

Analysis: Proposed merger mixed bag for museum

By John Hazlehurst

For the past several months, representatives of the Colorado Springs Fine Arts Center have been in discussions with their counterparts at Colorado College about combining the operations of the two institutions.

Given the FAC's continuing financial woes, such a combination might amount to a de facto sale.

"We've really been lurching from financial crisis to financial crisis for years," said a person with deep and longstanding ties to the Fine Arts Center, who did not wish to be identified. "It's just a matter of revenue vs. expenses."

When it opened in 1936, the FAC catapulted Colorado Springs to national visibility. From being a quiet little tourist town with a thriving arts community, Colorado Springs became a national center for the arts. Continuing the tradition established by The Broadmoor Art Academy, the FAC recruited nationally prominent artists and nurtured aspiring locals. It was a place where art was conceived, created, performed and collected.

"There are dozens of small art museums in the West," said a past board member, "but none with our history. We were part of the creative process, not just collectors and connoisseurs."

Part of that history is currently on display in a recently opened exhibition featuring the work of Frank Mechau, the Colorado artist who executed the monumental mural of running horses on the east wall of the FAC courtyard in 1936.

Other renowned artists closely associated with the Fine Arts Center and its predecessor are Laura Gilpin, Robert Reid, Boardman Robinson, Robert Motherwell and Emerson Woelffer.

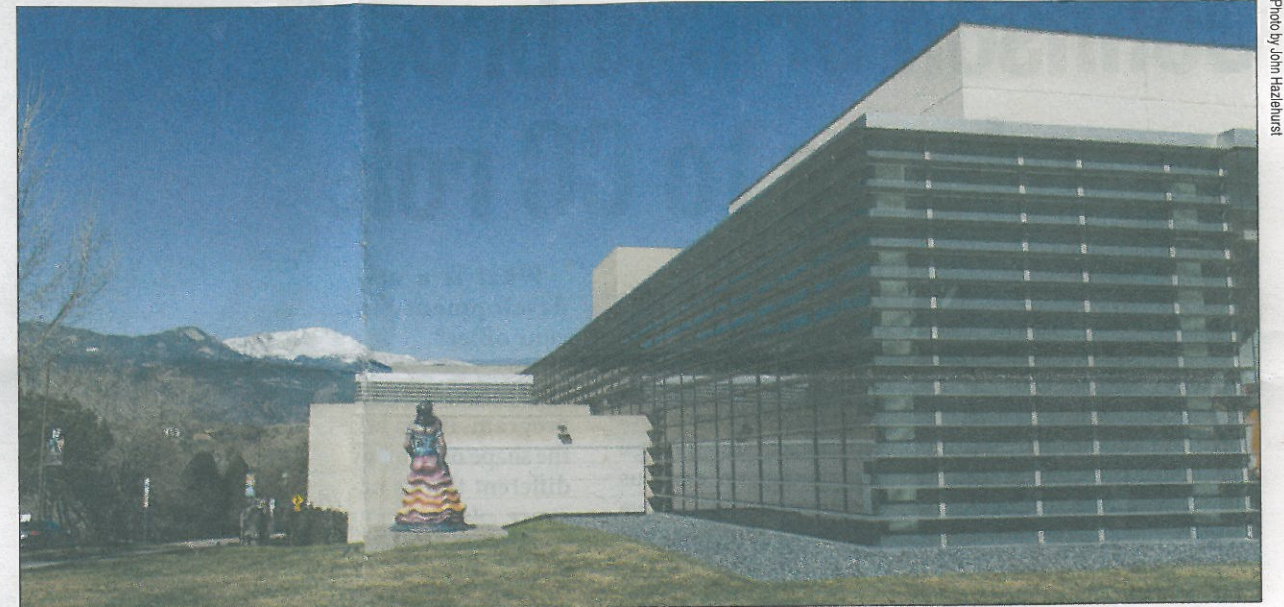
During that time of creative ferment and national relevance, generous donors and strong community support kept the organization afloat. When it opened, Colorado Springs had a population of approximately 34,000. Today, roughly 450,000 people call Colorado Springs home.

That's an increase of 1,400 percent, and it presents an obvious question: If 34,000 residents could support the FAC of 1936, why can't 450,000 do it today? There seems to be no easy answer to the question.

The organization took on \$15 million in long-term debt to help finance a 2006 renovation and addition, according to its financial records. As of Aug. 15, 2015, principal payments totaling \$7.95 million were still outstanding, with six future annual payments averaging about \$1.3 million. That has been a difficult — but not unmanageable — burden since the quasi-independent Fine Arts Center Foundation contributed \$789,928 to the organization in 2015, following an \$830,000 contribution in 2014.

But expenses apparently outpaced revenues. Leaky

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The Colorado Springs Fine Arts Center and nearby Colorado College are considering a merger.

rooftops and aging infrastructure clashed with stagnant donations. The FAC then borrowed a further \$500,000 in 2015 from the foundation in the form of a non-interest-bearing note, using some of the proceeds to pay off a \$358,000 bank loan, according to its annual report. The foundation's assets (including the \$500,000 note) are currently valued at \$13.7 million, \$1 million less than a year earlier, auditors reported. Over time, the foundation's \$1 million annual contributions to its parent organization could become untenable.

Unlike most similar institutions, the FAC receives no public funding. By contrast, the Denver Art Museum received \$6.8 million from the voter-created six-county Scientific and Cultural Facilities District in 2014. Smaller facilities also benefitted.

Twenty years ago, a group of Colorado Springs community leaders persuaded City Council to place a similar measure on the ballot. Like the tax that funds the SCFD, revenue from the proposed tax would have been used to support cultural nonprofits large and small. Voters rejected the proposed tax.

Just as the 1991 initiative that phased out a capital improvements sales tax seriously affected the city's ability to maintain and rebuild vital infrastructure, the failure of the "Arts Tax" (as its opponents dubbed it) may have affected our cultural infrastructure.

Absent public funding, local cultural nonprofits must seek support from the same donor pool. No major private employer is headquartered in Colorado Springs, many residents are transient and the city's sprawling polycentric geography is another source of disconnection. El Pomar Foundation, the Anschutz Foundation

and a couple of dozen generous benefactors can't do it all. In sharp contrast to institutions within the SCFD, major nonprofits such as the FAC are in precarious financial shape and relatively few significant cultural nonprofits have been formed in the last two decades.

What might a Colorado College takeover mean to the FAC? Opinions vary.

"Colorado College and the FAC have divergent goals," said a former trustee. "I'd expect that in time it would become just a part of the college's art department, with exhibitions and performances in tune with whatever's fashionable in liberal arts colleges."

Denver art dealer Steve Savageau, who has been in the business for more than 50 years, has a different take.

"Private colleges are in the business of keeping people out," he said. "The FAC needs to get more people in. I was there a few days ago — the place was deserted, there were maybe four people in the galleries."

Yet because Colorado College has an \$800 million endowment, the FAC board may find a merger irresistible, given the alternatives.

While the FAC's art collection is not included in its audited financials, it's hardly without value.

Less than two years ago, a prominent dealer in American art offered to buy one of the FAC's core holdings — Arthur Dove's *Fog Horns*, according to sources on the board. Acquired by the FAC in the early 1950s, *Fog Horns* was depicted on a U.S. Postal Service stamp in 2013, one of 12 major American works to be so honored. The board narrowly rejected the dealer's offer, said to be "around \$8 million."

Merging with CC would protect the collection from further attempted raids, remove immediate financial pressures and allow the FAC staff to follow Savageau's advice — get people in. • CSBJ