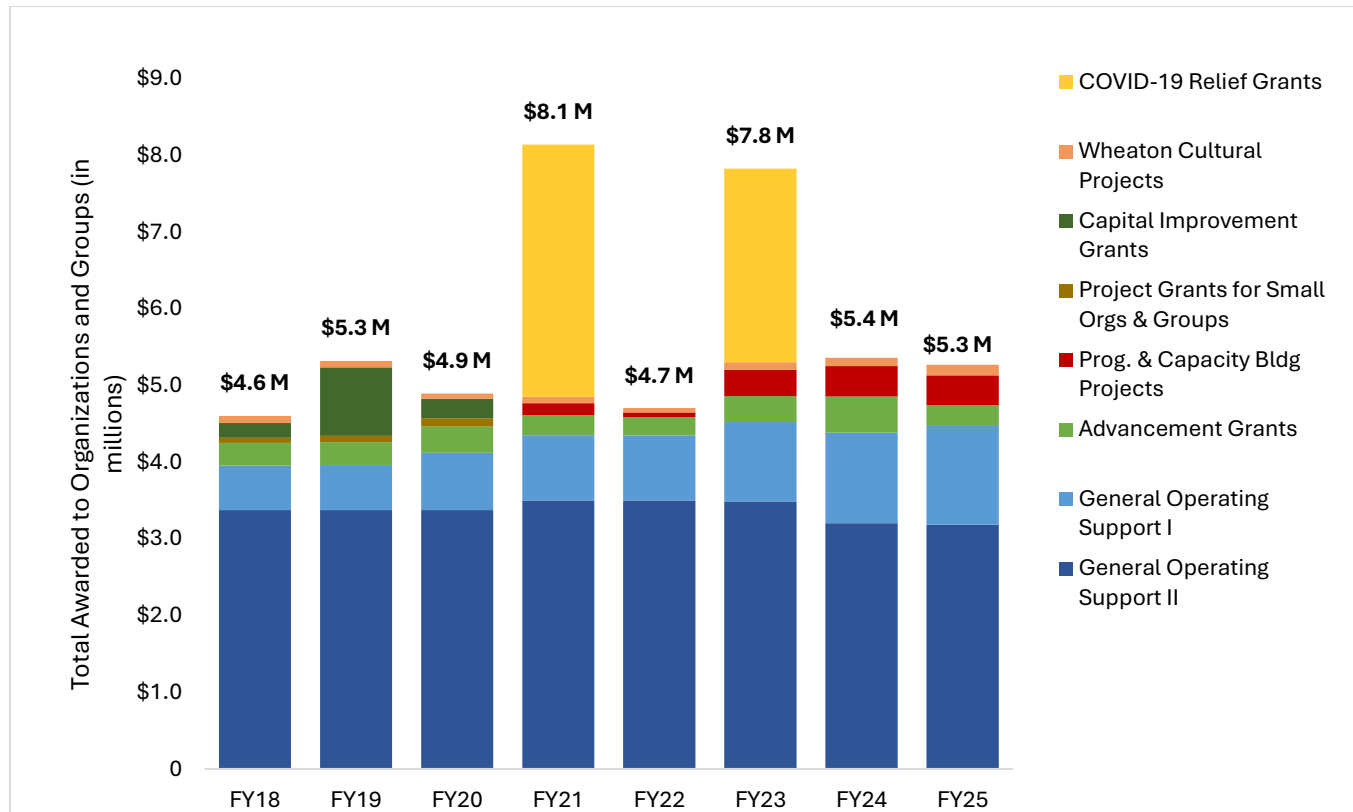
## C. Grants for Nonprofit Arts and Humanities Organizations

As noted in Table 1, AHCMC has distributed a total of \$46,129,458 in grants to nonprofit arts and humanities organizations in Montgomery County between FY18 and FY25. Figure 4 illustrates how these funds were allocated each year across grant categories. Excluding the COVID-19 Relief grants issued in FY21 and FY23, most funding for organizations is through General Operating Support I and II grants, represented by the light and dark blue bars, respectively. On average, General Operating

<sup>60</sup> [Capital Grants | Arts and Humanities Council of Montgomery County](#)

Support grants together account for 85% of the total grant dollars awarded yearly to arts and humanities organizations in the County.

**Figure 4. Grants for Organizations – Allocation by Category, FY18-FY25**



Source: AHCMC [Previous Grants Awarded](#), FY18-FY25

Project Grants for Small Organizations and Groups were discontinued in FY21 and replaced with Programming and Capacity Building Project Grants.

AHCMC administered Capital Improvement Project Grants until FY20.

The remainder of this section focuses on the two largest grant categories – **General Operating Support and Advancement Grants** – as they account for the majority of AHCMC’s grant funding and are most relevant to the scope of this OLO report.

## 1. General Operating Support Grants

The majority of AHCMC’s total grantmaking budget (for both organizations and individuals) goes to general operating support for organizations. General operating support grants provide nonprofits with unrestricted funding to support their missions rather than specific projects. Organizations use general operating grants to help cover ongoing operational expenses (e.g., salaries, rent, utilities, and maintenance) and build internal capacity. AHCMC advocates that providing general operating support promotes stability within the County’s creative sector by helping institutions strengthen and sustain their operations.<sup>61</sup>

From FY18 to FY25, AHCMC awarded a total of \$34,130,667 in general operating support, representing 70% of all grant dollars. General operating support grants are available through two programs:

- **General Operating Support I (GOS I)**, for organizations that have operating budgets between \$50,000 and \$150,000 and have at least one paid employee; and
- **General Operating Support II (GOS II)**, for organizations that have operating budgets of at least \$150,000, have a full-time, paid director, and can conduct an annual financial audit. (More on GOS II’s granting guidelines is discussed later in this chapter).

GOS II organizations receive most of AHCMC’s general operating support dollars. Table 3 displays GOS I and GOS II grant allocations from FY18 to FY25. Of the \$34.1 million in total general operating support, 21% (\$7.1 million) was awarded as GOS I grants and 79% (\$27 million) as GOS II grants.

**Table 3. General Operating Support (GOS) I and II Grant Allocations, FY18 to FY25**

Fiscal Year	Total Operating Support	GOS I	%	GOS II	%
FY18	\$3,955,508	\$580,658	15%	\$3,374,850	85%
FY19	\$3,965,480	\$590,540	15%	\$3,374,940	85%
FY20	\$4,124,752	\$749,811	18%	\$3,374,941	82%
FY21	\$4,350,767	\$849,990	20%	\$3,500,777	80%
FY22	\$4,348,254	\$847,477	19%	\$3,500,777	81%
FY23	\$4,524,446	\$1,034,753	23%	\$3,489,693	77%
FY24	\$4,386,826	\$1,181,254	27%	\$3,205,572	73%
FY25	\$4,474,634	\$1,291,480	29%	\$3,183,154	71%
<b>Total</b>	<b>\$34,130,667</b>	<b>\$7,125,963</b>	<b>21%</b>	<b>\$27,004,704</b>	<b>79%</b>

Source: AHCMC [Previous Grants Awarded](#), FY18-FY25

<sup>61</sup> [General Operating Support II | Arts and Humanities Council of Montgomery County](#); AHCMC Responses to Questions Posed by the E&C Committee, April 30, 2025 – UPDATED May 9, 2025

Over time, the proportion of funding allocated to GOS II grantees has decreased, while the proportion allocated to GOS I grantees has increased. In FY18, 85% of general operating support grant dollars went to GOS II grantees and 15% to GOS I grantees. By FY25, this distribution shifted to 71% for GOS II grantees and 29% for GOS I grantees.

OLO identified three key factors driving this change:

- 1. A strategic shift by AHCMC toward more equitable grantmaking across the creative sector.** Beginning in FY20, AHCMC began prioritizing equity in its funding approach,<sup>62</sup> aiming to increase support for smaller performing arts and community-based arts and humanities organizations.<sup>63</sup> In its FY22 budget request to the County Council, AHCMC stated: “In order to properly serve Montgomery County’s constituents, AHCMC aims for fairness and balance within the context of available cultural funding. Effective grant programs encourage and help sustain our cultural ecosystem by supporting both emerging and established organizations.”<sup>64</sup>  
  
Over time, the County Council has granted AHCMC greater autonomy in determining how to allocate funds across grant categories. Previously, Council budget resolutions specified exact amounts per category, with increases typically distributed proportionally based on prior-year funding.<sup>65</sup> AHCMC now has the flexibility to allocate funding based on current sector needs and priorities.
- 2. Greater awareness of GOS I funding opportunities among eligible organizations.** AHCMC has made concerted efforts to inform small-and-mid-sized arts and humanities organizations, which have historically been underrepresented among grantees, about general operating support opportunities. Recognizing that some organizations had moved beyond the early stages of their organizational life cycles, AHCMC began encouraging them to seek operational funding to support their long-term sustainability. Since expanding the GOS I grant category, AHCMC has observed greater organizational capacity and improved sustainability among grantees.<sup>66</sup>
- 3. The COVID-19 pandemic has reduced performing arts organizations’ operating budgets.** The pandemic significantly reduced earned income for performing arts venues, which rely heavily

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<sup>62</sup> AHCMC’s grant guidelines acknowledge that the communities that have been “traditionally underrepresented in mainstream funding, discourse, leadership, and resource allocation” include but are not limited to, Black, Indigenous, Native American, Latinx, Chicanx, Arab, MENASA (Middle Eastern, North African, South Asian), Asian, Pacific Islander, and other communities of color, socio-economically disadvantaged communities, differently abled individuals and/or people with disabilities, and Two-Spirit, Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, and Asexual constituents.” [AHCMC FY25-FY25 GOS II Grant Guidelines](#).

<sup>63</sup> E&C Committee Staff Packet, FY22 Operating Budget Non-Departmental Account (NDA): Arts and Humanities Council of Montgomery County (AHCMC), May 13, 2021.

<sup>64</sup> Ibid.

<sup>65</sup> E&C Committee Staff Packet, Worksession - FY20 Operating Budget: Arts and Humanities Council NDA and Public Arts Trust, May 2, 2019.

<sup>66</sup> Information from AHCMC.

on attendance revenue from live events. This dependence made them particularly financially vulnerable during mandated shutdowns. According to data from AHCMC, 81% of GOS II grantees are performing arts organizations. For these organizations, allowable operating budgets declined by an average of 3% between FY21 and FY22, and by 10% between FY22 and FY23. Many continue to operate with budgets below pre-pandemic levels.<sup>67</sup> As explained later in this section, because GOS II grant amounts are based on a percentage of an organization's allowable operating budget, these budget reductions have resulted in smaller grant awards for some organizations compared to previous years.

### General Operating Support I Grant Distribution

AHCMC awarded a total of 269 GOS I grants to 50 nonprofit arts and humanities organizations over the last eight fiscal years. Grant awards are determined by a panel of arts and humanities professionals through an open panel review process. Applications are assessed based on four major criteria: 1) Organizational Capacity, 2) Programming, 3) Community Impact, and 4) Financial Stability. Applicants need a minimum average panel score to qualify for a grant. The maximum GOS I award amount is \$50,000.<sup>68</sup>

Table 4 displays the number, average, and range of grants awarded during this period. Overall, the data show that more organizations are being funded through GOS I, and with larger amounts:

- The number of grants awarded increased from 31 in FY18 to 35 in FY25; and
- Both the median and average grant sizes increased significantly (by 115% and 97%, respectively), indicating more substantial funding per organization.

When adjusted for inflation, both the average and median GOS I grants experienced substantial real growth over the seven-year period – 59% and 73%, respectively. This translates to an average annual increase of approximately 7% for the average grant and 8% for the median grant. These inflation-adjusted figures underscore that the growth in grant size reflects not just nominal increases, but meaningful gains in purchasing power for grantees.<sup>69</sup>

This increase in both the number and size of grants illustrates AHCMC's strategic shift towards supporting a larger number of small-and-mid-sized arts and humanities organizations in the County

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<sup>67</sup> E&C Committee Staff Packet, FY23 Recommended Operating Budget Worksession: Non-Departmental Account [NDA] - Arts and Humanities Council of Montgomery County [AHCMC], April 22, 2022

<sup>68</sup> [FY26-27 General Operating Support I Guidelines](#)

<sup>69</sup> Inflation adjustment was calculated using the [Bureau of Labor Statistics Consumer Price Index \(CPI\) figures for the Washington region](#) with a base year of 2017. Average annual increases were calculated using the compound annual growth rate from FY18 to FY25.

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

with more substantial funding. As noted above and as described later in this chapter, this supports AHCMC's goal of achieving more equitable grantmaking countywide.

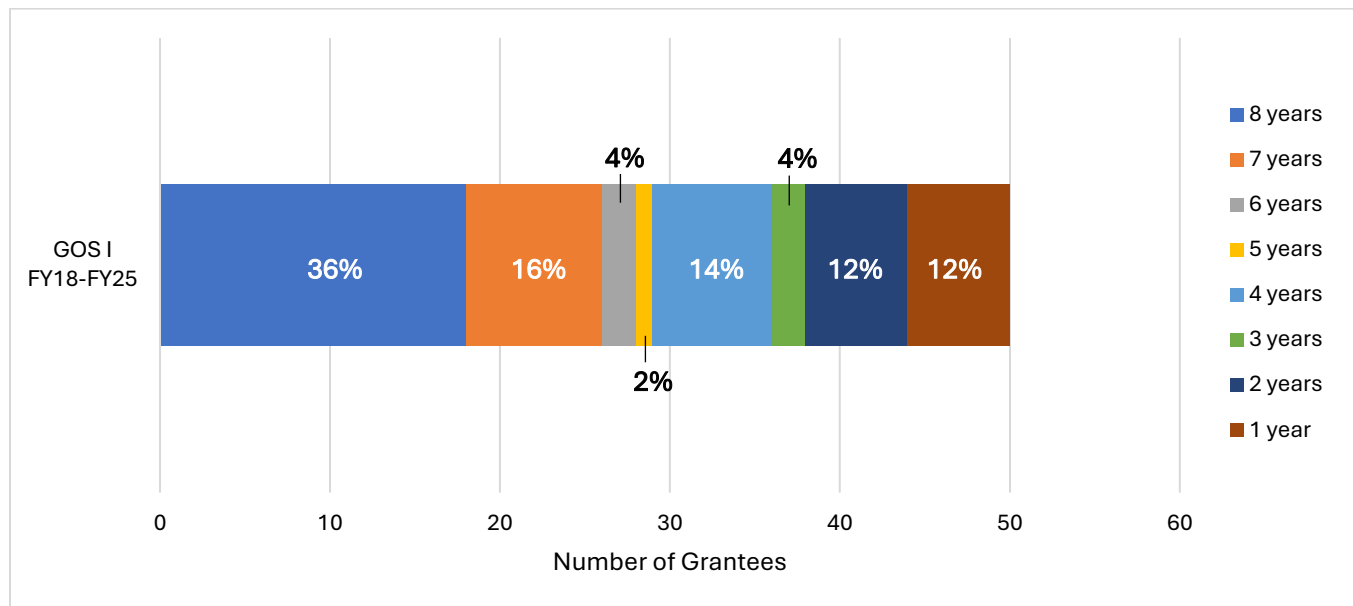
**Table 4. Trends in General Operating Support I Grant Distribution, FY18-FY25**

GOS I	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	% change FY18-FY25
Number of Grants	31	28	36	35	35	35	34	35	13%
Median Grant	\$20,208	\$21,581	\$21,000	\$19,500	\$18,563	\$25,000	\$31,995	\$43,375	115%
Average Grant	\$18,731	\$21,091	\$20,828	\$24,285	\$24,214	\$29,564	\$34,743	\$36,899	97%
Minimum Grant	\$5,000	\$14,247	\$10,800	\$10,200	\$10,779	\$13,648	\$13,500	\$18,000	260%
Maximum Grant	\$24,454	\$24,706	\$25,000	\$39,000	\$41,000	\$46,000	\$50,000	\$50,000	104%

Source: AHCMC Previous Grants Awarded, FY18-FY25

Figure 5 illustrates how several GOS I recipients are multi-year awardees. Over a third of all recipients (18 in total) received funding for all eight years, and close to 60% (29 organizations) received funding for at least 5 years.

**Figure 5. Multi-Year Participation Among General Operating Support I Grantees**



Source: AHCMC Previous Grants Awarded, FY18-FY25

In FY25, a quarter of GOS I grantees (nine organizations) received the maximum grant amount of \$50,000. Of these, five organizations (14%) received funding every year from FY18 to FY25:

- *Arts for the Aging (Rockville)* – \$288,164 in total funding;
- *ClancyWorks Dance Company (Silver Spring)* – \$283,489 in total funding;

- *Kalanidhi Dance (Bethesda)* – \$283,164 in total funding;
- *Flying V (Bethesda)* - \$271,370 in total funding; and
- *Lumina Studio Theatre (Silver Spring)* - \$264,564 in total funding.

Of note, both Flying V and Lumina Studio Theatre are resident companies of The Theatre Consortium of Silver Spring (TCSS). TCSS, a nonprofit organization, manages the County-owned Silver Spring Black Box Theatre. The four resident companies of TCSS receive performance and rehearsal space at the Silver Spring Black Box Theatre.

As a nonprofit, TCSS is also eligible for GOS I grants, which it has received since FY22. In total, TCSS has received \$149,088 in GOS I funding. It also receives supplemental support for rent, utilities, and maintenance provided by the County Government (discussed in Part 1, Chapter 4 and in Part 2, Chapter 11).

Overall, this analysis shows that since FY18, AHCMC has significantly expanded support for small and mid-sized arts and humanities organizations through GOS I grants. The number of GOS I grantees has grown, and both average and median grant amounts have increased in nominal and real terms – reflecting AHCMC’s strategic shift toward more equitable grantmaking. This approach has enabled a broader and more diverse group of organizations to access operational funding.

### **General Operating Support II Grant Distribution**

This category is for the County’s larger cultural institutions - nonprofit organizations that have operating budgets of at least \$150,000. GOS II grantees receive funding for activities over two fiscal years, with the full grant amount provided each year. For example, if a grantee is awarded a \$50,000 grant, they receive \$50,000 in fiscal year 1 and another \$50,000 in fiscal year 2. Grantees are also required to provide a cash match of one dollar for every dollar of grant funds awarded.<sup>70</sup>

Eligible GOS II applications are evaluated by a panel of arts, humanities, and cultural professionals based on four major criteria: 1) Organizational Capacity, 2) Programming Quality, 3) Community Impact, and 4) Financial Stability. Applicants need a minimum average panel score to qualify for a grant.<sup>71</sup>

**Base Awards:** All grantees are guaranteed a base amount of funding, which is a percentage of their eligible budget. This budget is calculated by averaging either the organization’s allowable cash revenue

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<sup>70</sup> [FY25-26 General Operating Support II Grant Guidelines](#)

<sup>71</sup> Ibid.

or allowable cash expenses for the past three completed fiscal years, whichever is lower.<sup>72</sup> The exact percentage of base awards can vary based on demand in the category, the budget sizes of the organizations, and the County's total appropriation. However, base awards have been at least 5% of grantees' eligible budgets since 2012.

### **Base Award Increases in Response to COVID-19**

As discussed earlier, the COVID-19 pandemic significantly impacted the creative sector, causing financial instability for arts and humanities organizations nationwide. To alleviate this uncertainty in Montgomery County, AHCMC increased base awards for all GOS II grantees in FY22 and FY23 to 6% of their pre-pandemic operating budgets, while suspending competitive excellence awards. This more predictable funding base helped the County's largest arts and humanities organizations plan for and adapt to a rapidly changing financial landscape.

Recognizing the sector's slow recovery, AHCMC further increased the GOS II base awards to 6.2% in FY25 and has maintained that rate for the FY26-FY27 grant cycle.

**Competitive Excellence Awards:** If funds remain after base awards are allocated, AHCMC grants "competitive excellence awards" to the highest scoring applicants. These additional awards are only for applicants who scored above the average given by the grant review panel. The award amount depends on how much the organization exceeds the average score. Competitive excellence awards are added to an organization's base award to determine its total GOS II award for the year. AHCMC specifies in the grant guidelines that "not all organizations will receive competitive excellence awards."<sup>73</sup> As noted above, AHCMC suspended competitive excellence awards during the COVID-19 pandemic. The suspension continues due to economic uncertainties and the loss of federal grants for several grantees.

**Award Maximum:** AHCMC established a GOS II award maximum of \$600,000 in FY21. Staff report that this amount is based on extensive national research that found that the maximum amount local arts agencies typically award in general operating funds ranges from \$450,000 to \$500,000.<sup>74</sup> Strathmore is the only GOS II grantee to be awarded the maximum amount, which it has received since FY21.<sup>75</sup>

GOS II applicants must also adhere to the following restrictions:<sup>76</sup>

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<sup>72</sup> Allowable cash revenue excludes the following: unrealized gains or losses, investment revenues, in-kind donations, revenue raised for capital projects, and funds intended for re-granting. Allowable cash expenses exclude the following: investment fees, interest expenses, re-granting (e.g., scholarships, awards), capital improvement costs, depreciation, loan principal payments, in-kind donations, and bad debt.

<sup>73</sup> [FY25-26 General Operating Support II Grant Guidelines](#)

<sup>74</sup> Information from AHCMC.

<sup>75</sup> OLO analysis of Grants Awarded PDFs from fiscal years 2018 to 2025 on AHCMC website.

<sup>76</sup> [FY25-26 General Operating Support II Grant Guidelines](#)



- Applicants may also apply for either an Advancement Grant or Capital Grant within the same fiscal year, but not both (note: Capital Grants are administered separately through the County's Office of Grants Management, see Chapter 2); and
- As of FY24, organizations are ineligible to receive AHCMC grants in all categories if they receive funding in Montgomery County Government's base budget for operating expenses and that funding exceeds AHCMC's maximum grant award amounts. For example, organizations such as the AFI Silver Theatre and the KID Museum receive annual operating support exceeding \$600,000 from the County's base budget, and should not receive grants from AHCMC, according to the guidelines. Funding for AFI Silver Theatre is through a contract with the County (see Part 1, Chapter 3, as well as Part 2, Chapter 5) and funding for the KID Museum is through a standalone non-departmental account (see Part 1, Chapter 3, page 62).

From FY18 to FY25, a total of 198 GOS II grants went to 29 arts and humanities nonprofits in the County. The sizes of these organizations vary greatly; of the 21 organizations that received GOS II grants in FY25, the smallest operating budget (based on FY23/FY24 financial data<sup>77</sup>) was approximately \$623,000 (Washington Revels) and the largest was approximately \$14 million (Strathmore Hall Foundation) – a range of about \$13.4 million.<sup>78</sup>

Table 5 below summarizes the number, average size, and range of GOS II grants by fiscal year. The data show that:

- Unlike GOS I, the number of GOS II recipients is decreasing, from 24 in FY18 to 21 in FY25;
- Though the proportion of funding allocated to GOS II grants has decreased (see Table 3 on page 29), grantees are receiving larger awards. The average GOS II grant size increased by 13% from FY18 to FY25; and
- The smallest grants have more than doubled, indicating that the floor for GOS II grants has increased. However, the wide range in grant amounts each year is indicative of the substantially different sizes and operational requirements of the organizations in the category.

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<sup>77</sup> Organization operating budgets were determined by averaging the operating revenues and expenses from their most recent IRS Form 990 (FY23 or FY24), as found on [ProPublica](#).

<sup>78</sup> OLO excludes the Baltimore Symphony Orchestra (BSO) from this comparison, even though the average of its operating revenues and expenses in FY24 —\$38.3 million—was higher than Strathmore's. This is because AHCMC only funds BSO activities and programs that take place in Montgomery County. As a result, BSO's grant is based on a much smaller allowable budget than Strathmore's. For FY25, BSO's allowable budget was approximately \$2.6 million, resulting in a grant award of \$113,097. In contrast, the Strathmore Hall Foundation's allowable budget for the same year was approximately \$12.2 million.

**Table 5. Trends in General Operating Support II Grant Distribution, FY18-FY25**

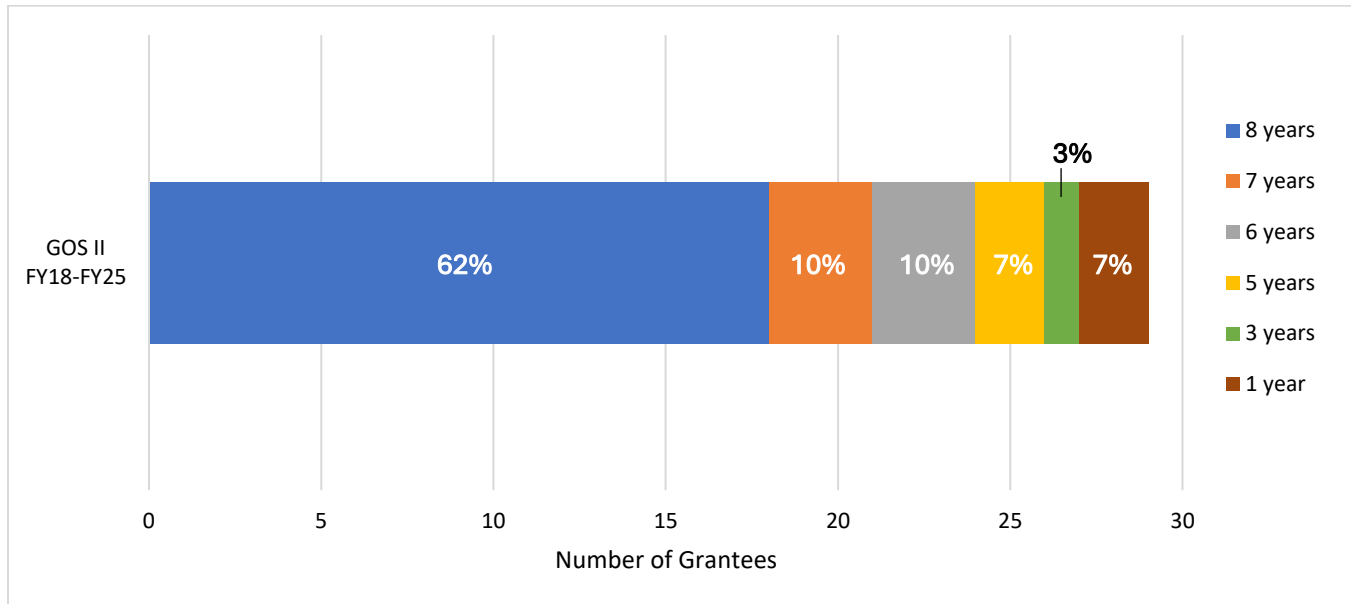
GOS II	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	% chg. FY18- FY25
Number of Grants	24	28	27	26	26	24	22	21	-13%
Median Grant	\$92,690	\$84,384	\$80,869	\$99,289	\$99,289	\$113,037	\$113,037	\$122,701	32%
Avg. Grant	\$140,623	\$120,534	\$124,998	\$134,645	\$134,645	\$145,404	\$145,708	\$158,838	13%
Min. Grant	\$16,558	\$13,406	\$18,403	\$23,333	\$23,333	\$26,046	\$26,046	\$42,396	156%
Max. Grant	\$539,423	\$566,281	\$620,460	\$600,000	\$600,000	\$600,000	\$600,000	\$600,000	11%

Source: AHCMC

Table 5 presents nominal figures. However, when adjusted for inflation, the real value of the average GOS II grant has declined by approximately 9% over the past seven years, while the real value of the median grant has increased by about 7%.<sup>79</sup> This suggests a shift in the distribution of grant amounts. The \$600,000 cap on larger grants likely limits growth at the top end, pulling the average down. Meanwhile, the increase in the median suggests that the typical recipient is receiving more meaningful support in real terms – potentially enabling them to afford more goods and services with their GOS II funding than they could seven years ago.

AHCMC reports that demand for GOS II grants has remained stable over the past decade. While the category has experienced some attrition (for example, some organizations became ineligible due to reductions in their operational budgets), a core group has consistently applied and been funded each year, keeping the grantee pool steady since the program began. As Figure 6 shows, 62% of GOS II grantees (18 in total) received funding every year from FY18 to FY25. OLO also learned that AHCMC regularly funds 100% of eligible GOS II applicants, suggesting County support represents a reliable source of operational funding for this core group of grantees.

<sup>79</sup> Inflation adjustment was calculated using the [Bureau of Labor Statistics Consumer Price Index \(CPI\) figures for the Washington region](#) with a base year of 2017. Average annual increases were calculated using the compound annual growth rate from FY18 to FY25.

**Figure 6. Multi-Year Participation Among General Operating Support II Grantees**

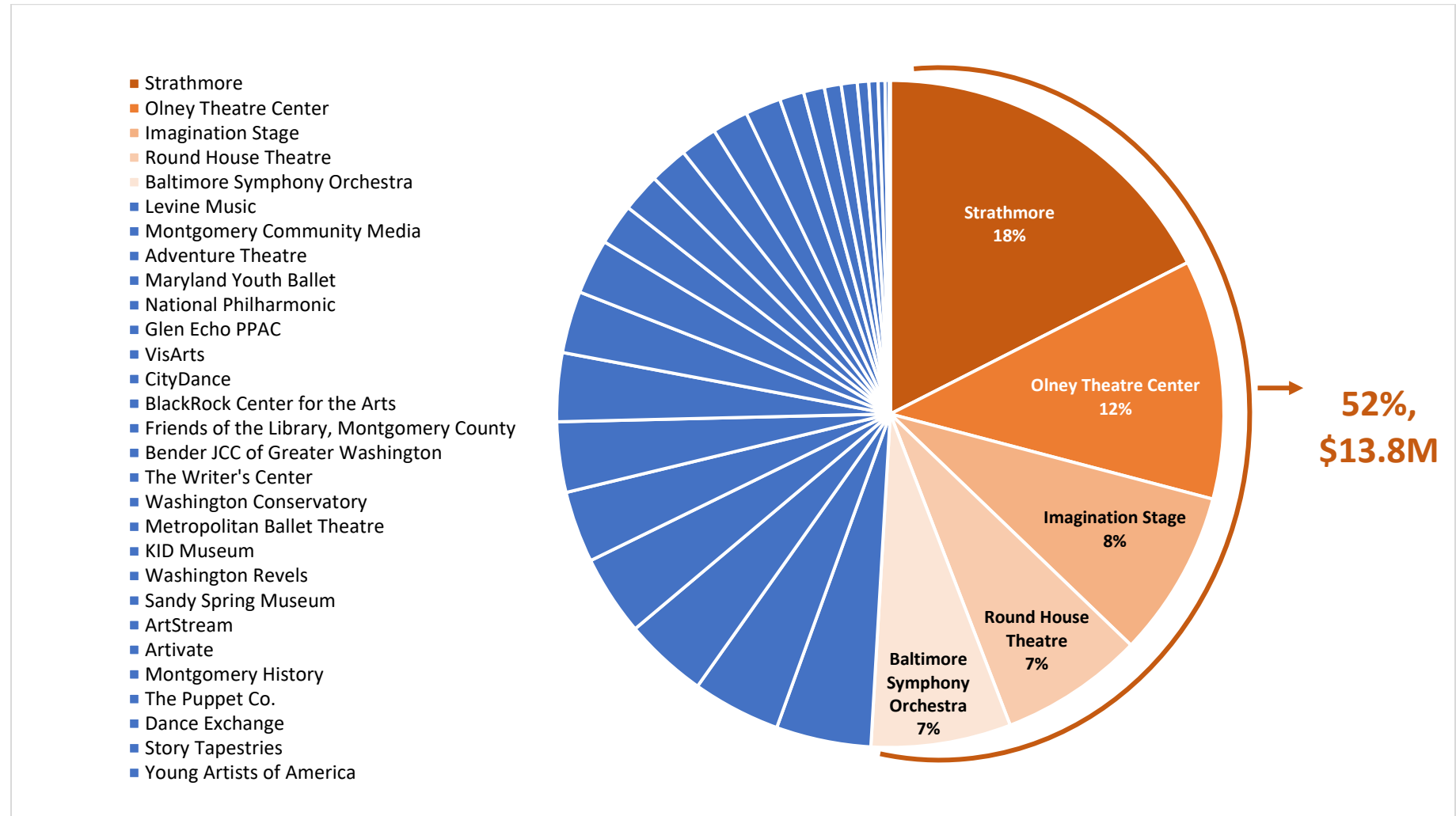
Source: AHCMC Previous Grants Awarded, FY18-FY25

By providing long-term funding that has increased incrementally both nominally, as well as in real terms for the typical grantee, AHCMC has demonstrated a commitment, on behalf of County Government, to more equitably support the stability of the County's larger arts and humanities organizations.

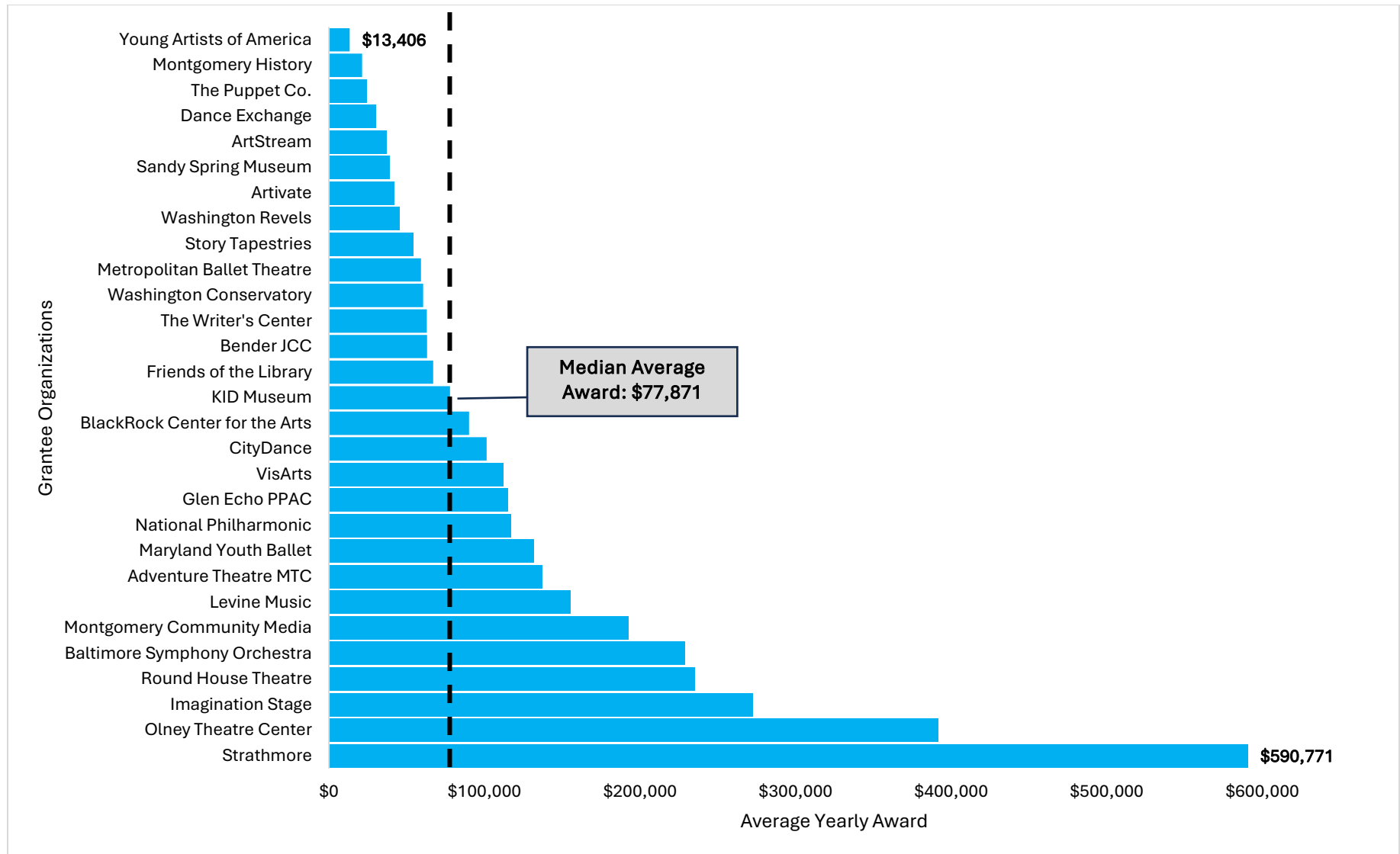
**Funding Distribution:** The two charts on the next two pages accompany each other, detailing the average funding distribution of the GOS II grants. The pie chart on page 38 shows the distribution of aggregate GOS II grant funds from FY18 to FY25. Slightly more than half of all funds (\$13.8 million) have gone to five organizations: Strathmore, Olney Theatre Center, Imagination Stage, Round House Theater, and Baltimore Symphony Orchestra (which is a founding partner and resident orchestra at the Music Center at Strathmore). The remaining 48% of grant funds (\$13.3 million) have been distributed across 24 organizations.

The bar chart in Figure 8, which displays recipients' average awards from FY18 to FY25, shows two significant outliers: Strathmore, and Olney Theatre Center. Strathmore's average grant was \$590,771, which is 7.5 times higher than the median average grant of \$77,871. (As noted earlier, Strathmore has received the maximum amount of \$600,000 since FY21.) Olney Theatre Center's average grant was \$391,865, which is 5 times higher than the median average grant.

Figure 7. General Operating Support II Grants – Funding Breakdown, FY2018 - FY2025



Source: Arts and Humanities Council of Montgomery County, Grants Awarded FY18 through FY25

**Figure 8. General Operating Support II Grants - Average Awarded, FY2018 - FY2025**

Source: Arts and Humanities Council of Montgomery County, Grants Awarded FY18 through FY25

County-Owned Facilities: Five of the 29 organizations (17%) that received GOS II grants between FY18 and FY25 operate in County-owned buildings: BlackRock Center for the Arts (Germantown), Imagination Stage (Bethesda), Round House Theatre (Silver Spring and Bethesda),<sup>80</sup> Strathmore (North Bethesda), and the Writer's Center (Bethesda). In addition to general operating support, these organizations also receive financial assistance from the County Government in the form of subsidized or waived rent, utility payments, and maintenance. This supplemental support is discussed in Part 1, Chapter 4 as well as in Part 2. Notably, three of these organizations – Strathmore, Imagination Stage, and Round House Theatre – are among the five entities that receive over half of GOS II funds.

This analysis of GOS II grants highlights the following takeaways:

- **Concentration of Funds:** A significant portion of GOS II grant funds (52%) goes to five organizations. This concentration is partly due to these organizations having larger operating budgets, which results in higher grant amounts based on GOS II's percentage-based allocation model.
- **Significant Outliers:** Strathmore and Olney Theatre Center are notable outliers in terms of average yearly awards, highlighting the significant financial support they receive compared to other organizations. This disparity reflects not only their larger operating budgets, which align with the percentage-based grant allocation model, but also underscores the County's commitment to investing long-term in its largest performing arts venues.
- **Single Funding Category for Diverse Organization Sizes:** The current GOS II grant structure groups a wide range of organization sizes into a single funding category. The difference between the operating budgets of the smallest and largest grantees in FY25 was approximately \$13.4 million. These organizations differ significantly in their scale of operations and programs. Larger organizations, with 100 or more staff or multiple venues, typically have higher expenses. However, their larger staff enable them to raise revenue to sustain and grow their operations. In contrast, smaller entities, though having fewer salaries and no fixed infrastructure costs, may have less capacity to generate revenue, especially if they have staff sharing both artistic and administrative duties.
- **GOS II Structure Favors Larger Organizations:** When funding is allocated based on a percentage of an organization's allowable operating budget, as with GOS II grants, it inherently favors larger organizations. Organizations with smaller operating budgets receive proportionally smaller grants. This could impact their ability to grow, innovate, or sustain their operations compared to the larger, more highly funded arts and humanities organizations. For example, an

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<sup>80</sup> Round House's mainstage theater in Bethesda is not County-owned; however, it leases space in three County-owned facilities: the Wayne Avenue Garage and Silver Spring Civic Building, both in Silver Spring, and the Broome Middle School in Rockville.

organization with a \$10 million eligible budget receiving 5% in grants would get \$500,000, enough to fund 10 arts administrator salaries at \$50,000 each.<sup>81</sup> In contrast, a smaller organization with a \$650,000 allowable budget receiving the same 5% would get only \$32,500, hardly covering one arts administrator's salary.

- **The real value of GOS II grants has increased for the typical grantee.** While the purchasing power of the average GOS II grant declined by approximately 9% between FY18 and FY25, the real value (adjusted for inflation) of the median grant rose by 7%. This suggests that the \$600,000 cap on GOS II awards may have contributed to a redistribution of funds, resulting in more meaningful support for smaller organizations within the category.
- **Several of the highest GOS II grant recipients also receive supplemental County support.** Five of the 29 organizations that received GOS II grants between FY18 and FY25 operate in County-owned facilities and receive additional County support through subsidized or waived rent, utilities, and/or maintenance. Notably, three of these organizations – Strathmore, Imagination Stage, and Round House Theatre – are among the top five recipients of GOS II funding. This layered support structure reflects the County's long-term investment in sustaining its cultural assets but also raises questions about equity in resource distribution across the sector.

## 2. Advancement Grants

Advancement Grants are available to nonprofit arts and humanities organizations with allowable operating budgets of at least \$50,000. According to AHCMC's grant guidelines, these awards fund projects that "contribute to the applicant's fiscal stability and/or long-term viability and heighten [their] ability to provide services that directly benefit Montgomery County."<sup>82</sup> Examples of fundable projects include:<sup>83</sup>

- The purchase or improvement of mission-critical equipment or technology;
- Professional development for board and/or staff members (e.g., financial management training);
- Development of a strategic or business plan, accessibility plan, or emergency preparedness plan; or
- Research, development, and planning for major capital expenditures.

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<sup>81</sup> According to [Zip Recruiter](#), the average salary for an arts administrator in Maryland is \$46,971.

<sup>82</sup> [FY26-AG-Guidelines.pdf](#)

<sup>83</sup> Ibid.

*Note: Organizations with budgets under \$50,000 can apply for Programming and Capacity Building Project Grants. This category supports programmatic costs as well as the same capacity building activities that Advancement Grants support.*

AHCMC introduced Advancement Grants in 2009 to help grantees manage large expenses without seeking additional funds directly from the County Executive and/or County Council. The new grant category was designed to eliminate the need for direct earmarks by centralizing the funding process through AHCMC.<sup>84</sup>

Advancement Grant awards currently range from \$10,000 to \$100,000. Applicants are limited to no more than two consecutive years of funding and cannot apply for a Programming and Capacity Building Project Grant or a Capital Grant in the same fiscal year (note: Capital Grants are administered separately through the County's Office of Grants Management).

Prior to FY19, applicants could request an Advancement Grant of up to \$200,000 but were required to provide a one-to-one match. Additionally, requests above \$25,000 required submission of a financial audit. According to AHCMC, this structure unintentionally excluded many smaller arts and humanities organizations – particularly those receiving GOS I funding – from accessing Advancement Grants. The key barriers included:<sup>85</sup>

- **Unattainable maximum award:** While the \$200,000 cap was theoretically available to all eligible organizations, the required match made it inaccessible to organizations with smaller budgets that lacked the financial and staffing resources to raise equivalent funds.
- **Disproportionate awards to larger organizations:** Larger arts and humanities organizations – most of them GOS II grantees – had the resources to meet the match requirement and frequently applied for the maximum amount. These applications often received high scores from grant panels, resulting in the same group of large GOS II organizations receiving Advancement Grant funding year after year.
- **Cost-prohibitive audit requirement:** Many smaller organizations could not afford the high cost of a financial audit, limiting them to requests under \$25,000. This placed them at a competitive disadvantage compared to larger organizations that could submit applications for higher amounts.

To address this inequity, AHCMC implemented the following changes to make Advancement Grants more accessible to a broader range of arts and humanities organizations:

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<sup>84</sup> Information from AHCMC.

<sup>85</sup> Ibid.



- In FY19, it reduced the maximum award amount to \$100,000, and instituted a two-year award rule to ensure the same organizations were not receiving most of the funding every year;
- In FY21, it changed the audit requirement to:
  - Requests over \$50,000 require an audit;
  - Requests between \$25,000 and \$50,000 require an audit *or a financial review*;
  - Requests under \$25,000 require no audit or financial review; and
- In FY26, it eliminated the match requirement.

According to AHCMC, these changes have led to a significant increase in demand from a diverse range of organizations, particularly those with smaller operating budgets.<sup>86</sup> Despite this growing interest, the data below show that AHCMC has historically lacked sufficient funding to fully meet the demand for Advancement Grants. Since FY18, every year has seen a shortfall between the amount of grant funds requested and the amount awarded.<sup>87</sup> In some years, the difference between requested and awarded amounts was especially wide, like in FY26 when it was over \$1 million. This highlights how significantly organizations' needs exceed available resources.

**Table 6. Advancement Grants Requested vs. Awarded, FY2018 - FY2026**

<b>Fiscal Year</b>	<b>Applications Submitted</b>	<b>Amount Requested</b>	<b>Amount Awarded</b>	<b>Difference between Amount Requested and Awarded</b>
FY18	4	\$967,108	\$295,094	\$672,014
FY19	9	\$417,228	\$295,090	\$122,138
FY20	9	\$404,975	\$340,565	\$64,410
FY21	7	\$275,585	\$265,711	\$9,874
FY22	18	\$793,254	\$236,948	\$556,306
FY23	14	\$547,019	\$336,803	\$210,216
FY24	20	\$646,503	\$470,606	\$175,897
FY25*	8	\$369,109	\$269,109	\$100,000
FY26	24	\$1,348,985	\$282,097	\$1,066,888

Source: The Arts and Humanities Council of Montgomery County

\*AHCMC attributes the sharp decline in FY25 Advancement Grant applications to an unanticipated and unintended overlap with major capital funding deadlines from the Maryland State Arts Council's Arts Capital Program and the County's Cost Sharing Capital Grants. Both programs have higher maximum award amounts: \$300,000 for Arts Capital Program Grants and \$1,000,000 for Cost Sharing Capital Grants. Additionally, the AHCMC Board approved 100% of the requested amount in FY25. Subsequent to Board approval, one grantee declined their award.

<sup>86</sup> Information from AHCMC.

<sup>87</sup> AHCMC was able to fund 100% of the requested amount in FY25, however subsequent to the AHCMC's Board approval, one grantee declined their award, leading to a difference in amount requested and awarded that year.

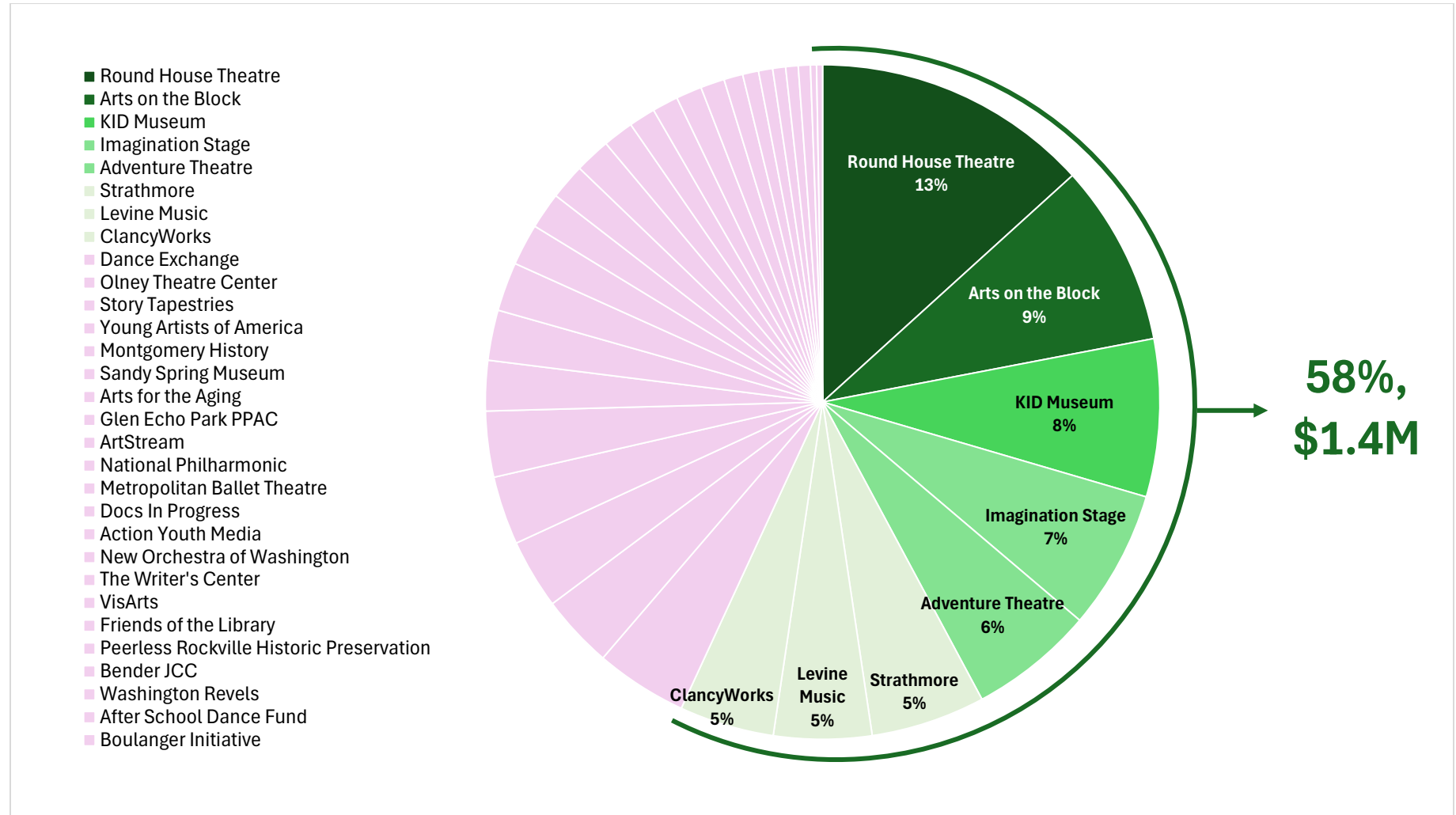
AHCMC notes that the number of Advancement Grants awarded each year depends on its annual budget appropriation from the County. While it has discretion in distributing funds across grant categories, it must first ensure adequate funding for other commitments – particularly GOS II grants, which guarantee a base level of support for grantees, and as noted earlier in this chapter, account for more than half of AHCMC’s total County appropriation.

**Funding Distribution:** From FY18 to FY25, AHCMC awarded \$2,509,926 in Advancement Grants, representing 5% of all grant funding. A total of 33 organizations received 77 Advancement Grants during this period. Overall, organizations received between one and five grants.

The two charts on the next two pages accompany each other, detailing the average funding distribution of the Advancement Grants. The pie chart in Figure 9 illustrates the allocation of total grant funding across grantees from FY18-FY25. Eight organizations, representing 24% of all grantees and shown in green, received 58% of all Advancement Grant funds, amounting to \$1.4 million. Round House Theatre, who was awarded four grants total, received the largest share at 13% or \$333,240 in total funding.

The following bar chart shows the average awarded to each organization during the study period. Levine Music stands out as an outlier, averaging \$117,807 from a single grant awarded in FY18, before AHCMC established the \$100,000 maximum for this grant category. Since FY18, Levine Music has not received any Advancement Grants. Olney Theatre Center had the next highest average award, receiving \$88,000, but again from a single grant awarded in FY20. Of those organizations that received more than one grant in eight fiscal years, Round House Theatre, Arts on the Block, and KID Museum had the highest average awards, at \$83,310 from four grants, \$72,859 from three grants, and \$63,203 from three grants, respectively.

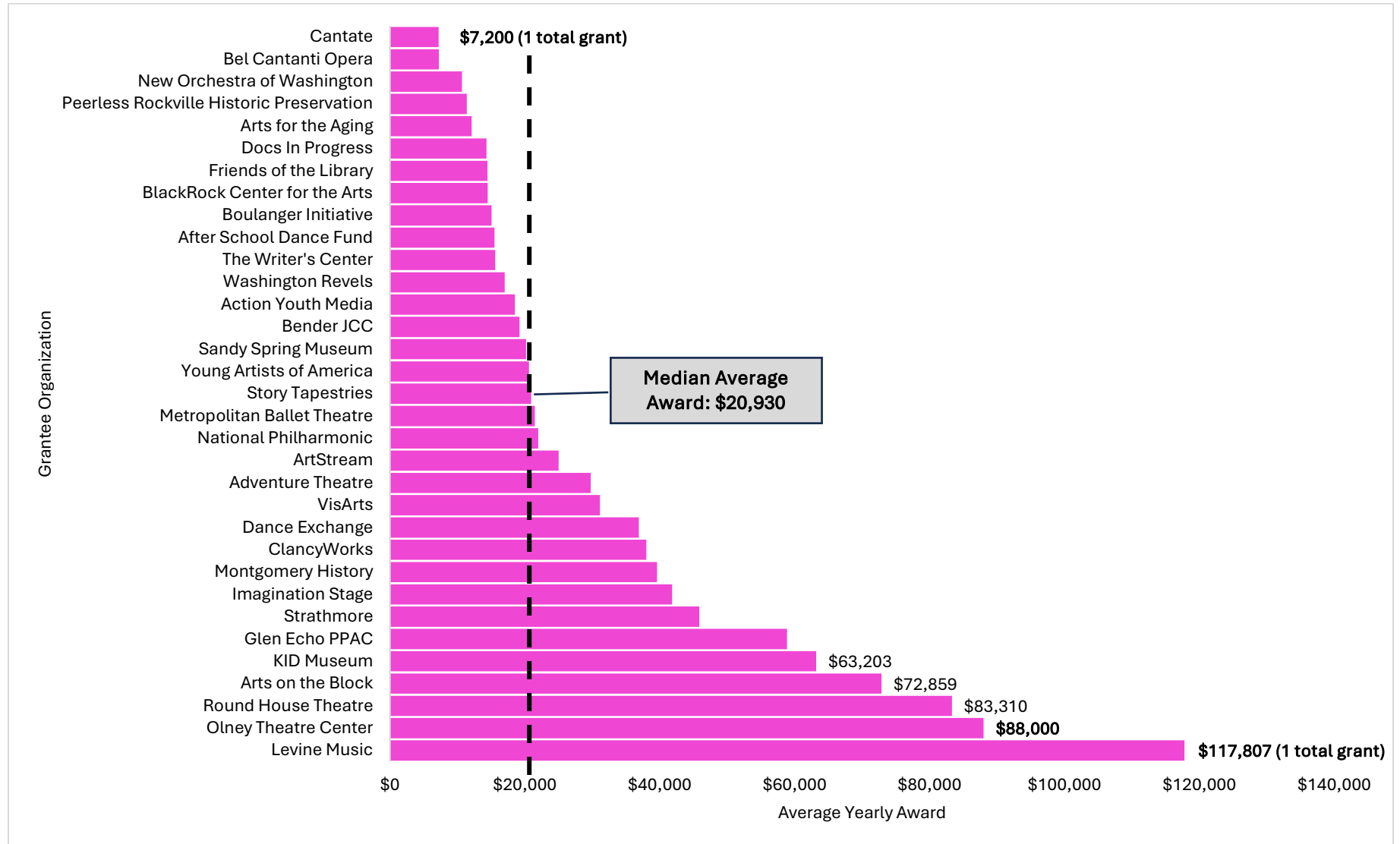
Figure 9. Advancement Grants – Funding Breakdown, FY2018 - FY2025



Source: Arts and Humanities Council of Montgomery County, Grants Awarded FY18 through FY25

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

**Figure 10. Advancement Grants - Average Awarded, FY2018 - FY2025**



Source: Arts and Humanities Council of Montgomery County, Grants Awarded FY18 through FY25

As noted earlier, there is a significant overlap between organizations that receive Advancement Grants and those that receive general operating support, particularly GOS II grants. Table 7 lists the ten highest Advancement Grant recipients and indicates whether they also received a GOS II and/or a GOS I grant. All ten recipients received general operating support at some point during the study period – 80% (8 organizations) through GOS II and 30% (3 organizations) through GOS I. One organization, Dance Exchange, received GOS II grants from FY18-FY20 and GOS I grants from FY21-FY25.

**Table 7. Top Advancement Grant Recipients with General Operating Support Grants, FY2018 - FY2025**

10 Highest Advancement Grant Recipients	GOS II Grant FY18-FY25	GOS I Grant FY18-FY25	County-Owned Facility
Round House Theatre	✓		✓
Arts on the Block		✓	
KID Museum	✓		
Imagination Stage	✓		✓
Adventure Theatre	✓		
Strathmore	✓		✓
Levine Music	✓		
ClancyWorks Dance Company		✓	
Dance Exchange	✓	✓	
Olney Theatre Center	✓		

Source: AHCMC Previous Grants Awarded, FY18-FY25

**County-Owned Facilities:** Five of the 33 organizations (15%) that received Advancement grants between FY18 and FY25 operate in County-owned buildings: BlackRock Center for the Arts, Imagination Stage, Round House Theatre, Strathmore, and the Writer’s Center. Three of these organizations – Strathmore, Imagination Stage, and Round House Theatre – are among the ten organizations that received the highest Advancement Grant funds, noted in the table above.

This analysis of Advancement Grants offers the following key takeaways:

- **Increased Demand but Limited Resources:** Demand for Advancement Grants has grown significantly, especially since FY19, when AHCMC began implementing several reforms to improve accessibility for smaller arts and humanities organizations.
- **Funding Concentration:** Despite these reforms, Advancement Grants remain concentrated among a few recipients – 8 organizations (24%) received 58% of total Advancement Grant funds between FY18-FY25.

- **Overlap with GOS Grantees:** All top 10 Advancement Grant recipients also received General Operating Support (GOS) grants during the study period – 80% through GOS II and 30% through GOS I. This indicates a strong correlation between Advancement and operating support.

This chapter highlights the central role AHCMC plays in supporting Montgomery County’s arts and humanities sector through grantmaking and capacity building. Over the past eight fiscal years, AHCMC has awarded more than \$46 million in County funds to nonprofit organizations, with the majority distributed through General Operating Support (GOS) grants. In recent years, AHCMC has made a deliberate shift toward more equitable funding by expanding support for smaller and mid-sized organizations through GOS I and Advancement Grants. However, a substantial portion of funding remains concentrated among a few large organizations – many of which also benefit from additional County support. At the same time, while demand for grants continues to rise, AHCMC’s budget has grown only modestly in real terms over the past eight years.

## Chapter 2. Capital Funding

This chapter describes how the County Government funds arts-and-humanities-related capital projects through the Cost Sharing: MCG project. As described in the County’s Capital Budget, this project provides funds for the development of non-governmental projects in conjunction with public agencies or the private sector. County participation leverages private and other public funds for these facilities.<sup>88</sup> Before FY25, projects could be considered for funding even if they had not yet received a State capital award. Starting in FY25, however, only projects that have already secured a State capital award are eligible for funding. To qualify, organizations must have an appropriated Maryland State Bond Bill (or other form of Maryland State capital funding) specifically for the same capital project proposed in the application; organizations that are still in the process of pursuing such funding are not eligible.<sup>89</sup>

Qualifying capital projects receive Cost Sharing Capital Grants, which are broken out into two categories:<sup>90</sup>

- **Arts Facility Capital Grants** (formerly CIP grants for arts and humanities organizations), for organizations whose primary mission or objective is the exhibition, presentation, production or performance of, and/or education in, an arts and/or humanities discipline, and/or provides support services to artists and/or scholars and/or arts and/or humanities organizations; and
- **Non-Arts Facility Capital Grants** (formerly community grant projects), for any nonprofit capital project that falls outside of the Arts Facility definition above.

Arts and humanities organizations primarily, though not always, receive Arts Facility Capital Grants. The Department of General Services (DGS) oversees most of these capital projects.<sup>91</sup>

Until FY20, the Arts and Humanities Council of Montgomery County (AHCMC) administered arts and humanities capital grants through the Cost Sharing: MCG project. Organizations seeking support for their projects applied through AHCMC’s Capital Improvement Project Grants program and received funding directly from the Office of Management and Budget (OMB). Beginning in FY21, AHCMC discontinued its administration of capital grants for arts and humanities organizations. As of FY24, all

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<sup>88</sup> [Cost Sharing: MCG \(P720601\) | Montgomery County Maryland Capital Budget](#)

<sup>89</sup> [Montgomery County Office of Grants Management, FY25 Cost Sharing Capital Grants Notice of Funding Opportunity.pdf](#); Information from Office of Grants Management (OGM).

<sup>90</sup> [Montgomery County Office of Grants Management, FY25 Cost Sharing Capital Grants Notice of Funding Opportunity.pdf](#)

<sup>91</sup> Before the County distributes funds, DGS and the private organization develop a Memorandum of Understanding that specifies the requirements and responsibilities of each. DGS serves as the lead on ongoing construction, repair, renovations and progress to complete projects. Council Staff Report, FY26 Operating Budget – Cost Sharing: MCG (P720601), April 25, 2025.

Cost Sharing Capital Grants are awarded through a formal review and approval process managed by the Office of Grants Management (OGM).<sup>92</sup>

Notably, several Cost Sharing Capital grants awarded to arts and humanities organizations between FY18 and FY25 supported very large, multi-year projects. For instance, grants to Round House Theatre and Olney Theatre Center for the Arts have helped support various phases of multi-million-dollar campaigns to renovate, improve, and build-out each venue.<sup>93</sup> Similarly, grants awarded to the Glen Echo Park Partnership for Arts and Culture have supported ongoing restorations across the park, including to the historic carousel building and Spanish Ballroom.

In FY24, OGM structured Cost Sharing Capital Grants as multi-year awards. In the FY25 Cost Sharing Capital Grants Notice of Funding Opportunity, OGM states:

*... due to the expected volume of requests greatly exceeding available resources, grants provided under this program may be requested as multi-year awards of up to three years, pending satisfactory program performance and continued appropriation of funding by the County Council. Large projects that will take two or more years to be finished should expect to have their funding spread across multiple fiscal years. The multi-year funding request must be consistent with the project's expected timeline.*

Table 8 on page 52 summarizes County Government spending related to arts and humanities capital projects from FY18 to FY25 in the Cost Sharing: MCG project. The table organizes arts and humanities organizations by the type of capital grant they received: Arts Facility Capital Grants, Non-Arts Facility Capital Grants, and/or a Federal Reimbursement for COVID-19 costs. The data show that:

- Overall, the County spent about \$10.7 million to fund capital projects for 24 nonprofit arts and humanities organizations (including funds transferred to the Planned Lifecycle Asset Replacement: MCG project, described below).
- Seventy-one percent of that total spending (\$7.5 million) has gone to three organizations – Glen Echo Park Partnership for Arts and Culture (\$4 million), Olney Theatre Center (\$2.1 million), and Round House Theatre (\$1.4 million).
- Whereas most organizations (75%) have received between one to two Cost Sharing Capital grants over the study period, the three organizations noted above have received funding for six to seven years. As noted earlier, most of this funding has supported large projects over several

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<sup>92</sup> Information from AHCMC and OGM; Montgomery County Council Staff Report, FY26 Operating Budget – Cost Sharing: MCG (P720601), Government Operations & Fiscal Policy Committee, April 25, 2025.

<sup>93</sup> [Staging the Future | Olney Theatre Center](#); [Olney Theatre Begins Final Construction Phase of \\$34 Million 'Staging the Future' Capital Campaign - The MoCo Show](#); [FY23 State Funding Press Release](#); [2019 Regular Session - Bond Bill Fact Sheet for Round House Theatre](#)



years. Also, in FY19, Olney Theatre Center and Round House Theatre received both Arts Facility and Non-Arts Facility Capital Grants.

- Notably, Round House Theatre’s Education Center, Administrative Offices, and Scene Shop are situated in County-owned facilities. However, most of the capital funding Round House Theatre received during this period supported projects at its theater in Bethesda, which is not owned by the County.<sup>94</sup>

In addition, \$220,000 was transferred from the Cost Sharing: MCG project to the Planned Lifecycle Asset Replacement: MCG project in FY20 for capital repairs to BlackRock Center for the Arts. BlackRock Center for the Arts leases a County owned building. (More about County owned facilities is discussed in Part 1, Chapter 4 and in Part 2)

### **Glen Echo Park Partnership for Arts and Culture**

While Montgomery County does not own Glen Echo Park, it plays an integral role in the Park’s operations and ongoing preservation. Initially developed as a National Chautauqua Assembly in the late 1800s, Glen Echo operated as an amusement park until the 1960s. In 1971, the federal government obtained the land and developed a new park that was managed by the National Park Service (NPS).

In 2002, NPS transferred management of the Park to Montgomery County. The County established the nonprofit Glen Echo Park Partnership for Arts and Culture (Glen Echo PPAC) to oversee the Park’s arts and cultural programs and to maintain its historic facilities, while NPS continues to manage the park grounds. The County has invested substantial resources—alongside state and federal funding—into preserving and renovating the Park. Today, Glen Echo is home to several resident arts and cultural organizations, many of which receive operating and project support from the Arts & Humanities Council of Montgomery County (AHCMC), as well as capital funding from the County.

Source: [HISTORY OF THE PARK | Glen Echo Park](#)

<sup>94</sup> Round House Theatre’s FY24-FY26 Cost Sharing Capital grant is to support the acquisition of a new scene shop. Round House’s current scene shop, which it leases from the County, is located in the former Broome Middle School. It has become too small for the Theatre’s design needs. [2024 Regular Session - Bond Bill Fact Sheet for Round House Theatre](#)

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

**Table 8. County Government Capital Expenditures – Cost Sharing: MCG, FY18-FY25**

Organization	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total
<b>Arts Facility Capital Grants</b>									
Olney Theatre Center		\$100,000			\$250,000	\$250,000	\$275,520	\$282,240	<b>\$1,157,760</b>
Round House Theatre*		\$250,000		\$250,000	\$250,000		\$94,080	\$52,080	<b>\$896,160</b>
Glen Echo PPAC^	\$98,161	\$302,184	\$88,833	\$112,238			\$50,374		<b>\$651,790</b>
Montgomery County Historical Society							\$210,000	\$210,000	<b>\$420,000</b>
Montgomery Community Television	\$94,122	\$98,237	\$43,598		\$103,412				<b>\$339,369</b>
CityDance				\$200,000			\$64,294		<b>\$264,294</b>
Damascus Heritage Society								\$226,694	<b>\$226,694</b>
Riverworks Art Center							\$69,600	\$98,400	<b>\$168,000</b>
Sandy Spring Museum			\$80,000	\$34,400			\$47,154		<b>\$161,554</b>
VisArts				\$150,000					<b>\$150,000</b>
Metropolitan Ballet Theatre		\$115,463							<b>\$115,463</b>
Nepal Education and Cultural Center							\$50,400	\$58,800	<b>\$109,200</b>
Chinese Culture and Community Service Center							\$64,389		<b>\$64,389</b>
Bethesda Meeting House Foundation								\$56,673	<b>\$56,673</b>
Adventure Theatre		\$56,530							<b>\$56,530</b>
BlackRock Center for the Arts*							\$50,400		<b>\$50,400</b>
Imagination Stage*			\$41,150						<b>\$41,150</b>
Menare Foundation							\$23,789		<b>\$23,789</b>
Germantown Historical Society								\$15,113	<b>\$15,113</b>
<b>Arts Facility Subtotal</b>	<b>\$192,283</b>	<b>\$922,414</b>	<b>\$253,581</b>	<b>\$746,638</b>	<b>\$603,412</b>	<b>\$250,000</b>	<b>\$1,000,000</b>	<b>\$1,000,000</b>	<b>\$4,968,328</b>
<b>Non-Arts Facility Capital Grants</b>									
Olney Theatre Center		\$650,000	\$250,000						<b>\$900,000</b>
Round House Theatre*		\$250,000	\$250,000						<b>\$500,000</b>
Sandy Spring Museum						\$250,000			<b>\$250,000</b>
BlackRock Center for the Arts*						\$100,000			<b>\$100,000</b>

Organization	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total
Peerless Rockville Historic Preservation						\$100,000			\$100,000
Theatre Consortium of Silver Spring*	\$100,000								\$100,000
The Writer's Center*						\$95,000			\$95,000
Glen Echo PPAC^						\$67,276			\$67,276
Menare Foundation		\$9,958	\$19,000			\$20,000			\$48,958
Docs in Progress						\$26,000			\$26,000
Arts on the Block*						\$25,000			\$25,000
Chinese Culture and Community Service Center						\$25,000			\$25,000
Metropolitan Ballet Theatre						\$6,387			\$6,387
<b>Non-Arts Facility Subtotal</b>	<b>\$100,000</b>	<b>\$909,958</b>	<b>\$519,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$714,663</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,243,621</b>
<b>Total Arts and Non-Arts Facility</b>									<b>\$7,211,949</b>
<b>Federal Reimbursement for COVID-19</b>									
Glen Echo PPAC^ (Spanish Ballroom)								\$3,250,000	\$3,250,000
<b>Federal Reimbursement Subtotal</b>								<b>\$3,250,000</b>	<b>\$3,250,000</b>
<b>Total</b>	<b>\$292,283</b>	<b>\$1,832,372</b>	<b>\$772,581</b>	<b>\$746,638</b>	<b>\$603,412</b>	<b>\$964,663</b>	<b>\$1,000,000</b>	<b>\$4,250,000</b>	<b>\$10,461,949</b>

Source: FY26 Approved Montgomery County Capital Budget, Cost Sharing: MCG (P720601), pgs. 1-72 to 1-75.

\*Organization leases one or more County owned buildings.

^The National Park Service has a cooperative agreement with Montgomery County to operate Glen Echo Park, and the County, in turn, holds a sub-cooperative agreement with the Glen Echo Park Partnership for Arts and Culture.

## Chapter 3. Contracts and Grants

County Government also provides support to nonprofit arts and humanities organizations through both contracts and grants. Contracts are funded and administered by individual County departments and typically support either the direct delivery of arts and humanities programs or the use of arts and humanities to enhance broader social services.

**Summary:** Overall, OLO found that between FY18 and FY25, the County provided substantial support to nonprofit arts and humanities organizations through both contracts and grants. A small number of organizations received funding through multiple mechanisms, with AFI Silver Theatre, KID Museum, and BlackRock Center for the Arts standing out as the most frequently and highest funded:

- **AFI Silver Theatre** received the largest amount in non-competitive contracts – over \$6.8 million – all of which supported general operations;
- **KID Museum** followed, with more than \$3.1 million in combined contracts and grants; and
- **BlackRock Center for the Arts** received over \$1.4 million through both mechanisms.

These organizations also benefited from additional County support, including AHCMC grants, free maintenance and utilities, capital spending, and dedicated NDA funding. When these other funding streams are included, the County's total investment in these organizations becomes even more substantial:

- **KID Museum's** total County support rises to nearly \$10.5 million, making it the second-highest funded arts and humanities organization after Strathmore;
- **AFI Silver Theatre's** total support increases to \$8.2 million; and
- **BlackRock Center for the Art's** total support grows to \$4.1 million.

This chapter is organized as follows:

- **Section A** provides background to understanding County funding through contracts and grants;
- **Section B** reviews County contracts with nonprofit arts and humanities organizations; and
- **Section C** discusses grants awarded through the Community Grants Non-Departmental Account (NDA) and departmental base budgets.

## A. Background for Funding

While the County refers to much of its funding for nonprofit organizations as “grants,” roughly 95% of its funding for nonprofits is provided as procurement contracts.<sup>95</sup> The County funds several of these grants/contracts through departments’ base budgets, and several others through the Community Grants Non-Departmental Account. (A history of the Community Grants NDA starts on page 63.)

With the establishment of the Office of Grants Management (OGM) under Bill 36-19 in FY23, the term “grant” now refers specifically to a distinct legal funding mechanism, separate from procurement contracts.<sup>96,97</sup> Today, OGM awards community grants through a formal grants review and approval process.

This chapter presents County Government spending on contracts and grants awarded primarily to nonprofit arts and humanities organizations – those whose work focuses on the creation, preservation, and/or promotion of one or more arts and humanities disciplines – from FY18 through FY25. It also includes data on contracts and grants awarded to organizations that, while not exclusively arts-focused, have clearly used the funds to support arts and humanities programming or to incorporate arts and humanities into broader initiatives, such as language learning or Science, Technology, Engineering, Arts, and Math (STEAM) education.

Because this funding is spread across various departments and budget categories, some organizations may not have been easily identifiable as supporting arts and humanities efforts and therefore may have been unintentionally left out of this analysis.

Also, although contracts between Montgomery County Public Schools and arts and humanities organizations represent a significant investment, this report excludes them as they fall outside its manageable scope. Nonetheless, this chapter offers a snapshot of the most clearly identifiable arts and humanities-related programs funded through County contracts and grants during this period.

## B. Contracts

County contracts with nonprofit arts and humanities organizations tend to fall into two main categories: 1) non-competitive contract awards, and 2) open solicitation contract awards.

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<sup>95</sup> [Office of Grants Management - Montgomery County](#)

<sup>96</sup> Information from OGM.

<sup>97</sup> [The Montgomery County Office of Procurement](#) defines a “contract” as “for the procurement or disposal of goods, services, construction or any other item which is binding on the contractor and the County.” County Regulations specify that contract payments are tied to deliverables, “e.g. the contractor has incurred a cost and submitted an invoice.” [COMCOR 11.B](#). A “grant” is defined in [Bill 36-19](#) as “an agreement in which a grantor transfers money or something of value to a grantee to support a public purpose.” The grantee typically receives funds directly in either one-time or staggered payments. Grantees must report on their activities, and must re-pay grant funds in the event they do not meet the grant requirements.

During the study period, OLO identified two notable exceptions to the typical use of contracts with arts and humanities nonprofits. The first is the County's current contract with the AFI Silver Theatre and Cultural Center, which provides general operating support rather than funding for a specific program or service. Unlike standard procurement contracts, this agreement does not require specific deliverables because it is intended to sustain the organization's overall operations. (Part 2, Chapter 5 includes more details about the County's contract and lease with AFI Silver Theatre.)

The second exception is the County's former contract with Germantown Cultural Arts Center (doing business as BlackRock Center for the Arts), which served as the Upcounty HUB during the first years of the COVID-19 crisis. In this case, BlackRock's role was unrelated to arts and humanities programming; instead, the organization provided food and essential services to residents in the Upcounty region.

### 1. Non-Competitive Contract Awards

A nonprofit organization can win a contract without going through a competitive bidding process if the Chief Administrative Officer (CAO) determines that the contract serves a public purpose, and:<sup>98</sup>

- There is only one source, or provider, that can meet the need;<sup>99</sup>
- The contract is tied to legal or labor matters;
- The contractor is named in a grant the County has accepted; or
- The contractor is named in a budget resolution approved by the County Council.

The non-competitive contract awards for nonprofit arts and humanities fall under the fourth bullet. All non-competitive contract awards for the arts and humanities organizations are voted on by the County Council and listed in Section G of the Montgomery County Operating Budget Resolution each fiscal year.

Between FY18 and FY25, the County spent over \$11 million dollars on non-competitive contracts with the arts and humanities organizations listed in Table 9. Table 10 on page 59 displays the specific dollar amounts of these contracts.<sup>100</sup> Two organizations account for the majority of this spending: The American Film Institute (AFI), which accounts for 61%, or \$6.8 million of total expenditures, and MOCO Kidsco doing business as the KID Museum, which accounts for 20%, or \$2.2 million.

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<sup>98</sup> County Code Sec.11B-14.

<sup>99</sup> Sole-source contracts that are above a certain monetary threshold set by regulations must be approved by the CAO before they are awarded. County Code Sec. 11B-14.

<sup>100</sup> Montgomery County Office of Procurement, Record of Procurement – [Annual Reports for Fiscal Years 2020 through 2025](#); Section G Non-Competitive Contract Award Lists, Approval of and Appropriation for the Operating Budget of the Montgomery County Government, FY18 through FY25.

As previously noted, the County's contract with AFI provides operating support for the AFI Silver Theatre and Cultural Center in downtown Silver Spring. Until FY12, this support was delivered as a direct earmark in the Non-Departmental Account (NDA) of the Arts and Humanities Council of Montgomery County (AHCMC). In FY13, the County shifted AFI funding from the AHCMC NDA to the Department of Economic Development's budget. In 2016, the Office of Procurement established the current procurement contract with AFI, which is renewed annually. Because AFI leases the Silver Theatre from the County Government, it also receives in-kind support from the County through free rent and coverage of utilities and maintenance costs.

OLO learned that the County is considering whether certain non-competitive contract awards – particularly those providing general operating support, such as the AFI Silver Theatre – should instead be structured as non-competitive grants. Unlike procurement contracts, which require payments to be tied to specific deliverables and invoiced accordingly,<sup>101</sup> operating support typically funds day-to-day organizational activities that are not easily broken into discrete deliverables. However, transitioning to a non-competitive grant model would require County Council approval.

A grant-based approach could also enhance oversight, as grantees are subject to reporting requirements and must return funds if they fail to meet grant conditions.<sup>102</sup> By comparison, OLO found that oversight of AFI's current contract is limited. While the AFI Silver Theatre submits annual budget documents and a program activity report to the Department of General Services, these materials are used solely to inform the following year's contract amount. The contract does not include formal performance metrics or evaluation criteria.<sup>103</sup>

**Table 9. Non-Competitive Contracts with Arts and Humanities Organizations**

Organization	Contract Description
The American Film Institute	<ul style="list-style-type: none"> <li><i>Contract (Active):</i> Provides operating support for the AFI Silver Theatre  <i>Dates:</i> Executed on 8/18/2016; extended through 6/30/2026  <i>Funded by:</i> Department of General Services</li> </ul>
Arts for the Aging	<ul style="list-style-type: none"> <li><i>Contract:</i> Provides participatory arts programming for isolated and disabled older adults  <i>Dates:</i> Fiscal year 2023  <i>Funded by:</i> Department of Health and Human Services</li> </ul>
Artpreneurs (dba Arts on the Block)	<ul style="list-style-type: none"> <li><i>Contract:</i> Provides for Parent Leadership training and workshops for Excel Beyond the Bell Elementary staff, parents and school administration  <i>Dates:</i> Fiscal years 2022-2024  <i>Funded by:</i> Department of Recreation</li> </ul>

<sup>101</sup> [The Montgomery County Office of Procurement; COMCOR 11.B.](#)

<sup>102</sup> [Bill 36-19](#)

<sup>103</sup> Montgomery County, Maryland CONTRACT No. 1069103

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Organization	Contract Description
Germantown Cultural Arts Center (dba BlackRock Center for the Arts)	<ul style="list-style-type: none"> <li><i>Contract:</i> For the safe distribution of food and essentials during the COVID crisis <i>Dates:</i> Fiscal years 2021-2022 <i>Funded by:</i> Department of Health and Human Services</li> <li><i>Contract (Active):</i> For hosting services for the County's Juneteenth Celebration <i>Dates:</i> Fiscal years 2023-2025 <i>Funded by:</i> Office of Human Rights</li> </ul>
Imagination Stage	<ul style="list-style-type: none"> <li><i>Contract (Active):</i> For bilingual and culturally proficient, mental health focused, recreational activities <i>Dates:</i> Executed on 1/20/2022; extended through 6/30/2050 <i>Funded by:</i> Department of Health and Human Services</li> </ul>
MOCO Kidsco (dba KID Museum)	<ul style="list-style-type: none"> <li><i>Contract (Active):</i> Provides for unique interactive experiences for elementary and middle school students that integrate hands-on science, technology, engineering, art, and math learning. <i>Dates:</i> Fiscal years 2019-2025 <i>Funded by:</i> Department of Recreation in FY19 and Skills for the Future Non-Departmental Account from FY20-FY25</li> <li><i>Contract (Active):</i> Provides for increased KID Museum programming at MCPS schools<sup>104</sup> <i>Dates:</i> Fiscal years 2023-2025 <i>Funded by:</i> Department of Recreation</li> <li><i>Contract:</i> For planning and implementation of a comprehensive development plan and STEM programming services <i>Dates:</i> Fiscal years 2018-2019 <i>Funded by:</i> Department of Recreation</li> <li><i>Contract:</i> For computer coding initiative for school aged children in the County <i>Dates:</i> Fiscal year 2018 <i>Funded by:</i> Department of Recreation</li> </ul>
Wheaton Wonders	<ul style="list-style-type: none"> <li><i>Contract:</i> For the facilitation and general operations of the annual Wheaton Arts Parade and Festival. <i>Dates:</i> Fiscal years 2023-2025 <i>Funded and administered by:</i> Community Engagement Cluster from FY23-FY24 and Urban Districts in FY25.</li> </ul>

<sup>104</sup> Council Staff Packet, Skills for the Future NDA FY26 Operating Budget, May 8, 2025



**Table 10. County Government Operating Expenditures – Non-Competitive Contract Awards, FY18-FY25**

Organization	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	Total
AFI Silver Theatre*	\$875,675	\$839,855	\$806,261	\$806,261	\$806,261	\$870,762	\$896,885	\$923,792	<b>\$6,825,752</b>
KID Museum	\$255,000	\$45,000	\$200,000	\$200,000	\$206,000	\$422,726	\$435,408	\$448,470	<b>\$2,212,604</b>
<i>Computer coding for students</i>	\$48,000								\$48,000
<i>Development plan and STEM programming</i>	\$207,000	\$20,000							\$227,000
<i>Hands-on STEAM learning for elementary and middle schoolers</i>		\$25,000	\$200,000	\$200,000	\$206,000	\$222,726	\$229,408	\$293,317	\$1,376,451
<i>Increased KID Museum programming at MCPS schools</i>						\$200,000	\$206,000	\$155,153	\$561,153
BlackRock Center for the Arts*				\$150,000	\$650,000	\$49,912	\$49,895	\$49,965	<b>\$949,772</b>
<i>Safe distribution of food and essentials during COVID crisis</i>				\$150,000	\$650,000				\$800,000
<i>Hosting the County's Juneteenth Celebration</i>						\$49,912	\$49,895	\$49,965	\$149,772
Imagination Stage*					\$135,000	\$135,000	\$139,050	\$143,222	<b>\$552,272</b>
Arts on the Block*					\$100,000	\$169,320	\$169,320		<b>\$438,640</b>
Arts for the Aging						\$120,000			<b>\$120,000</b>
Wheaton Wonders						\$30,000	29,500	\$30,900	<b>\$90,400</b>
<b>Total</b>	<b>\$1,130,675</b>	<b>\$884,855</b>	<b>\$1,006,261</b>	<b>\$1,156,261</b>	<b>\$1,897,261</b>	<b>\$1,797,720</b>	<b>\$1,670,163</b>	<b>\$1,546,384</b>	<b>\$11,189,440</b>

Source: Section G Non-Competitive Contract Award Lists, Approval of and Appropriation for the Operating Budget of the Montgomery County Government, FY18 through FY25.

\*Organization leases one or more County owned buildings.

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

This review shows that two organizations – AFI and KID Museum – account for a substantial majority (81%) of the County’s non-competitive arts and humanities contract spending between FY18 and FY25. AFI is the largest single recipient, reflecting a long-standing and deepening commitment by the County to support its operations. In addition to annual operating support, AFI benefits from a County lease arrangement that includes free rent and coverage of utilities and maintenance – representing a significant form of in-kind support. The KID Museum, the second-largest recipient, has secured multiple contracts over the study period, funded by different County departments and non-departmental accounts.

### Emergency Procurements

The County Code allows for emergency procurement contracts when there is a threat to public health, welfare, or safety. While emergency procurements allow the County to bypass the usual formal procurement process, they must be competitive to the extent possible given the emergency conditions.<sup>105</sup> County regulations also specify that an emergency procurement must be limited to only the goods, services, or construction necessary to meet the emergency.<sup>106</sup>

In FY21, during the COVID-19 pandemic, the County awarded two emergency procurement contracts totaling \$139,821 to BlackRock Center for the Arts to operate as the Upcounty Community HUB. These included:

- **\$18,608** for truck rentals to support food delivery and distribution at the BlackRock HUB; and
- **\$121,213** through the Latino Health Initiative’s *Salud y Bienestar* program to expand HUB services to the Montgomery Village area.

When these two emergency contracts are combined with the non-competitive contracts described above, the total value of County contracts awarded to BlackRock Center for the Arts between FY18 and FY25 reaches \$1,089,593.

**Table 11. Total County Contract Funding for BlackRock Center for the Arts, FY18-FY25**

Fiscal Years	Emergency Contracts	Non-Comp. Contract, Upcounty HUB	Non-Comp. Contract, Juneteenth	Total
FY21	\$139,821	\$150,000		<b>\$289,821</b>
FY22		\$650,000		<b>\$650,000</b>
FY23			\$49,912	<b>\$49,912</b>
FY24			\$49,895	<b>\$49,895</b>
FY25			\$49,965	<b>\$49,965</b>
<b>Total</b>	<b>\$139,821</b>	<b>\$800,000</b>	<b>\$149,772</b>	<b>\$1,089,593</b>

<sup>105</sup> County Code §11B-16 – Emergency Procurement

<sup>106</sup> COMCOR 11B.00.01.03

## 2. Open Solicitation Contract Awards

The County Government also awards open solicitation contracts with organizations and individual contractors that provide arts and humanities services. An open solicitation allows the County to award contracts on a continuing basis to any applicant that meets pre-established, objective qualifications. This method allows for a more streamlined procurement process for goods and/or services that are ongoing or repetitive in nature.<sup>107</sup>

Currently, the Department of Recreation maintains 124 active contracts with individual contractors and 50 active contracts with 48 organizations – including nonprofits and limited liability corporations – to provide arts and humanities programming and instruction.<sup>108</sup> Of the 48 organizations, six (13%) also received non-competitive County contracts, AHCMC grant funding, or both between FY18 and FY25. These organizations are listed below. OLO did not seek information on the amounts of these contracts.

**Table 12. Arts-Related Vendors Also Receiving Non-Competitive Contracts and AHCMC Grants**

Arts-Related Vendor Organizations	Received Non-Competitive Contract, FY18-FY25	Received AHCMC Grant, FY18-FY25
Action Youth Media		✓
Arts for the Aging	✓	✓
Carpe Diem Arts		✓
Imagination Stage	✓	✓
Levine Music		✓
So What Else		✓

Source: All Active County Contracts as of 8.20.2025 download from DataMontgomery.

Additional details about the AHCMC-funded organizations include:

- All six received General Operating Support Grants;
- Four organizations – Action Youth Media, Arts for the Aging, Imagination Stage, and Levine Music – received Advancement Grants;
- Imagination Stage also received a Capital Improvements Project Grant; and
- Carpe Diem Arts also received a Wheaton Cultural Projects grant.

The County also pays for Imagination Stage’s utilities, which will be outlined in Part 2, Chapter 8.

<sup>107</sup> [11B.00.01.04 Source Selection Methods and Contract Types; Informal and Open Solicitations, Montgomery County Office of Procurement, Montgomery County, MD](#)

<sup>108</sup> All Active County Contracts as of 8.20.2025 download from DataMontgomery; OLO counted contracts that provided arts/humanities instruction (e.g., Art, Creative Writing) or integrated these disciplines into other subjects (e.g., Math and Crafts, Cultures and Traditions through Dance).

**KID Museum NDA**

The KID Museum is a nonprofit organization that offers hands-on learning experiences designed to build skills in STEM, art, and culture, while fostering creativity, critical thinking, and problem-solving. The museum first opened in 2014 at the County's Davis Library in Bethesda. Its current location is in Downtown Bethesda at 3 Bethesda Metro Center.

The County has supported the museum for years through several funding channels: contracts, community grants, AHCMC grants, and in-kind support through use of the Davis Library. **In FY22, the County established a new KID Museum Non-Departmental Account (NDA) dedicated to funding the museum's operations.** As reported to Council staff by the KID museum "the County's NDA supports the infrastructure and overall functioning of the organization. This includes rent for our Bethesda Metro location, as well as salaries for our senior staff."

As the table below shows, the County has funded the museum's operations at significant levels through this NDA every year since FY22. It has also awarded the museum several community grants since FY18. In FY22 and FY23, the museum received operating support both through the KID Museum NDA and the Community Grants NDA (discussed in the next section):

**Table 11. County Support for KID Museum from Non-Departmental Accounts, FY18-FY25**

<b>Fiscal Year</b>	<b>KID Museum NDA</b>	<b>Community Grants NDA</b>	<b>Community Grants: County Council NDA</b>	<b>Community Grants: County Executive NDA</b>	<b>Total</b>
FY18				\$40,000	<b>\$40,000</b>
FY19			\$52,500	\$60,000	<b>\$112,500</b>
FY20			\$125,000	\$60,000	<b>\$185,000</b>
FY21		\$195,000			<b>\$195,000</b>
FY22	\$1,200,000	\$195,000			<b>\$1,395,000</b>
FY23	\$1,596,000	\$210,600			<b>\$1,806,600</b>
FY24	\$1,860,798				<b>\$1,860,798</b>
FY25	\$1,916,622				<b>\$1,916,622</b>
<b>Total</b>	<b>\$6,573,420</b>	<b>\$600,600</b>	<b>\$177,500</b>	<b>\$160,000</b>	<b>\$7,511,520</b>

In addition to the above, the KID Museum received \$2.2 million in non-competitive contracts and \$741,835 in AHCMC grants between FY18 to FY25. Altogether, the organization received nearly **\$10.5 million in County funding during this period**, making it the second highest-funded arts and humanities organization following Strathmore, which received approximately \$16.5 million.

Sources: Montgomery County FY18-FY25 Operating Budgets; Council Staff Report, "KID Museum NDA FY26 Operating Budget," May 8, 2025.

## C. Grants

This section describes County grants awarded between FY18 and FY25 to nonprofit arts and humanities organizations, as well as organizations offering arts-and-humanities related programming. These funds come from two primary sources: the Community Grants Non-Departmental Account (NDA) and departmental base budgets. This funding is separate from grants awarded by AHCMC, which are discussed in Chapter 1.

As noted earlier, the County has historically used, and still uses, non-competitive procurement contracts to fund most grants to nonprofit organizations. However, with the establishment of the Office of Grants Management (OGM) in FY23, the term “grant” has been redefined to refer to a funding mechanism distinct from procurement contracts. Therefore, while this section refers to “grants,” funding awarded through the Community Grants NDA from FY18 to FY23 was actually issued via non-competitive contracts. Beginning in FY24 these awards have been distributed as competitive grants through OGM’s formal review and approval process.

This section also describes competitive grants to arts and humanities nonprofits that are supported by federal funding received by the County, a non-competitive grant awarded to BlackRock Center for the Arts in FY24 and FY25 for operating support, and COVID-19 emergency grants.

### History of Community Grants NDA

#### Pre-FY21 Structure

Prior to FY21, the County Executive and County Council independently selected nonprofit organizations to receive grant funding at their discretion. Once the Operating Budget was approved, the County entered into non-competitive, sole-source contracts with these organizations. The awards were included in two separate Community Grants Non-Departmental Accounts (NDAs) – one for the Executive and one for the Council.

#### Process Reforms (2000s)

In the early to mid-2000s, concerns emerged regarding the lack of an independent application and review process for these grants, especially when compared to other County-administered competitive grant programs. In response, the County Council adopted resolutions requiring an application and internal review process to determine annual grant recipients. The Executive maintained a more informal selection process. All approved grants were incorporated into the Operating Budget and contracts were administered by the Office of Procurement and relevant departments.

*Continued on next page...*

### History of Community Grants NDA, continued

#### Program Consolidation (FY21)

In FY21, the Executive and Council grants were merged into a single Community Grants NDA. During the COVID-19 pandemic, the County temporarily froze new community grant funding to maintain continuity for existing recipients.

#### Departmental Integration (FY21-FY24)

Between FY21 and FY24, the County transitioned several community grants (which were non-competitive contracts) from the Community Grants NDA into the base budgets of departments already administering those programs. OLO did not identify any transitions involving arts-related programs:

- **FY22:** 23 grants (\$711,500) moved to departments;
- **FY23:** 46 grants (\$2M) transitioned, with a 6% inflationary increase over FY22 levels; and
- **FY24:** 28 grants (\$2M) shifted, with a 3% inflationary increase over FY23 levels.

#### Establishment of the Office of Grants Management (OGM)

On July 1, 2022 (FY23), the County established OGM under Bill 36-19. OGM assumed responsibility for administering the Community Grants program. In FY24, OGM launched a new competitive application and award process for Community Grants. It re-competed all remaining NDA funds and awarded multi-year grants to selected nonprofits.

Sources: [Montgomery County Council Community Grants](#) (OLO Report 2018-9); [Non-Departmental Accounts - Community Grants Program](#); [Montgomery County Maryland Operating Budget](#); [Montgomery County Council Community Grants; History of Community Grants.pdf](#)

## 1. Community Grants

Montgomery County funds several nonprofit organizations through the Community Grants NDA. According to the County's Operating Budget:

*This NDA targets needs not directly addressed by other departmental efforts, provides a space for innovative and experimental programs, addresses critical gaps in specific communities or sectors, and provides resources to support non-profit partners that cut across County government. [...] Non-profit community organizations are critical to an effective network of services and are often able to provide these services in a more cost-effective, culturally appropriate, and flexible way than County government.<sup>109</sup>*

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<sup>109</sup> [Non-Departmental Accounts - Community Grants Program](#) | [Montgomery County Maryland Operating Budget](#)

The County awarded arts-and-humanities-related community grants to eight organizations between FY18 and FY25. These grants are described below:

**Community Grants: County Council (FY18-FY20)**

Organization	Fiscal Year(s)	Grant Description
After School Dance Fund	FY20	To service at risk Latino youth
KID Museum	FY19-FY20	To expand STEM access for low-income youth through direct programs and teacher training
	FY20	To provide operating support for the KID Museum

**Community Grants: County Executive (FY18-FY20)**

Organization	Fiscal Year(s)	Grant Description
Devenio	FY18-FY20	A dance program for teens and adults with cognitive and/or developmental disabilities
interPLAY Orchestra	FY18	For a transportation program for adults with disabilities to participate in a music-based recreational therapy program
KID Museum	FY18-FY20	To provide operating support for the KID Museum

**Community Grants NDA (FY21-FY25)**

Organization	Fiscal Year(s)	Grant Description
Arts for the Aging	FY22	For technology hardware and software
ArtStream	FY24-FY25	“Traveling Troupe” of advocates with intellectual and developmental disabilities
Devenio	FY21-FY22	For a dance program with teens with cognitive and/or developmental disabilities
Imagination Stage	FY24-FY25	Scaling arts for social emotional learning in under-resourced areas
Justice Arts Coalition	FY24-FY25	Transformative arts classes in County correctional facility
KID Museum	FY21-FY23	To provide operating support for the KID Museum

Source: Section G of Operating Budget Resolutions, FY18-FY25

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

The County spent approximately \$1.5 million on grants to these eight organizations. Table 14 on page 67 summarizes these expenditures. The data show the following:

- **FY18 - FY20:** During this period, community grants were awarded through both the County Council NDA and the County Executive NDA. Four arts-and-humanities-related programs – After School Dance Fund, Devenio, interPLAY Orchestra, and KID Museum – received a combined total of \$392,500 through these two NDAs. The KID Museum received grants from both NDAs in FY19 and FY20.
- **FY21 - FY23:** In FY21, the County consolidated all community grants into a single Community Grants NDA. Between FY21 and FY23, three arts-and-humanities-related organizations – Arts for the Aging, Devenio, and KID Museum – received a combined total of \$622,690 through this NDA.
- **FY24 - FY25:** In FY24, OGM awarded multi-year grants through the Community Grants NDA to nonprofits selected through a competitive application process. Among these, three arts-and-humanities-related organizations – ArtStream, Imagination Stage, and Justice Arts Coalition – received multi-year awards totaling \$499,382 across FY24 and FY25.

The KID Museum was the largest single recipient of arts and humanities community grants, receiving \$938,100 – 62% of the County’s total arts and humanities community grant funding during this period. The majority of this funding (84%) supported general operations, with the museum receiving an operating support community grant every year from FY18 through FY23.

Notably, during this period, six of the eight organizations that received arts and humanities community grants also received additional grants and contracts from other County entities, including:

**Table 13. Community Grantees Also Receiving Contracts and AHCMC Grants**

Organization	Non-Competitive Contracts	AHCMC				
		GOS I/II	Adv. Grant	Prog. & Cap. Bldg.	Capital Improv.	COVID Relief Fund
After School Dance Fund		✓	✓			✓
Arts for the Aging	✓	✓	✓			✓
ArtStream		✓	✓			✓
Imagination Stage	✓	✓	✓		✓	✓
interPLAY Orchestra		✓		✓		✓
KID Museum	✓	✓	✓			✓

Source: Section G Non-Competitive Contract Award Lists, Approval of and Appropriation for the Operating Budget of the Montgomery County Government, FY18 through FY25; AHCMC Previous Grants Awarded, FY18-FY25



**Table 14. County Government Operating Expenditures – Community Grants Non-Departmental Account, FY18-FY25**

<b>NDA/Organization</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24*</b>	<b>FY25*</b>	<b>Total</b>
<b>Community Grants: Council</b>									
After School Dance Fund			\$20,000						\$20,000
KID Museum		\$52,500	\$125,000						\$177,500
<b>Community Grants: Executive</b>									
Devenio	\$10,000	\$10,000	\$10,000						\$30,000
interPLAY Orchestra	\$5,000								\$5,000
KID Museum	\$40,000	\$60,000	\$60,000						\$160,000
<b>Community Grants NDA</b>									
Arts for the Aging					\$2,090				\$2,090
ArtStream							\$141,689	\$141,689	\$283,378
Devenio				\$10,000	\$10,000				\$20,000
Imagination Stage							\$71,092	\$71,092	\$142,184
Justice Arts Coalition							\$36,910	\$36,910	\$73,820
KID Museum				\$195,000	\$195,000	\$210,600			\$600,600
<b>Total Arts-Related Community Grants NDA</b>	<b>\$55,000</b>	<b>\$122,500</b>	<b>\$215,000</b>	<b>\$205,000</b>	<b>\$207,090</b>	<b>\$210,600</b>	<b>\$249,691</b>	<b>\$249,691</b>	<b>\$1,514,572</b>

Source: Section G Non-Competitive Contract Award Lists, Approval of and Appropriation for the Operating Budget of the Montgomery County Government, FY18 through FY25; Data from Office of Grants Management

\* OGM awarded multi-year grants to recipients through a competitive application process.

## 2. Other Grants

### Federal Programs

Between FY21 and FY25, three nonprofit arts and humanities organizations – listed in the table below – received a combined total of \$164,846 in Community Development Block Grants (CDBG) from the County’s Department of Housing and Community Affairs (DHCA). CDBG is a federal program administered by the U.S. Department of Housing and Urban Development (HUD) that funds community development initiatives aimed at enhancing housing, living conditions, and economic opportunities, especially for individuals with low to moderate incomes. HUD allocates these funds annually to states, counties, and local jurisdictions, which then distribute them to local nonprofit organizations through a competitive application process. In Montgomery County, all nonprofit organizations that serve County residents are eligible to apply for CDBG funding.

**Table 15. Department of Housing and Community Affairs (DHCA) Grants to Arts & Humanities Organizations**

Organization and Program	FY21	FY22	FY23	FY24	FY25	Total
<b>Artpreneurs</b>						
<i>Library Lanterns Program</i>	\$25,000					<b>\$25,000</b>
<b>Arts for the Aging</b>						
<i>Boost Wellness and Connection through the Arts</i>			\$26,685			<b>\$26,685</b>
<i>Sustaining Health Equity Through the Participatory Arts</i>				\$30,000	\$35,733	<b>\$65,733</b>
<b>BlackRock Center for the Arts</b>						
<i>Beyond BlackRock: Positive Youth Development Arts Outreach</i>				\$22,428	\$25,000	<b>\$47,428</b>
<b>Total</b>	<b>\$25,000</b>	<b>\$0</b>	<b>\$26,685</b>	<b>\$52,428</b>	<b>\$60,733</b>	<b>\$164,846</b>

Source: Department of Housing and Community Affairs Approved Operating Budgets for fiscal years 2021, 2023, 2024, and 2025.

### Operating Support Grant: BlackRock Center for the Arts, FY24-FY25

In FY24, the County Council approved a supplemental appropriation to BlackRock Center for the Arts (herein referred to as BlackRock) to support the organization’s general operating expenses. The Department of General Services issued the funds as an upfront, non-competitive grant in the amount of \$260,000. Council Resolution 20-471 states that the supplement was “needed to ensure [the

Center’s] continued operation.”<sup>110</sup> More context surrounding this grant, including the fiscal conditions that led BlackRock to request this supplemental funding, is included in Part 2, Chapter 6.

According to BlackRock’s grant agreement, the FY24 grant served as a “bridge to sustainability,” supporting the following:

- Repayment of a \$91,000 COVID-19 Economic Injury Disaster Loan (EIDL) loan;
- Addressing a projected \$77,000 cash flow deficit;
- Covering \$128,000 in general operating expenses;
- Strategic planning and community engagement to develop a long-term sustainability model; and
- Restoring staffing capacity to support revenue generation.

The grant term was one year starting May 1, 2024, and ending April 30, 2025. BlackRock was expected to submit quarterly programmatic and financial reports, and a final report at the end of the fiscal year. Based on BlackRock’s FY24 final report, the organization used the full FY24 grant to:

- Repay its EIDL loan in full, eliminate a \$81,000 cash flow deficit, and cover one month of FY25 operating expenses;
- Reinstated two key revenue-generating staff positions to full-time: the Director of Development, and the Director of Communications and Marketing;
- Developed and adopted a new Strategic Plan (approved October 2024);
- Improved financial planning tools and cash projection processes; and
- Strengthened internal operations and governance with the support of a consultant;

BlackRock also reported that during its 2023-2024 Arts Season, it engaged over 20,000 residents through a variety of performances, visual arts exhibitions, community festivals, and educational programs. The organization also launched community initiatives such as a Creative ReUse Center and partnered with the CORE Foundation to provide weekly shower access for individuals experiencing homelessness. These efforts not only reinforced BlackRock’s role as a cultural anchor in Germantown but also deepened its civic engagement and responsiveness to community needs.

In FY25, the County awarded BlackRock an additional non-competitive grant from September 5, 2024, to September 5, 2025, in the amount of \$70,000. Like the previous award, the FY25 grant provided BlackRock with unrestricted funds to support and strengthen its core operational capacity,

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<sup>110</sup> Resolution 20-471, Supplemental Appropriation #24-67 to the FY24 Operating Budget Montgomery County Government Department of General Services, BlackRock Center for the Arts, \$260,000. April 16, 2024; Montgomery County Grant Agreement # 24-003037, executed May 13, 2024.

infrastructure, and support functions in the County, with the intention of improving the overall performance of the organization and its programs. The Department of General Services once again administered the grant.<sup>111</sup>

Table 16 summarizes the supplemental grant funding BlackRock received from the County in FY24 and FY25. It also shows the additional grant and contract funding the organization received during the same fiscal years:

**Table 16. County Funding for BlackRock Center for the Arts, FY24-FY25**

County Funding Source	FY24	FY25	Total
Grants			
Operating Support Grant	\$260,000	\$70,000	<b>\$330,000</b>
Community Development Block Grant	\$22,428	\$25,000	<b>\$47,428</b>
AHCMC Grants (all)	\$104,357	\$107,116	<b>\$211,473</b>
Contracts			
Juneteenth Celebrations	\$49,895	\$49,965	<b>\$99,860</b>
<b>Total</b>	<b>\$436,680</b>	<b>\$252,081</b>	<b>\$688,761</b>

Sources: Resolution 20-471, Supplemental Appropriation #24-67 to the FY24 Operating Budget Montgomery County Government Department of General Services, BlackRock Center for the Arts, \$260,000. April 16, 2024; Department of Housing and Community Affairs Approved Operating Budgets for FY24 and FY25; AHCMC Grants Awarded FY18 through FY25; Section G Non-Competitive Contract Award Lists, Approval of and Appropriation for the Operating Budget of the Montgomery County Government, FY18 through FY25.

Additionally, because BlackRock leases its building from the County Government, it also receives in-kind support through subsidized rent and coverage of utilities and maintenance costs.

### COVID-19 Emergency Grants

In response to the COVID-19 pandemic, the County appropriated millions of dollars in emergency grant funding during FY20 and FY21 to support local businesses and nonprofits that experienced significant financial losses due to the public health crisis. These funds were used to stabilize operations and retain staff during mandated closures, reimburse organizations for costs associated with reopening and complying with State and County health guidelines, and support tourism-related businesses focused on arts, culture, agriculture, and/or recreation. The emergency appropriations created the following grant programs:

<sup>111</sup> Montgomery County Grant Agreement #24-006021, executed March 18, 2025.

**Table 17. County Appropriations for COVID-19 Emergency Grants, FY20-FY21**

<b>Budget Year</b>	<b>Program</b>	<b>Amount (date adopted)</b>	<b>Fund (Source of Funds)</b>
FY20	Public Health Emergency Grant Program	\$20,000,000 (3/31/2020) \$50,000 (4/21/2020) <b>\$20,050,000 total</b>	Economic Development Fund (General Fund Reserves)
FY21	Reopen Montgomery	\$14,000,000 (7/7/2020)	Economic Development Fund (Federal Grant Funds & Unused Public Health Emergency Grant Funds)
FY21	Tourism Stabilization Grant	\$5,050,000 (11/19/2020)	Office of the County Executive (Unused Reopen Montgomery Grant Funds)

Source: County Council Resolutions 19-409, 19-425, 19-523, 19-646, and 19-669

Several of the arts and humanities organizations reviewed in this report received emergency grants through one of more of the three programs listed above. Although OLO did not collect data on every arts and humanities organization that received these grants, it did collect data for the County-owned arts venues discussed in Part 2. For those venues, OLO includes the amount of emergency grant funding received as part of its analysis.

Note: the COVID-19 emergency grants described above were distinct from the COVID-19 Relief Fund Grants administered by AHCMC in FY21 and FY23. The latter are discussed separately in Chapter 1 as part of the analysis of AHCMC funding.

## Chapter 4. Funding for Utilities and Maintenance

Montgomery County owns several properties that serve as venues for arts and humanities programming. These properties are operated by either nonprofit or for-profit organizations under formal agreements with the County, such as leases, licensing or cooperative agreements, or management contracts. While the County Government does not uniformly cover facilities costs across all sites, it does pay utility costs for nine of these properties and covers maintenance for five of them. Table 18 outlines each arts-related property, its managing organization, and whether the County contributes to utility and/or maintenance costs.

**Table 18. County Government-Owned Arts Venues**

Property	Operated By	MCG Pays for	
		Utilities	Maintenance
AFI Silver Theater	American Film Institute, Inc.	✓	✓
Black Box Theater	Theatre Consortium of Silver Spring	✓	✓
BlackRock Center for the Arts	Germantown Cultural Arts Center, Inc.	✓	✓
The Fillmore	Live Nation Worldwide, Inc.		
Imagination Stage	Imagination Stage, Inc.	✓	
Round House Theatre - Education Center	Round House Theatre, Inc.	✓	
Round House Theatre - Admin. Offices/Rehearsal	Round House Theatre, Inc.	✓	
Round House Theatre - Scene Shop at Broome MS	Round House Theatre, Inc.	✓	✓
Strathmore	The Strathmore Hall Foundation, Inc.	✓	✓
Writer's Center	The Writer's Center, Inc.	✓	

Source: DGS

*Note: Round House Theatre operates in four spaces, three of which are in County-owned properties: an Education Center on Wayne Avenue in Silver Spring, administrative offices and rehearsal space in the Silver Spring Civic Building, and a scene shop at Broome Middle School in Rockville. The County does not own Round House Theatre's main venue in Downtown Bethesda.*

Each of these organizations' agreements with the County are discussed in Part 2.

In addition, the County Government is responsible for maintaining Glen Echo Park, which is owned by the National Park Service (NPS). NPS has a cooperative agreement with Montgomery County to operate the park, and the County, in turn, holds a cooperative agreement with the Glen Echo Park

Partnership for Arts and Culture – a nonprofit organization that manages the park on the County’s behalf. The County covers both maintenance and utilities<sup>112</sup> for the park.

This chapter is organized as follows:

- **Section A** provides background on the County’s utility policy for arts organizations in County facilities;
- **Section B** presents County spending on art venue utilities and maintenance; and
- **Section C** discusses arts and humanities organizations operating in Montgomery County Public Libraries.

## **A. Utility Coverage Policy**

In 2017, the County adopted a policy to cover utility costs for nonprofit arts and humanities organizations operating in County-owned facilities. At the time, officials noted inconsistencies – some organizations were paying for utilities, while others were not. After consulting with the County Council, the County Executive directed that the County assume responsibility for utility expenses across all eligible organizations.<sup>113</sup>

The following timeline provides a historical overview of the County’s discussions on facilities funding for County-owned arts and humanities venues:

### **2007 (FY08 Budget)**

During its review of the FY08 Operating Budget for the Arts and Humanities Council of Montgomery County (AHC MC), the County Council requested a list of arts and humanities organizations located in County-owned buildings, along with details of County-funded expenses.

### **2011 (FY12 Budget)**

In response to stakeholder concerns about inconsistent support across organizations, the County Executive proposed adding \$100,000 to the FY12 Operating Budget for DGS to cover utility costs for Imagination Stage.

AHC MC and some Councilmembers expressed concern about the destabilizing effects of direct earmarks and recommended a more equitable, centralized approach to managing utility – and potentially maintenance – costs.

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<sup>112</sup> Glen Echo’s utilities have been funded via the Utilities Non-Departmental Account budget since FY19.

<sup>113</sup> Information from DGS.

### **2012 (FY13 Budget)**

The County Executive recommended adding \$100,000 and \$50,000 to the FY13 Operating Budget for DGS to cover utility costs for Imagination Stage and Round House Theatre's Silver Spring Black Box Theater, respectively. The goal of these additions was to promote parity, as other arts organizations in County-owned facilities, like the American Film Institute (AFI), Strathmore, and BlackRock Center for the Arts, already received similar support.

The Council adopted a motion supporting a consistent County policy to fund utilities for arts organizations that were selected to operate in County-owned buildings.

The Director of DGS confirmed a policy shift toward Countywide utility support for nonprofits in County-owned buildings. The Council requested updates on the development of this policy.

### **2014 (FY15 Budget)**

During lease discussions for Pyramid Atlantic in the Silver Spring Library, the Executive Branch stated that arts organizations would be expected to pay for utilities as existing leases expired and were renegotiated. This marked a reversal of the earlier policy direction, prompting Councilmembers to seek clarification from the Executive.

### **2017**

The County began covering electric utility costs for Imagination Stage. This decision reflected a consensus to standardize utility support for nonprofits operating in County-owned buildings. The County Executive directed the change in consultation with the Council.

## **B. County Spending on Art Venue Utilities and Maintenance**

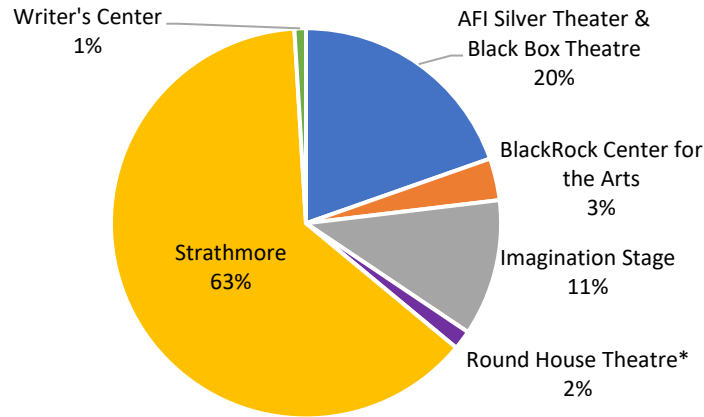
The County spends an average of \$3 million annually to cover utilities and maintenance costs for facilities operated by arts and humanities nonprofit organizations. From FY18 through FY24, total spending reached \$18.3 million across nine venues: AFI Silver Theater, Black Box Theatre, BlackRock Center for the Arts, Imagination Stage, Round House Theatre's Education Center, administrative offices/rehearsal space, and scene shop, Strathmore, and Writer's Center.

As illustrated in Figure 9, Strathmore accounted for the largest share of these costs - 63% of total utility expenses and 62% of total maintenance expenses.

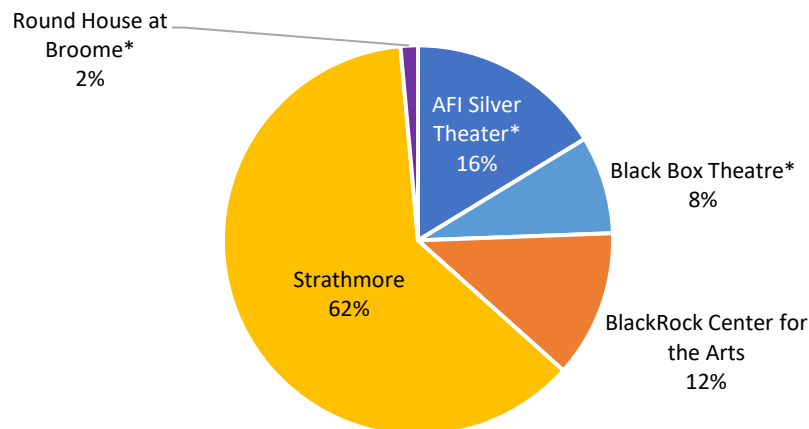


**Table 19. County Government Utility and Maintenance Spending for County-Owned Arts Venues, FY18-FY24**

Utilities Spending, FY18-FY24



Maintenance Spending, FY18-FY24



Source: DGS

\*Round House Theatre costs are for its Education Center on Wayne Ave. in Silver Spring, its Administrative Offices and Rehearsal Room in the Silver Spring Civic Building, and its Scene Shop at Broome Middle School in Rockville. Note: The AFI Silver Theater and the Black Box Theatre (operated by the Theatre Consortium of Silver Spring) are co-located on the same property and share utility services.

In addition, the County incurred \$2.9 million in combined utility and maintenance costs for Glen Echo Park during this period. A detailed breakdown of these expenditures is provided in Tables 20, 21, and 22 on the next page.

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

**Table 20. County Government Utility Expenditures for County-Owned Arts Venues, FY18-FY24**

Venue	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total
AFI Silver Theater & Black Box Theatre	\$284,720	\$273,527	\$228,370	\$209,877	\$266,733	\$298,201	\$309,613	<b>\$1,871,040</b>
BlackRock Center for the Arts	\$81,892	\$64,659	\$55,277	\$32,274	\$35,631	\$35,019	\$27,248	<b>\$332,001</b>
Imagination Stage	\$146,336	\$146,783	\$114,556	\$99,525	\$155,107	\$208,571	\$208,478	<b>\$1,079,355</b>
Round House Theatre*	\$26,679	\$22,465	\$18,377	\$17,096	\$19,595	\$23,830	\$23,964	<b>\$152,007</b>
Strathmore	\$807,155	\$843,036	\$819,124	\$776,903	\$828,460	\$977,431	\$960,049	<b>\$6,012,158</b>
The Writer's Center	\$13,360	\$12,503	\$12,131	\$7,957	\$13,575	\$16,144	\$15,332	<b>\$91,001</b>
<b>County-Owned Total</b>	<b>\$1,360,142</b>	<b>\$1,362,973</b>	<b>\$1,247,835</b>	<b>\$1,143,632</b>	<b>\$1,319,101</b>	<b>\$1,559,195</b>	<b>\$1,544,683</b>	<b>\$9,537,562</b>
Glen Echo Park*	\$ -	\$182,209	\$211,796	\$158,110	\$259,402	\$342,733	\$331,092	<b>\$1,485,342</b>
<b>Total</b>	<b>\$1,360,142</b>	<b>\$1,545,182</b>	<b>\$1,459,631</b>	<b>\$1,301,742</b>	<b>\$1,578,503</b>	<b>\$1,901,928</b>	<b>\$1,875,775</b>	<b>\$11,022,904</b>

Source: DGS. Amounts based on actual utility costs.

\*Round House Theatre costs are for its Education Center on Wayne Ave. in Silver Spring, its Administrative Offices and Rehearsal Room in the Silver Spring Civic Building, and its Scene Shop at Broome Middle School in Rockville. Glen Echo's utilities have been funded via the Utilities Non-Departmental Account budget since FY19.

**Table 21. County Government Maintenance Expenditures for County-Owned Arts Venues, FY18-FY24**

Venue	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total
AFI Silver Theater^	\$252,436	\$233,261	\$194,182	\$125,807	\$284,868	\$158,171	\$172,159	<b>\$1,420,885</b>
Black Box Theatre^	\$125,745	\$116,194	\$96,727	\$62,668	\$141,900	\$78,789	\$85,757	<b>\$707,781</b>
BlackRock Center for the Arts	\$100,456	\$156,571	\$138,497	\$163,681	\$144,733	\$195,060	\$165,327	<b>\$1,064,325</b>
Round House at Broome^	\$17,141	\$13,874	\$11,229	\$20,273	\$26,595	\$18,559	\$17,706	<b>\$125,376</b>
Strathmore	\$829,776	\$762,987	\$733,618	\$592,415	\$722,995	\$878,592	\$881,018	<b>\$5,401,401</b>
<i>Concert Hall</i>	<i>\$717,074</i>	<i>\$680,979</i>	<i>\$662,351</i>	<i>\$430,432</i>	<i>\$598,995</i>	<i>\$730,607</i>	<i>\$741,082</i>	<i>\$4,561,520</i>
<i>Mansion</i>	<i>\$112,702</i>	<i>\$82,008</i>	<i>\$71,267</i>	<i>\$161,983</i>	<i>\$124,000</i>	<i>\$147,985</i>	<i>\$139,936</i>	<i>\$839,881</i>
<b>County-Owned Total</b>	<b>\$1,325,555</b>	<b>\$1,282,887</b>	<b>\$1,174,253</b>	<b>\$964,845</b>	<b>\$1,321,091</b>	<b>\$1,329,171</b>	<b>\$1,321,966</b>	<b>\$8,719,769</b>

Venue	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total
Glen Echo Park	\$60,949	\$156,342	\$216,490	\$149,000	\$188,688	\$341,249	\$296,530	<b>\$1,409,246</b>
<b>Total</b>	<b>\$1,386,504</b>	<b>\$1,439,229</b>	<b>\$1,390,743</b>	<b>\$1,113,845</b>	<b>\$1,509,779</b>	<b>\$1,670,420</b>	<b>\$1,618,496</b>	<b>\$10,129,015</b>

Source: DGS. ^Indicates allocated amounts based on square footage occupied.

**Table 22. Summary of County Government Utility and Maintenance Expenses for County-Owned Arts Venues, FY18-FY24**

Venue	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total
AFI Silver Theater – Maintenance^	\$252,436	\$233,261	\$194,182	\$125,807	\$284,868	\$158,171	\$172,159	<b>\$1,420,885</b>
AFI Silver/Black Box – Combined Utilities	\$284,720	\$273,527	\$228,370	\$209,877	\$266,733	\$298,201	\$309,613	<b>\$1,871,040</b>
Black Box Theatre – Maintenance^	\$125,745	\$116,194	\$96,727	\$62,668	\$141,900	\$78,789	\$85,757	<b>\$707,781</b>
BlackRock Center for the Arts	\$182,348	\$221,230	\$193,774	\$195,955	\$180,364	\$230,079	\$192,575	<b>\$1,396,326</b>
Imagination Stage	\$146,336	\$146,783	\$114,556	\$99,525	\$155,107	\$208,571	\$208,478	<b>\$1,079,355</b>
Round House at Broome - Maintenance^	\$17,141	\$13,874	\$11,229	\$20,273	\$26,595	\$18,559	\$17,706	<b>\$125,376</b>
Round House Theatre*	\$26,679	\$22,465	\$18,377	\$17,096	\$19,595	\$23,830	\$23,964	<b>\$152,007</b>
Strathmore	\$1,636,931	\$1,606,023	\$1,552,742	\$1,369,318	\$1,551,455	\$1,856,023	\$1,841,067	<b>\$11,413,559</b>
The Writer's Center	\$13,360	\$12,503	\$12,131	\$7,957	\$13,575	\$16,144	\$15,332	<b>\$91,001</b>
<b>County-Owned Total</b>	<b>\$2,685,697</b>	<b>\$2,645,861</b>	<b>\$2,422,088</b>	<b>\$2,108,477</b>	<b>\$2,640,192</b>	<b>\$2,888,366</b>	<b>\$2,866,650</b>	<b>\$18,257,331</b>
Glen Echo Park	\$60,949	\$338,551	\$428,286	\$307,110	\$448,090	\$683,982	\$627,622	\$2,894,588
<b>Total</b>	<b>\$2,746,646</b>	<b>\$2,984,411</b>	<b>\$2,850,374</b>	<b>\$2,415,587</b>	<b>\$3,088,282</b>	<b>\$3,572,348</b>	<b>\$3,494,272</b>	<b>\$21,151,919</b>

Source: DGS. Utility amounts based on actual costs.

^Indicates allocated amounts based on square footage occupied. \*Round House Theatre utility costs are for its Education Center on Wayne Ave. in Silver Spring, its Administrative Offices and Rehearsal Room in the Silver Spring Civic Building, and its Scene Shop at Broome Middle School in Rockville.

## C. Arts Organizations Operating in County Libraries

While the County's utility policy covers nonprofit arts and humanities organizations operating in the County-owned buildings discussed above, it currently does not extend to at least three nonprofit arts organizations located within a County library.

The Brigadier General Charles E. McGee Library (also known as the Silver Spring Library), located at 900 Wayne Avenue, is owned by the County and operated by the Montgomery County Department of Public Libraries. Three nonprofit arts and humanities organizations lease space from the County within this facility:

**Table 23. Nonprofit Arts Organizations Leasing Space in Silver Spring Library**

Organization	Mission	Lease Start Date
Arts on the Block	Provides training and education in the arts	March 12, 2019
Action Youth Media	Teaches leadership and entrepreneurship through video and media training	March 7, 2017
Levine Music <sup>114</sup>	Offers music education, instruction, and performance opportunities	March 14, 2016

Source: Lease Agreement between Montgomery County, Maryland and Artpreneurs, Inc., March 12, 2019; Lease Agreement between Montgomery County, Maryland and Gandhi Brigade, Inc., March 7, 2017; Lease Agreement between Montgomery County, Maryland and Levine Music, Inc., March 14, 2016.

The County permitted each organization to design and build out its leased space to suit its specific needs. However, because the County cannot separately meter utilities (gas, electricity, water, sewage) for each leased area, it pays for the building's total utility costs. Each organization then reimburses the County monthly at a rate determined by the County. The County is responsible for maintaining the "base building," while each tenant organization is responsible for all maintenance costs related to its leased premises.

Unlike other nonprofit arts organizations operating in County-owned buildings, Arts on the Block, Action Youth Media, and Levine Music do not benefit from the County's 2017 policy that covers utility costs. Although these organizations are housed within a County-owned library, they are required to reimburse the County for utilities and cover their own maintenance expenses. This discrepancy raises potential equity concerns and may warrant further review to ensure consistent support for all arts and humanities organizations in County-owned facilities.

<sup>114</sup> Levine Music is also an Education Partner at the Music Center at Strathmore, where it provides additional programming in North Bethesda

## Part 2. County-Owned Arts Venues

Montgomery County owns several properties that serve as venues for arts, culture, and humanities programming. These facilities are operated by nonprofit or for-profit organizations under formal agreements with the County, such as leases, licenses, cooperative agreements, or management contracts. At the request of the Council, the Office of Legislative Oversight (OLO) compiled data on the financial status of these County-owned arts venues to assess how the organizations were impacted by the COVID-19 pandemic. The Council also asked OLO to gather information on the types and amounts of funding these organizations have received or requested from the County Government since 2018.

For this report, OLO profiled eight organizations that operate in County-owned facilities: AFI Silver Theatre and Cultural Center, BlackRock Center for the Arts, The Fillmore, Imagination Stage, Round House Theatre, Strathmore Hall Foundation, Theatre Consortium of Silver Spring, and The Writer's Center. This list is not exhaustive. Other organizations that provide arts, culture, and humanities programming also operate in County-owned venues, receiving varying levels of County support. Some of these additional organizations are identified in Part 1 of this report. OLO selected these eight organizations based on their long-standing agreements with the County and the substantial support they receive. This support includes grants, service contracts, in-kind maintenance and/or utilities, and, in many cases, rent-free use of the facilities.

*Note: the County Government is currently developing a new arts facility – the Wheaton Arts and Cultural Center. OLO did not include information about this facility in this report because it is still in the planning phase.*

The following pages present profiles of these eight organizations. Each profile includes:

- An overview of the organization's mission, the communities it serves, and relevant financial and organizational background;
- A summary of its lease, license, and/or service agreements with the County;
- A breakdown of County funding received from FY18 to FY24; and
- Financial trends based on organizational data available within the same period, including an assessment of current financial health based on four key metrics (defined in Table 19 below).

*Note: Not all organizations had complete financial data available for each fiscal year between FY18 and FY24. Where data was missing, OLO presented figures only for the years available.*

To assess each organization's financial health, OLO calculated the following key metrics related to nonprofit expenses, liquidity, and revenue. These metrics are based on audited financial data from FY18 through FY24, though the availability of data varied by organization; where data for certain years was not available, OLO included only the years for which data could be obtained.

**Table 24. Key Financial Health Metrics for Nonprofit Organizations**

<b>Metric</b>	<b>Formula/Definition</b>	<b>What it Indicates</b>
Net Income	Total Revenue – Total Expenses	A surplus indicates efficient operations and the ability to reinvest in the mission.
Current Ratio	Current Assets ÷ Current Liabilities	A ratio above 1 means the organization can meet short-term obligations.
Working Capital	Current Unrestricted Assets – Current Liabilities	The amount of unrestricted resources available to meet short-term obligations.
Cash Reserves	Unrestricted Cash ÷ Average Monthly Expenses	Shows how many months of expenses can be covered by available unrestricted cash.
Debt Management (Leverage Ratio)	Total Liabilities ÷ Total Assets	A lower ratio indicates less reliance on debt; a high or rising ratio may be a concern.

Source: Nonprofit Finance Fund; Association of Nonprofit Accountants and Finance Professionals

To provide a high-level comparison, the summary table on the next two pages outlines key aspects of each organization’s agreement(s) with Montgomery County Government.

Table 25. Arts Organizations in County Facilities: Lease Terms, Costs, and Contracts

Organization	Lease Term	Rent	Utilities & Avg. Annual Amount	Maintenance Split	Paid By Whom & Avg. Annual Amount	County Use	Occupant's Financial Responsibility	County Management Contract
<b>AFI Silver Theatre</b>	10-year terms, auto-renewed through 2034	\$0	Paid by County (shared with TCSS): ~\$267K/year	<b>County:</b> major systems, exterior, public areas; <b>AFI:</b> specialty equipment, non-public areas	County: ~\$203K/year	2 free public events/year Used less frequently after COVID-19	Operations, programming, some maintenance	<b>Yes</b>
<b>BlackRock Center for the Arts</b>	Through 2028 (with 10-year renewal options)	\$1/year	Paid by County: ~\$47K/year	<b>County:</b> HVAC, structure, grounds; <b>BlackRock:</b> arts equipment, interior upkeep	County: ~\$152K/year	4 free uses/year; often exceeds	Programming, some maintenance, Escrow and Vision Campaign contributions (waived)	<b>No</b>
<b>The Fillmore</b>	20 years from 2011, with two 5-year renewals	\$90K–\$129K/year (tiered) \$104,006 in 2025	Paid by Live Nation	<b>Live Nation:</b> full responsibility	Live Nation pays	3 free events/year; discounted rates for 30 events	Full financial responsibility	<b>No</b>
<b>Imagination Stage</b>	30 years from 2003, with four 5-year renewals	\$40K/year for first 6 years, then adjusted ~\$61,520 in 2025	Paid by County since 2017: ~\$154K/year	<b>County:</b> garage structure, roof, HVAC; <b>Imagination Stage:</b> leased space, walkway	Imagination Stage pays	No formal provision	Programming, leased space maintenance, capital improvements	<b>No</b>
<b>Round House Theatre</b>	Multiple leases; Bethesda Theatre through 65 years	\$1/year per facility	Paid by County (partial): ~\$22K/year	<b>County:</b> general maintenance (some facilities); <b>Round House:</b> cleaning, utilities, internet	County: ~\$18K/year	No formal provision for Bethesda Theatre 4 free uses/year at Education Center; not recently used	Operations, programming, reserve fund contributions	<b>No</b>

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Organization	Lease Term	Rent	Utilities & Avg. Annual Amount	Maintenance Split	Paid By Whom & Avg. Annual Amount	County Use	Occupant's Financial Responsibility	County Management Contract
<b>Strathmore Hall Foundation</b>	Through 2033, with four 10-year renewals	\$1/year	Paid by County: ~\$859K/year	<b>County:</b> structure, systems, grounds; <b>SHF:</b> furnishings, program-specific needs	County: ~\$772K/year	4 free events/year; regularly used	Programming, some maintenance, sinking fund contributions	<b>No</b>
<b>Theatre Consortium of Silver Spring</b>	Through 2029 (license agreement)	\$1/year	Paid by County (shared with AFI) : ~\$267K/year	<b>County:</b> general and preventive maintenance; <b>TCSS:</b> specialty equipment, cleaning	County: ~\$101K/year	3 free days/year; rarely used	Programming, operations, some maintenance	<b>Yes</b>
<b>The Writer's Center</b>	Through 2031, with renewal options	Waived (was \$22K/year)	Paid by County since 2017: ~\$13K/year	<b>TWC:</b> all maintenance; <b>County</b> reimburses for major capital improvements	County: ~\$13K/year	Community use at reduced price No County use provision	All maintenance and operations; reimbursed for capital work	<b>No</b>



## Chapter 5. AFI Silver Theatre

### Overview

The AFI Silver Theatre and Cultural Center is an historic building located at 8633 Colesville Road in Downtown Silver Spring. The Theater showcases both classic and contemporary films from around the world. Operated by the American Film Institute, it offers year-round programming that includes international and American cinema, film festivals, retrospectives, premieres, guest appearances, and educational events.<sup>115</sup>

The Theatre offers several free events to local schools, including several from the Montgomery County Public School system.

Although the Theatre does not collect demographic data on its audiences, staff have anecdotally observed a shift toward younger attendees compared to pre-pandemic trends.

### County Lease

On November 27, 2001, the County entered into an agreement with AFI to lease the Theatre and certain furniture, fixtures, and equipment at no monetary cost. In return, AFI agreed to operate the Silver Theatre (referred to in the lease as “AFI Services”) as a nationally and internationally acclaimed venue dedicated to the presentation and preservation of cinema.<sup>116</sup>

**Lease term:** The initial lease term is ten years, with automatic renewals for up to nine additional, consecutive, ten-year terms. The Silver Theatre began its operations on April 11, 2003. The lease automatically renewed for an additional ten years in 2013 and again in 2023. The lease’s current expiration date is April 11, 2034.<sup>117</sup>

**Revenues, Expenses, and Special Funds:** The lease specifies that The Silver Theatre’s programs and services should ultimately generate sufficient revenues to achieve and maintain “Self-Sustaining Operations.” This means in any given year, the Theatre should bring in enough money to cover its expenses, repay any past support the County provided to cover shortfalls, and maintain its reserve funds. However, the lease also makes clear that there is no expectation that the Theatre will ever achieve and/or maintain Self-Sustaining Operations during the lease term or any renewals. Additionally,

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<sup>115</sup> [About AFI Silver Theatre | AFI Silver Theatre and Cultural Center](#)

<sup>116</sup> Lease Agreement between Montgomery County, Maryland and American Film Institute, November 27, 2001

<sup>117</sup> Lease Agreement between Montgomery County, Maryland and American Film Institute, November 27, 2001; American Film Institute Silver Theatre and Cultural Center Contractual Basis Financial Report, June 30, 2024.

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the lease states that failure to achieve Self-Sustaining Operations will not cause AFI to default on the lease.

The lease stipulates that when calculating Net Revenues, the Theatre must exclude the following revenues and expenses:<sup>118</sup>

Excluded Revenues	<ul style="list-style-type: none"><li>• The principal from naming rights or endowments;</li><li>• Receipts to unaffiliated third parties for closed events, unless paid to AFI;</li><li>• Donated or AFI-purchased capital assets from AFI's net revenue share; and</li><li>• County funds under the Guaranteed Ticket Purchase (described below), if not used for expenses.</li></ul>
Excluded Expenses	<ul style="list-style-type: none"><li>• County overhead for AFI Services, unless paid by AFI;</li><li>• Overhead for services outside the Theatre or County, except direct AFI staff costs;</li><li>• Salary and employee costs unrelated to the Theatre or AFI Services;</li><li>• County-paid costs for Theatre use, operations, maintenance, or programming, unless paid by AFI;</li><li>• Contracted service costs involving non-Theatre facilities;</li><li>• Depreciation on assets not purchased with AFI funds;</li><li>• Payments to the operating fund (described below);</li><li>• Endowment account deposits (described below) and reinvested interest;</li><li>• Allocations to restricted accounts; and</li><li>• AFI-owned fixed assets bought with net revenues or other non-revenue sources.</li></ul>

The lease specifies that the Theatre must deposit any net revenues into an "Operating Fund" which will be used for the continued development of public programs, capital repairs, replacement of furniture, fixtures and equipment, and maintenance beyond what is typically budgeted by the County and AFI. However, Silver Theatre noted that the organization rarely generates positive net revenue and, as a result, does not regularly contribute to the Operating Fund.

The lease also specifies that the Theatre must maintain a restricted endowment account funded by charitable donations by third parties. These funds must only be used on behalf of the Theatre, including AFI Services, Theatre management, operations, maintenance, improvement, or repair. AFI Silver Theatre reports that the endowment account balance as of June 30, 2023, was \$0.

County Financial Support: In any year the Silver Theatre cannot achieve Self-Sustaining Operations, the County agrees to provide the following financial support:<sup>119</sup>

- *Guaranteed Ticket Purchase:* As an “audience-building” tool, the County agreed to request up to \$700,000 in one or more appropriations from the County Council to purchase tickets at a discounted price. These funds were meant to be paid to the Silver Theatre to help offset expenses. The County completed its \$700,000 Guaranteed Ticket Purchase contribution in 2003.
- *Escrow Fund:* The County also agreed to provide funding during the first three full years of the Silver Theatre’s operations to cover any revenue shortfalls, independent of the Guaranteed Ticket Purchases. It fulfilled its obligation to contribute to the escrow fund in Fiscal Year 2006 however the County has chosen to provide additional appropriations to support the Theatre, which it does through its procurement contract with the Theatre. According to AFI Silver Theatre’s financial report, the escrow fund had a net balance of \$1,944,378 as of June 30, 2024. Staff at the Silver Theatre noted that while the fund was frequently used to address budget shortfalls in the early years, it has not been needed in recent years.<sup>120</sup>

County Maintenance and Facilities Responsibilities: The lease outlines the distribution of facility maintenance and service responsibilities between AFI and the County. The table below summarizes this distribution. Overall, AFI Silver Theatre staff expressed satisfaction with how maintenance and service responsibilities are divided. However, they identified one area for improvement: the timeliness of communication and response from County maintenance personnel regarding repair and maintenance requests.

**Table 26. Distribution of Maintenance and Facilities Responsibilities for AFI Silver Theatre**

	MCG	AFI
<b>Maintenance</b>		
Installation and maintenance of specialty equipment (e.g., film, audio, and point of sale equipment, office equipment)		✓
Repair and replacement of furniture and furnishings within <b>non-public areas</b>		✓
Servicing, repair, and replacement of access control and security equipment		✓
Exterior and façade (walls, windows, sidewalks, roof, storm water piping)	✓	
Interior finishes (floors and floor coverings, curtains, windows, doors)	✓	
Major mechanical maintenance (electrical, plumbing, HVAC, elevators)	✓	
Repair and replacement of furniture and furnishings within <b>public areas</b>	✓	
<b>Services</b>		

<sup>119</sup> Ibid.

<sup>120</sup> Information provided by AFI Silver Theatre

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	MCG	AFI
Provide telephone and internet services and pay for ongoing costs		✓
Securing and controlling access to premises at all times		✓
Cleaning and trash removal (housekeeping/janitorial services, trash and recycling removal, day porter services, exterior and window cleaning)	✓	
Initial installation and provision of telephones	✓	
Pay for all utilities (water, sewer, electrical, and natural gas)	✓	
Snow and ice removal for sidewalks and exterior areas	✓	

Source: Lease Agreement between Montgomery County, Maryland and American Film Institute, November 27, 2001

***County-Use of Facility and Other Considerations:*** According to the lease, AFI must allow the County to use the Theatre free of charge for at least two public events per calendar year, coordinated in advance. The County is responsible for all aspects of event logistics, including planning, staffing, equipment setup and removal, and post-event cleanup. AFI is expected to make reasonable efforts to accommodate the County's scheduling requests. According to Silver Theatre staff, prior to the COVID-19 pandemic, the County Executive's Office regularly submitted event requests. However, since the Theatre's reopening, such requests have become less frequent.

Additionally, the lease requires that AFI consult once a year with the Silver Spring Citizen's Advisory Board and the Arts and Humanities Council of Montgomery County (AHC MC). However, it is unclear whether these meetings are taking place or how regularly they occur.

## County Contract

In addition to its lease agreement, Montgomery County maintains a non-competitive contract with AFI – Contract #1069103 – for the operation of the Silver Theatre. As discussed in Part 1, Chapter 3, this procurement contract is unusual in that it supports the Theatre's overall operations, rather than funding specific services with defined deliverables. The contract states that "the County seeks to provide funds to the Contractor for the purpose of assisting the Contractor with the costs for operating support for the Silver Theatre." It further clarifies that "the County's role is solely to provide funding for the operation of the Silver Theatre."<sup>121</sup>

The County established the contract on August 18, 2016, with an initial one-year term, renewed annually. The current term extends through June 30, 2026.<sup>122</sup> Funding is contingent upon AFI's continued designation as a grantee under Section 11B-14(a)(4) of the Montgomery County Code, as well

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<sup>121</sup> CONTRACT No. 1069103, Amendment No. 9, between Montgomery County, Maryland and The American Film Institute, dated June 16, 2025.

<sup>122</sup> Prior to FY12, the County funded the AFI Silver Theatre through a direct earmark in the Non-Departmental Account (NDA) of the Arts and Humanities Council of Montgomery County (AHC MC). In FY13, the County shifted funding from the AHC MC NDA to the Department of Economic Development's budget.

as annual appropriations by the County Council. For FY26, the County will pay AFI \$951,506 for its operation of the Silver Theatre.

**Reporting and Oversight:** The County’s contract with AFI Silver Theatre is administered by the Department of General Services (DSG). Each year, the Theatre is required to submit the following reports to DGS:<sup>123</sup>

1. Its current-year budget, prior-year actuals, and projected budget for the following year;
2. An audited Special Purpose Statement of Revenues and Expenses for the prior year; and
3. A report detailing its program activities.

Through discussions with both DGS and AFI Silver Theatre, OLO found that the County currently uses these reports solely to determine the contract amount for the upcoming year. The contract does not include any formal evaluation measures. DGS noted that staff turnover has resulted in a loss of institutional knowledge related to the contract’s development. While evaluative criteria may have been intended when DGS and the Office of Procurement first established the agreement, that information is no longer available within the department.

## County Spending

The following table summarizes County support for the AFI Silver Theatre and Cultural Center from FY18 through FY25, across three major funding streams:

1. **Contract payments:** County funding primarily supports the Theatre’s operations. Between FY18 and FY25, 64% of the County’s total spending on AFI – or \$6,825,752 – funded its contract to operate the Silver Theatre. The County reduced its annual appropriation each year from FY18 to FY20 before maintaining flat funding for three years between FY20 and FY22. However, County support has increased each year since FY23.
2. **In-kind Utilities and Maintenance:** A third of the County’s spending (31%) is on maintenance and utilities. *Note: the AFI Silver Theater shares the property – and utility services – with the Silver Spring Black Box Theatre, which is operated by the Theatre Consortium of Silver Spring. As a result, utility costs for the two facilities are combined and cannot be separated.*
3. **Emergency relief grants during the COVID-19 pandemic:** The County provided \$475,000 in combined emergency grant payments to help stabilize the Theatre’s operations during the COVID-19 pandemic. It provided \$300,000 through the Tourism Stabilization Grant Program, and another \$175,000 through the COVID-19 Relief Fund administered by the AHCMC.

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<sup>123</sup> CONTRACT No. 1069103, Article II - Reports

**Table 27. Sources of County Support for AFI Silver Theatre, FY18-FY25**

Fiscal Year	Contract Payments	In-kind Maintenance	In-kind Utilities*	Tourism Stabilization Grant	AHCMC COVID-19 Relief Fund	Total
FY18	\$875,675	\$252,436	\$284,720			\$1,412,831
FY19	\$839,855	\$233,261	\$273,527			\$1,346,643
FY20	\$806,261	\$194,182	\$228,370			\$1,228,813
FY21	\$806,261	\$125,807	\$209,877	\$300,000	\$100,000	\$1,541,945
FY22	\$806,261	\$284,868	\$266,733			\$1,357,862
FY23	\$870,762	\$158,171	\$298,201		\$75,000	\$1,402,134
FY24	\$896,885	\$172,159	\$309,613			\$1,378,657
FY25	\$923,792	N/A	N/A			\$923,792
<b>Total</b>	<b>\$6,825,752</b>	<b>\$1,420,885</b>	<b>\$1,871,040</b>	<b>\$300,000</b>	<b>\$175,000</b>	<b>\$10,592,677</b>
% of Total	64%	13%	18%	3%	2%	100%

\*Includes utility payments for the Silver Spring Black Box Theatre

## Finances

OLO obtained financial information about AFI Silver Theatre through interviews with the organization's staff and by reviewing its audited financial statement for the fiscal year ending June 30, 2024. *Note: Audited financial data for fiscal years 2018 through 2023 was not available.*

AFI Silver Theatre's FY24 financial statement includes a Special-purpose Statement that excludes certain revenues and expenses, in accordance with reporting requirements specified in AFI's lease with Montgomery County (see page 84 for a list of excluded revenues and expenses).

**Summary:** OLO found that AFI Silver Theatre's operations depend heavily on County support. County appropriations – both current and carried over from prior years – have been instrumental in offsetting revenue shortfalls and maintaining operations.

**Revenue Trends:** AFI Silver Theatre's operations and finances were significantly impacted by the COVID-19 pandemic. The Theatre closed for 14 months (March 2020–April 2021), during which earned revenue dropped sharply. While the Theatre offered online screenings, these generated minimal income. After reopening, business remained limited due to public health restrictions, a reduced film release schedule, and recurring closures from new COVID-19 variants. In 2023, industry-wide strikes further delayed film releases.

Staff observed that recovery has been slow, with audiences returning gradually. FY24 was the first year that revenues matched pre-pandemic levels. Notably, FY25 became one of the most successful years in the Theatre's 20-year history. Additionally, the Theatre has been able to return staffing to pre-pandemic levels.

**Revenue Sources:** AFI Silver Theatre’s primary revenue comes from its programming, such as box office sales, while philanthropic contributions make up a relatively small share of total income. Foundation support is minimal, and although there is interest in expanding donor programs and loyalty initiatives, these efforts are still in early stages.

Government funding remains a critical source of support, with Montgomery County providing the largest share. County contributions significantly exceed those from the State of Maryland, which provides only about one-fifth as much. According to staff, government funding levels have remained relatively stable over the past eight years, aside from increased support during the pandemic and recovery periods. Despite recent gains in attendance, staff emphasized that AFI Silver Theatre is not yet financially self-sustaining and continues to rely heavily on County support.

The table below summarizes AFI Silver Theatre’s audited financial statements for the fiscal year ending June 30, 2024, and details the County’s annual appropriations through its procurement contract with the Theatre. The data show that in FY24, the Theatre experienced a revenue shortfall of \$1,228,902. The County’s appropriation in FY23 led to an overpayment of \$945,239, to which its FY24 appropriation of \$896,885 was added. Together, these funds were applied to offset the shortfall, leaving an outstanding balance of \$613,222 from the County. This balance, along with the County’s FY25 appropriation of \$923,792, will be used to support the Theatre’s future operations.

These financial data highlight the essential role of County funding in sustaining the Theatre’s operations – not only through annual appropriations, but also by carrying forward overpayments across fiscal years to help offset budget deficits.

**Table 28. AFI Silver Theatre and Cultural Center – Revenues and Expenses, June 30, 2024**

<b>Statement of Theatre Revenues and Expenses – Contractual Basis, June 30, 2024</b>	<b>Audited Financial Statement</b>	<b>Excluded Revenues and Expenses per County Lease</b>	<b>Special-purpose Statement, as prescribed by County Lease</b>
Revenues	\$6,017,709	\$3,860,264	\$2,157,445
Cost of Sales	<u>\$820,934</u>	<u>\$0</u>	<u>\$820,934</u>
<b>Gross Profit</b>	<b>\$5,196,775</b>	<b>\$3,860,264</b>	<b>\$1,336,511</b>
Other Operating Expenses	\$5,220,029	\$2,641,086	\$2,578,943
Other Income (Expense)	\$13,530	\$0	\$13,530
<b>Net Revenues (Loss)</b>	<b>(\$9,724)</b>	<b>\$1,219,178</b>	<b>(\$1,228,902)</b>

**Statement of Escrow Fund – Contractual Basis, June 30, 2024**

County overpayment in FY23	\$945,239
County appropriations in FY24	\$896,885

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Statement of Theatre Revenues and Expenses – Contractual Basis, June 30, 2024	Audited Financial Statement	Excluded Revenues and Expenses per County Lease	Special-purpose Statement, as prescribed by County Lease
Escrow Fund Contributions Released During Current Year			\$0
2024 Negative Difference between Revenues and Expenses			<u>(\$1,228,902)</u>
Outstanding balance from Montgomery County at June 30, 2024			<u>\$613,222</u>
<i>Reconciliation of cumulative amount due from County</i>			
June 30, 2024, Amount Due from Current Year Report			(\$1,228,902)
June 30, 2023, Amount Overpaid from Prior Year			<u>\$1,842,124</u>
			<u>\$613,222</u>
FY25 County Appropriation			\$923,792

Source: American Film Institute Silver Theatre and Culture Center Contractual Basis Financial Report, June 30, 2024, Statement of Theatre Revenues and Expenses, Statement of Escrow Fund, and Notes to Financial Statements



## Chapter 6. BlackRock Center for the Arts

### Overview

Germantown Cultural Arts Center, Inc., doing business as BlackRock Center for the Arts, is a venue for performing and visual arts in Upper Montgomery County. Established through a grassroots effort and opened in 2002, it serves over 40,000 people annually with a wide range of cultural offerings. These include:<sup>124</sup>

- Live performances featuring regional, national, and international artists in genres like jazz, blues, folk, world music, and theater;
- Free art gallery exhibitions showcasing diverse visual arts; and
- Arts education classes for all ages and skill levels.

BlackRock Center for the Arts (herein referred to as BlackRock) is deeply committed to accessibility, inclusivity, and community engagement. Its mission emphasizes celebrating cultural diversity, nurturing artistic growth, and dismantling systemic barriers to participation in the arts.<sup>125</sup> Equity is a foundational value in BlackRock's recent Strategic Plan (described below). In the plan, BlackRock commits to:<sup>126</sup>

- Centering historically marginalized voices in programming and leadership;
- Dismantling systemic barriers in access to the arts; and
- Practicing intersectionality and cultural responsiveness in all aspects of its work.

**Demographic data:** In a report to the Arts and Humanities Council of Montgomery County (AHCMC), BlackRock notes that it primarily serves residents in Germantown and Gaithersburg - two of the most racially and ethnically diverse communities in the County. It notes that the racial and ethnic composition of Germantown's population is 26.5% non-Hispanic White, 24.7% Black or African American, 23.8% Hispanic, 21.2% Asian, and 3.8% multiracial.<sup>127</sup>

BlackRock has made intentional efforts to foster a shared community identity through inclusive and accessible arts experiences. This includes hiring bilingual front desk staff, offering materials in Spanish, and curating events that reflect and celebrate the cultural richness of Hispanic, Black, and LGBTQ+ populations.<sup>128</sup>

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<sup>124</sup> [About | BlackRock Center](#)

<sup>125</sup> [About | BlackRock Center](#)

<sup>126</sup> BlackRock Strategic Plan\_Aproved.

<sup>127</sup> BlackRock FY25-26 GOS II Application Narrative provided by AHCMC

<sup>128</sup> BlackRock FY25-26 GOS II Application Narrative provided by AHCMC

BlackRock's leadership and staff also reflect a growing commitment to diversity, equity, and inclusion:<sup>129</sup>

- Of the two senior staff members, one identifies as White and one as Black or African American;
- The 15-member board includes nine (60%) White and six (40%) BIPOC members.; and
- Among the 46 total staff members, 26 (57%) are White, 17 (37%) are BIPOC, and three (6%) did not provide data on their race.

### History of Organizational and Funding Challenges

BlackRock has faced financial challenges since its inception, which staff describe as stemming from an “upside-down” business model. In 2003, the organization was on the verge of closure just one year after opening due to its inability to repay a \$3.5 million construction loan. To prevent this, Montgomery County purchased the arts center for \$4 million and allocated an additional \$220,000 for maintenance and operations. Despite concerns about spending during a budget crisis, County Council members defended the investment, emphasizing BlackRock's role as a vital cultural anchor for the then-emerging Germantown Town Center.<sup>130</sup>

However, the nonprofit has faced persistent financial challenges. Staff attribute this to several factors. First, the facility was not designed to be revenue-generating – for example, its mainstage theater seats only 208, which limits the potential for ticket sales to cover the high costs of live performance. Second, the surrounding area never developed as envisioned in the County's 2009 Germantown Sector Plan, which called for a vibrant, walkable Town Center with BlackRock as a civic and cultural anchor. In reality, the lack of density and transit infrastructure has resulted in limited foot traffic, visibility, and accessibility.<sup>131</sup> Third, frequent leadership turnover – the organization has had seven executive directors or CEOs since 2000 – has hindered long-term strategic planning and financial stability. Staff report that the organization has operated with minimal cash reserves, relying on board bailouts and loans, while its operating budget has remained flat for years despite inflation and increasing community demand. BlackRock continues to depend on a small pool of donors to sustain its programs. While the pandemic in the early 2020s exacerbated the organization's financial instability, the underlying issues predated COVID-19.

Staff also observe that BlackRock functions as a de facto community center for upper Montgomery County, regularly hosting County events, community meetings, and cultural programming, but that this

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<sup>129</sup> Demographic data on grantee organizations' leadership and staff as reported in BlackRock's FY25-26 General Operating Support II application. Provided by AHCMC.

<sup>130</sup> Cottman, Michael (May 2003), *County to Keep BlackRock From Closing Doors*, The Washington Post.

<sup>131</sup> Montgomery Planning, Germantown Sector Plan Amendment: Existing Conditions Report, February 13, 2025; Montgomery Planning, Germantown Sector Plan Amendment: Existing Conditions and Community Feedback Reports, February 20, 2025.

civic role is often overlooked by government funders. They expressed that grant formulas typically do not account for the unique responsibilities of managing a public facility. Additionally, BlackRock is frequently asked to provide free or heavily discounted space to community groups, placing further strain on its already limited resources.

Today, BlackRock operates with limited staff capacity, with the CEO often juggling fundraising, programming, and day-to-day operations. Staff salaries are also low compared to industry standards, leading to high turnover.

### **Supplemental Appropriations: Operating Support Grant, FY24-FY25**

In FY24, the Montgomery County Council approved a \$260,000 supplemental appropriation to support the continued operations of BlackRock Center for the Arts. The grant, administered by the Department of General Services (DGS), was funded through General Fund Undesignated Reserves and was intended to serve as a “bridge to organizational stability.”<sup>132</sup> The funding addressed several urgent financial needs, including:

- Repayment of a \$91,000 COVID-19 Economic Injury Disaster Loan (EIDL);
- Mitigation of a projected \$77,000 cash flow deficit;
- Coverage of \$128,000 in general operating expenses;
- Strategic planning and community engagement to develop a long-term sustainability model; and
- Restoration of key staff positions to support revenue generation.

The grant term ran from May 1, 2024, through April 30, 2025, and required quarterly and final reporting.

According to BlackRock’s CEO, this County support was crucial; without it, the organization would have been forced to lay off the majority of its staff. The grant allowed BlackRock to:<sup>133</sup>

- Fully repay its EIDL loan and resolved an \$81,000 cash deficit, while also covering one month of FY25 expenses;
- Reinstate two full-time positions: Director of Development and Director of Communications and Marketing;
- Complete and adopt a new Strategic Plan (discussed in the next section); and
- Enhance financial planning tools and internal operations with the support of a consultant.

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<sup>132</sup> Council Government Operations and Education and Culture Joint Committee Worksession, *Supplemental Appropriation #24-67 to the FY24 Operating Budget, Montgomery County Government, Department of General Services (DGS), BlackRock Center for the Arts, \$260,000 (Source of Funds: General Fund Undesignated Reserves)*, April 3, 2024.

<sup>133</sup> Montgomery County Grant Agreement # 24-003037, executed May 13, 2024.

In FY25, the County awarded BlackRock an additional \$70,000 non-competitive grant (September 5, 2024 – September 5, 2025), again administered by DGS. This funding continued to support BlackRock’s core operations and infrastructure, with the goal of improving organizational performance and program delivery.<sup>134</sup>

Additionally, the Council directed the County Executive to amend BlackRock’s lease to include a County Council-appointed representative on its Board of Trustees, enhancing oversight and alignment with County priorities (discussed in Section B).<sup>135</sup>

In total, BlackRock received \$330,000 in direct operating support from the County in FY24 and FY25.

### 2024 Strategic Plan

In response to longstanding financial instability, leadership turnover, and a desire to better reflect and serve the Germantown community, BlackRock launched a comprehensive strategic planning process in winter 2024. The process was driven by a commitment to equity, sustainability, and civic engagement, and culminated in a 4-to-5-year Strategic Plan that the organization began implementing in 2025.<sup>136</sup>

The plan was developed collaboratively by a 15-member Think Tank of staff and board members, with facilitation by The Leadership Institute for Compassionate Changemaking. Community input was central to the process, gathered through a series of Strategic Community Gatherings across Germantown.<sup>137</sup> Community feedback revealed that many residents felt unwelcome or unaware of BlackRock, expressing sentiments like “I didn’t realize that place was for me.”<sup>138</sup>

The plan’s strategic goals and implementation strategies include:<sup>139</sup>

1. **Solidify Financial Sustainability** by diversifying funding sources, expanding revenue-generating programs, increasing donor engagement and transparency, and investing in marketing to strengthen community and philanthropic support;
2. **Engage the Community to Bring Their Visions into BlackRock** by making its spaces more accessible, redesigning facilities to reflect community needs, and prioritizing multicultural and community-led programming; and

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<sup>134</sup> Montgomery County Grant Agreement #24-006021, executed March 18, 2025.

<sup>135</sup> Council Government Operations and Education and Culture Joint Committee Worksession, *Supplemental Appropriation #24-67 to the FY24 Operating Budget, Montgomery County Government, Department of General Services (DGS), BlackRock Center for the Arts, \$260,000 (Source of Funds: General Fund Undesignated Reserves)*, April 3, 2024.

<sup>136</sup> BlackRock Strategic Plan\_Approved.

<sup>137</sup> Ibid.

<sup>138</sup> The Leadership Institute for Compassionate Changemaking, *BlackRock Center for the Arts: Strategic Community Gatherings Comprehensive and Distilled Report*, August 2024.

<sup>139</sup> Ibid; Information provided by BlackRock.

3. **Broaden Community Connections to Elevate Belonging** by fostering inclusive leadership, building trust through transparency, expanding community partnerships, and creating responsive feedback mechanisms to guide programming.

BlackRock has already implemented several strategies, including:

- Engaging in the Montgomery County Sector Planning addendum for Germantown and the GGCC Town Center;<sup>140</sup>
- Partnering with groups like CORE Foundation, GottaSwing, Urban Studio, and the Office of Human Rights;
- Prioritizing programs that align to the organization’s mission while providing revenue; and
- Tracking and quantifying community and County use of the facility.

## County Lease

On August 28, 2003, Montgomery County entered into its original lease with Germantown Cultural Arts Center, Inc. As stated in the lease, the property is owned by the County and consists of 1.57 acres of land and a building – known as BlackRock Center for the Arts – located at 19830 Century Boulevard, Germantown, Maryland. The purpose of the lease is to use the property to “support and further implement the County’s governmental objective of providing recreation and cultural enhancement programs for its citizens.” As such, the agreement requires that BlackRock present and program:<sup>141</sup>

- Fine arts exhibitions;
- Live dance, musical and theatrical performances;
- Fine and performing arts classes and workshops and other educational programs; and
- Any programs and services related to BlackRock’s mission, including:<sup>142</sup>
  - Serve as an arts resource center for the community;
  - Provide a focal point for the civic life of Germantown and the Upcounty area; and
  - Develop programs that serve the needs and interests of the community.

**Lease Term and Renewals:** The initial lease term was for seven years and allowed for up to ten consecutive five-year renewals. However, the first lease amendment (2011) revised this to allow five consecutive ten-year renewal terms. The current lease ends on June 30, 2028.

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<sup>140</sup> Gaithersburg-Germantown Chamber of Commerce, [Germantown Town Center Status Report: Year One, May 2024 to May 2025](#).

<sup>141</sup> Lease Agreement between Montgomery County, Maryland and Germantown Cultural Arts Center, Inc., August 28, 2003.

<sup>142</sup> Exhibit B, Lease Agreement between Montgomery County, Maryland and Germantown Cultural Arts Center, Inc., August 28, 2003.

To initiate a renewal, the lease outlines the following steps:<sup>143</sup>

1. BlackRock must notify the County of its intent to renew nine months before the lease term expires; and
2. A Review Panel must be convened at the same time – nine months prior – to assess BlackRock’s performance and make a renewal recommendation.

The lease specifies that the Review Panel must include:

- A Chair appointed by the County Executive;
- One member appointed by BlackRock; and
- One member jointly selected to represent the Germantown community.

The panel is responsible for evaluating BlackRock’s fundraising efforts, financial management, community engagement, service quality, and compliance with lease obligations. Its findings must be submitted to both the County Executive and BlackRock’s board no later than 30 days before the current lease term ends.<sup>144</sup>

**Lease Amendments:** The County has amended BlackRock’s lease several times, with the most recent amendment dated June 12, 2024. These amendments primarily reflect efforts to provide BlackRock with financial flexibility and operational support, particularly in response to challenges posed by the COVID-19 pandemic. This includes:

- Allowing a one-time withdrawal from the Capital Fund (described below) for operating expenses (2017);
- Waiving annual Capital Fund contributions for multiple fiscal years (FY20-FY25); and
- Delaying or rescheduling contributions tied to the Vision Campaign (described below), which could not be launched as planned.

The most recent amendment (2024) also designates one voting member to be appointed to BlackRock’s Board of Trustees by the County Council.<sup>145</sup> This change, which originated during Council Committee discussions on the supplemental appropriation for BlackRock in FY24 and FY25 (discussed earlier), reflects the County’s intent to strengthen governmental oversight as part of its broader support strategy.<sup>146</sup>

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<sup>143</sup> Lease Agreement between Montgomery County, Maryland and Germantown Cultural Arts Center, Inc., August 28, 2003.

<sup>144</sup> Lease Agreement between Montgomery County, Maryland and Germantown Cultural Arts Center, Inc., August 28, 2003.

<sup>145</sup> The current Council appointee to BlackRock’s Board of Trustees is Councilmember Marilyn Balcombe. The second member from Montgomery County Government is Dale Tibbitts from the County Executive’s Office; Third Amendment to 2018 Amended and Restated Lease Agreement, June 12, 2024.

<sup>146</sup> Council Staff Packet, Government Operations & Education and Culture Joint Committee Worksession, *Supplemental Appropriation #24-67 to the FY24 Operating Budget, Montgomery County Government, Department of General Services (DGS), BlackRock Center for the Arts, \$260,000 (Source of Funds: General Fund Undesignated Reserves)*, April 3, 2024

The table below provides a summary of all lease amendments and renewal terms:

**Table 29. BlackRock Center for the Arts Lease Agreements, Amendments, and Renewals**

<b>Agreement</b>	<b>Purpose</b>	<b>Agreement Date</b>	<b>Term Commencement</b>	<b>Term Expiry</b>
Lease Agreement	Original lease	8/28/2003	8/28/2003	6/30/2010
First Amendment	First renewal term	10/31/2011	7/1/2011	6/30/2018
Second Amendment	To permit one-time withdrawal from Capital Fund	8/3/2017	n/a	n/a
Amended and Restated Lease Agreement	Second renewal term	11/28/2018	7/1/2018	6/30/2028
First Amendment to 2018 Amended and Restated Lease Agreement	To waive Escrow Account contributions for FY20 (7/1/2019 through 6/30/2020) and postpone 1% supplemental contribution from Vision Campaign in FY19 and FY20 due to COVID pandemic.	11/3/2020	n/a	n/a
Second Amendment to 2018 Amended and Restated Lease Agreement	To further compensate for the ongoing financial difficulties due to the COVID 19 pandemic for FY21 and FY22	June 30, 2023	n/a	n/a
Third Amendment to the 2018 Amended and Restated Lease Agreement	Due to the ongoing operational impacts from the COVID-19 pandemic on BlackRock for FY23, FY24, and FY25	June 12, 2024	n/a	n/a

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

Rent and Special Funds: BlackRock pays the County a nominal annual rent of \$1.00. While the original lease also required BlackRock to contribute to several designated special funds (listed below), many of these obligations have since been waived through subsequent lease amendments:<sup>147</sup>

- *Capital Fund Escrow Account (waived through FY25):* The Capital Fund was originally established to finance capital repairs to the property. In the first lease amendment in 2011, the County transferred ownership of the fund to BlackRock to support its capital fundraising efforts. BlackRock was required to establish a restricted escrow account, into which the County transferred the existing fund balance. BlackRock also agreed to make annual contributions to the fund, following schedules outlined in subsequent lease amendments.

Disbursements from the Capital Fund are limited to “Permitted Expenditures,” which include repairs or replacements of items such as paint, elevators, HVAC systems, the roof, fire alarms, carpets, theater seats, and audio/visual and stage lighting equipment. All disbursements must be coordinated with the County’s Department of General Services (DGS).

Over time, the County has revised BlackRock’s contribution requirements, most recently waiving them through FY25. Additionally, the County has allowed targeted withdrawals from the fund to support operations – for example, a \$200,000 withdrawal in FY18 (of which only \$100,000 had to be repaid) and a \$60,000 release in FY19 to establish an Artistic Reserve for maintaining and replacing artistic equipment. The following table summarizes changes to the Capital Fund:<sup>148</sup>

**Table 30. BlackRock Center for the Arts – Changes to Capital Fund Requirements**

Date	Change
<b>2011 (1st Amendment)</b>	Ownership of Capital Fund transferred to BlackRock. Required to maintain a <b>restricted escrow account</b> and make <b>annual contributions</b> .
<b>2017 (2nd Amendment)</b>	One-time <b>\$200,000 withdrawal</b> allowed for operations. \$100,000 to be reimbursed via Replenishment Contributions by <b>Aug 1, 2022</b> .
<b>2018 (Restated Lease)</b>	Capital Fund balance: <b>\$120,000</b> . \$60,000 released for Artistic Reserve. New contribution structure introduced.
<b>2020–2024 (COVID Amendments)</b>	Capital Fund contributions <b>waived for FY20–FY25</b> . Vision Fund contributions <b>postponed</b> .

<sup>147</sup> Lease Agreement between Montgomery County, Maryland and Germantown Cultural Arts Center, Inc., August 28, 2003.

<sup>148</sup> Third Amendment to 2018 Amended and Restated Lease Agreement between Montgomery County, Maryland and Germantown Cultural Arts Center, Inc., June 12, 2024.



- *Vision Fund (postponed)*: The Vision Fund was conceived as part of a special fundraising campaign to support BlackRock’s long-term development needs. According to the County’s 2018 Restated Lease, the campaign was in the planning stages at the time and was expected to run for approximately three years. The lease required BlackRock to contribute 1% of the funds raised through the campaign to the Capital Fund.<sup>149</sup>

However, the campaign never materialized. In 2019, BlackRock’s CEO was replaced by the Board of Trustees, and the campaign lacked a clear framework or implementation plan prior to this leadership transition. As a result, BlackRock lost key donors and partners. Shortly thereafter, the COVID-19 pandemic further disrupted the organization’s fundraising capacity, forcing delays in Capital Fund contributions from the Vision Fund. In response, the County has postponed the 1% supplemental contribution requirement since FY19.

- *Artistic Reserve*: The 2018 restated lease established an Artistic Reserve to enable BlackRock to perform maintenance, repairs, and replacements for furniture, fixtures, and equipment related to its artistic programming, including but not limited to stage lighting and control systems, props, costumes, theater seating, and dance studio flooring. The reserve is to be funded through:
  - \$60,000 transferred from the Capital Fund Escrow Account in FY19;
  - Future contributions from donors and supporters; and
  - Allocations from BlackRock’s Vision Campaign.

The current Artistic Reserve balance is \$60,000.

*County Maintenance and Facilities Responsibilities*: The table below outlines how responsibilities for maintaining the BlackRock facility are divided between the County and BlackRock. Of note, neither the original lease (2003) nor the restated and amended lease (2018) attribute responsibility for electric, gas, water, or sewer payments. However, as discussed in Part 1, Chapter 4, the County pays for all of BlackRock’s utilities.

BlackRock reports a strong and responsive working relationship with the County’s Department of General Services (DGS). However, it has identified two ongoing concerns. First, the building’s HVAC system continues to experience performance issues. According to staff, the building’s HVAC equipment regularly fails and creates audible disruptions during events. Second, while the grounds surrounding the facility do receive basic mowing services, the County does not maintain plants or weed. This is notable because lawn and grounds maintenance is listed as a County responsibility under the lease.

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<sup>149</sup> Amended and Restated Lease Agreement between Montgomery County, Maryland and Germantown Cultural Arts Center, Inc., November 28, 2018.

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Staff also note that the only time the facility received support for painting was after the Upcounty HUB damaged parts of the building. It also used capital funding to replace both structural and dance flooring after years of deferred upkeep.

**Table 31. Distribution of Maintenance and Facilities Responsibilities for BlackRock Center for the Arts**

Responsibilities	MCG	BlackRock
<b>Facility Maintenance</b>		
Accessibility related components (exclusive of arts related equipment)	✓	
Building security system	✓	
Elevator	✓	
Grounds maintenance (same basis as comparable County facilities)	✓	
HVAC mechanical systems	✓	
Integrated pest management	✓	
Life safety systems (fire alarms, fire suppression systems)	✓	
Painting (same basis as comparable County facilities)	✓	
Parking lot and sidewalks	✓	
Plumbing and electrical systems (exclusive of all stage lighting and A/V systems and specialized lighting for artwork unique to an arts center)	✓	
Refuse/Recycling pick-up	✓	
Roofing, flashing, sky lights	✓	
Snow/ice removal of parking lot and adjacent walks	✓	
Structural components including interior and exterior walls, floors (excluding dance floors), carpets, ceilings, doors, locks, windows	✓	
Concession stand equipment		✓
Dance/theater flooring		✓
Stage lighting and audio/visual systems unique to arts center		✓
<b>Cleaning/Housekeeping</b>		
After hours cleaning and cleaning between programs		✓
Janitorial services (same basis as comparable County facilities)	✓	
<b>Facility Utilities</b>		
Telephone and internet		✓

Source: Amended and Restated Lease Agreement between Montgomery County, Maryland and Germantown Cultural Arts Center, Inc., November 28, 2018.

*County and Community-Use of Facility:* The County’s lease with BlackRock permits the County to use the facility rent-free up to four times per year for governmental purposes. This is contingent upon the County covering the cost of post-event cleaning and paying for any BlackRock staff involved in the event. The amended and restated 2018 lease explicitly states that use by other County entities – such as Montgomery County Public Schools (MCPS) and the County Council – is not included in this provision unless specifically approved by the County Executive.

According to BlackRock staff, the County uses the facility significantly more than the four times guaranteed in the lease – typically five to ten times annually. BlackRock often hosts additional County events beyond the four permitted uses, offering the space at a discounted rate or free of charge. These events include County Council town halls and Montgomery Planning meetings. BlackRock notes that they do not work with a centralized County contact to coordinate these events.

They also report that the organization has recently begun tracking the organizational costs associated with County-run activities, as well as community-use of the facility. In FY25, BlackRock reports that it provided roughly \$500,000 in free rental or discounted space to local nonprofits and County-affiliated organizations.

*Other Provisions:* The County’s lease with BlackRock also requires the following records and reports:

- BlackRock must submit audited financial statements to the County by October 30<sup>th</sup> each year
- BlackRock must submit an Annual Report to the County Executive by October 30<sup>th</sup> each year that describes the organization’s programmatic, fundraising, and community engagement efforts and accomplishments for the previous fiscal year.

## County Spending

Between FY18 and FY24, Montgomery County provided **approximately \$3.9 million in support** to BlackRock Center for the Arts, an average of \$561K a year. This funding falls into several categories, outlined in Table 32 and summarized below:

1. **Grants from the Arts and Humanities Council of Montgomery County (AHCMC):** Twenty percent of the County’s support – about \$781 thousand – came through AHCMC grants. These included General Operating Support, Advancement, and COVID-19 Fund grants, as well as two grants that are no longer available: Executive’s Ball grants and Tech grants.
2. **Capital Funding:** In FY20, the County allocated \$220,000 to the Planned Lifecycle Asset Replacement: MCG project for capital repairs to BlackRock. Additionally, BlackRock secured Cost Sharing capital grants from the County in FY23 and FY24 for infrastructure upgrades and replacements. Altogether, capital funding accounted for 9% of total County support.

3. **Non-Competitive Contracts:** BlackRock received two County contracts between FY18 and FY24, which together accounted for approximately 26% - or about \$1 million – of total County support. In FY21 and FY22, the Department of Health and Human Services contracted with BlackRock to serve as a food distribution center during the early years of the COVID-19 pandemic (this later became the Upcounty HUB). This initiative was distinct in that it did not directly support BlackRock’s core mission as an arts and cultural center. The second contract was through the Office of Human Rights, which uses the facility to host the County’s annual Juneteenth celebrations.
4. **Grants:** During this period, BlackRock received an additional \$333,928 in County grant funding. This included a \$500 grant for Hispanic Heritage Day, and a \$50,000 Economic Development Grant for Nonprofits.<sup>150</sup> It also included a \$22,428 Community Development Block Grant from the County’s Department of Housing and Community Affairs, and, as described earlier, a \$260,000 Operating Support Grant provided through a supplemental appropriation by the County Council, both received in FY24. Combined, these grants represented 9% of the total County support BlackRock received during the period.
5. **In-Kind Utilities and Maintenance:** The largest share of County support – approximately \$1.4 million, or 36% - was allocated to cover utilities and maintenance for the BlackRock facility. Each year, the County spent on average \$152K for maintenance and \$47K for utilities. OLO received these expenditures from the Department of General Services (DGS).
6. **Other COVID-19 Relief Funding:** BlackRock also received a \$4,998 Reopen Montgomery Grant in response to the COVID-19 pandemic. This emergency funding accounted for less than 1% of the total County support.

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<sup>150</sup> Additional financial information provided by BlackRock Center for the Performing Arts.

**Table 32. Sources of County Support for BlackRock Center for the Arts, FY18-FY24**

Fiscal Year	AHCMC Grants (all)*	Capital Funding	Contracts	Other Grants	In-kind Maint.	In-kind Utilities	Reopen Mont. Grant	Total
FY18	\$92,982				\$100,456	\$81,892		\$275,330
FY19	\$88,620				\$156,571	\$64,659		\$309,850
FY20	\$80,869	\$220,000			\$138,497	\$55,277		\$494,643
FY21	\$172,996		\$289,821	\$500	\$163,681	\$32,274	\$4,998	\$664,271
FY22	\$87,996		\$650,000	\$51,000	\$144,733	\$35,631		\$969,360
FY23	\$152,867	\$100,000	\$49,912		\$195,060	\$35,019		\$532,858
FY24	\$104,357	\$50,400	\$49,895	\$282,428	\$165,327	\$27,248		\$679,655
<b>Total</b>	<b>\$780,687</b>	<b>\$370,400</b>	<b>\$1,039,628</b>	<b>\$333,928</b>	<b>\$1,064,325</b>	<b>\$332,001</b>	<b>\$4,998</b>	<b>\$3,925,967</b>
% of Total	20%	9%	26%	9%	27%	8%	0.1%	100%

\*Includes COVID-19 Relief Fund grants, Executive Ball Matching Grant, and Tech Grant.

Sources: AHCMC; DGS; Spending Montgomery; FY25 Approved Capital Budget and FY25-30 CIP; FY26 Recommended CIP; Cost Sharing: MCG (P720601); Section G: Non-Competitive Contract Award List, Operating Budget Resolutions, FY18-FY25; Resolution 20-471, April 16, 2024; Montgomery County Grant Agreement # 24-003037.

**Donated Facilities:** As noted earlier, BlackRock rents its building from Montgomery County at a nominal rate of \$1.00 per year. BlackRock records this essentially free use of facilities as an in-kind contribution from the County. According to its audited financial statements, it values the donated facilities using an average price per square foot of rental listings in BlackRock’s service area. For the fiscal year ending June 30, 2024, the organization recognized \$480,641 in donated facility rent.

BlackRock does not record County-paid utility costs as in-kind contributions.

DGS notes that it provides details on County Government’s supplemental support for rent and/or utilities to arts facilities upon request.

## Financial Trends

OLO obtained financial information about BlackRock Center for the Arts by reviewing its audited financial statements for fiscal years 2018 through 2024, and through additional information provided by the organization. Tables 33-35 on pages 107-109 summarize BlackRock’s revenues and expenses from FY18 to FY24, including the percentage of revenue from County sources, as well as key financial health metrics.

**Summary:** From FY18 to FY24, BlackRock Center for the Arts faced ongoing financial challenges that were made worse by the pandemic, which caused a steep drop in earned income and led to budget shortfalls. While emergency relief and County contracts temporarily stabilized the organization, the organization is once again dealing with restricted cash flow. In response, BlackRock has taken steps to strengthen its financial footing – adopting a new Strategic Plan, diversifying its revenue strategies, and

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aligning more closely with County priorities. However, it continues to rely heavily on public funding and struggles with the added costs of running a physical facility.

*Financial Trends during COVID-19:* The COVID-19 pandemic exacerbated BlackRock’s already existing financial vulnerabilities. Like many arts, culture, and humanities venues, BlackRock experienced a sharp decline in revenue following the government-mandated shutdowns in early 2020. As illustrated in Table 33, Program Revenue – which includes earned income from ticket sales, venue rentals, the gallery, and education programs – dropped by nearly 40% in FY20, falling from \$886K to \$539K. The decline continued into FY21, with Program Revenue falling to just \$168K – a further decrease of nearly 70% from the previous year. The organization ended that year with a \$239,451 operating deficit.

To navigate the financial strain, the organization relied heavily on emergency relief funding from both government sources and individual board members. Key sources of support included:<sup>151</sup>

- March 2020: BlackRock entered into three separate loan agreements with board members, totaling \$65,000 (\$50,000, \$10,000, and \$5,000 respectively);
- April 2020: A \$126,600 Paycheck Protection Program (PPP) loan through the Small Business Administration (SBA), which was fully forgiven in 2021;
- March 2021: A second PPP loan of \$111,455, fully forgiven in 2022; and
- March 2021: A \$150,000 Economic Injury Disaster Loan (EIDL) from the SBA.

BlackRock also received a total of \$148,000 in COVID-19 Relief Fund grants from AHCMC - \$85,000 in FY21 and \$63,000 in FY23.

Notably, although BlackRock experienced a decline in its typical arts-related revenues during the pandemic, its operating budget increased. This was largely due to several contracts with Montgomery County, which designated BlackRock as a HUB for food and essential services in the Upcounty region.

Between FY21 and FY22, BlackRock received a total of \$939,821 in COVID-19 related contracts from the County, including:

- \$18,608 for truck rentals to support food delivery and distribution at the BlackRock HUB;
- \$121,213 through the Latino Health Initiative’s Salud y Bienestar program to expand HUB services to the Montgomery Village area; and

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<sup>151</sup> Germantown Cultural Arts Center, Inc. dba BlackRock Center for the Arts, Financial Statements with Independent Auditor’s Report, FY19 through FY22.

- \$150,000 and \$600,000 for the safe distribution of food and essentials through the BlackRock HUB.

*Pandemic Recovery:* In FY23 BlackRock’s operating revenues returned to pre-pandemic levels after the Upcounty HUB became an independent entity and relocated. As shown in Table 33, revenues declined by 52% between FY22 and FY24, while expenses decreased by only 42%, resulting in operating deficits in both FY23 and FY24.

Faced with these deficits, an outstanding EIDL loan balance, and minimal cash reserves, BlackRock requested emergency funding from Montgomery County in FY24 and FY25. The resulting operating support grant (described in Section A) was critical in preventing staff layoffs and stabilizing the organization’s financial position.

The grants also allowed BlackRock to develop a Strategic Plan that is focused on building financial stability through a renewed focus on serving the needs of its community. Staff report that the organization’s board has become more diverse, engaged, and civically minded, reflecting a deeper understanding of its role in community stewardship. Rather than focusing solely on large-scale donations, the board has shifted toward strategic involvement and advancing equity within the organization. This commitment is further demonstrated by its support for a 5% salary increase for staff, underscoring a shared priority around employee well-being and organizational sustainability.

Staff also report that BlackRock is actively aligning its work with broader County priorities, including the AHCMC Cultural Plan and Germantown branding initiatives. The organization is also reimagining its fundraising strategy by replacing large galas with smaller, more frequent events that foster deeper community connections. Signature County programs such as Juneteenth and GreenFest have become reliable touchpoints for building trust and visibility. At the same time, BlackRock is revitalizing relationships with past donors and cultivating new partnerships, positioning itself for long-term growth and resilience.

*Government Revenue Sources:* As shown in Table 34 on page 108, BlackRock currently receives approximately five percent of its total revenue from AHCMC grants. BlackRock staff notes that this amount is not sufficient to meet its operational needs. The organization is responsible for managing a physical facility, yet it is funded based on the same metrics as organizations without such infrastructure. Staff emphasize that this disparity forces difficult decisions, such as cutting artistic programming in order to retain essential technical staff. Additionally, BlackRock receives a slightly larger share – around 7% - from the Maryland State Arts Council (MSAC), along with small grants from other foundations. However, these combined sources still fall short of what is needed to sustain operations effectively according to staff.

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*Financial Health:* Table 35 on page 109 presents BlackRock’s key financial health metrics from FY18 to FY24. These indicators reflect the organization’s ability to meet short-term obligations, manage liquidity, and sustain operations over time.

BlackRock experienced significant fluctuations in its financial health over the seven-year period, largely shaped by the COVID-19 pandemic and its aftermath. The Current Ratio – a measure of liquidity – improved steadily from FY18 (0.7) to a peak in FY22 (3.8), reflecting increased short-term assets, likely due to emergency relief and County contracts. However, it declined in FY23 and FY24, suggesting renewed liquidity pressures as pandemic-related support waned.

Working capital followed a similar trajectory, moving from a deficit in FY18 to a high of \$521K in FY22, before dropping sharply to \$39K in FY24. This decline indicates that while BlackRock temporarily stabilized its finances, it struggled to maintain reserves as revenues normalized post-pandemic.

Cash reserves, measured in months of operating expenses, remained low throughout the period, peaking at just 1.5 months in FY23. This suggests persistent vulnerability to cash flow disruptions, despite some improvement in recent years.

The Leverage Ratio – which compares total liabilities to net assets—declined from 1.4 in FY18 to 0.6 from FY22 onward, indicating a healthier balance sheet and reduced reliance on debt. This improvement reflects both debt repayment and increased net assets during the pandemic recovery period.



Table 33. BlackRock Center for the Arts – Revenues and Expenses, FY18-FY24 (nominal dollars)

Source	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Revenues</b>							
Program Revenue	\$844,944	\$885,981	\$539,122	\$167,805	\$419,555	\$724,929	\$753,213
% from Earned Income	46%	39%	35%	6%	10%	34%	37%
Contributions	\$486,337	\$903,009	\$423,394	\$1,535,396	\$2,298,162	\$896,365	\$716,780
In-kind donations	\$497,188	\$486,002	\$494,738	\$494,539	\$1,388,239	\$493,328	\$532,806
% from Contributed Income	54%	61%	59%	72%	87%	66%	62%
Investment (loss) income	\$1,175	\$1,318	\$253	\$2,959	-\$883	\$3,186	\$6,023
Other Income			\$88,450	\$616,999	\$111,455		
% from Other Income	0.1%	0.1%	6%	22%	3%	0.2%	0.3%
<b>Total Revenue</b>	<b>\$1,829,644</b>	<b>\$2,276,310</b>	<b>\$1,545,957</b>	<b>\$2,817,698</b>	<b>\$4,216,528</b>	<b>\$2,117,808</b>	<b>\$2,008,822</b>
<b>Expenses</b>							
Performing arts	\$472,813	\$596,382	\$409,872	\$74,814	\$224,778	\$386,586	\$461,320
Education	\$536,455	\$582,157	\$488,234	\$272,880	\$418,580	\$483,587	\$466,026
Gallery	\$98,627	\$98,018	\$96,347				
Facility rental	\$120,268	\$151,117	\$145,992	\$21,114	\$131,375	\$176,477	\$223,118
Other operations			\$3,662	\$45,606	\$120,177	\$97,892	\$26,227
% from Program Services	66%	69%	64%	17%	24%	53%	56%
Management and general	\$386,327	\$379,267	\$467,186	\$589,754	\$670,685	\$864,465	\$760,616
Fundraising and development	\$239,555	\$263,256	\$174,115	\$55,066	\$86,729	\$167,832	\$180,513
% from Supporting Services	34%	31%	36%	26%	21%	47%	44%
Upcounty HUB				\$1,421,099	\$2,017,211		
% from Other	0%	0%	0%	57%	55%	0%	0%
<b>Total Expenses</b>	<b>\$1,854,045</b>	<b>\$2,070,197</b>	<b>\$1,785,408</b>	<b>\$2,480,333</b>	<b>\$3,669,535</b>	<b>\$2,176,839</b>	<b>\$2,117,820</b>
<b>Net (Deficit) Income</b>	<b>(\$24,401)</b>	<b>\$206,113</b>	<b>(\$239,451)</b>	<b>\$337,365</b>	<b>\$546,993</b>	<b>(\$59,031)</b>	<b>(\$108,998)</b>

Source: BlackRock Center for the Arts Audited Financial Statements FY18-FY24, Statement of Activities and Statement of Functional Expenses

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**Table 34. BlackRock Center for the Arts – Revenues from Government Sources, FY18-FY24 (nominal dollars)**

	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>TOTAL REVENUE</b>	<b>\$1,829,644</b>	<b>\$2,276,310</b>	<b>\$1,545,957</b>	<b>\$2,817,698</b>	<b>\$4,216,528</b>	<b>\$2,117,808</b>	<b>\$2,008,822</b>
<b>Montgomery County</b>							
% from AHCMC Grants*	5%	4%	5%	3%	2%	4%	5%
% from Capital Funding	0%	0%	14%	0%	0%	5%	3%
% from Contracts	0%	0%	0%	10%	15%	2%	2%
% from Other Grants	0%	0%	0%	0%	1%	0%	14%
% from Utilities & Maintenance <sup>\$</sup>	10%	10%	13%	7%	4%	11%	10%
% from COVID Relief Grants <sup>+</sup>	0%	0%	0%	3%	0%	3%	0%
<b>% from County Sources</b>	<b>15%</b>	<b>14%</b>	<b>32%</b>	<b>24%</b>	<b>23%</b>	<b>25%</b>	<b>34%</b>
<b>State and Federal</b>							
% from MSAC Grants	4%	4%	6%	4%	2%	5%	7%
<b>% from State Sources</b>	<b>4%</b>	<b>4%</b>	<b>6%</b>	<b>4%</b>	<b>2%</b>	<b>5%</b>	<b>7%</b>

Sources: Data provided by BlackRock Center for the Arts and DGS; BlackRock Audited Financial Statements FY18-FY24, Statements of Activities; FY25 Approved Capital Budget and FY25-30 CIP; FY26 Recommended CIP: Cost Sharing: MCG (P720601); Montgomery County Government Operating Budget Resolutions, FY18-FY26; Resolution 20-471, Supplemental Appropriation #24-67 to the FY24 Operating Budget Montgomery County Government Department of General Services; Montgomery County Grant Agreement # 24-003037, executed May 13, 2024.

\* Includes GOS II, Advancement, Executive's Ball, and Tech grants.

<sup>\$</sup> Percentages based on utility and maintenance expenditures provided by the Department of General Services (DGS). Does not include in-kind contributions of rent.

<sup>+</sup> Includes AHCMC Covid Relief and Reopen Montgomery grants.

**Table 35. BlackRock Center for the Arts – Financial Health Metrics, FY18-FY24**

<b>Metric</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>Trend</b>
Current Ratio	0.7	1.0	1.3	2.3	3.8	1.5	1.2	Improved during pandemic, then declined
Working Capital	(\$127K)	\$9K	\$73K	\$303K	\$521K	\$164K	\$39K	Temporary gains eroded by post-pandemic deficits
Cash Reserves (months)	0.6	0.1	0.8	0.9	0.6	1.5	1.1	Chronically low, slight rise in FY23–FY24
Leverage Ratio	1.4	1.1	1.5	1.0	0.6	0.6	0.6	Steady decline, now stable and low

Sources: BlackRock Center for the Arts Audited Financial Statements FY18-FY24, Statements of Financial Position

## Chapter 7. The Fillmore

### Overview

The Fillmore is a 2,000-capacity live music and entertainment venue located at 8656 Colesville Road in Downtown Silver Spring. The venue was built in close partnership with Montgomery County Government, which offered Live Nation Entertainment – the world’s largest concert promoter and parent company of Ticketmaster – a no-bid deal to operate it. Live Nation opened the venue in 2011 under its Fillmore brand and modeled it to resemble the historic Fillmore music venue in San Francisco, CA.<sup>152</sup>

Because Live Nation is a for-profit corporation, it does not receive County support in the form of maintenance or utilities. It is also ineligible to receive grant funding through the Arts and Humanities Council of Montgomery County (AHCMC). However, the Fillmore did receive emergency relief funding from the County during the COVID-19 pandemic (described below).

### County Lease

The County’s lease for the Fillmore began as part of a redevelopment project by the Lee Development Group (LDG), which included plans for office space and a dedicated arts and entertainment venue. In 2008, the County made an agreement with LDG to set aside part of the property for this purpose, with LDG making the necessary improvements. The County selected Live Nation Entertainment, Inc. (then Live Nation Worldwide, Inc.) to operate the venue because of its proven expertise in managing and promoting live entertainment.<sup>153</sup>

**Lease term:** The initial lease term, entered into on January 17, 2008, is for twenty years from the commencement of operations, with the option to renew for two consecutive 5-year terms. The Fillmore began operations in 2011.

**Rent:** The lease requires Live Nation to pay the County base annual rent in monthly installments, according to the following schedule:

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<sup>152</sup> [Fillmore Silver Spring: The End of the World as We Know It? - Washington City Paper](#); [Information | Fillmore Silver Spring | Silver Spring, Maryland](#)

<sup>153</sup> Lease Agreement between Montgomery County, Maryland and Live Nation Worldwide, Inc., January 17, 2008.

**Table 36. The Fillmore Rent Schedule**

<b>Years</b>	<b>Annual Rent</b>	<b>Monthly Rent</b>
1 through 5	\$90,000.00	\$7,500.00
6 through 10	\$96,750.00	\$8,062.50
11 through 15	\$104,006.25	\$8,667.19
16 through 20	\$111,806.72	\$9,317.23
21 through 25*	\$120,192.22	\$10,016.02
26 through 30*	\$129,206.64	\$10,767.22

Source: Lease Agreement between Montgomery County, Maryland and Live Nation Worldwide, Inc., January 17, 2008

\* If Live Nation exercises the renewal term.

**Use of the Venue by Montgomery County:** The County may use the Fillmore for up to three one-day or one-evening events each calendar year without paying rent or a usage fee. However, the County is responsible for covering any actual costs the venue incurs to support these events. These costs may include services like janitorial work, cleanup, security, crowd and traffic control, and setup or teardown, all billed at standard rates. While the County can choose to prohibit alcohol sales during its events, the Fillmore maintains exclusive rights to run all concessions and food and beverage sales and keeps all proceeds.

In addition, the County can refer up to three nonprofit or charitable organizations each year to host one-day or one-evening events at the venue. These groups are also responsible for reimbursing the Fillmore for any actual costs, under the same terms as County use.

The County also has access to discounted use of the venue for up to 30 County-sponsored or community events each year. For the first 20 of these, the rental fee is the lower of \$3,000 or 20% of the current standard rental rate (not including operating costs). For the next 10 events, the fee is the lower of \$3,000 or 40% of the standard rate. If the County needs to use the venue more than 30 times in a year, each additional use will be charged a flat rate of \$3,000. All other cost-sharing rules that apply to free or charitable events also apply here.

Fillmore staff reported that the County does make use of its event access at the venue, but in ways that vary from what is stated in the lease. For example, the venue regularly hosts discounted events for Montgomery County high schools, including about three to four proms each year for schools like Winston Churchill, Northwood, and Wootton. These events are arranged directly by the schools.

Additional community uses are sometimes approved through a Community Use Application process, which is available on the County's website and managed by the Silver Spring Regional Services Office.

*Ticket Programs and Community Engagement:* The lease also requires the following from Fillmore and Live Nation:

- Provide the County with **six complimentary tickets** for every event that is open to the general public;
- Host a **Community Needs Auction** to raise funds to support community needs.<sup>154</sup> Fillmore staff reported that the organization has not hosted this auction in recent years. However, the venue supports nonprofit and charitable events such as *Rock and Roll for Children*, which has been held at the Fillmore annually for nearly a decade,<sup>155</sup> and *Construction Rocks*,<sup>156</sup> among other occasional fundraisers. The Fillmore also partners with the Greater Silver Spring Chamber of Commerce for special events.
- Make an **annual donation** of \$30,000 to the Celebrate Downtown Silver Spring Foundation. While this organization is not listed in the IRS's most recent list of tax-exempt organizations,<sup>157</sup> Fillmore staff reported that they continue to make this annual donation directly to the County.
- Finally, the lease requires the Fillmore to **meet with the County** periodically to discuss community impact and related issues. Staff reported that while they do not have regular formal meetings with the County, they do participate in several community meetings along with representatives from County Government, as well as the Greater Silver Spring Chamber of Commerce.

Fillmore staff also regularly interface with the Montgomery County Police Department (MCPD) to coordinate security for events, as well as at the Silver Spring Urban District and Regional Services Office on issues related to Downtown Silver Spring.

## County Spending

As noted above, unlike the other nonprofit arts and humanities organizations that operate County-owned venues discussed in Part 3, the Fillmore does not receive financial support from the County. However, in fiscal year 2021, it did receive \$600,000 in emergency relief funding from the County during the COVID-19 pandemic in the form of a Tourism Stabilization Grant.<sup>158</sup>

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<sup>154</sup> The lease specifies that for each headlining act at the Fillmore, Live Nation must request that one or more performers autograph two pieces of memorabilia. These memorabilia are to be later auctioned off at the Community Needs Auction. All net proceeds are to be delivered to the County to support community needs.

<sup>155</sup> [Rock and Roll for Children | Since 2004, our signature annual concert featuring legendary musicians from across the globe has raised nearly \\$1,000,000 for children \(and parents\) in need.](#)

<sup>156</sup> [Construction Rocks!](#)

<sup>157</sup> [Celebrate Downtown Silver Spring Foundation Inc - Nonprofit Explorer - ProPublica](#)

<sup>158</sup> [SpendingMontgomery](#)

## Finances and Operations

Each Live Nation venue manages its own finances, which are then reported to the parent corporation. Although OLO was unable to obtain detailed financial records for the Fillmore, it gathered general insights into the venue's operations since the pandemic through staff interviews.

The COVID-19 pandemic had a significant impact on the Fillmore's operations. In July 2020, Live Nation furloughed nearly all staff, with only the General Manager remaining. Of the approximately 8 to 10 full-time employees at the venue, only about 60% returned when operations resumed in June 2021. Many staff members found other employment during the shutdown. Upon reopening, the team conducted a deep cleaning and gradually ramped up operations.

Despite these challenges, the Fillmore has rebounded strongly and is now on track to meet or exceed its pre-pandemic performance levels. Following reopening, there was an initial surge in demand for live entertainment, which has since stabilized. Programming has not only returned to normal but has expanded in both variety and volume, drawing a broader and more diverse audience. With a capacity of about 2,000, the venue continues to host a wide range of shows across genres and audience demographics.

## Chapter 8. Imagination Stage

### Overview

Imagination Stage is a performing arts theater that serves young people of all abilities. Located at 4908 Auburn Avenue in Bethesda, the theater occupies a County-owned space within the Auburn-Del Ray public parking garage. Each year, the organization reaches over 100,000 children and their families through large-scale, professional theater productions, and offers over 350 theater and arts education classes as well as a wide range of in-school residencies throughout the County.<sup>159</sup>

Imagination Stage, Inc. operates an affiliate organization – Imagination Stage of Washington, D.C. – which provides similar programming to children and youth in the District of Columbia.<sup>160</sup>

*Demographic data:* Imagination Stage does not regularly collect demographic information about their ticket buyers. However, according to information provided to the Arts and Humanities Council of Montgomery County (AHC MC), the organization reports the following about the communities it serves:<sup>161</sup>

- The majority (63%) of its program participants live in Montgomery County;
- Through a partnership with Montgomery County Public Schools (MCPS), it serves all 3rd graders in Title I elementary schools, where 75% of participants identify as Black, Indigenous, and Other People of Color (BIPOC);
- It offers Theatre for Change (TFC) programming to youth in community centers and juvenile detention centers across D.C., Maryland, and Virginia. Most of these youth identify as BIPOC;
- It supports children of all abilities through inclusive camps, classes, and sensory-friendly performances, and has taken steps to create a welcoming environment for LGBTQIA+ youth; and
- Its programming extends beyond Montgomery County, reaching all eight Wards of Washington, DC, Prince George’s County, and other Maryland counties such as Wicomico and Frederick.

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<sup>159</sup> Imagination Stage, Inc. and Affiliate, Consolidated Financial Statements and Independent Auditor’s Report, August 31, 2023, and 2022.

<sup>160</sup> Imagination Stage, Inc.’s financial statements, referenced later in this chapter, include the accounts of both Imagination Stage MD and Imagination Stage DC.

<sup>161</sup> Imagination Stage FY25-26 GOS II Application Narrative provided by AHC MC.



Imagination Stage is governed by a 25-member board, and it has a staff of around 50. Demographic data shows that:<sup>162</sup>

- Fifty-two percent of board members are White, and 48% are Black, Indigenous, and Other People of Color (BIPOC);
- Eighty-six percent of the organization's senior staff are White, and 14% are BIPOC; and
- Sixty-eight percent of the organization's general staff are White, and 32% are BIPOC.

## County Lease

The Imagination Stage facility is co-located with the County-owned Auburn-Del Ray public parking garage in Bethesda's Woodmont Triangle neighborhood. Constructed by the County in 2002, the garage was intentionally designed to include space for cultural or arts use. The County selected Imagination Stage as its nonprofit partner to lease and operate that dedicated space. According to the lease, both the County and Imagination Stage shared responsibility for the overall construction project, with Imagination Stage assuming full responsibility for the design and build-out of its leased portion. In a press release announcing the public-private partnership, then County Executive Douglas M. Duncan described the project as "a wonderful example of Montgomery County's ongoing investment in the arts and in needed parking for Bethesda's thriving downtown."<sup>163</sup>

Imagination Stage's leased space occupies 37,400 square feet on the garage's ground level and includes two professional theaters, classrooms, studios, a gallery, and administrative offices.<sup>164</sup>

**Lease Term and Renewals:** The County's lease with Imagination Stage, dated February 22, 2002, has an initial term of 30 years starting in 2003. Imagination Stage may extend the lease term by four additional five-year terms.<sup>165</sup>

**Rent and Adjustments:** Under the lease, Imagination Stage was initially required to pay an annual base rent of \$40,000, divided into equal monthly installments. After the first six years, the rent began increasing annually by either the Consumer Price Index (CPI) or 2.5%, whichever was lower.<sup>166</sup>

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<sup>162</sup> Demographic data on grantee organizations' leadership and staff as reported in Imagination Stage's FY25-26 General Operating Support II application. Provided by AHCMC.

<sup>163</sup> "New Parking Garage Opens in Bethesda; Will Encourage Greater Use of Transit," [Press Release](#), Montgomery County Government, November 18, 2002.

<sup>164</sup> [New Parking Garage Opens in Bethesda; Will Encourage Greater Use of Transit; Rent Our Spaces - Imagination Stage](#)

<sup>165</sup> Space Lease Agreement between Montgomery County, Maryland and Imagination Stage, Inc., February 22, 2002; Imagination Stage, Inc. and Affiliate, Consolidated Financial Statements and Independent Auditor's Report, August 31, 2023, and 2022.

<sup>166</sup> Rent payments go into the County's General Fund.

County Maintenance Responsibilities: The lease outlines the responsibilities assigned to the County and Imagination Stage for repairs and maintenance of the facility. The responsibilities are divided as follows:

- The County is responsible for maintaining and keeping the **public parking garage structure** in good repair, including:
  - Footings and foundations;
  - Roof;
  - Walls;
  - Windows;
  - Floor slabs and ramps;
  - Garage elevators and stairs;
  - Electrical system;
  - Drainage system;
  - Heating and ventilation system; and
  - All repairs and replacements to Imagination Stage's façade.
- Imagination Stage is responsible for all maintenance and repair of **its leased premises**, including:
  - The exterior walkway connecting Auburn and Del Ray Avenues; and
  - The waterproof membrane within the concrete floor slabs protecting its leased space.

In conversations with OLO, Imagination Stage staff expressed a need for clearer guidance on the division of maintenance responsibilities outlined in the lease agreement. They explained that, in practice, these responsibilities are often based on historical precedent rather than clearly defined documentation, making it difficult to determine where the County's obligations end and the theater's begin. This lack of clarity has caused challenges, such as during a recent fire code inspection by Fire and Rescue Services (FRS). Although the theater's fire alarms are compliant, the garage's system – which is connected to the theater's – requires rewiring through the theater's panel. Staff noted that they may be expected to absorb some of the associated costs, despite the unclear delineation of responsibility. They also pointed out that access to the theater's chiller area is limited and shared with the garage, further complicating questions of ownership and maintenance.

While Imagination Stage has not had formal or coordinated discussions with the appropriate County representatives – partly due to recent leadership transitions – they are eager to reset communication and identify a designated point of contact within the County. Staff emphasized their appreciation for the County's support and expressed interest in strengthening collaboration to improve maintenance coordination and overall partnership.

Utility Payments: The original lease specifies that the public parking garage and Imagination Stage’s leased space must be separately metered for all utilities, with each party responsible for paying its own utility charges.<sup>167</sup> However, as discussed in Part 1, Chapter 4, the County began covering Imagination Stage’s utility costs in 2017, following the adoption of a policy to provide this support for all nonprofit arts and humanities organizations operating in County-owned facilities.

County-Use of Facility: Unlike other lease agreements with arts and humanities organizations, the County does not require Imagination Stage to provide free use of its facilities to the County or the broader community.

## County Spending

Between FY18 and FY24, Montgomery County provided **approximately \$4.3 million in support** to Imagination Stage, an average of approximately \$616,000 a year. This funding falls into several categories, summarized in the table below:

1. **Grants from the Arts and Humanities Council of Montgomery County (AHCMC):** Half (51%) of the County’s support came in the form of grants from AHCMC. These included General Operating Support, Advancement, Capital Improvement Project,<sup>168</sup> and COVID-19 Relief Fund grants.
2. **Cost Sharing Capital Grants:** In FY20, Imagination Stage secured capital funding from the County to repair its HVAC system and replace damaged flooring. This funding represents 1% of total County support.
3. **Non-Competitive Contracts:** As described in Part 2, Chapter 6, the County’s Department of Health and Human Services has contracted with Imagination Stage since FY22 to deliver bilingual, culturally responsive recreational programs with a mental health focus. Between FY22 and FY24, the County paid the organization \$409,050 for these services, representing 9% of its total support.
4. **Community Grants:** In FY24, the organization received a Community Grant to provide arts programming in under-resourced areas of the County. This support represents 2% of County support.
5. **In-Kind Utilities:** A quarter (25%) of the County’s support, or approximately \$1 million, came from utility payments. Each year, the County spent an average of \$154K on utilities for Imagination Stage. These expenses were reported to OLO by the Department of General Services (DGS).

<sup>167</sup> Space Lease Agreement between Montgomery County, Maryland and Imagination Stage, Inc., February 22, 2002, pg. 10.

<sup>168</sup> FY20 was the last year that AHCMC administered Capital Improvement Project Grants.

6. **Other COVID-19 Relief Funding:** Imagination Stage also received an additional \$505,000 in relief funding through a Tourism Stabilization Grant, and a Reopen Montgomery Grant in response to the pandemic. These funds were administered by other County departments and were separate from the AHCMC COVID-19 Relief grants. This emergency funding accounted for approximately 12% of the total County support.

**Table 37. Sources of County Support for Imagination Stage, FY18-FY24**

Fiscal Year	AHCMC Grants (all)*	Cost Sharing Capital Grants	Contracts	Comm. Grants	In-kind Utilities	Tour. Stab. Grant	Reopen Mont. Grant	Total
FY18	\$301,957				\$146,336			\$448,293
FY19	\$295,997				\$146,783			\$442,780
FY20	\$306,704	\$41,150			\$114,556			\$462,410
FY21	\$369,471				\$99,525	\$500,000	\$5,000	\$973,996
FY22	\$279,731		\$135,000		\$155,107			\$569,838
FY23	\$346,342		\$135,000		\$208,571			\$689,913
FY24	\$303,248		\$139,050	\$71,092	\$208,478			\$721,868
<b>Total</b>	<b>\$2,203,450</b>	<b>\$41,150</b>	<b>\$409,050</b>	<b>\$71,092</b>	<b>\$1,079,355</b>	<b>\$500,000</b>	<b>\$5,000</b>	<b>\$4,309,097</b>
% of Total	51%	1%	9%	2%	25%	12%	0.1%	100%

\*Includes COVID-19 Relief Fund grants

Sources: AHCMC, DGS, Spending Montgomery; FY25 Approved Capital Budget and FY25-30 CIP; FY26 Recommended CIP; Cost Sharing: MCG (P720601); Montgomery County Government Operating Budget Resolutions, Fiscal Years 2018 through 2026.

**Donated Utilities:** Imagination Stage reports County-paid utility costs as contributions of non-financial assets, also known as in-kind contributions, in its annual financial statements. These reported values are not based on the figures provided in the table above, which OLO obtained from DGS. Instead, they reflect Imagination Stage’s estimates of the fair value of the utilities at the time they were received. For the fiscal year ending August 31, 2023, the organization recognized \$208,730 in donated utilities.

DGS notes that it provides details on County Government’s supplemental support for rent and/or utilities to arts facilities upon request.

## Financial Trends

OLO obtained financial information about Imagination Stage by reviewing its audited financial statements for fiscal years 2018 through 2023, and through additional information provided by the organization. Tables 38-40 on pages 121-123 summarize Imagination Stage’s revenues and expenses from FY18 to FY23, including the percentage of revenue from County sources, as well as key financial health metrics. *Note: OLO did not obtain audited financial data for fiscal year 2024.*

**Summary:** Between FY18 and FY23, Imagination Stage experienced significant financial volatility due to the COVID-19 pandemic. The organization saw a sharp drop in revenue from ticket sales and classes during the pandemic but has since made a strong recovery, especially in tuition income. However, overall fundraising has become more challenging and rising costs have led to recent budget shortfalls. Despite these pressures, Imagination Stage has shown fiscal resilience and continues to benefit from steady support from Montgomery County, which has been an important source of funding during uncertain times.

**Trends in Revenues:** The COVID-19 pandemic brought all in-person programming at Imagination Stage to a halt. In response, the theater shifted to limited online offerings and significantly reduced its overall programming. This disruption was reflected in earned revenue: as shown in Table 38, performance fees and ticket income dropped from \$929,367 in FY19 to just \$47,274 in FY21. Although ticket revenue has since rebounded to \$696,510 in FY23, Imagination Stage report that audience behavior has shifted. Patrons are now more likely to purchase tickets at the last minute, making revenue forecasting more difficult. Tuition revenue, another major income stream, also declined during the pandemic but has since recovered, reaching \$1.95 million in FY23 – its highest level in the six-year period.

Like many arts organizations, Imagination Stage relied heavily on philanthropic giving during the pandemic, but that support has begun to decline. Staff note that individual donors are experiencing financial strain, and corporate sponsorships remain uncertain as companies reassess their giving strategies. As a result, contributed income dropped from 67% of total revenue in FY21 to 44% in FY23. At the same time, rising production costs have placed additional pressure on the organization's finances. Total expenses increased from \$3.87 million in FY21 to \$6.47 million in FY23, contributing to a deficit of \$728,223 in FY23, despite a temporary surplus in FY21 driven by pandemic-related relief and debt forgiveness.

Support from Montgomery County Government has played a substantial role in sustaining the organization. As shown in Table 39, County funding accounted for 13% of total revenue in FY20 and 17% in FY21, during the height of the pandemic. Imagination Stage also receives annual support from the Maryland State Arts Council (MSAC), though this funding has declined in recent years. MSAC grants accounted for 10% of revenue in FY20 but just 5% in FY23. Additionally, a \$51,000 federal grant from the National Endowment for the Arts (NEA) was canceled. Although the organization was ultimately able to claim the funds, staff remain concerned about a potential claw back.

In response to these ongoing financial pressures, Imagination Stage is pursuing long-term sustainability strategies. The organization has launched a \$6 million capital campaign to support building improvements, strengthen operations, and establish an endowment. It also continues to maintain strong partnerships with the County, particularly through contracts with Montgomery County Public Schools (MCPS) that bring arts programming to Title I schools. *Note: OLO does not include information about MCPS contracts with arts and humanities organizations in this report, as it falls outside the report's manageable scope.*

## **Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues**

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***Financial Health:*** Table 40 presents Imagination Stage’s key financial health metrics from FY18 to FY23. These indicators reflect the organization’s ability to meet short-term obligations, manage liquidity, and sustain operations over time.

The indicators illustrate Imagination Stage’s resilience through the pandemic and its ongoing efforts to stabilize operations. The Current Ratio, which measures the organization’s ability to meet short-term obligations, declined from 2.5 in FY18 to 1.0 in FY20, indicating tight liquidity during the early pandemic period. After rebounding to 6.6 in FY22, the Current Ratio has settled at a healthy level of 2.4 in FY23.

Working Capital followed a similar trajectory. After falling to a deficit of \$32,000 in FY20, it rose to \$2.6 million in FY22. However, it had declined to \$1.8 million by FY23.

Cash Reserves, measured in months of operating expenses, also fluctuated significantly. The organization had just 0.2 months of reserves in FY19, but this grew to 8.4 months in FY21. However, reserves declined again to 1.4 months in FY23, indicating renewed financial pressure.

The Leverage Ratio, which reflects the proportion of debt to assets, remained low and stable throughout the period, ranging from 0.1 to 0.2. This suggests that Imagination Stage has maintained a conservative approach to borrowing and has not relied heavily on debt to finance operations.

Table 38. Imagination Stage – Revenues and Expenses, FY18-FY23 (nominal dollars)

Source	FY18	FY19	FY20	FY21	FY22	FY23
<b>Revenues</b>						
Tuition	\$1,665,818	\$1,671,200	\$927,668	\$1,094,586	\$1,653,004	\$1,954,410
Performance Fees and Tickets	\$1,121,680	\$929,367	\$648,566	\$47,274	\$401,363	\$696,510
Workshops and Contracts	\$28,186	\$56,488	\$21,651	\$69,864	\$153,977	\$361,766
Merchandise	\$98,086	\$3,971				
Rental Income		\$81,721	\$53,423	\$830	\$20,225	\$40,477
% from Earned Income	57%	58%	47%	22%	41%	53%
Contributions and Grants	\$1,902,264	\$1,735,891	\$1,232,722	\$3,564,563	\$1,281,173	\$2,255,373
Federal Government Grants					\$960,836	\$62,591
In-kind Contributions	\$195,942	\$194,978	\$159,887	\$178,609	\$266,036	\$289,539
Fundraising Events		\$51,929	\$235,135		\$79,285	(\$69,388)
% from Contributed Income	41%	42%	46%	67%	48%	44%
Other	\$98,311	\$35,707	\$237,037	\$19,756	\$67,989	\$131,285
Investment income (loss), net	\$26	-\$1,312	\$20	\$7	\$1,049	\$21,682
Forgiveness of debt				\$622,951	\$535,784	
% from Other Income	2%	1%	7%	11%	11%	3%
<b>Total Revenue</b>	<b>\$5,110,313</b>	<b>\$4,759,940</b>	<b>\$3,516,109</b>	<b>\$5,598,440</b>	<b>\$5,420,721</b>	<b>\$5,744,245</b>
<b>Expenses</b>						
Program Services	\$4,259,477	\$4,108,249	\$2,984,239	\$2,356,394	\$3,597,794	\$5,017,620
% from Program Services	74%	71%	65%	61%	70%	78%
Fundraising	\$527,678	\$340,625	\$332,827	\$492,781	\$397,326	\$350,743
Management and general	\$614,665	\$679,407	\$813,758	\$584,871	\$715,498	\$663,418
% from Supporting Services	20%	18%	25%	28%	22%	16%
Interest expense	\$3,927	\$74,371	\$0			
Depreciation and amortization	\$386,785	\$440,117	\$426,983	\$437,038	\$439,596	\$440,687

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

Source	FY18	FY19	FY20	FY21	FY22	FY23
Loss on disposal of assets		\$163,385				
% Other Services	7%	12%	9%	11%	9%	7%
<b>Total Expenses</b>	<b>\$5,792,532</b>	<b>\$5,806,154</b>	<b>\$4,557,807</b>	<b>\$3,871,084</b>	<b>\$5,150,214</b>	<b>\$6,472,468</b>
<b>Net (Deficit) Income</b>	<b>(\$682,219)</b>	<b>(\$1,046,214)</b>	<b>(\$1,041,698)</b>	<b>\$1,727,356</b>	<b>\$270,507</b>	<b>(\$728,223)</b>

Source: Imagination Stage, Inc. Audited Financial Statements FY18-FY24, Statements of Activities

**Table 39. Imagination Stage – Revenues from Government Sources, FY18-FY23 (nominal dollars)**

	FY18	FY19	FY20	FY21	FY22	FY23
<b>TOTAL REVENUE</b>	<b>\$5,110,313</b>	<b>\$4,759,940</b>	<b>\$3,516,109</b>	<b>\$5,598,440</b>	<b>\$5,420,721</b>	<b>\$5,744,245</b>
<b>Montgomery County</b>						
% from AHCMC Grants*	6%	6%	9%	5%	5%	5%
% Cost Sharing Capital Grants	0%	0%	1%	0%	0%	0%
% from Utilities	3%	3%	3%	2%	3%	4%
% from COVID Relief Grants <sup>+</sup>	0%	0%	0%	11%	0%	1%
<b>% from County Sources</b>	<b>9%</b>	<b>9%</b>	<b>13%</b>	<b>17%</b>	<b>8%</b>	<b>10%</b>
<b>State</b>						
% from MSAC Grants	8%	8%	10%	5%	5%	5%
<b>% from State Sources</b>	<b>8%</b>	<b>8%</b>	<b>10%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>

Sources: AHCMC; DGS; Imagination Stage, Inc. Audited Financial Statements FY18-FY24, Statements of Activities; Maryland State Arts Council; FY25 Approved Capital Budget and FY25-30 CIP; FY26 Recommended CIP; Cost Sharing: MCG (P720601); Montgomery County Government Operating Budget Resolutions, Fiscal Years 2018 through 2026.

\* Includes GOS II, Advancement, and Capital Improvement grants.

§ Percentages based on utility expenditures provided by the Department of General Services (DGS).

<sup>+</sup> Includes AHCMC Covid Relief, Tourism Stabilization, and Reopen Montgomery grants.



**Table 40. Imagination Stage – Financial Health Metrics, FY18-FY23**

Metric	FY18	FY19	FY20	FY21	FY22	FY23	Trend
Current Ratio	2.5	1.5	1.0	3.8	6.6	2.4	Has stabilized to a healthy level
Working Capital	\$1.3M	\$437K	(\$32K)	\$2.4M	\$2.6M	\$1.8M	Fluctuating over time
Cash Reserves (months)	1.5	0.2	1.6	8.4	6.2	1.4	Peaked, then declined
Leverage Ratio	0.1	0.1	0.2	0.2	0.1	0.2	Consistently low

Sources: Imagination Stage, Inc. Audited Financial Statements FY18-FY24, Statements of Financial Position

## Chapter 9. Round House Theatre

### Overview

Round House Theatre is an award-winning<sup>169</sup> professional theatre company located in Bethesda, MD. The company has its origins within Montgomery County Government, starting out as an educational outreach program run by the Department of Recreation. In 1977, the company moved into the former Bushey Drive Elementary School in Silver Spring. The building was round, giving the company its name, Round House Theatre.<sup>170</sup>

In 1982, Friends of the Round House Theatre Everywhere (FORTE), a 501(c)(3) organization, was formed to provide support for the theatre, which was still a part of the County. In 1993, Round House Theatre separated from the County and became an independent nonprofit organization. In 2002, the Theatre moved into its current performance location on East West Highway in Downtown Bethesda. It also offers yearly arts education programs from of its Education Center located in Downtown Silver Spring. Until 2014, Round House also leased the County-owned Black Box Theatre in Silver Spring, which it rented out to local artists and groups when not using it for its own productions. The Theatre Consortium of Silver Spring – discussed in Chapter 11 – now occupies that space.<sup>171</sup>

Round House’s annual programming includes new plays, modern classics, and musicals. Approximately 50,000 patrons attend Round House’s productions each year, and more than 5,000 students attend theater education programs at its Education Center, in schools throughout the County, and at its Bethesda theater. In addition, the Round House’s “Free Play” program provides over 2,000 high school and college students with free tickets to regular season performances.<sup>172</sup>

**Demographic data:** Round House reports that it is working to expand and strengthen its data collection methods to better reflect the diversity of its community and track program outcomes against its equity-related goals.<sup>173</sup> Currently, demographic data on Round House’s ticket purchasers show that:<sup>174</sup>

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<sup>169</sup> According to its website, Round House Theatre has been nominated for 235 Helen Hayes Awards and has won 54.

<sup>170</sup> [Since You Asked: How Did Round House Theatre Get Its Name?](#).

<sup>171</sup> “Assessment of Needs for Performing Arts Spaces Since ‘Creative Montgomery’ the 2001 Cultural Plan,” published by AHCMC on November 20, 2009

<sup>172</sup> [Round House Theatre | About; 2024 Regular Session - Bond Bill Fact Sheet for Round House Theatre](#)

<sup>173</sup> Round House Theatre FY25-26 GOS II Application Narrative provided by AHCMC.

<sup>174</sup> Round House Theatre FY25-26 GOS II Application Narrative provided by AHCMC.

- The majority (80%) identify as White, 11% as African American, 5% as Hispanic, and 4% as Asian;
- Audiences skew significantly older, with Baby Boomers<sup>175</sup> and older generations making up over 50%, while Millennials and Gen Z together account for just under 15%; and
- Sixty percent are female.

Although comprehensive demographic data has not yet been collected, the Theatre anticipates that a more detailed analysis – including participants in its education and engagement programs – will reveal greater diversity in age, race, and ethnicity.

Round House Theatre is governed by 25 board members, and it has a staff of 33. Demographic data shows that:<sup>176</sup>

- Fifty-two percent of board members are White, and 36% are Black, Indigenous, and Other People of Color (BIPOC); and
- Sixty-four percent of the Theatre’s staff are White, and 30% are BIPOC.

## County Leases

Round House Theatre, Inc. leases four facilities located in Bethesda and Silver Spring under separate agreements with Montgomery County Government. The County rents each of the facilities to the Theatre at either a nominal rate or for free. As such, the organization accounts for each as a conditional in-kind contribution from the County. The four facilities include:<sup>177</sup>

1. **Bethesda Theatre Facility** - Round House Theatre’s 344-seat mainstage theater is located at 4545 East-West Hwy, Bethesda, MD 20814. The building was originally constructed by Chevy Chase Bank<sup>178</sup> on land now leased by 7501 Wisconsin LLC. The County holds an exclusive license to use the facility and subleases it to Round House Theatre.

**Lease Term:** The original lease term was for two years with automatic renewals up to a maximum of 65 years. In 2001, the County amended the original lease term to sixteen years.

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<sup>175</sup> People born during the “baby boom” period, generally defined as those born in the US between 1946 and 1964.

<sup>176</sup> Demographic data on grantee organizations’ leadership and staff as reported in Round House Theatre’s FY25-26 General Operating Support II application. Provided by AHCMC.

<sup>177</sup> Agreement to Transfer Exclusive Right to Use between Montgomery County, Maryland and Round House Theatre, Inc., October 31, 1999; Amendment No. 1 to Agreement to Transfer Exclusive Right to Use between Montgomery County, Maryland and Round House Theatre, Inc., September 25, 2001; Master Lease Agreement between Montgomery County, Maryland and Round House Theatre, Inc., June 21, 2004; First Amendment to Master Lease Agreement, May 5, 2015; License Agreement with Round House Theatre, Inc., May 6, 2015.

<sup>178</sup> With 7501 Wisconsin LLC as the successor owner.

Rent and Special Funds: Round House Theatre pays \$1.00 in annual rent for the use of the facility. In addition, the lease requires the organization to make annual payments into a reserve fund for repairs and maintenance (see below).

2. **Silver Spring Education Center Facility** – Montgomery County owns the Wayne Avenue Garage located at 925 Wayne Avenue in Silver Spring. The County leases a portion of this building to Round House Theatre for use as the Round House Theatre Education Center.

Lease Term: The initial lease term was for ten years starting June 2004, with automatic renewals for up to four consecutive ten-year terms. The first renewal term started on July 1, 2014.

3. **Silver Spring Civic Building** – In May 2015, Round House Theatre finalized an agreement with the County to occupy rehearsal and office space in the Silver Spring Civic Building located at 1 Veteran's Plaza.

Lease Term: The initial lease term was for two years, starting June 1, 2015. The agreement expired on May 31, 2017. Despite the expired agreement, Round House continues to operate in the facility. The County's Department of General Services (DGS) reports that while a renewal is appropriate, the County considers it a low priority since neither party anticipates changes to the agreement.

Rent: Round House Theatre pays \$1.00 annually for use of the Civic Building.

4. **Scene Shop** – The County owns a former public school site known as the Broome Middle School, located at 751 Twinbrook Parkway in Rockville. Round House Theatre occupies a warehouse space within this facility for use as a scene shop.

Lease Term: The original lease expired in 2008, at which time the County and Round House Theatre entered into a new twenty-five-year lease agreement.

Rent: Round House Theatre pays \$1.00 annually for use of the Scene Shop.

Special Funds: According to the County's lease, Round House Theatre is required to make annual payments into a reserve fund for the Bethesda Theatre Facility. The reserve fund is held in escrow by 7501 Wisconsin LLC and can only be used for repairs and improvements to the building. The agreement initially required a \$50,000 annual payment for FY17 through FY19, \$54,636 in FY20, and then 3% annual increases thereafter. However, due to the COVID-19 pandemic, the Theatre did not make a contribution to the fund in FY21 and made annual payments of \$50,000 for FY22 through FY24. The balance in the reserve fund was \$588,223 as of June 30, 2024, and \$622,124 as of June 30, 2025.<sup>179</sup>

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<sup>179</sup> Round House Theatre, Inc. Notes to Financial Statements, FY18 through FY24 and updated data from Round House Theatre.

Round House staff report that the Theatre has never withdrawn money from the reserve fund to pay for repairs or improvements.

**County Maintenance and Facilities Responsibilities:** The table below outlines how responsibilities for the four leased spaces are divided between the County and Round House Theatre. While the leases for the Education Center and Civic Building specify that the County is responsible for general maintenance and repairs, DGS has not provided maintenance cost data for the spaces Round House occupies in either facility. (Maintenance and utility cost data are reported below, and discussed in Part 1, Chapter 4).

**Table 41. Distribution of Maintenance and Facilities Responsibilities for Round House Theatre**

Responsibilities	Bethesda Theatre	Education Center	Civic Building	Scene Shop (Broome MS)
<b>Montgomery County pays for:</b>				
Maintenance*		✓	✓	✓
Utilities (electric, water)		✓	✓	✓
Cleaning (shared spaces)			✓	
Cleaning of Round House spaces		✓		
Trash/recycling		✓	✓	✓
Security		✓	✓	
<b>Round House Theatre pays for:</b>				
Maintenance	✓			
Utilities (electric, water)	✓			
Internet and phone	✓	✓	✓	✓
Cleaning of Round House spaces	✓		✓	✓
Trash/recycling	✓			
Security	✓			

Source: Data from Round House Theatre and DGS;

\*The County's leases with Round House Theatre for the Education Center and Civic Building state that the County will provide general maintenance and repair services at both buildings. However, data provided by DGS does not include maintenance costs for either facility.

**County-Use of Facility and Other Considerations:** The County's agreement with Round House for the Bethesda Theatre does not include any provisions for County use of the facility. The lease for the Education Center, however, allows the County to use the space for public meetings or events at no cost, up to four days per year. The County is responsible for coordination, staffing, set-up, and cleaning

for these events. According to Round House staff, the County has not exercised this option in recent years.

### County Spending

Between FY18 and FY24, Montgomery County provided **approximately \$3.1 million in support** to Round House Theatre, an average of \$447K a year. This funding falls into four primary categories, as summarized in the table below:

1. **Grants from the Arts and Humanities Council of Montgomery County (AHCMC):** A little over half of the County's support – about \$2.3 million, or 52% – was allocated as AHCMC grants. These included General Operating Support, Advancement, Capital Improvement Project<sup>180</sup>, and COVID-19 Relief Fund grants.
2. **Cost Sharing Capital Grants:** Approximately 30% of the County's support – about \$1.3 million – was provided through grants that matched State funding for capital projects. In 2017, Round House Theatre launched a multi-year, multi-million dollar fundraising campaign that included the renovation of the Bethesda Theatre, supported by County Cost Sharing capital funds over several years. In FY24, the Theatre also received a Cost Sharing capital grant to help fund the acquisition of a new scene shop.
3. **In-Kind Utilities and Maintenance:** Six percent of the County's support, or approximately \$277K, came from utility and maintenance payments. Each year, the County spent an average of \$22K on utilities and \$18K on maintenance for Round House's leased spaces.
4. **Other COVID-19 Relief Funding:** In response to the pandemic, Round House Theatre received an additional \$514,325 in relief funding through a Public Health Emergency Grant, a Tourism Stabilization Grant, and a Reopen Montgomery Grant. These funds were administered by other County departments and were separate from the AHCMC COVID-19 Relief grants. This emergency funding accounted for approximately 11% of the total County support.

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<sup>180</sup> FY20 was the last year that AHCMC administered Capital Improvement Project Grants.

**Table 42. Sources of County Support for Round House Theatre, Inc., FY18-FY24**

Fiscal Year	AHCMC Grants (all)*	Cost Sharing Capital Grants	In-kind Maint.^	In-kind Utilities^	Public Health Emerg. Grant	Tour. Stab. Grant	Reopen Mont. Grant	Total
FY18	\$372,612		\$17,141	\$26,679				\$416,432
FY19	\$455,740	\$500,000	\$13,874	\$22,465				\$992,079
FY20	\$302,554	\$250,000	\$11,229	\$18,377	\$10,000			\$592,160
FY21	\$334,620	\$250,000	\$20,273	\$17,096		\$500,000	\$4,325	\$1,126,314
FY22	\$234,620	\$250,000	\$26,595	\$19,595				\$530,810
FY23	\$356,271		\$18,559	\$23,830				\$398,660
FY24	\$280,843	\$94,080	\$17,706	\$23,964				\$416,593
<b>Total</b>	<b>\$2,337,260</b>	<b>\$1,344,080</b>	<b>\$125,376</b>	<b>\$152,007</b>	<b>\$10,000</b>	<b>\$500,000</b>	<b>\$4,325</b>	<b>\$4,473,048</b>
% of Total	52%	30%	3%	3%	0.2%	11%	0.1%	100%

\*Includes COVID-19 Relief Fund grants

^Maintenance costs are only for the Scene Shop. Utilities costs are only for the Education Center, the Civic Building, and Scene Shop.

Sources: AHCMC, DGS, Spending Montgomery

**Donated Facilities:** As noted earlier, Round House Theatre accounts for its leased spaces as conditional in-kind contributions from the County. According to its audited financial statements, the Theatre estimates the value of these contributions based on the fair market value of comparable spaces. For the fiscal year ending June 30, 2024, Round House Theatre reported a total of \$1,116,849 in both in-kind facilities support and corresponding in-kind facilities expense, allocated as follows:<sup>181</sup>

- Bethesda Theatre: \$684,958;
- Silver Spring Education Center: \$208,528;
- Silver Spring Civic Building: \$122,978; and
- Scene Shop: \$100,385

DGS notes that it provides details on County Government's supplemental support for rent and/or utilities to arts facilities upon request.

<sup>181</sup> Round House Theatre, Inc. Audited Financial Statements, Fiscal Year 2024

## Financial Trends

OLO obtained financial information about Round House Theatre by reviewing the organization's audited financial statements for fiscal years 2018 through 2024, and through additional information provided by the organization. Tables 43-45 on pages 132-134 summarize Round House Theatre's revenues and expenses from FY18 to FY24, including the percentage of revenue from County sources, as well as key financial health metrics.

**Summary:** Round House Theatre's financial trends reflect a gradual recovery following the pandemic. After a period of strong growth and a major capital campaign, the organization faced significant disruptions in revenue and operations due to COVID-19. Strategic pivots, use of reserves, and donor support helped sustain programming during this time. While operations have stabilized, the Theatre continues to face challenges including donor fatigue, flat foundation and corporate support, and limited cash reserves. Sustained recovery will depend on rebuilding liquidity, diversifying revenue, and navigating shifts in public arts funding.

**Trends in Revenues:** Round House Theatre was in a strong financial position just before the pandemic. In August 2019, it reopened after an eight-month renovation – part of a broader \$12 million capital campaign, of which \$10 million had already been raised. However, the pandemic abruptly halted the organization's fundraising momentum and delayed the launch of a planned rental business intended to generate revenue from the newly upgraded facility. Staff observed that the organization was well positioned to respond to these setbacks. A new strategic planning process in early 2020 had aligned the staff and board around its mission of being a "Theatre for Everyone," enabling the organization to quickly and strategically pivot operations once in-person programming was shut down. For example, they launched a 10-part video series to support actors whose contracts were canceled, commissioned new work from playwrights, and maintained audience engagement through virtual programming.

Initially, Round House avoided drawing from its board-designated reserve fund, but the prolonged financial impact of the pandemic forced the Theatre to redirect some capital campaign funds to support programming and keep on the books a construction loan they had planned to pay off. As audiences returned slowly and unpredictably, the Theatre used reserves to cover operating costs in FY22 and FY23, while also managing rising production costs, union contract renegotiations, and industry-wide demands for fairer pay. Although popular shows sold out, smaller productions struggled, making revenue forecasting difficult post-pandemic. However, staff observed that audience engagement has begun to slowly rebound over the past 18 months.

**Revenue Sources:** Round House Theatre's operations are now stabilizing. The organization posted an operating surplus in FY24 (see Table 43) and anticipates similar results in FY25 and FY26. Individual donors have been especially generous, helping rebuild board-restricted cash reserves and contributing to a record-breaking gala. Staff attribute this success to strong messaging around equity, inclusion,



diversity, and accessibility – values that resonate with supporters. However, staff noted that donor fatigue is a growing concern, and that this level of giving may not be sustainable long-term.

Round House staff also report that the Theatre’s overall cash position remains weaker than before the pandemic, and that other funding sources remain challenging. Foundation support has largely remained flat, corporate sponsorships are difficult to secure in the Washington region, and federal arts funding remains modest. Round House continues to receive consistent support from MSAC and the AHCMC (see Table 44), but both agencies are shifting their funding strategies to diversify their portfolios. While Round House supports the goal of greater equity in arts funding, its leadership is concerned that the current approach – reducing support for larger organizations to boost smaller ones – is too blunt and overlooks the interconnected nature of the arts ecosystem, where larger institutions often employ artists and technicians who also work with smaller groups. Round House advocates for increasing the overall pool of public arts funding to allow broader distribution without diminishing resources for major institutions. Staff appreciate that MSAC and AHCMC have provided forecasts of expected funding reductions, which has helped with planning.

***Financial Health:*** Table 45 presents Round House Theatre’s key financial health metrics from FY18 to FY24. These indicators reflect the organization’s ability to meet short-term obligations, manage liquidity, and sustain operations over time.

Round House Theatre’s financial metrics reflect both the lasting impact of the pandemic and the organization’s efforts to stabilize. The Theatre entered the pandemic with strong liquidity – posting a Current Ratio of 3.9 and over \$4 million in working capital in FY19 – but these indicators have steadily declined. By FY24, the Current Ratio had dropped to 0.5 and working capital to negative \$2.1 million, suggesting shrinking capacity to meet short-term obligations. Cash reserves have also remained low, hovering below one month of expenses since FY22, which leaves the organization vulnerable to financial disruptions. However, as noted in the organization’s financial audit, the Theatre may draw upon a board-designated liquidity fund and a \$200,000 line of credit in the event of an unanticipated liquidity need.<sup>182</sup>

Round House has maintained a moderate and stable leverage ratio of 0.5, indicating a manageable level of debt. While not excessive, the steady leverage level – combined with declining liquidity – suggests that Round House may have limited flexibility to take on additional debt without increasing financial risk.

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<sup>182</sup> Round House Theatre, Inc., Note 14 - Audited Financial Statements, Fiscal Year 2024

**Table 43. Round House Theatre, Inc. – Revenues and Expenses, FY18-FY24 (nominal dollars)**

Source	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Revenues</b>							
Ticket sales and performances	\$1,692,939	\$1,313,070	\$1,055,771	\$239,627	\$538,940	\$2,434,758	\$1,829,584
Tuition	\$296,303	\$319,633	\$311,982	\$113,221	\$217,442	\$316,218	\$430,015
Rental income	\$47,484	\$36,334	\$45,713	\$400	\$13,921	\$18,674	\$25,333
Concessions and product sales	\$40,286	\$178,145	\$525,640	\$38,754	\$69,186	\$146,092	\$145,299
% from Earned Income	23%	25%	29%	6%	15%	36%	26%
Contributions and grants	\$1,558,916	\$1,550,341	\$2,542,624	\$3,171,572	\$1,631,161	\$2,254,160	\$4,716,409
Full Circle Campaign contributions	\$3,696,032	\$2,419,652	\$746,632	\$1,763,950			
Government grants					\$1,716,615	\$1,226,487	\$695,857
In-kind facilities, services and materials	\$1,136,520	\$1,164,874	\$1,132,864	\$1,118,349	\$1,130,966	\$1,125,459	\$1,116,849
Special events	\$326,008	\$449,257	\$286,417	\$0	\$228,423	\$398,217	\$505,118
% from Contributed Income	76%	75%	71%	91%	86%	63%	74%
Investment income, net	\$49,256	\$47,644	\$240	\$225,532	(\$75,837)	\$83,947	\$3,634
% from Other Income	1%	1%	0%	3%	-1%	1%	0%
<b>Total Revenue</b>	<b>\$8,843,744</b>	<b>\$7,478,950</b>	<b>\$6,647,883</b>	<b>\$6,671,405</b>	<b>\$5,470,817</b>	<b>\$8,004,012</b>	<b>\$9,468,098</b>
<b>Expenses</b>							
Performance	\$3,640,501	\$3,910,249	\$4,817,789	\$3,291,818	\$5,034,354	\$6,141,565	\$6,387,350
Education	\$732,471	\$808,386	\$910,683	\$719,370	\$791,303	\$1,002,086	\$906,383
% from Program Services	73%	68%	73%	73%	75%	76%	78%
General Administrative	\$465,649	\$566,057	\$926,478	\$856,270	\$1,156,990	\$1,276,093	\$889,760
Development	\$614,821	\$708,430	\$625,886	\$483,126	\$717,873	\$854,345	\$1,152,374
Full Circle Campaign	\$510,484	\$945,417	\$603,042	\$140,976	\$103,843	\$170,401	
% from Supporting Services	27%	32%	27%	27%	25%	24%	22%

Source	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Total Expenses</b>	<b>\$5,963,926</b>	<b>\$6,938,539</b>	<b>\$7,883,878</b>	<b>\$5,491,560</b>	<b>\$7,804,363</b>	<b>\$9,444,490</b>	<b>\$9,335,867</b>
<b>Net (Deficit) Income</b>	<b>\$2,879,818</b>	<b>\$540,411</b>	<b>(\$1,235,995)</b>	<b>\$1,179,845</b>	<b>(\$2,333,546)</b>	<b>(\$1,440,478)</b>	<b>\$132,231</b>

Source: Round House Theatre, Inc. Audited Financial Statements FY18-FY24, Statements of Activities

**Table 44. Round House Theatre, Inc. – Revenues from Government Sources, FY18-FY24 (nominal dollars)**

	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>TOTAL REVENUE</b>	<b>\$8,843,744</b>	<b>\$7,478,950</b>	<b>\$6,647,883</b>	<b>\$6,671,405</b>	<b>\$5,470,817</b>	<b>\$8,004,012</b>	<b>\$9,468,098</b>
<b>Montgomery County</b>							
% from AHCMC Grants*	4%	6%	5%	4%	4%	4%	4%
% Cost Sharing Capital Grants	0%	7%	4%	4%	5%	0%	1%
% from Utilities & Maintenance <sup>§</sup>	0.5%	0.5%	0.4%	0.6%	0.8%	0.5%	0.4%
% from COVID Relief Grants <sup>+</sup>	0%	0%	0%	9%	0%	1%	0%
<b>% from County Sources</b>	<b>5%</b>	<b>13%</b>	<b>9%</b>	<b>17%</b>	<b>10%</b>	<b>5%</b>	<b>5%</b>
<b>State and Federal</b>							
% from MSAC Grants	3%	4%	5%	5%	6%	4%	4%
% from NEA Grants	0%	0%	0.2%	0.4%	0.5%	0.3%	0.3%
<b>% from State &amp; Federal Sources</b>	<b>3%</b>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	<b>4%</b>	<b>4%</b>

Sources: Data provided by Round House Theatre, Inc.; Round House Theatre, Inc. Audited Financial Statements FY18-FY24, Statements of Activities; Data provided by DGS

\* Includes GOS II, Advancement, and Capital Improvements grants.

<sup>§</sup> Percentages based on utility and maintenance expenditures provided by the Department of General Services (DGS). Does not include in-kind contributions of rent.

<sup>+</sup> Includes AHCMC Covid Relief, Tourism Stabilization, Public Health Emergency, and Reopen Montgomery grants.

Table 45. Round House Theatre, Inc. – Financial Health Metrics, FY18-FY24

Metric	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Trend
Current Ratio	3.9	3.9	0.8	2.6	2.4	1.2	0.5	Declining steadily; now below healthy levels
Working Capital	\$3.2M	\$4.2M	(\$240K)	\$1.2M	\$1.9M	\$509K	(\$2.1M)	Shifted from strong to negative, indicating liquidity strain
Cash Reserves (months)	0.5	1.7	1.5	4.3	0.6	0.6	0.7	Remain consistently low, limiting flexibility
Leverage Ratio	0.2	0.4	0.5	0.4	0.4	0.5	0.5	Stable and moderate, but with limited room for new debt

Sources: Round House Theatre, Inc. Audited Financial Statements FY18-FY24, Statements of Financial Position

## Chapter 10. Strathmore

### Overview

Strathmore is the largest arts-related property owned by Montgomery County Government (MCG). It comprises two main venues: the Mansion at Strathmore, which opened in 1983, and the Music Center at Strathmore, a 1,976-seat concert hall and education center that opened in 2005.<sup>183</sup>

The independent nonprofit Strathmore Hall Foundation (SHF) established in 1981 manages and operates the property. SHF is responsible for programming at both the Mansion and the Music Center, and also coordinates events presented by resident partners and other third-party organizations.

The Music Center's resident partners include the Baltimore Symphony Orchestra, National Philharmonic, Washington Performing Arts, City Dance, and Levine Music. These organizations use the facility for rehearsals, performances, and office space. In addition, SHF provides administrative and operational support to four affiliate partners: InterPLAY Orchestra, Young Artists of America, Annapolis Symphony Orchestra, and Baila4Life After School Dance Fund. Its primary artistic and programming partners include Montgomery County Public Schools, Boulanger Initiative, Step Afrika!, Montgomery County Department of Recreation, and Mission Belonging.<sup>184</sup>

Each year, Strathmore presents more than 300 live performances, art exhibitions, and educational events featuring over 1,500 artists. During the 2023-2024 season, the organization welcomed approximately 130,000 attendees to its ticketed events and distributed an additional 50,000 tickets free of charge.

Through its BLOOM Access Initiative, SHF partners with numerous community organizations and County Government to deliver free and low-cost programming in historically underserved areas of the County. Strathmore reaches over 30,000 Montgomery County Public Schools (MCPS) students annually through concerts, after-school music programs, and the Think Big Café – a collaborative initiative with MCPS and Glenstone. SHF also works closely with the County's Department of Recreation to provide arts programming at local recreational centers and dozens of other locations throughout the County.<sup>185</sup>

According to SHF data, Strathmore's audiences have become younger and more racially diverse over the past decade. Compared to 2014, the average age of attendees has decreased by 11%, while racial

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<sup>183</sup> In March 2015, Strathmore opened AMP by Strathmore, a 230-seat live music venue in the Pike & Rose complex on Rockville Pike. The venue closed in June 2024.

<sup>184</sup> [Strathmore's Partners](#)

<sup>185</sup> "Distinct & Diverse Voices," Strathmore Impact Report, July 1, 2023 – June 30, 2024.

diversity has increased by 12%. Currently, the audience is 66% White, 15.3% Black, 9.8% Asian, and 8.2% Hispanic.<sup>186</sup>

SHF is governed by a 22-member Board of Directors and employs 128 staff members, including 8 senior staff and 120 general staff. The following table presents the racial and ethnic composition of SHF’s Board and full-time staff as of July 2025. The data show that overall, the organization’s leadership and full-time staff are predominantly White. However, there is more racial and ethnic diversity among its board members and general staff.<sup>187</sup>

**Table 46. Strathmore Hall Foundation Board and Full-Time Staff, by Race and Ethnicity**

Race/Ethnicity	Board Members	Senior Staff	General Staff
White	63%	82%	60%
Black	21%	18%	13%
Asian	4%	0%	13%
Latinx	4%	0%	11%
Multi-racial/multi-ethnic	8%	0%	3%
Unknown	0%	0%	0%
Declined to state	0%	0%	0%

Source: Updated demographic data submitted to AHCMC by Strathmore in July 2025, as required for FY26 grant acceptance. Data were collected in November 2024 and updated in July 2025.

**County Lease**

On October 1, 2004, Montgomery County entered into its current lease with the Strathmore Hall Foundation (SHF). The premises, which the lease refers to as “Strathmore,” is located in North Bethesda and consists of approximately 16 acres and includes the following structures and improvements:

- 1. Old Corby Mansion (referred to as “The Mansion”);
- 2. The Music Center at Strathmore;
- 3. Bou Terrace;
- 4. Approximately five acres transferred to the County by Symphony Park, LLC<sup>188</sup>;
- 5. Future buildings that may be constructed on the property; and
- 6. Existing and future walkways, parking lots, driveways, and the remainder of the 11-acre parcel contiguous to the Mansion and Music Center.

<sup>186</sup> SHF engages a third-party organization to regularly collect and analyze demographic data on its audiences. Data are reported quarterly.

<sup>187</sup> Strathmore also employs hundreds of hourly union workers who do not always report demographic data.

<sup>188</sup> These five acres are maintained as green space.

**Lease Term:** In 2012, the County amended the initial lease term to 19 (nineteen) years. The lease automatically renews for up to four additional 10-year terms. The current extension expires on September 30, 2033.<sup>189</sup>

**Rent and Special Funds:** In return for leasing Strathmore, SHF pays the County \$1.00 in yearly rent. It also contributes to the following special funds:

- *Montgomery County Endowment Fund:* The County established an endowment fund in its first lease with SHF in 1983. The goal of the fund was to raise at least \$1 million in operating revenue for Strathmore, with SHF contributing \$500,000 and the County matching those funds. According to the endowment agreement, the Foundation may use any amount earned on the fund for general operating expenses.<sup>190</sup> The endowment fund balance was \$826,108 as of June 30, 2024.<sup>191</sup>
- *Sinking Fund:* SHF is also required to contribute \$133,630 annually to a sinking fund, which supports capital repairs and replacements for certain furniture, fixtures, and equipment as outlined in the lease agreement.<sup>192</sup> As of June 30, 2024, the sinking fund balance was \$430,145.<sup>193</sup>
- *Investment Account (waived):* The County's initial 2004 lease with SHF required the Foundation to pay \$3.6 million over ten years to help defray maintenance and utility costs for the Music Center. The lease was then amended four times to modify these payments.<sup>194</sup> The first, in 2008, allowed SHF to invest the payments in an account instead of paying the County directly. The second two amendments, in 2010 and 2011, deferred the payments due to financial hardship causes by the economic recession. In its fourth amendment in 2012, the County waived all remaining payments and allowed SHF to retain the invested funds.

**County Maintenance and Facilities Responsibilities:** The County's agreement with SHF delineates maintenance and utilities responsibilities for Strathmore, summarized in the table below. According to SHF staff, the distribution of responsibilities works very well. They report that the Department of

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<sup>189</sup> Fifth Amendment to Lease Agreement, dated June 26, 2023.

<sup>190</sup> Agreement by and between The Strathmore Hall Foundation, Inc. and Montgomery County, Maryland (August 1, 1983). Note that the Strathmore property was referred to in the endowment agreement and in correspondence between the parties from that time period as the Strathmore Hall Arts Center.

<sup>191</sup> STRATHMORE HALL FOUNDATION, INC. FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

<sup>192</sup> Lease Agreement Between Montgomery County, Maryland and The Strathmore Hall Foundation Incorporated, October 1, 2004.

<sup>193</sup> STRATHMORE HALL FOUNDATION, INC. FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

<sup>194</sup> First through Fifth Amendments to Lease Agreement, dated July 7, 2008; June 25, 2010; April 16, 2012; October 25, 2012; and June 26, 2023.

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

General Services is extremely responsive and partners well with their operations and administrative teams.<sup>195</sup>

**Table 47. Distribution of Maintenance and Facilities Responsibilities for Strathmore**

Responsibilities	MCG	SHF
<b>Facility Maintenance</b>		
Integrity of the structures, including roofing systems, exterior surfaces and finishes	✓	
Interior surfaces and finishes	✓	
Facility sidewalks, driveways, and parking lots	✓	
Fire protection and life safety systems (sprinklers, fire alarms, extinguishers)	✓	
Major mechanical maintenance (electrical, plumbing, HVAC, elevators)	✓	
General lighting fixtures	✓	
Concert Hall seating and platform lift	✓	
Performance lighting fixtures		✓
Fire protection in kitchen areas		✓
Window treatments		✓
Various Concert Hall systems (acoustic, rigging, risers, sound, lighting), and green rooms/dressing rooms		✓
Facility wide telephones, computer, and audio/visual systems		✓
Admin office and Education space furnishings		✓
<b>Facility Utilities</b>		
Electric, gas, water, sewer	✓	
Telephone		✓
<b>Security</b>		
Card reading and exterior recording systems, and 24-hour monitoring station	✓	
Interior recording systems, supplies and admin, and on-site guards		✓
<b>Cleaning/Housekeeping</b>		
Facility housekeeping – Concert Hall, Education Building, Metro walkway	✓	
Program/performance specific housekeeping		✓
<b>Grounds</b>		
Tree maintenance	✓	

<sup>195</sup> Information from Strathmore Hall Foundation



Responsibilities	MCG	SHF
Snow removal	✓	
Landscaping plants	✓	✓
Grass cutting and landscaping services		✓

Source: Revised Exhibit "E," Fifth Amendment to Lease Agreement, June 26, 2023

**County-Use of Facility and Other Considerations:** The lease requires SHF to provide the County's Department of Recreation with access to Strathmore for art-related activities at the lowest available rental rate. It also allows the County to use the facility for up to four events per year rent-free, provided these events do not interfere with Strathmore's arts programming. The County is responsible for paying applicable direct costs and for catering, if contracted.

According to SHF staff, the County regularly utilizes this provision to host events such as the annual Martin Luther King, Jr. Tribute, the County Executive and Council Inauguration, and the Governor's Cabinet Meeting. These events are coordinated through the Office of the County Executive.

## County Spending

Between FY18 and FY24, Montgomery County provided **approximately \$16.5 million in support** to the Strathmore Hall Foundation, an average of \$2.4 million a year. This support falls into three primary categories, as summarized in the table below:

1. **Grants from the Arts and Humanities Council of Montgomery County (AHCMC):** A little more than a quarter of the County's support – about \$4.5 million – came through AHCMC grants. These included General Operating Support, Advancement, and COVID-19 Relief Fund grants, as well as two grants that are no longer available: Executive's Ball grants and Power to Give Matching grants.
2. **In-kind Utilities and Maintenance:** The largest share of County support – approximately \$11.4 million, or nearly 70% – was allocated to cover utility and maintenance costs as outlined in the lease. Each year, the County spent on average \$772K for maintenance and \$859K for utilities. These expenses were reported to OLO by the Department of General Services (DGS).
3. **Other COVID-19 Relief Funding:** In response to the pandemic, SHF received an additional \$659,568 in relief funding through a Public Health Emergency Grant, a Tourism Stabilization Grant, a Reopen Montgomery Grant, and a Restaurant Operators COVID Relief Grant. These funds were administered by other County departments and were separate from the AHCMC COVID-19 Relief grants. This emergency funding accounted for less than 5% of the total County support.

**Table 48. Sources of County Support for Strathmore Hall Foundation, FY18-FY24**

Fiscal Year	AHCMC Grants (all)*	In-kind Maint.	In-kind Utilities	Public Health Emerg. Grant	Tour. Stab. Grant	Reopen Mont. Grant	Rest. Oper. Relief Grant	Total
FY18	\$550,814	\$829,776	\$807,155					\$2,187,745
FY19	\$568,681	\$762,987	\$843,036					\$2,174,704
FY20	\$630,088	\$733,618	\$819,124					\$2,182,830
FY21	\$789,600	\$592,415	\$776,903	\$10,000	\$600,000	\$4,568	\$45,000	\$2,818,486
FY22	\$600,000	\$722,995	\$828,460					\$2,151,455
FY23	\$711,530	\$878,592	\$977,431					\$2,567,553
FY24	\$600,000	\$881,018	\$960,049					\$2,441,067
<b>Total</b>	<b>\$4,450,713</b>	<b>\$5,401,401</b>	<b>\$6,012,158</b>	<b>\$10,000</b>	<b>\$600,000</b>	<b>\$4,568</b>	<b>\$45,000</b>	<b>\$16,523,840</b>
% of Total	27%	33%	36%	0.06%	4%	0.03%	0.27%	100%

\*Includes COVID-19 Relief Fund grants

Sources: AHCMC, DGS, Spending Montgomery

**Donated Facilities:** As noted earlier, SHF has a subsidized lease with the County in exchange for operating the County’s assets (the Mansion, Music Center, and surrounding 16 acres). SHF records this essentially free use of these facilities as an in-kind contribution from the County. According to SHF’s audited financial statements, this is classified as a “conditional contribution,” because, in return, the County expects SHF to operate in alignment with its mission – providing the community with high-quality artistic programming under public sponsorship.<sup>196</sup>

SHF also includes the County’s contributions toward utilities and building maintenance as part of this in-kind donation of facilities,<sup>197</sup> however these values are not drawn from the figures in the table above, which OLO obtained from DGS. They are instead based on estimates originally reported in *OLO Report 2019-12: Strathmore and the Arts in Montgomery County*. SHF adjusts this base estimate annually using the U.S. Bureau of Labor Statistics Consumer Price Index to reflect changes in fair market value. For the fiscal year ending June 30, 2024, SHF recorded an in-kind contribution of facilities totaling \$2,325,136.

SHF staff noted that they must estimate these costs because the County does not provide actual utility and maintenance expenditures with the organization. However, DGS reports that it can provide details on County Government’s supplemental support for rent and/or utilities to arts facilities upon request.

<sup>196</sup> FY24 Strathmore Hall Foundation Audited Financial Statements, Notes to Financial Statements for the Year Ended June 30, 2024, pg. 22.

<sup>197</sup> Strathmore Hall Foundation began recording this as an in-kind donation in 2023 once the Financial Accounting and Standards Board (FASB) made it a requirement.

## Financial Trends

OLO obtained financial information about SHF by reviewing the Foundation’s audited financial statements for fiscal years 2018 through 2024, and through additional information provided by the organization. Tables 49-51 on pages 143-145 summarize SHF’s revenues and expenses from FY18 to FY24, including the percentage of revenue from County sources, as well as key financial health metrics.

**Summary:** The financial trends from FY18 to FY24 show that SHF has largely returned to pre-pandemic levels of operation but continues to navigate challenges related to revenue composition and rising costs. Emergency relief funding played a critical role in stabilizing the organization during the pandemic. Now, as that support winds down, and growth in earned income remains slow, SHF is prioritizing the rebuilding of its annual contributed revenue. Montgomery County remains a significant source of support – providing both direct funding and in-kind contributions that collectively accounted for 16% of SHF’s total revenue between FY18 and FY24. This support plays a key role in sustaining the organization’s operations and financial stability.

**Trends in Revenues:** During the pandemic shutdowns – which began in the third quarter of fiscal year 2020 and lasted through fiscal year 2021 – SHF experienced a sharp decline in earned income and became heavily reliant on public and private sector contributions. As shown in Table 49, earned income dropped from 63% of total revenue in FY20 to just 19% in FY21. In contrast, contributed income due to emergency funding rose from 38% to 53% over the same period.

According to SHF staff, this financial strain led to a one-third reduction in staffing. Government emergency relief programs – including the Paycheck Protection Program (PPP), the Shuttered Venue Operators Grant (SVOG), and support from MSAC, AHCMC, and other County departments – were critical to sustaining operations during the height of the pandemic. These relief funds accounted for 25% of SHF’s total revenue in FY21, 40% in FY22, and 13% in FY23, as the sector re-opened and operations began to return to pre-pandemic levels. Table 50 on page 145 reflects these figures.

Despite these challenges, SHF maintained some virtual programming during the closures and invested modestly in video production capabilities, which helped maintain and broaden its audience. In October 2020, the outdoor *Monuments* exhibition drew over 10,000 attendees, reflecting Strathmore’s role as a community gathering space. As restrictions eased in FY22, SHF gradually resumed revenue-generating activities, including small rentals and outdoor performances. During this period, Strathmore also launched a strategic planning process and conducted a comprehensive compensation study aimed at promoting greater equity across job levels and salaries.

By FY24, SHF reported that its finances, staffing, programming, and audience engagement had fully returned to pre-pandemic levels. The organization remains a key arts partner to Montgomery County Public Schools and notes that demand for its free BLOOM access programming now exceeds available funding. Staff also reported that programming has become more diverse and reflective of the County’s

population. SHF continues to support emerging artists while maintaining strong relationships with its creative and resident partners.

**Revenue Sources:** Although SHF is now on more stable financial footing, staff report that earned revenue streams are recovering unevenly, and growth in membership and individual giving, while increasing, grows at a slower pace. At the same time, expenses are rising. Between FY23 and FY24, SHF's expenses increased by 15%, resulting in an operational deficit of \$221,039 in FY24, which the organization reports was covered by reserves.

To ensure long-term sustainability, SHF staff emphasized the need for increased contributed income. As shown in Table 49, as emergency funding ceased, contributed income as a share of total revenue decreased to 38% in FY24 – its lowest level since before the pandemic. Staff highlighted the importance of continued County investment, which, excluding COVID relief funds, accounted for 16% of SHF's total revenue between FY18 and FY24. They also noted concern about the \$600,000 cap on Strathmore's General Operating Support grant from AHCMC (discussed in Part 1, Chapter 1), noting that the cap limits the grant's ability to keep pace with the organization's growth, community impact, and expanding service needs. Staff suggested that the AHCMC might consider periodically adjusting the grant maximum to reflect increased impact, inflation and/or increased County appropriations. On average, AHCMC grants – primarily consisting of General Operating Support and Advancement grants – make up 4% of SHF's annual revenue.

This funding constraint is particularly challenging in the current funding environment. As described in the *Overview of the Arts and Culture Sector* section, MSAC funding for large institutions is phasing down annually, and corporations and foundations are increasingly ending their support for the arts. As shown in Table 50, after peaking at 9% in FY20 and FY21, SHF's share of revenue from MSAC annual grants dropped to 5% in FY24. SHF believes there is an opportunity for both the County and AHCMC to play a more intentional role in encouraging greater private sector philanthropy to help sustain and grow Montgomery County's nonprofit arts sector.

**Financial Health:** Table 51 presents SHF's key financial health metrics from FY18 to FY24. Trends in the Current Ratio and Working Capital – both indicators of an organization's ability to meet short-term obligations – show that SHF, like many arts organizations, experienced a significant liquidity crunch during the pandemic. The Current Ratio dropped from 1.9 in FY18 to just 0.2 in FY20, while Working Capital fell from over \$3.1 million to -\$5.6 million, reflecting a sharp decline in readily available resources. Despite this, SHF consistently maintained 12 months of cash reserves throughout the period, suggesting the presence of policies or practices that ensured a stable buffer for day-to-day operations, even amid volatility. Finally, SHF's Leverage Ratio improved steadily, declining from 0.3 in FY18 to 0.1 in FY24. This low and decreasing reliance on debt is a strong indicator of long-term financial stability.

Table 49. Strathmore – Revenues and Expenses, FY18-FY24 (nominal dollars)

Source	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Revenues</b>							
Production	\$4,545,472	\$5,950,251	\$3,529,499	\$1,040,289	\$3,979,088	\$3,576,170	\$6,026,839
Rental	\$2,478,873	\$2,868,737	\$1,902,725	\$636,956	\$2,361,929	\$3,080,977	\$2,895,590
Sales, net	\$212,797	\$424,687	\$483,136	\$151,665	\$516,048	\$340,063	\$256,707
Other	\$196,526	\$232,684	\$149,230	\$48,546	\$9,482	\$9,519	\$15,695
% from Earned Income	44%	57%	63%	19%	46%	44%	54%
Contributions and sponsorships	\$2,814,830	\$5,952,726	\$2,436,427	\$3,875,684	\$2,336,378	\$3,362,526	\$2,443,072
Federal Government grants					\$4,953,798		
In-kind contributions	\$389,560	\$420,114	\$288,149	\$161,729	\$342,299	\$2,379,968	\$2,398,212
Special events	\$254,179	\$241,465	\$24,819				
Contributed income - restricted	\$5,436,484	\$339,709	\$876,681	\$1,074,313	\$690,830	\$2,455,148	\$1,567,185
% from Contributed Income	53%	42%	38%	53%	56%	51%	38%
Investment income	\$459,548	\$278,841	(\$37,494)	\$1,837,097	(\$1,273,578)	\$838,026	\$1,340,518
Extinguishment of debt				\$885,863	\$1,021,195		
% from Other Income	3%	2%	0%	28%	(2%)	5%	8%
<b>Total Revenue</b>	<b>\$16,788,269</b>	<b>\$16,709,214</b>	<b>\$9,653,172</b>	<b>\$9,712,142</b>	<b>\$14,937,469</b>	<b>\$16,042,397</b>	<b>\$16,943,818</b>
<b>Expenses</b>							
Performing arts	\$4,106,152	\$4,916,571	\$3,253,919	\$902,843	\$3,970,470	\$5,160,145	\$5,751,038
Retail and operations	\$2,855,172	\$3,025,187	\$2,687,215	\$1,530,467	\$2,561,898	\$2,868,477	\$3,573,180
Education	\$1,809,723	\$2,007,351	\$1,814,008	\$1,317,643	\$1,931,020	\$2,528,061	\$2,942,767
Communications	\$882,992	\$969,151	\$901,877	\$601,212	\$853,113	\$984,660	\$921,166
Visual arts	\$216,906	\$219,585	\$205,151	\$151,098	\$169,059	\$257,699	\$326,907
% from Program Services	77%	78%	73%	62%	78%	79%	79%
Supporting Services	\$2,994,241	\$3,195,650	\$3,228,222	\$2,764,265	\$2,700,809	\$3,134,293	\$3,186,736
% from Supporting Services	23%	22%	27%	38%	22%	21%	19%
Other Expenses							\$463,063
% from Other	0%	0%	0%	0%	0%	0%	3%

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

Source	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Total Expenses</b>	<b>\$12,865,186</b>	<b>\$14,333,495</b>	<b>\$12,090,392</b>	<b>\$7,267,528</b>	<b>\$12,186,369</b>	<b>\$14,933,335</b>	<b>\$17,164,857</b>
<b>Net (Deficit) Income</b>	<b>\$3,923,083</b>	<b>\$2,375,719</b>	<b>(\$2,437,220)</b>	<b>\$2,444,614</b>	<b>\$2,751,100</b>	<b>\$1,109,062</b>	<b>(\$221,039)</b>

Source: Strathmore Hall Foundation Audited Financial Statements FY18-FY24, Statements of Activities

**Table 50. Strathmore – Revenues from Government Sources, FY18-FY24 (nominal dollars)**

	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>TOTAL REVENUE</b>	<b>\$16,788,269</b>	<b>\$16,709,214</b>	<b>\$9,653,172</b>	<b>\$9,712,142</b>	<b>\$14,937,469</b>	<b>\$16,042,397</b>	<b>\$16,943,818</b>
<b>Montgomery County</b>							
% from AHCMC Grants*	3%	3%	7%	8%	4%	4%	4%
% from Other County Sources^	0.1%	0.2%	0.2%	0%	0%	0%	0%
% from Utilities & Maint.⁵	10%	10%	16%	14%	10%	12%	11%
% from COVID Relief Grants*	0%	0%	0%	8%	0%	0.5%	0%
<b>% from County Sources</b>	<b>13%</b>	<b>13%</b>	<b>23%</b>	<b>29%</b>	<b>14%</b>	<b>16%</b>	<b>14%</b>
<b>State and Federal</b>							
% from State Capital Grants	18%	18%	0%	0%	0%	0%	0%
% from MSAC Grants	5%	6%	9%	9%	6%	5%	5%
% from State/Federal COVID Relief Grants	0%	0%	1%	18%	40%	12%	0%
<b>% from State &amp; Federal Sources</b>	<b>23%</b>	<b>24%</b>	<b>10%</b>	<b>28%</b>	<b>46%</b>	<b>18%</b>	<b>5%</b>

Sources: Data provided by Strathmore Hall Foundation; Strathmore Hall Foundation Audited Financial Statements FY18-FY24, Statements of Activities; Data provided by DGS

\* Includes GOS II, Advancement, Executive's Ball, and Power to Give Matching grants.

^ Includes donations from Department of Recreation for Strathmore Gala and Montgomery County Public Schools funding for *Bloom: Think Big Café*.

⁵ Percentages based on utility and maintenance expenditures provided by the Department of General Services (DGS). Does not include in-kind contributions of rent.

\* Includes AHCMC Covid Relief, Tourism Stabilization, Public Health Emergency, Reopen Montgomery, and Restaurant Operators Covid Relief grants.

**Table 51. Strathmore – Financial Health Metrics, FY18-FY24**

<b>Metric</b>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>Trend</b>
Current Ratio	1.9	0.5	0.2	0.4	1.4	1.1	2.0	Sharp decline, then strong recovery
Working Capital	\$3.1M	(\$2.9M)	(\$5.6M)	(\$3.9M)	\$1.4M	\$591K	\$2.4M	Rebounded to positive post-FY22
Cash Reserves (months)	12.0	12.0	12.0	12.0	12.0	12.0	12.0	Stable throughout, likely reflects policy
Leverage Ratio	0.3	0.3	0.4	0.3	0.2	0.2	0.1	Gradual decline, very low debt burden

Sources: Strathmore Hall Foundation Audited Financial Statements FY18-FY24, Statements of Financial Position

## Chapter 11. Theatre Consortium of Silver Spring

### Overview

Montgomery County Government owns a building in Downtown Silver Spring known as the Silver Theatre and Annex Addition located at 8633 and 8641 Colesville Road. The portion of the building with the address 8633 is occupied by the AFI Silver Theatre and Cultural Center, discussed in Chapter 5. The portion of the building with the address 8641 Colesville Road – known as the Silver Spring Black Box Theatre – includes a black box-style theater, box office, rehearsal and green rooms, office spaces, and conference space on the upper floor. The County contracts the nonprofit Theatre Consortium of Silver Spring (TCSS) to manage this space.<sup>198</sup>

TCSS began operating the Silver Spring Black Box Theatre (Black Box) in 2014, following the end of Round House Theatre’s ten-year management contract.<sup>199</sup> The intimate, 156-seat theater presents a variety of performances by local and regional artists, including plays, dance, comedy, music, and spoken word. On average, about 10,000 people attend performances annually at the Black Box.<sup>200</sup>

The Black Box is currently home to four resident companies – ArtStream, Flying V, Live Garra, and Lumina Studio Theatre. Each resident company receives discounted performance and rehearsal space throughout the year. When available, TCSS rents the Black Box to other artists and organizations throughout the year.<sup>201</sup>

*Demographic data:* TCSS does not collect specific demographic data on audiences attending performances at the Black Box. However, based on anecdotal evidence and information from its resident companies, TCSS has a general understanding of the communities its programming reaches. In general, audiences at the Black Box:<sup>202</sup>

- Primarily come from the Greater Silver Spring area and nearby communities, with additional attendance from across Maryland, Washington, D.C., and occasionally from outside the region;
- Reflect a wide range of racial and ethnic backgrounds, including Black, Latinx, Russian, Eastern European, Malagasy, Egyptian, Iranian, and Indian communities, among many others;
- Span all age groups, from youth to seniors; and

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<sup>198</sup> License Agreement with the Theatre Consortium of Silver Spring, July 3, 2014.

<sup>199</sup> It has been [reported](#) that Round House Theatre intended to continue managing the Black Box after its initial lease ended. However, the County chose to explore alternative management models after being approached by several theatre companies that regularly used the venue and were concerned they might lose access if Round House retained control. Some of these companies are now part of the Theater Consortium of Silver Spring.

<sup>200</sup> Interviews with TCSS.

<sup>201</sup> [Silver Spring Black Box Theatre | silver spring theatre | 8641 Colesville Road, Silver Spring, MD, USA](#)

<sup>202</sup> Theatre Consortium of Silver Spring, Demographic Data on Audiences Served Application Narrative provided by AHCMC.



- Represent diverse religious affiliations, gender and sexuality spectrums, and socioeconomic backgrounds.

TCSS's resident companies each serve distinct communities through their programming:

- ArtStream focuses on artists with intellectual and developmental disabilities. Its audiences often include individuals with similar disabilities, along with the friends and family members of performers;
- Flying V is a performance company led primarily by individuals from LGBTQIA+ and/or BIPOC communities. Its productions feature similarly diverse performers and attract audiences that reflect this diversity;
- Live Garra Theatre is a Black theatre company dedicated to telling Black stories. As a result, the majority of its audience members come from Black communities; and
- Lumina Studio Theatre is an educational theatre company whose audiences span a wide range of ages—from young children to seniors—often composed of family and friends supporting the performers.

Because TCSS does not manage ticketing for organizations that rent the venue, it does not have access to detailed demographic data on audiences attending events hosted by outside groups.

TCSS operates with a small administrative staff of two, both of whom are White, and an hourly Master Electrician who is Asian. Its board of directors includes 11 members, with the following demographic breakdown:

- 55% White (6 members)
- 18% Black (2 members)
- 18% South Asian (2 members)
- 9% Hispanic/Latinx (1 member)

TCSS's board of directors is composed of voting community members and non-voting ex officio members from the Consortium. Originally, the board was made up of founders from the resident companies, but these individuals have since transitioned to non-voting roles. The organization is open to reinstating an ex-officio County representative on the board, a position that has been vacant since the retirement of the last appointee. They also participate in Board Match Montgomery, a program offered through Leadership and Nonprofit Montgomery, to recruit new board members.

During its panel review for the General Operating Support Grant from the Arts and Humanities Council of Montgomery County (AHCMC), TCSS received feedback encouraging the organization to begin collecting demographic data on its audiences.

## County License Agreement

Montgomery County Government holds a license agreement with The Theatre Consortium of Silver Spring to “manage, operate, market and staff” the Silver Spring Black Box Theatre in accordance with the service requirements stated in the County’s contract with TCSS (described later in this chapter).<sup>203</sup>

**License Term:** The County established the license agreement on July 3, 2014. It continues through the expiration of the County’s contract with TCSS and any extensions. TCSS’s current contract extension runs through June 30, 2029.

**License Fee:** The County charges TCSS \$1.00 per year to occupy the Silver Spring Black Box Theatre.

**County Maintenance and Facilities Responsibilities:** The table below outlines how the license agreement divides responsibilities for the Silver Spring Black Box Theatre between the County and TCSS.

**Table 52. Distribution of Maintenance and Facilities Responsibilities for TCSS**

Responsibilities	MCG	TCSS
General Maintenance (snow and ice removal, gutter cleaning, general lighting fixtures)	✓	
Preventative and corrective maintenance (HVAC, plumbing, electrical systems and equipment, structural members, interior finishes; common areas, exterior)	✓	
Cleaning and refuse removal	✓	
Utilities (water, sewer, electrical, and natural gas)	✓	
Internet and phone		✓
Cleaning (for performances; day-to-day cleaning/clearing)		✓
Repair and/or replacement of furniture		✓
Repair and/or replacements of all specialty equipment, including theatre equipment; closed circuit TV; audio and sound; concession stand; gobo and stage lighting systems		✓
Security and access control		✓
Exterior signage (including marquee, <sup>204</sup> wayfinding and/or facility location signs, and gobo lighting)		✓

Source: License Agreement with the Theatre Consortium of Silver Spring, July 3, 2014.

<sup>203</sup> License Agreement with the Theatre Consortium of Silver Spring, July 3, 2014, pg. 3.

<sup>204</sup> This is contradicted in the County’s contract with TCSS, which is discussed in the next section. The contract indicates that the County owns the digital marquee and is responsible for its maintenance.

TCSS staff noted opportunities to improve the County's responsiveness to maintenance requests and to clarify roles and responsibilities. They shared that some requests appear to receive lower prioritization, resulting in delays and inconsistent follow-through. For instance, a broken loading dock door, which allowed rodents into the Theatre and air conditioning to escape, remained unrepaired for months despite repeated requests. Other issues, such as malfunctioning locks and broken doors, have taken years to resolve. While some urgent needs, like light bulb replacements, are addressed quickly, more complex issues – such as elevator repairs or exterior damage – are often delayed due to bureaucratic hurdles, limited contractor availability, or unclear jurisdiction.

In many cases, TCSS staff report having to absorb costs or complete repairs themselves using grant funds, as waiting for County action is not feasible. They recognize that County staff are often overextended, which may contribute to the delays. However, the absence of a maintenance schedule or dedicated operational funding in the contract, coupled with the perception that once something is installed it becomes the organization's sole responsibility, adds to the challenge.

Additionally, the County's procurement process, which is focused on selecting the lowest bidder, often overlooks the specialized needs of arts organizations. Staff noted that only a limited number of contractors have the expertise to install and maintain specialized materials and equipment, such as sprung wood flooring, the theatre's lighting tension grid, or sound batting. This expertise is frequently not considered in the County's selection process.

Overall, TCSS staff expressed that more consistent communication, clearer expectations, and regular check-ins with County representatives, as well as a general review of the contract to resolve conflicting language, could help strengthen collaboration and improve outcomes.

*County-Use of Facility and Other Considerations:* The license agreement permits the County to use the Black Box for public events or County meetings at no charge for up to three days per fiscal year. The County is responsible for coordinating, staffing, setting up, and removing any equipment used, as well as cleaning the venue after each use. These events must be scheduled at least two weeks in advance, or as early as practicable, and must not conflict with any prescheduled events or rehearsals. While the license states that TCSS should make reasonable efforts to coordinate its schedule with the County, TCSS staff noted that two weeks advance notice is not a practical timeframe given the Theatre is usually booked nine months in advance.

Additionally, the license states that the County will receive two complimentary tickets to all public events, provided that any unclaimed tickets may be reissued within 24 hours of the event. For programs running longer than seven days, the County may purchase up to 5% of total tickets at the lowest ticket price, provided the purchase is made at least 30 days in advance.

TCSS staff report that the County has rarely used its County-use provision. To date, the only known instance was in 2016, when Montgomery Planning hosted a one-day arts event. Although TCSS

occasionally receives informal requests from the County to use the space for meetings, these are difficult to accommodate due to the venue typically being booked months in advance. Additionally, staff expressed uncertainty about how to respond to meeting space requests from non-arts organizations, given that the contract with the County (described below) explicitly limits use of the Theatre to arts-related activities.

Additionally, staff observed that the complimentary ticket provision is challenging to implement because TCSS does not manage ticketing for events held at the Theatre. To date, no County representatives have contacted TCSS to request tickets or to formally schedule use of the space under the County-use provisions.

Notably, the County's contract with TCSS includes its own set of County-use provisions, outlined in the next section. However, it is unclear whether these provisions supplement or supersede those in the license agreement.

### **County Contract**

In addition to its license agreement, Montgomery County maintains a contract with TCSS – Contract #1038432 – for the operation and management of the Silver Spring Black Box Theatre, administered by the Department of Recreation. The County established the contract on July 1, 2014, for an initial five-year term with the option to renew for two additional five-year terms. The current term extends through June 30, 2029.<sup>205</sup>

The County has not attached any funding to this contract. Instead, TCSS retains all revenues made from ticket sales, rentals, donations, fees from third parties, and concessions and merchandise sales.<sup>206</sup>

The contract requires that TCSS organize a range of diverse performances at the Theatre which must include Montgomery County-based artists, and limits the use of the Theatre to the following activities:<sup>207</sup>

- The exhibition, transmission, rehearsal and production of live theater, music productions and other performing arts;
- All reasonable purposes in support of TCSS's productions;
- The sale of merchandise related to the performance groups using the Theatre;
- Fundraising activities related to TCSS's services and facilities; and

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<sup>205</sup> Contract No. 1038432 between Montgomery County, Maryland and The Theatre Consortium of Silver Spring, July 1, 2014.

<sup>206</sup> Ibid.

<sup>207</sup> Ibid., Scope of Services.

- Renting the Theatre for closed, arts-based events.

*County-Use of Facility and Discount Tickets:* The contract requires TCSS to provide 10% of performance tickets free of charge to organizations that serve low-income, at-risk, or disabled individuals, including public school students and seniors. It also mandates that the County be allowed to use the Theatre at no cost for at least one full day (24 hours) per fiscal year. This differs slightly from the license agreement, which permits the County to use the Theatre for up to three days per fiscal year. Lastly, the contract reiterates the same complimentary ticket provisions outlined in the license agreement.

*County Responsibilities:* The contract indicates that the County owns the digital marquee that exists on the exterior of the building and will be responsible for its maintenance. This contradicts the license agreement, which states that TCSS is responsible for the “maintenance and repair of exterior signage including marquee sign.”<sup>208</sup>

TCSS staff reported that a recent issue with the marquee sign highlighted ongoing confusion over maintenance responsibilities. When the sign broke and needed replacement, TCSS believed the County should cover the cost – citing both the County’s history of handling previous marquee repairs and the language in the contract. However, the County declined, stating that full replacement fell outside the scope of repair and maintenance. While the County expressed willingness to consider a replacement, they noted it would likely take over five years for approval – far too long given the sign’s immediate condition. Additionally, the County’s contract with TCSS explicitly states that it does not intend to purchase a new digital marquee.

TCSS staff expressed frustration over the conflicting responsibilities assigned to both the County and the organization and a general lack of clarity with the contract. They felt that few people on the County’s side are familiar with the contract details, and communication about it has been sporadic.

## County Spending

Between FY18 and FY24, OLO estimates that Montgomery County provided **up to approximately \$2.8 million in support to TCSS**, averaging about \$401,000 per year. However, the actual amount is likely somewhat lower. This is because the Silver Spring Black Box Theatre shares its property—and utility services—with the AFI Silver Theatre. As a result, utility costs for the two facilities are combined and cannot be disaggregated. *Therefore, TCSS’ actual share of utility expenses is likely less than the figures presented below.*

County funding for TCSS falls into three primary categories, as summarized in the table below:

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<sup>208</sup> License Agreement with the Theatre Consortium of Silver Spring, July 3, 2014, Section 10B.

## Investing in the Arts: How County Government Funds Cultural Organizations and Public Arts Venues

1. **Grants from the Arts and Humanities Council of Montgomery County (AHCMC):** TCSS received \$130,588 in AHCMC grants, representing 5% of its total support from the County. These included General Operating Support I and COVID-19 Relief Fund grants.
2. **Capital Funding:** In FY18, the County allocated an additional \$100,000 in supplemental appropriations to the Capital Budget under the Cost Sharing: MCG Project. This funding was used to fulfill a prior-year State Bond Bill award, supporting building signage, door replacements, and ADA upgrades at the Black Box Theatre.<sup>209</sup> This funding represents just 4% of County support during this period.
3. **In-Kind Utilities and Maintenance:** Almost all the County's support – 92% or approximately \$2.6 million – came from combined utility and maintenance payments. Each year, the County spent an average of up to \$267K on utilities and \$101K on maintenance for the Black Box Theatre.

**Table 53. Sources of County Support for Theatre Consortium of Silver Spring, FY18-FY24**

Fiscal Year	AHCMC Grants (all)*	Cost Sharing Capital Grant	In-kind Maint.	In-kind Utilities^	Total
FY18		\$100,000	\$125,745	\$284,720	<b>\$510,465</b>
FY19			\$116,194	\$273,527	<b>\$389,721</b>
FY20			\$96,727	\$228,370	<b>\$325,098</b>
FY21	\$17,500		\$62,668	\$209,877	<b>\$290,045</b>
FY22	\$18,000		\$141,900	\$266,733	<b>\$426,634</b>
FY23	\$46,088		\$78,789	\$298,201	<b>\$423,078</b>
FY24	\$49,000		\$85,757	\$309,613	<b>\$444,370</b>
<b>Total</b>	<b>\$130,588</b>	<b>\$100,000</b>	<b>\$707,781</b>	<b>\$1,871,040</b>	<b>\$2,809,410</b>
% of Total	5%	4%	25%	67%	100%

\*Includes COVID-19 Relief Fund grants

^Includes utility payments for the AFI Silver Theatre.

Sources: AHCMC, DGS, Spending Montgomery

<sup>209</sup> Resolution 18-1113, Supplemental Appropriation # 15-S18-CMCG-13 to the FY18 Capital Budget Montgomery County Government Department of Recreation Cost Sharing: MCG (CIP No. 720601), \$100,000, adopted May 9, 2018.

## Financial Trends

OLO reviewed TCSS's financial information by analyzing the organization's audited and/or reviewed financial statements for FY21 through FY24, supplemented by additional data provided by the organization. *Note: Because TCSS did not undergo a formal audit or financial review prior to FY21, OLO excluded earlier years from the analysis to ensure consistency and comparability across the data set.*

Tables 54-56 on pages 155-156 summarize TCSS' revenues and expenses from FY21 to FY24, including the percentage of revenue from County sources (both direct and in-kind contributions), as well as key financial health metrics.

**Summary:** Despite its modest size, TCSS has emerged from the pandemic in a strong financial position, driven by a successful shift toward grant funding and steady growth in rental income. The organization has built up healthy reserves, improved liquidity, and maintained low debt, while continuing to rely on substantial in-kind support from the County and working to rebuild its audience base.

**Trends in Revenues:** TCSS is a small organization with a modest staff. In FY25, its annual budget was approximately \$269,000 and is projected to be around \$251,000 in FY26. Despite operating on a smaller financial scale, the organization considers itself to be in good health.

Before the pandemic, TCSS relied almost entirely on earned income, with the County covering maintenance and utilities. When the shutdowns began in FY21, nearly 99% of their annual revenue disappeared overnight. In response, the organization's Managing Director pivoted quickly to grant writing – something they had previously avoided to prevent competing with TCSS's resident companies for funding. Since then, the organization has successfully secured over \$650,000 in grants from state, County, federal, and private foundation sources. These funds not only sustained the organization through the pandemic but also enabled it to reopen gradually – first with no audiences and filmed performances, then with limited audiences as restrictions eased.

The influx of grant funding allowed TCSS to make significant improvements: hiring an additional staff member, increasing the Managing Director's salary to closer to industry standard, and investing in facility upgrades. The organization, which had a small reserve before the pandemic, now maintains a much larger financial cushion. Grants have funded equipment purchases and administrative costs remain low. Resident companies provide most of the technical and support staff for their own productions, while renting organizations pay TCSS for technical support, helping to reduce TCSS's overall operating costs.

**Revenue Sources:** Rentals remain the primary source of income for TCSS. The organization also receives a modest amount of funding from individual donations and is exploring the possibility of obtaining a liquor license to generate additional revenue, though that effort remains in the early stages. Resident companies pay reduced rental rates and receive various benefits in return. Over the past year, TCSS

has seen an increase in new renters, with approximately 30 different companies or groups using the space annually. The theater is now reserved for roughly 300 days each year, which is close to pre-pandemic levels.

Audience attendance at TCSS has not yet fully returned to pre-pandemic levels. While exact figures are unavailable, staff estimate that attendance has recovered to approximately 70–80% of what it was prior to the shutdowns. Before the pandemic, total annual attendance was estimated at around 12,000; current estimates place it between 9,000 and 10,000. The organization continues to make concerted efforts to rebuild its audience base and strengthen community engagement.

The share of revenue that TCSS receives from General Operating Support I (GOS I) grants through AHCMC has grown significantly – from 7% in FY22 to 20% in FY24. This increase reflects both TCSS's strategic pivot toward grant writing and AHCMC's broader initiative to expand funding for organizations in the GOS I category (as discussed in Part 1, Chapter 4).

In addition to grant funding, TCSS receives substantial support from Montgomery County in the form of maintenance and utility services. Although this support is not formally recorded as in-kind contributions in TCSS's financial statements, OLO estimates that the value of County-funded maintenance alone could account for over 40% of the organization's annual revenue (see Table 55). The County also covers TCSS's utility costs, which represent another significant form of support. However, because utility payments are bundled with those for the AFI Theater and Cultural Center, they are not itemized in the table. Taken together, these in-kind contributions – maintenance and utilities – make up the majority of the financial support TCSS receives from the County.

**Financial Health:** Table 56 presents TCSS' key financial health metrics from FY21 to FY24. These indicators reflect the organization's ability to meet short-term obligations, manage liquidity, and sustain operations over time.

TCSS's financial health has remained strong and stable over the past four years, with several indicators showing improvement. The Current Ratio, which measures the organization's ability to meet short-term obligations, increased significantly from 4.9 in FY21 to 14.7 in FY24. This suggests a growing liquidity cushion and strong short-term financial stability. Working Capital – the difference between current assets and current liabilities – also rose steadily, from approximately \$70,000 in FY21 to over \$179,000 in FY24. This growth reflects the organization's ability to build reserves and maintain a healthy buffer for operations. Cash reserves, expressed in months of operating expenses, fluctuated slightly but remained strong overall. While reserves dipped in FY22 and FY24 to 7.3 months, they peaked at 10.9 months in FY21 and 10.3 months in FY23. These levels indicate that TCSS has consistently maintained more than six months of operating expenses in reserve, a benchmark often used to assess nonprofit financial resilience. The Leverage Ratio, which measures the proportion of total liabilities to total assets, remained low throughout the period – ranging from 0.1 to 0.3. This



indicates that TCSS carries minimal debt and is not overly reliant on borrowed funds to finance its operations.

Overall, these metrics suggest that TCSS is in a strong financial position, with increasing liquidity, growing reserves, and low financial risk.

**Table 54. Theatre Consortium of Silver Spring – Revenues and Expenses, FY21-FY24 (nominal dollars)**

Source	FY21	FY22	FY23	FY24
<b>Revenues</b>				
Rental, booking	\$28,435	\$81,629	\$110,634	\$162,901
Interest income	\$127	\$335	\$48	\$42
% from Earned Income	18%	31%	55%	67%
Donated services	\$2,025	\$9,639	\$5,540	
Donations	\$2,117	\$1,108		
Grants	\$126,976	\$175,945		
Individual contributions			\$1,334	\$925
Corporate contributions			\$1,129	\$0
Foundation contributions			\$15,000	\$17,000
County contributions			\$46,088	\$49,000
State contributions			\$22,037	\$14,314
% from Contributed Income	82%	69%	45%	33%
<b>Total Revenue</b>	<b>\$159,680</b>	<b>\$268,656</b>	<b>\$201,810</b>	<b>\$244,182</b>
<b>Expenses</b>				
Program Expenses	\$82,319	\$198,942	\$54,279	\$190,478
% from Program Services	85%	79%	33%	80%
Management Expenses	\$14,876	\$54,274	\$81,785	\$46,537
Fundraising Activities			\$26,118	
% from Supporting Services	15%	21%	50%	20%
<b>Total Expenses</b>	<b>\$97,195</b>	<b>\$253,216</b>	<b>\$162,182</b>	<b>\$237,015</b>
<b>Net (Deficit) Income</b>	<b>\$62,485</b>	<b>\$15,440</b>	<b>\$39,628</b>	<b>\$7,167</b>

Source: Theatre Consortium of Silver Spring, Audited and Reviewed Financial Statements FY21-FY24, Statements of Activities

**Table 55. Theatre Consortium of Silver Spring – Revenues from Government Sources, FY21-FY24 (nominal dollars)**

	FY21	FY22	FY23	FY24
<b>TOTAL REVENUE</b>	<b>\$159,680</b>	<b>\$268,656</b>	<b>\$201,810</b>	<b>\$244,182</b>
<b>Montgomery County</b>				
% from AHCMC Grants*	0%	7%	16%	20%
% from Maintenance (in-kind) <sup>§</sup>	39%	53%	39%	35%
% from AHCMC COVID Relief Grants	11%	0%	7%	0%
<b>% from County Sources</b>	<b>50%</b>	<b>60%</b>	<b>62%</b>	<b>55%</b>
<b>State and Federal</b>				
% from MSAC Grants	1%	4%	6%	1%
<b>% from State Sources</b>	<b>1%</b>	<b>4%</b>	<b>6%</b>	<b>1%</b>

Sources: Theatre Consortium of Silver Spring, Audited and Reviewed Financial Statements FY21-FY24, Statements of Activities; AHCMC; DGS; Maryland State Arts Council.

\* Includes GOS I grants.

<sup>§</sup> Percentages based on maintenance expenditures provided by the Department of General Services (DGS). OLO has excluded utility payments because they cannot be disaggregated from those for the AFI Silver Theater.

**Table 56. Theatre Consortium of Silver Spring – Financial Health Metrics, FY21-FY24**

Metric	FY21	FY22	FY23	FY24	Trend
Current Ratio	4.9	2.7	11.2	14.7	Upward trend; liquidity improving significantly.
Working Capital	\$70,161	\$100,065	\$144,316	\$179,356	Steady growth in available operating funds.
Cash Reserves (months)	10.9	7.3	10.3	7.3	Consistently strong reserves.
Leverage Ratio	0.2	0.3	0.2	0.1	Low and declining; minimal reliance on debt.

Sources: Theatre Consortium of Silver Spring, Audited and Reviewed Financial Statements FY21-FY24, Statements of Financial Position

## Chapter 12. The Writer’s Center

### Overview

The Writer's Center (TWC) is a literary nonprofit organization that, according to its website, “supports writers and everyone who wants to write.”<sup>210</sup> Founded in 1976, TWC is currently headquartered in a County-owned building at 4508 Walsh Street in Bethesda. Each year, the organization offers approximately 300 creative writing workshops, along with dozens of public events and networking opportunities that serve writers across local, regional, and national literary communities. It also publishes two issues of *Poet Lore* – the nation’s oldest poetry journal – annually, and a thrice-annual in-house magazine. In recent years, TWC has expanded its offerings to include between three and eight year-long programs annually, spanning a variety of literary genres. Its performance space hosts around 25 groups each year, and the organization is actively working to rebuild its theater program, which was significantly disrupted by the COVID-19 pandemic.<sup>211</sup>

To assess the impact of its work, TWC employs both formal and informal evaluation methods. These include satisfaction surveys distributed after each workshop and event, as well as internal tracking of metrics such as the number of workshops held, registrations, and publications produced. While the organization does not follow a standardized evaluation framework, it recognizes that impact can be measured in multiple ways – workshop attendance to the number of careers launched through its programs.<sup>212</sup>

A leadership transition in fiscal year 2018 marked a pivotal moment for the organization. The former executive director (who retired in 2025 and has since been succeeded by TWC’s long-standing artistic director) assumed leadership during a period of organizational instability. Under their guidance, TWC shifted its focus toward community-building, a strategy that played a central role in revitalizing the organization. During this time, TWC also adopted a “strategic learning” model, dividing its operations into areas for targeted experimentation, evaluation, and documentation. This approach has been key to navigating the post-pandemic environment.<sup>213</sup>

**Demographic data:** Although The Writer’s Center (TWC) is physically located in Bethesda – a predominantly White community – it defines its audience more broadly to include the racially and ethnically diverse populations of the greater D.C.-Maryland-Virginia region. In its reporting to the Arts and Humanities Council of Montgomery County (AHCMC), TWC affirms its commitment to programming that reflects the full diversity of its community, including race, ethnicity, gender, sexual

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<sup>210</sup> [About Us - The Writer's Center](#)

<sup>211</sup> Information from TWC

<sup>212</sup> Information from TWC

<sup>213</sup> Information from TWC

orientation, economic background, and ability. To gain a more accurate understanding of its audience, the organization is exploring ways to improve collection of demographic data.<sup>214</sup> TWC also emphasizes cultural competency as essential to fostering trust and empathy among writers and has incorporated related training into its practices.<sup>215</sup>

The organization has also made intentional efforts to advance diversity, equity, and inclusion internally. While its board of directors was predominantly White in 2018, over half of its current members now identify as Black, Indigenous, and People of Color (BIPOC), and three-quarters of its Executive Committee are BIPOC.<sup>216</sup>

### County Lease

Montgomery County entered into a lease with TWC on July 21, 1992. The lease notes that the County had originally planned to sell the property to another organization but chose to lease it to TWC instead after the original buyer withdrew their offer.<sup>217</sup>

*Lease Term:* The initial lease term was for ten years, with up to two additional and consecutive five-year renewal terms. In 2017, the County amended the lease to extend the renewal term to December 31, 2031.<sup>218</sup>

*Rent and Abatements:* The initial lease agreement required The Writer's Center (TWC) to pay at least \$22,000 in rent each year, with increases based on the Consumer Price Index. In 1998, the first lease amendment lowered the rent by \$1.00 per square foot for ten years, resulting in a total reduction of \$110,000, which the County provided to help pay for building improvements.<sup>219</sup>

In 2006, a second lease amendment allowed TWC to stop paying rent for three years. This was done to help the Center stay financially stable. Under this amendment, TWC was required to report on its progress toward financial goals.<sup>220</sup>

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<sup>214</sup> Ibid.

<sup>215</sup> The Writer's Center FY25-26 GOS II Application Narrative provided by AHCMC.

<sup>216</sup> Demographic data on grantee organizations' leadership and staff submitted as part of The Writer's Center FY25-26 GOS II Application, provided by AHCMC.

<sup>217</sup> Lease Agreement between Montgomery County, Maryland and The Writer's Center, July 21, 1992.

<sup>218</sup> Ibid.

<sup>219</sup> Montgomery County, Maryland and The Writer's Center, First Amendment to Lease Agreement, July 6, 1998.

<sup>220</sup> Montgomery County, Maryland and The Writer's Center, Second Amendment to Lease Agreement, July 25, 2006.

The third amendment, in 2014, continued the rent break during the renewal period, as long as TWC completed certain building upgrades.<sup>221</sup> The fourth amendment, in 2017, extended the lease through December 31, 2031, and allowed for more renewals if additional capital improvements were made.<sup>222</sup>

TWC finished all required renovations by June 6, 2019. Because of this, no rent payments are expected for the duration of the lease.

*County Maintenance and Facilities Responsibilities:* The lease states that TWC is responsible for all maintenance and repairs. However, if the organization at any point needs to make “non-elective capital improvements” that will outlast the life of the lease term (for example, if the HVAC breaks and a new one is installed that is good for 20 years, but the lease expires in 10 years), the County will reimburse the Center for a percentage of the cost of the work subject to those funds being appropriated and available in the County budget. The County will reimburse TWC in a lump sum at the expiration of the lease. According to the lease, “non-elective capital improvements” include:<sup>223</sup>

- Roof replacement;
- HVAC replacement;
- Boilers replacement;
- Asbestos removal or encapsulation;
- Major improvements to electrical or mechanical systems;
- Improvements related to handicap accessibility; and
- Replacement of windows, except windowpanes.

The lease also states that TWC is responsible for all other operating expenses associated with the property, including utilities. However, as discussed in Part 2, Chapter 7, the County adopted a policy to cover utility costs for nonprofit arts and humanities organization operating in County-owned facilities in 2017. Currently, the County pays for all of TWC’s utilities.

TWC staff expressed appreciation for the County’s support with both utilities and major capital improvements. However, they also identified several unmet needs, particularly related to ADA compliance, which they have addressed with the County. These include restroom upgrades and assistive technology for the hearing-impaired. Staff noted that they plan to seek funding support from both the State (through the Maryland State Arts Council) and the County for these improvements.

In addition to interior renovations typically supported by State Bond bills and Cost Sharing Capital grants, TWC staff identified critical but harder-to-fund exterior needs—such as landscaping, drainage

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<sup>221</sup> Montgomery County, Maryland and The Writer’s Center, Third Amendment to Lease Agreement, June 6, 2014.

<sup>222</sup> Montgomery County, Maryland and The Writer’s Center, Fourth Amendment to Lease Agreement, March 24, 2017.

<sup>223</sup> Lease Agreement between Montgomery County, Maryland and The Writer’s Center, July 21, 1992, Provision 10(B), pgs.6-7; The Writer’s Center Financial Statements for the Year Ended June 30, 2024.

improvements, fencing replacement, and ADA-compliant outdoor seating. While these upgrades are essential for building preservation and accessibility, they often fall outside the scope of traditional capital funding. Staff noted their collaboration with the County's Department of General Services and proactive efforts to secure funding for such projects, however, the high cost of water management and limited grant opportunities for such infrastructure work remain ongoing challenges.

*County-Use of Facility and Other Considerations:* The lease states that TWC should make non-dedicated meeting space available to the community at a nominal price so long as it does not interfere with the organization's regular programming and/or activities.

Staff note that TWC frequently offers its space to community groups at no or reduced cost, hosting events for organizations such as the F. Scott Fitzgerald Literary Festival, the Inner Loop, Washington Writer's Publishing House, and the Hurston/Wright Foundation. Additionally, TWC Members, who pay \$65 annually, may use the space at any time the Center is open, and writing groups may use classrooms for up to four hours per month.

### County Spending

Between FY18 and FY24, Montgomery County provided **nearly \$780,000 in support** to The Writer's Center, an average of \$111 thousand a year. This funding falls into four primary categories, as summarized in the table below:

1. **Grants from the Arts and Humanities Council of Montgomery County (AHCMC):** Most of the County's support (75%) was through AHCMC grants, including General Operating Support, Advancement, and COVID-19 Relief Fund grants.
2. **Cost Sharing Capital Grants:** In FY23, TWC received \$95,000 in capital funding to support facility improvements. This accounted for 12% of the County's support during this period.
3. **In-Kind Utilities:** Another 12% of the County's support, or \$91,001, came from utility payments. On average, the County spends \$13,000 annually for TWC's utilities. These figures were provided by the Department of General Services.
4. **Other COVID-19 Relief Funding:** Separate from the AHCMC COVID-19 Relief grants, TWC received an additional \$12,500 in pandemic relief funding through a Public Health Emergency Grant. This emergency funding accounted for less than 2% of the County's support.

**Table 57. Sources of County Support for The Writer's Center, FY18-FY24**

Fiscal Year	AHCMC Grants (all)*	Cost Sharing Capital Grants	In-kind Utilities	Public Health Emerg. Grant	Total
FY18	\$70,947		\$13,360		<b>\$84,307</b>
FY19	\$71,715		\$12,503		<b>\$84,218</b>
FY20	\$66,754		\$12,131	\$12,500	<b>\$91,385</b>
FY21	\$125,395		\$7,957		<b>\$133,352</b>
FY22	\$58,993		\$13,575		<b>\$72,568</b>
FY23	\$125,364	\$95,000	\$16,144		<b>\$236,508</b>
FY24	\$60,864		\$15,332		<b>\$76,196</b>
<b>Total</b>	<b>\$580,032</b>	<b>\$95,000</b>	<b>\$91,001</b>	<b>\$12,500</b>	<b>\$778,534</b>
% of Total	75%	12%	12%	1.6%	100%

\*Includes COVID-19 Relief Fund grants

Sources: AHCMC; DGS; Spending Montgomery; FY25 Approved Capital Budget and FY25-30 CIP; FY26 Recommended CIP; Cost Sharing: MCG (P720601); Montgomery County Government Operating Budget Resolutions, Fiscal Years 2018 through 2026.

**Donated Facilities:** TWC accounts for the value of its leased space, as well as utility payments, as in-kind contributions from the County. According to its audited financial statements, the organization records the value of the free use of facilities based on the estimated rental value at the time of use. Donated utilities are recorded at the standard rates typically charged to users with similar consumption levels. For the fiscal year ending June 30, 2024, TWC reported \$40,000 in rent abatement and \$18,000 in utilities, totaling \$58,000 in in-kind contributions and expenses.<sup>224</sup>

TWC staff note that these figures have not been updated in ten years, and the County does not provide the organization with actual utility cost data. However, OLO learned from DGS that it will provide details on County support for rent and/or utilities to arts facilities upon request.

## Financial Trends

OLO obtained financial information about TWC by reviewing its audited financial statements for fiscal years 2018 through 2024, and through additional information provided by the organization. Tables 58-60 on pages 163-165 summarize TWC's revenues and expenses from FY18 to FY24, including the percentage of revenue from County sources, as well as key financial health metrics.

**Summary:** The Writer's Center has adapted its revenue model post-pandemic; however, recovery remains slow. While earned income now makes up a majority of revenue, recent declines in liquidity,

<sup>224</sup> The Writer's Center Financial Statements for the Year Ended June 30, 2024

and working capital point to ongoing financial strain. However, the organization reports enough unrestricted assets to cover approximately five months of expenses.

*Trends in Revenues:* Prior to the COVID-19 pandemic, TWC relied on a mix of earned and contributed revenue, including income from event space and theater rentals. However, the shutdowns effectively eliminated this revenue stream for the duration of the closures. In-person workshops and community engagement activities were also halted, significantly reducing opportunities to attract new participants and donors. The organization had to quickly pivot to virtual programming, which required new marketing strategies and incurred additional expenses related to technology and staffing.

These virtual workshops and events have since become permanent and are now a core part of the organization's offerings, however, the organization acknowledges that additional staffing would be beneficial to fully support these evolving needs.

*Revenue Sources:* Staff also report that the return to in-person workshops, as well as rentals, has been slower than anticipated. Charitable giving, which for TWC is closely tied to a sense of community, declined during the pandemic, although donations are gradually rebounding. In 2024, the organization developed a strategic plan that emphasizes interconnectivity across programs and a deliberate approach to testing new initiatives for revenue generation and increased access. This includes expanding year-long programming, hosting successful one-day conferences, and expanding scholarship opportunities.

Table 58 shows that currently, over half of TWC's revenue (56%) comes from earned income sources, including workshop fees, membership dues, and facility rentals, and most of the organization's expenses (81%) go toward its programs. As shown in Table 59, County support represents a relatively small share of total revenue – just 8% from FY18 to FY24, excluding COVID-19 relief funds. In FY24, TWC ran an operating deficit.

*Financial Health:* Table 60 presents TWC's key financial health metrics from FY18 to FY24. They reflect a period of significant fluctuation, largely shaped by the COVID-19 pandemic and its aftermath. The organization's Current Ratio – a measure of its ability to meet short-term obligations – declined from 1.7 in FY18 to 1.0 in FY19, indicating a brief period of financial strain. It rebounded modestly in subsequent years, peaking at 2.7 in FY22, before falling again to 1.2 in FY24. This suggests that while the organization has had periods of improved liquidity, it continues to face challenges maintaining a strong buffer of current assets over liabilities.

Working Capital similarly dropped to \$7K in FY19, gradually recovered to \$247K in FY22, but declined again in the following years, ending at \$36K in FY24. This volatility indicates that while TWC has made strides in rebuilding its financial cushion, it has not yet achieved sustained stability.



TWC's Leverage Ratio remained consistently low (0.1–0.2) throughout the period, indicating minimal reliance on debt. This suggests that the organization has avoided taking on significant liabilities even during periods of financial stress.

Despite the fluctuations over time, TWC's FY24 audited financial statements report that the organization has \$435,748 in accessible assets available to meet general expenditures, which can cover about 5 months of expenses.

**Table 58. The Writer's Center – Revenues and Expenses, FY18-FY24 (nominal dollars)**

Source	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>Revenues</b>							
Workshops, sales and services	\$653,337	\$321,470	\$481,658	\$536,590	\$471,036	\$459,939	\$521,700
Membership dues	\$27,788	\$25,790	\$34,249	\$41,400	\$44,100	\$45,025	\$41,716
Facility rental	\$24,973	\$19,190	\$34,633	\$5,554	\$26,700	\$45,516	\$67,065
Subscriptions	\$8,227	\$7,066	\$4,183	\$8,305	\$7,335	\$9,042	\$9,631
% from Earned Income	43%	32%	54%	53%	53%	41%	56%
Capital grants	\$301,966	\$413,175	\$60,000	\$0	\$91,148	\$215,899	\$38,223
Contributions	\$599,117	\$309,261	\$289,058	\$392,414	\$314,243	\$478,752	\$318,442
PPP Grant			\$69,322	\$5,578	\$74,500		
In-kind contributions	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000	\$58,000
% from Contributed Income	57%	67%	46%	41%	52%	55%	37%
Other Income	\$3,553	\$16,835	\$2,855	\$950	\$450	\$1,064	\$2,045
Investment Income				\$58,071	(\$54,704)	\$44,736	\$77,000
% from Other Income	0.2%	1%	0.3%	5%	-5%	3%	7%
<b>Total Revenue</b>	<b>\$1,676,961</b>	<b>\$1,170,787</b>	<b>\$1,033,958</b>	<b>\$1,106,862</b>	<b>\$1,032,808</b>	<b>\$1,357,973</b>	<b>\$1,133,822</b>
<b>Expenses</b>							
Program Services	\$635,676	\$692,111	\$736,544	\$780,291	\$750,147	\$844,601	\$950,523
% from Program Services	66%	77%	80%	77%	81%	81%	81%
General and Administrative	\$177,082	\$115,062	\$106,886	\$104,691	\$106,816	\$120,285	\$132,172
Fundraising	\$155,021	\$88,975	\$79,100	\$72,070	\$72,455	\$81,724	\$92,090
% from Supporting Services	34%	23%	20%	19%	19%	19%	19%
<b>Total Expenses</b>	<b>\$967,779</b>	<b>\$896,148</b>	<b>\$922,530</b>	<b>\$957,052</b>	<b>\$929,418</b>	<b>\$1,046,610</b>	<b>\$1,174,785</b>
<b>Net (Deficit) Income</b>	<b>\$709,182</b>	<b>\$274,639</b>	<b>\$111,428</b>	<b>\$149,810</b>	<b>\$103,390</b>	<b>\$311,363</b>	<b>(\$40,963)</b>

Source: The Writer's Center Audited Financial Statements FY18-FY24, Statements of Activities

**Table 59. The Writer's Center – Revenues from Government Sources, FY18-FY24 (nominal dollars)**

	FY18	FY19	FY20	FY21	FY22	FY23	FY24
<b>TOTAL REVENUE</b>	<b>\$1,676,961</b>	<b>\$1,170,787</b>	<b>\$1,033,958</b>	<b>\$1,106,862</b>	<b>\$1,032,808</b>	<b>\$1,357,973</b>	<b>\$1,133,822</b>
<b>Montgomery County</b>							
% from AHCMC Grants*	4%	6%	6%	6%	6%	6%	5%
% from Cost Sharing Capital Grants	0%	0%	0%	0%	0%	7%	0%
% from Utilities	1%	1%	1%	1%	1%	1%	1%
% from COVID Relief Grants <sup>‡</sup>	0%	0%	12%	5%	0%	3%	0%
<b>% from County Sources</b>	<b>5%</b>	<b>7%</b>	<b>20%</b>	<b>12%</b>	<b>7%</b>	<b>17%</b>	<b>7%</b>
<b>State</b>							
% from MSAC Grants	6%	9%	7%	4%	6%	5%	5%
<b>% from State Sources</b>	<b>6%</b>	<b>9%</b>	<b>7%</b>	<b>4%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>

Sources: Data provided by The Writer's Center; The Writer's Center Audited Financial Statements FY18-FY24, Statements of Activities; Data provided by DGS; Maryland State Arts Council

\*Includes GOS II and Advancement grants

<sup>‡</sup>Percentages based on utility expenditures provided by the Department of General Services (DGS). Does not include in-kind contributions of rent.

\*Includes AHCMC Covid Relief and Public Health Emergency grants.

**Table 60. The Writer's Center – Financial Health Metrics, FY18-FY24**

Metric	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Trend
Current Ratio	1.7	1.0	1.2	1.5	2.7	1.3	1.2	Fluctuating, with recent decline
Working Capital	\$270K	\$7K	\$27K	\$129K	\$247K	\$93K	\$36K	Volatile, with recent decrease
Leverage Ratio	0.2	0.1	0.1	0.1	0.1	0.1	0.1	Stable and low throughout

Sources: The Writer's Center Audited Financial Statements FY18-FY24, Statements of Financial Position

## Findings and Recommendations

Montgomery County is home to a dynamic and diverse network of organizations, artists, scholars, and community groups that provide cultural programming and educational opportunities for residents of all ages. To sustain this sector, County Government provides annual support through grants, service contracts, operating funds, and capital investments. It also owns eight arts venues – operated by nonprofit and for-profit entities – which receive additional County funding for utilities and maintenance.

The COVID-19 pandemic severely impacted the financial health of the arts and humanities sector. While some organizations have begun to recover, others continue to face significant challenges and have even sought direct County support to remain operational.

This Office of Legislative Oversight (OLO) report examines the sector’s economic status since the pandemic, with a focus on reliance on County funding. It analyzes County support from FY18 to FY25 and presents financial data for the eight organizations operating in County-owned venues from FY18 to FY24.

*Note: Because arts and humanities funding is spread across the County’s budget, some related expenditures and service providers may not be fully accounted for.*

OLO’s findings are presented in two sections:

- Findings related to **County Government Funding for Arts Organizations** across six funding streams from FY2018 and FY2025:
  - Grants administered by the Arts and Humanities Council of Montgomery County (AHCMC);
  - Capital project funding, such as cost-sharing capital grants;
  - Contracts, including both non-competitive and other procurement types;
  - Grants outside of AHCMC, both competitive and non-competitive;
  - Operational support through Non-Departmental Accounts (NDAs);
  - In-kind support for utilities and maintenance costs; and
- Findings related to the financial situation of eight arts and humanities organizations that manage **County-Owned Arts Venues**:
  - AFI Silver Theatre and Cultural Center;
  - BlackRock Center for the Arts;
  - The Fillmore;
  - Imagination Stage;

- Round House Theatre;
- Strathmore Hall Foundation;
- Theatre Consortium of Silver Spring; and
- The Writer's Center.

OLO's recommendations for Council consideration are presented on page 173.

## Findings

### County Government Funding for Arts Organizations

1. From FY18 through FY25, the County invested a total of \$97.9 million across these six funding streams. Several organizations receive support across multiple funding streams (e.g., AHCMC general operating grants, capital grants, and facility support). The following table provides a high-level summary of County spending by category:

**Sources of County Funding for Arts and Humanities Organizations, FY18-FY25**

Source of Funding	Total County Investment	% of Total County Investment	No. of Unique Organizations	Highest Funded Organization
AHCMC Grants (only for organizations)*	\$46.1 million	47%	169	Strathmore
Capital Funding	\$10.7 million	11%	24	Glen Echo PPAC
Contracts	\$11.3 million	11%	7	AFI Silver
Grants	\$2 million	2%	10	KID Museum
NDA Operating Support	\$6.6 million	7%	1	KID Museum
Utilities & Maintenance	\$21.2 million	22%	8^	Strathmore
<b>TOTAL</b>	<b>\$97.9 million</b>	<b>100%</b>		

\*Includes \$5.8 million in COVID-19 Relief Grants for Organizations

^Indicates the number of managing organizations. Not all managing organizations receive maintenance support.

- 2. Funding Is Concentrated Among a Few Large Organizations.** Five organizations receive approximately half (52%) of County support. These organizations benefit from multiple funding streams including direct operating support, grants, contracts, capital funding, and in-kind facility support:

Organization	Amount of Funding	% of Total County Funding	Types of Funding
Strathmore	\$16.5 million	17%	AHCMC grants, utilities and maintenance
KID Museum	\$10.5 million	11%	AHCMC grants, contracts, community grants, NDA
Glen Echo PPAC	\$8.4 million	9%	AHCMC grants, capital funding, utilities and maintenance
AFI Silver Theatre	\$8.4 million	9%	Contracts, utilities
Olney Theatre Center	\$5.5 million	6%	AHCMC grants, capital funding
<b>TOTAL</b>	<b>\$49.3 million</b>	<b>52%</b>	

*The amounts presented should be considered approximate, based on data collected by OLO. Some sources of County funding received by these organizations may have been missed. However, this represents the best available estimate.*

- 3. AHCMC Grants Are the Primary Funding Stream.** Between FY18 and FY25, AHCMC awarded \$46.1 million in grants to organizations.
- General Operating Support (GOS) I and II grants accounted for 70% of all AHCMC grant dollars.
  - COVID-19 relief grants were a major temporary funding stream during this period. AHCMC distributed \$5.8 million in COVID-19 relief grants to organizations in FY21 and FY23.
  - Over time, County appropriations to AHCMC have modestly outpaced inflation. However, AHCMC reports that these increases have not kept pace with the growing demand for grants across the sector; in FY26, this shortfall resulted in 25 eligible, panel-recommended applicants going unfunded.
- 4. General Operating Support II (GOS II) Dominates Funding.** GOS II grants, for larger organizations with budgets over \$150,000, received \$27 million (79% of GOS funding).
- These grants are calculated as a percentage of an organization's operating budget, favoring larger institutions. Strathmore, Olney Theatre Center, Imagination Stage, Round House Theatre, and the Baltimore Symphony Orchestra received over 50% of all GOS II funds.
  - The current GOS II grant structure groups a wide range of organization sizes into a single funding category. The difference between the operating budgets of the smallest and largest

grantees in FY25 was approximately \$13.4 million. These organizations differ significantly in their scale of operations and programming.

5. **AHCMC Has Shifted Toward More Equitable Grantmaking.** Since FY18, AHCMC has intentionally increased support for smaller and mid-sized organizations through GOS I and Advancement Grants.
  - The share of GOS I funding increased from 15% of all GOS grants in FY18 to 29% in FY25. During this period, the number of grantees rose, and the nominal average GOS I grant size nearly doubled. After adjusting for inflation, the average grant size reflected a substantial real increase of approximately 60%.
  - Despite reforms to improve access to funding, demand for Advancement Grants – which support capacity-building and planning projects – far exceeds available funding. In FY26, organizations requested \$1.35 million, but only \$282,097 was awarded. Eight organizations received 58% of all Advancement Grant funds between FY18–FY25.
6. **Capital Funding is Concentrated and Project-Based.** The County spent \$10.5 million on capital projects for arts organizations between FY18–FY25. 71% of this went to just three organizations: Glen Echo Park Partnership: \$4 million; Olney Theatre Center: \$2.1 million; and Round House Theatre: \$1.4 million. These were often multi-year investments in large-scale renovations or expansions.
7. **Contracts and Grants are also Concentrated with Limited Oversight.** The County provided a combined total of \$13.5 million to nonprofit arts and humanities organizations through both contracts and grants. A small number of organizations received funding through multiple mechanisms, with AFI Silver Theatre, KID Museum, and BlackRock Center for the Arts standing out as the most frequently and highest funded.
  - AFI Silver Theatre received the largest amount in non-competitive contracts – over \$6.8 million – all of which supported general operations. The contract lacks formal performance metrics or evaluation criteria and receives limited County oversight;
  - KID Museum followed, with more than \$3.1 million in combined contracts and grants; and
  - BlackRock Center for the Arts received over \$1.4 million through both mechanisms, including \$330,000 in direct, supplemental appropriations to prevent closure in FY24 and FY25.
8. **The KID Museum is the only arts and humanities organization funded through its own Non-Departmental Account.** In FY22, the County established a new KID Museum Non-Departmental Account (NDA) dedicated to funding the museum’s operations. Between FY22-FY25, the KID Museum received \$6.6 million in operational funding through this account.
  - The KID Museum also received other County funding during this period (AHCMC grants, non-competitive contracts, and community grants).

- Altogether, the organization received nearly \$10.5 million in County funding, making it the second highest-funded arts and humanities organization following Strathmore, which received approximately \$16.5 million.

**9. County-Owned Facilities Receive Additional In-Kind Support.** Seven arts and humanities organizations operating in County-owned spaces receive free utilities and/or maintenance for those facilities, totaling \$21.2 million from FY18–FY24.<sup>225</sup>

- Strathmore alone accounted for 63% of utility and 62% of maintenance costs.
- Facility support is not uniformly applied – organizations in County libraries (e.g., Arts on the Block, Action Youth Media) must reimburse the County for utilities.

**10. Only two organizations received direct earmarks for operating support between FY18 and FY25: National Philharmonic (FY18) and BlackRock Center for the Arts (FY24–25).**

- In FY18, the National Philharmonic – which is a resident partner of Strathmore – received \$150,000 in direct funding through AHCMC to stabilize its operations. This allocation followed two consecutive years of County support for the same reason.<sup>226</sup>
- In FY24-25, BlackRock Center for the Arts received \$330,000 in supplemental appropriations in the form of a non-competitive grant to support its operations and prevent closure.
- Previously earmarked funding (pre-FY18) is now routed through other mechanisms – for example, AFI Silver now receives support via contract, and utilities are now covered for Imagination Stage along with other County-owned venues.

## County-Owned Arts Venues

OLO analyzed financial trends for the eight organizations operating in County-owned venues based on organizational data available from FY18 through FY24. It also assessed organizations' current financial health based on four key metrics, defined in the table on page 172.

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<sup>225</sup> The seven organizations include: American Film Institute, BlackRock Center for the Arts, Imagination Stage, Round House Theatre, Theatre Consortium of Silver Spring, Strathmore Hall Foundation, and The Writer's Center. The Fillmore is also a County-owned property, but it does not receive County facility support because it is operated by the for-profit company Live Nation Worldwide, Inc.

<sup>226</sup> The County's funding of National Philharmonic is discussed in detail in OLO Report 2019-12, *Strathmore and the Arts in Montgomery County*.



**11. COVID-19 Had a Profound Impact Across Organizations**

- All eight organizations experienced significant revenue losses during the pandemic, particularly in earned income (ticket sales, rentals, tuition).
- Emergency relief funding (e.g., Tourism Stabilization Grants, PPP loans, AHCMC COVID grants) was critical to stabilizing operations, accounting for up to 40% of revenue in some years (e.g., Strathmore in FY22).
- Organizations are showing financial resilience despite a slow recovery. While AFI, Round House, Strathmore and Theatre Consortium of Silver Spring (TCSS) have largely returned to pre-pandemic levels, BlackRock, Imagination Stage, and The Writer's Center continue to face slower audience return.

**12. Most Organizations Remain Financially Fragile Despite Recovery**

- Liquidity and reserves are low for many organizations. For example, Round House Theatre had a negative working capital of \$2.1 million in FY24, and The Writer's Center's cash reserves fell to 1.6 months in FY24.
- Operating deficits persist for several groups (e.g., Imagination Stage, BlackRock, The Writer's Center), despite increased programming and attendance.
- Donor fatigue and flat foundation support are common concerns, especially for larger institutions like Round House and Strathmore.
- Smaller organizations like TCSS are more financially stable due to lean operations and successful grant-seeking.

**13. County Funding Is Essential, But Varies Widely in Form and Scale**

- County support ranges from 5% to 34% of annual revenue, depending on the organization and year.
- Forms of support include direct grants (AHCMC, community, capital), non-competitive contracts (e.g., AFI, BlackRock), in-kind contributions (free rent, utilities, maintenance), and emergency relief (COVID grants).
- Strathmore received the most County support (\$16.5M from FY18–FY24), largely for utilities and maintenance.
- TCSS and The Writer's Center rely heavily on in-kind support, which is often underreported or undervalued in financial statements.

**14. Lease and Operating Agreements Often Lack Clarity and Oversight**

- Recurring issues across County-owned arts venues point to a need for more consistent, transparent, and actively managed lease and operating agreements. These issues include:
  - Unclear maintenance responsibilities (e.g., Imagination Stage, TCSS), which have led to confusion over who is responsible for repairs and delays in addressing facility needs.
  - Conflicting provisions between leases and contracts (e.g., TCSS's marquee signage).
  - Lack of formal evaluation metrics (e.g., AFI's non-competitive contract), limiting the County's ability to assess performance or outcomes tied to public funding.
- Staff turnover and institutional memory loss within County departments (e.g., DGS) exacerbate these issues.

**15. County Use Provisions Are Inconsistently Applied and Often Underutilized**

- Several of the organizations' leases include County use provisions – clauses that allow Montgomery County to use the facilities for public or governmental events. However, these provisions are often inconsistently structured and frequently underutilized.
- Some agreements (e.g., AFI Silver Theatre, TCSS) include County use clauses that are no longer actively used or are difficult to implement due to scheduling constraints.
- A few organizations (e.g., Imagination Stage, The Writer's Center) have no formal County use clause in their agreements, despite receiving substantial County support.
- Organizations report that County use is often informally arranged without a designated County liaison.
- BlackRock Center for the Arts reports frequent County use beyond what is stipulated in their agreements, often at no cost. The organization has begun formal tracking of County events and their associated expenses.

**16. BlackRock's Persistent Financial Instability has Led to a Unique Reliance on County Operating Support**

- Structural and contextual factors have caused BlackRock's financial challenges:
  - i. A small-capacity venue limits earned revenue potential
  - ii. Underdeveloped surrounding infrastructure in Germantown restricts visibility and foot traffic
  - iii. Frequent leadership turnover has hindered long-term planning and fundraising
- The COVID-19 pandemic exacerbated these challenges, causing steep revenue losses and operating deficits

- Unlike the other organizations, BlackRock received supplemental appropriations from the County in FY24 and FY25 – totaling \$330,000 – to prevent closure. This direct intervention underscores the severity of BlackRock’s financial distress and the County’s recognition of its civic and cultural importance in an underserved area.

### Key Financial Health Metrics for Nonprofit Organizations

Metric	Formula/Definition	What it Indicates
Net Income	Total Revenue – Total Expenses	A surplus indicates efficient operations and the ability to reinvest in the mission.
Current Ratio	Current Assets ÷ Current Liabilities	A ratio above 1 means the organization can meet short-term obligations.
Working Capital	Current Unrestricted Assets – Current Liabilities	The amount of unrestricted resources available to meet short-term obligations.
Cash Reserves	Unrestricted Cash ÷ Average Monthly Expenses	Shows how many months of expenses can be covered by available unrestricted cash.
Debt Management (Leverage Ratio)	Total Liabilities ÷ Total Assets	A lower ratio indicates less reliance on debt; a high or rising ratio may be a concern.

Source: Nonprofit Finance Fund; Association of Nonprofit Accountants and Finance Professionals

## Recommendations

Based on the findings above, OLO offers the following recommendations for Council consideration:

**Recommendation 1. Request the County Executive to strengthen performance evaluation and oversight for County-funded contracts with arts organizations, particularly those providing general operating support.**

As an example, OLO found that the County’s current contract with AFI Silver Theatre lacks formal performance metrics and receives limited oversight. While AFI submits annual budget and activity reports, these are used only to inform future funding levels and are not tied to specific deliverables or outcomes. OLO also learned that the County is considering whether some non-competitive contracts – especially those funding general operations, like AFI’s – should be restructured as non-competitive grants. Unlike contracts, grants typically include reporting requirements and conditions for fund use, which could enhance accountability. Transitioning to a grant-based model would require County Council approval but could improve transparency and ensure that significant public investments are tied to measurable outcomes.

**Recommendation 2. Require that the County’s Department of General Services (DGS) improve oversight, communication, and transparency in the management of County-owned arts facilities by implementing regular lease reviews, clarifying responsibilities, designating County liaisons, and providing detailed information on in-kind support.**

OLO found that many lease and operating agreements with arts and humanities organizations lack clarity, leading to confusion over maintenance responsibilities, spending authority, and County-use provisions. Oversight is further complicated by conflicting terms between leases and contracts (e.g., Theater Consortium of Silver Spring’s marquee signage), outdated provisions (e.g., The Fillmore, BlackRock), and the absence of formal evaluation metrics in some agreements (e.g., AFI’s contract). These issues are exacerbated by staff turnover and the resulting loss of institutional memory within County departments.

Many arts organizations also estimate the value of in-kind support – such as rent and utilities – because they do not receive figures of actual County expenditures. DGS reports that it can provide this information upon request, but a more proactive approach would improve transparency and help organizations better understand the full scope of County support.

Designating a County liaison for each organization, conducting regular check-ins, and ensuring DGS regularly provides detailed information on in-kind contributions would strengthen communication, clarify roles, and support more effective facility management of these County arts venues.

**Recommendation 3. Recommend that the County Executive revisit and clarify the County’s utility policy to ensure consistent application across all nonprofit arts and humanities organizations operating in County-owned facilities.**

Although the County adopted a 2017 policy to cover utility costs for nonprofit arts and humanities organizations in County-owned buildings, OLO found that the policy has not been applied consistently. Three organizations located within a County library – Arts on the Block, Action Youth Media, and Levine Music – are still required to reimburse the County for utilities.

At the time the policy was adopted, officials acknowledged inconsistencies in utility billing. Following consultation with the County Council, the County Executive directed that the County assume responsibility for utility costs for all eligible organizations.

However, the continued exclusion of some organizations highlights the need to revisit the policy. Clarifying eligibility criteria and addressing remaining inconsistencies would promote equitable treatment and ensure current practices align with the policy’s original intent.

## **Agency Comments**

The Office of Legislative Oversight (OLO) shared the draft of this report with staff from Montgomery County Government. OLO appreciates the time taken by County Government staff to review the draft report and to provide technical feedback. This final report incorporates technical corrections and feedback received from County Government staff.

Written comments from the Chief Administrative Office are forthcoming.