



FY 2024 - 2025 Expenditure and Revenue Report

***A Report to the Governor and
the House Appropriations &
Senate Finance Committees***

September 1, 2025





Southwest Virginia Cultural Heritage Foundation & Friends of Southwest Virginia

On behalf of the Southwest Virginia Cultural Heritage Foundation, the following report is submitted to the Governor and the Chairs of the House Appropriations and Senate Finance & Appropriations Committees per the 2023 Appropriation Act Item 114 K.2.

ORGANIZATION OVERVIEW AND HISTORY:

The Southwest Virginia Cultural Heritage Foundation's purpose is to encourage economic development of a 19-county, four-city, and 53-town region through innovative expansion of cultural heritage and natural asset-based development, supporting entrepreneurship, tourism, and overall business growth. Recognizing a transition in the economic structure of the region from the loss of extractive, agricultural and manufacturing industries, the Department of Housing and Community Development (DHCD) worked with regional partners in 2002 to envision a new future for Southwest Virginia that capitalizes on the region's cultural and natural assets to attract tourism and enhance quality of life.

The Southwest Virginia Cultural Heritage Commission, established in 2008 by the Virginia General Assembly, took the lead in developing a creative economy in Southwest Virginia. In 2011, the Commission became the Southwest Virginia Cultural Heritage Foundation, a community development and tourism marketing organization with administrative support from DHCD. Through a cooperative non-profit, Friends of Southwest Virginia (an incorporated 501(c)(3)), the dual organizations serve as the coordinating body to help communities, organizations, and individual entrepreneurs mobilize and succeed throughout the region. A third incorporated 501(c)(3) entity, 'Round the Mountain: Southwest Virginia's Artisan Network, was founded in 2004 and operated independently until June 2017 when management and programming was assumed by Friends of Southwest Virginia.

The creative economy movement is defined by innovative business development techniques. From the arts and music of the region to cultural goods and services capitalized through tourism to research and development, the joint work of the Foundation and the non-profit is revolutionizing the rural economic development system of Southwest Virginia and providing new jobs for the region.

A multifaceted plan identifies the cultural and natural assets of the region; coordinates initiatives, organizations and venues engaged in cultural and natural heritage toward more efficient operations for all partner organizations; and develops a comprehensive strategy and capital improvements plan to maximize the impact of state investments in this significant restructuring effort.

Key organizational goals included within the Code of Virginia include:

- Branding and marketing Southwest Virginia to the world as a distinct culture and destination
- Developing and sustaining the Southwest Virginia Cultural Center & Marketplace (formerly Heartwood)
- Expanding outdoor recreation development initiatives and marketing throughout the region
- Planning and implementation of downtown revitalization throughout the region to instill a high quality of life within our communities and promote them to the world for a broad spectrum of economic development opportunities

Friends of Southwest Virginia is supported by a regional partnership of 19 counties, four cities, and 53 towns. While local funding levels vary, the region is united behind a single front in economic redevelopment. State partners include the Virginia DHCD, Virginia Tourism Corporation, and the Department of Conservation and Recreation. Funding comes from the Commonwealth of Virginia, Virginia Tobacco Region Revitalization Commission, Appalachian Regional Commission, U.S. Economic Development Administration, private foundations, and communities through the SWVA Partnership Program.



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The Southwest Virginia Cultural Center & Marketplace showcases a comprehensive picture of Southwest Virginia and the creative economy as a gateway to the region and creates new economic impact while sustaining financial stability as an organization. The 58,000 square foot artisan, performance, meeting, and office center was completed and opened to the public in 2011 with an investment of approximately \$15 million dollars of public funding through state and federal programs.

The Cultural Center was created to showcase and sell the work of regional artisans and musicians and to interpret Southwest Virginia's history, heritage, outdoor recreation and scenic beauty via stories and first-person narratives to inspire travel to other parts of the region. The facility was constructed by People Incorporated, a local community action agency, through funding sourced by 'Round the Mountain. The

property for the development is under a long-term lease from Virginia Highlands Community College and the building is leased by Friends of Southwest Virginia from owner People Inc. The facility has been operated by three joint entities: Friends of Southwest Virginia, the Southwest Virginia Cultural Heritage Foundation, and 'Round the Mountain, Southwest Virginia's 501(c)(3) non-profit artisan network.

2024-2025 Southwest Virginia Cultural Center Accomplishments

- **Visitor Growth:** Visitation at the Southwest Virginia Cultural Center held steady in FY25. While Tropical Storm Helene caused a dip in Fall 2024, strong recovery in the spring brought us back to FY24 levels. We continue to draw from key markets such as Washington, D.C., Charlotte, NC, and Atlanta, GA, while also welcoming international visitors from Japan, Switzerland, New Zealand, England, France, and Brazil.
- **Bus Tours:** Tour bus visits grew by 15%, driven by enhanced programming that included catered meals and live performances from Crooked Road artists—creating a more memorable and distinctive group experience.
- **Rentals Growth:** The range of rental events continues to diversify, with the Cultural Center now hosting everything from baby showers and high school reunions to college functions, book signings, and corporate board meetings.
- **Special Events:** Signature programs remain in high demand—our Christmas events and the always popular Father/Daughter Dance once again reached full capacity.
- **Retail Sales Volume:** Retail sales remained strong throughout FY25, with artisan inventory increasing by 15% compared to FY24, ensuring fresh offerings and greater variety for visitors.

REGIONAL PROGRAMMING & COMMUNITY DEVELOPMENT

Apart from its direct operations involving the SWVA Cultural Center, the Foundation and Friends of Southwest Virginia actively engaged in several region-wide initiatives during 2024-2025, which are poised to yield substantial long-term benefits for both the Foundation and the region as a whole. These initiatives encompass the ongoing expansion of the Southwest Virginia Outdoors product development and marketing campaign, further enhancement of the regionally supported Southwest Virginia brand, and continual enlargement of the scope of the creative economy in Southwest Virginia.

It is important to note that these activities lie beyond the purview of the Cultural Center and, therefore, are not included in the financial and program reports provided below. For more detailed information on these initiatives, interested parties are encouraged to refer to the Friends of Southwest Virginia 2024 Annual Report, which was issued in January 2025. The report can be accessed at the following link: <http://friendsofswva.org/about/annualreport/>



REGIONAL COMMUNITY CAPACITY BUILDING STATISTICS:

The Friends of Southwest Virginia Development Team plays a pivotal role in spearheading innovative strategies and projects, aimed at fostering sustainable development within the creative economy. Through effective capacity-building efforts and seamless collaboration across Southwest Virginia, the team actively promotes the growth and prosperity of the region.

QUICK DEVELOPMENT STATS

- Number of current development initiatives – 11 (8 planning and 3 construction projects)
- Completed projects in past 18 months – 7
- Number of supported counties and cities through current development initiatives – 28

CURRENT CONSTRUCTION PROJECTS

1. Big Stone Gap Pump Track & Skate Park
2. Big Cherry Lake (Wise County) – Fishing Pier and Boat Launch
3. Tazewell Trails Project (Richlands and Town of Tazewell)

CURRENT PLANNING PROJECTS

1. Appalachian Regional Commission ARISE Multi-State Planning Initiative
2. Appalachian Regional Commission Recovery Grant – Hurricane Helene Recovery
 - Mount Rogers Trails Assessment Work
 - New River High-Definition Stream Study
3. Virginia Main Street: Downtown Survey and Property Inventory
4. Blue Ridge Rising
5. Gateways to Southwest Virginia: Outdoor Economy Recreation Plan (LENOWISCO and WEST PIEDMONT Planning District areas)
6. ARC Power 23: Southwest Virginia Creative Economy & Tourism Workforce Initiative
7. ARC POWER 24 – Southwest Virginia Creative Economy Initiative
8. Virginia Tobacco Region Revitalization Commission - Southwest Virginia Creative Economy and Tourism Development Initiative

COMMUNITY DEVELOPMENT & PARTNERSHIP

The following are capacity building and regional support efforts.

- *Clinch River Valley Initiative (CRVI)*: Friends of Southwest Virginia is actively supporting CRVI's transition into a sustainable nonprofit. Services provided include overseeing the hiring of a CRVI Executive Director, serving as administration and fiscal partner, and collaborating on resource identification and initiatives for long-term sustainability.
- *FROG (Forest Recreation Outdoor Group)*: As part of the Clinch Ranger District Trail study, Friends of Southwest Virginia participates in the FROG collective, which serves as a conduit for community concerns, opportunities, and involvement in shaping future development efforts.
- *High Knob Enhancement Corporation*: Friends of Southwest Virginia advises the High Knob Enhancement Corporation in executing the High Knob Master Plan initiatives.



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- *Opportunity SWVA / RALLY*: Friends of Southwest Virginia staff collaborate with Opportunity SWVA monthly to leverage the Real Action Leadership Learning (RALLY) program, a community capacity and leadership development initiative.
- *Blue Ridge Parkway Foundation's Blue Ridge Rising Initiative*: Friends of Southwest Virginia is honored to partner with the Blue Ridge Parkway Foundation's strategic planning initiative, Blue Ridge Rising. This partnership is dedicated to the exploration of avenues for the generation of enhanced economic development opportunities along the Blue Ridge Parkway, specifically in Southwest Virginia communities along the Parkway.

PRODUCT DEVELOPMENT INITIATIVES

The state's investment in the Southwest Virginia Cultural Heritage Foundation and Friends of Southwest Virginia has enabled the organization to leverage these funds for diverse grant applications, attracting supplementary state and federal resources for projects spanning the entire creative economy. Notably, in FY2025, the allocated state funds were actively utilized as matching dollars for various grants and program projects, contributing to the region's continued development.

Active grant and program projects that utilized the state's allocation as matching dollars for the region in FY2024 include:

- Virginia Tobacco Region Revitalization Commission - Southwest Economic Development Building Appalachian Spring.
- Appalachian Regional Commission - ARC Area Development Lee and Wise County Outdoor Access.
- Appalachian Regional Commission - POWER 18: Bridge Builders Interstate Collaborative
- Appalachian Regional Commission - Gateways to Southwest Virginia: Outdoor Economy Recreation Plan
- Appalachian Regional Commission – Power 23: Southwest Virginia Creative Economy & Tourism Workforce Initiative
- Appalachian Regional Commission POWER 24 – Southwest Virginia Creative Economy Initiative
- Virginia Tobacco Region Revitalization Commission - Southwest Virginia Creative Economy and Tourism Development Initiative
- Gateways to Southwest Virginia: Outdoor Economy Recreation Plan (LENOWISCO and WEST PIEDMONT Planning District areas)

2024 – 2025 REGIONAL MARKETING

Throughout FY 25, Friends of Southwest Virginia has strategically invested in robust regional marketing and public relations campaigns, reflecting the momentum and enthusiasm shared with our localities, communities, and business partners. Our efforts have been focused on promoting Southwest Virginia as a world-class tourism destination, emphasizing the region's rich culture through compelling storytelling.

Southwest Virginia National Marketing and Public Relations Campaign

The Southwest Virginia brand is one of the most recognized in the Commonwealth, capturing the region's natural beauty and distinct cultural heritage. By showcasing the unique assets of our 19 counties and four cities, Friends of Southwest Virginia continues to drive measurable tourism growth and strengthen the region's identity.



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In 2025, targeted marketing campaigns, national public relations efforts, and strategic branding expanded awareness of Southwest Virginia as a world-class travel destination. These initiatives have increased engagement, attracted new visitors, and positioned the region competitively within both state and national tourism markets.

Building on this momentum, Friends of Southwest Virginia has identified key tourism and destination marketing priorities for 2025 that will elevate regional visibility, drive visitor spending, and deliver long-term economic impact for communities across Southwest Virginia.

Southwest Virginia Regional Public Relations Campaign Update

In 2023, Friends of Southwest Virginia entered a two-year partnership with Laurie Rowe Communications to expand outreach and strengthen relationships with travel journalists. Due to the success of this partnership, Friends of Southwest Virginia is continuing our partnership with Laurie Rowe Communications to expand regional marketing impact, as well as craft individual itineraries for journalists with specialized publications and stories.

Through this collaboration, Friends of Southwest Virginia hosted media familiarization trips highlighting the region's rich offerings. From music, art, and cultural heritage to outdoor recreation and beyond, Friends of Southwest Virginia is working to share with the world all Southwest Virginia has to offer.

Achievements in FY 25

During the 2023-2025 public relations campaign, Southwest Virginia was highlighted in 686 published articles, garnering an impressive 89,344,640,829 total impressions and an estimated media value of \$825,523,624, underscoring our region's growing prominence as a premier travel destination.

Other Marketing Initiatives

- **SWVA Tourism Awards**

In August 2025, nearly 200 tourism professionals gathered at the Wytheville Meeting Center for the sixth annual Celebrate Tourism Summit, presented by Visit Wytheville, Virginia Tourism Corporation, and Friends of Southwest Virginia to honor outstanding contributions in tourism marketing, visitor services, events, and leadership throughout the region. The awards recognized the achievements of tourism organizations, businesses, and individuals from the 19 counties and four cities of Southwest Virginia.

- **Photography & Videography**

Recognizing the need for high-quality media that reflects the natural beauty and cultural heritage of the region, Friends of Southwest Virginia launched a year-long photography and videography initiative. The project is capturing all-season imagery across the region, ensuring a diverse library of assets. Once complete, these assets will be available for use in all 19 counties and four cities through a new digital asset management system, supporting their marketing and promotional efforts.

- **Market Study Research**

After identifying a regional need for deeper visitor insights, Friends of Southwest Virginia launched efforts to better understand who our visitors are, where they are coming from, and what activities they engage in while in Southwest Virginia. In addition to those metrics, we are also collecting qualitative data to learn why visitors chose Southwest Virginia, what other destinations they considered, and other valuable information to guide future tourism strategies.



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2024-2025 Operations:

The Southwest Virginia Cultural Center's 2024-2025 fiscal year operational budget is broken down in Figure 1. *Please note, the following financials are unaudited, as the official audit will not be completed until December 2025.*

Figure 1: FY25 Financial Performance

July 1, 2024 to June 30, 2025

| | FY 2024 Performance |
|---|---------------------|
| Income | |
| Grants | \$834,595 |
| Artisan Sales, Retail Sales | \$121,907 |
| Events Revenue/Sponsorships/Rentals | \$103,190 |
| DHCD - SWVA Cultural Heritage Foundation* | \$650,252 |
| Partnership Support | \$61,586 |
| SWVA · SWVA Marketing | \$47,244 |
| TOTAL OPERATING INCOME | \$ 1,818,774 |
| Expense | |
| Grants | \$778,270 |
| Artisan Cost of Goods Sold | \$63,608 |
| Events | \$52,500 |
| Administration and Programming | \$461,435 |
| Maintenance, Building & Grounds | \$104,692 |
| Utilities | \$72,078 |
| Technology | \$25,323 |
| Legal, Insurance | \$29,062 |
| SWVA · SWVA Marketing | \$190,832 |
| TOTAL OPERATING EXPENSE | \$ 1,777,800 |

* It should be noted that a portion of the Foundation's \$875,000 appropriation continues to be utilized for payroll and related costs associated with Foundation staff directly employed by DHCD and working on both regional initiatives and the continued development of the Cultural Center; the remainder was allocated to the Foundation and Friends of Southwest Virginia for organizational and facility operations.

It is important to highlight that the Foundation's overall mission of serving the entire region and coordinating local, state, and federal resources continues to yield successful outcomes, generating tangible economic results across the region. Please note that the budgets and funds for grant programs and initiatives are beyond the scope of this report.

Efforts to enhance efficiency and improve programming have led to a significant development in our historical partnership with 'Round the Mountain: Southwest Virginia's Artisan Network. In response to their aim of reducing administrative costs and expanding their outreach, a partnership was established, effective July 1, 2018. Under this arrangement, Friends of Southwest Virginia assumed the programs of 'Round the Mountain through a programming contract. Previously, 'Round the Mountain Artisan Network managed the jury selection and membership component of the Cultural Center and received a guaranteed portion of revenue.



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The transition to a single organization managing both regional and Cultural Center initiatives has proven beneficial. This unified approach allows us to streamline operations and reduce overall administrative costs for these initiatives. Key staff members have assumed pivotal roles, providing oversight for all regional cultural heritage initiatives and the Cultural Center's activities. By creating this synergy, we anticipate increased collaborations and partnerships, resulting in a stronger Southwest Virginia Cultural Center both organizationally and financially.

FY26 Budget Projections:

The budget for the 2025-2026 fiscal year, approved by the Friends of Southwest Virginia Board of Directors and the Southwest Virginia Cultural Heritage Foundation Board of Trustees on June 12, 2025, is shown in Figure 2.

Figure 2: FY26 Operational & Development Budget

| | FY 2025 Annual Budget |
|---|-----------------------|
| Income | |
| Cultural Center Revenue | \$264,700 |
| Events Revenue/Sponsorships | \$50,000 |
| DHCD - SWVA Cultural Heritage Foundation* | \$625,000 |
| Partnership | \$60,000 |
| SWVA · SWVA Marketing-Revenue | \$65,000 |
| Income from Reserves | \$25,000 |
| Grants | \$3,842,664 |
| TOTAL OPERATING INCOME | \$4,932,364 |
| Expense | |
| Cultural Center Administration | \$26,500 |
| People Inc | \$36,000 |
| Maintenance & Grounds | \$151,750 |
| Utilities | \$67,400 |
| Technology | \$23,500 |
| Events | \$50,000 |
| Partnership | \$42,000 |
| Cultural Heritage Programs | \$57,500 |
| Cultural Center Retail | \$196,250 |
| Administration | \$204,500 |
| Southwest VA Marketing | \$234,300 |
| Grants | \$3,842,664 |
| TOTAL OPERATING EXPENSE | \$4,932,364 |

* It should be noted that a portion of the Foundation's \$875,000 appropriation continues to be utilized for payroll and related costs associated with Foundation staff directly employed by DHCD and working on both regional initiatives and the continued development of the Cultural Center; the remainder was allocated to the Foundation and Friends of Southwest Virginia for organizational and facility operations.