

# **RICHMOND SYMPHONY FINANCIAL HEALTH COMMITTEE**

**\* PROVISIONAL \***

## **Notes of the meeting held Thursday April 16, 2020 at 8:00 a.m. via Zoom from the RSO Offices**

**Members Present:** Rick Sample (Chair), David Fisk, Phil Bennett, George Mahoney, Dale Porfilio, John Walker, Mark Wickersham

**Members Absent:** Bill Mears

**Also Present:** Jennifer Arnold, Walter Bitner, John Bock (Board Member), Gail Henshaw, Tara Matthews (RSF Treasurer), Tom Schneider (Orchestra Committee), Frances Sterling

- 1. Welcome:** Rick Sample called the meeting of the Financial Health Committee (“*the Committee*”) to order.
- The Committee reviewed the **minutes from its last meeting**, which were approved without any changes.
- David Fisk provided an **overview** of the current operating environment, beginning with a review of events listed in the notes from last month’s meeting, all of which have been rescheduled or canceled due to COVID-19 and the resulting Stay at Home Order. The good news is that the Symphony was awarded \$818,500 under the Paycheck Protection Program. Gail Henshaw reported that the loan was approved on April 10<sup>th</sup> and that we estimate 60% or \$489,442 to be forgiven with the remaining 40% or \$329,058 payable over 17 months beginning in November 2020 at an interest rate of 1%. Mr. Fisk indicated that the proceeds have not been deposited into the account yet, and that if they are not received soon, the Symphony will need additional funding sources to meet the April 24<sup>th</sup> payroll. Rick Sample commented that the risk of not ever receiving the funds is low, since the loan has been approved, although it would be reassuring to have the process complete.
- FY20 Progress Report and Cash Flow:** David Fisk pointed out that more than \$75K in ticket refunds have been issued so far (\$24,569 subscription, \$40,206 single tickets, and \$11,155 Star Wars), with a further \$75K in subscriptions potentially still liable. Mr. Fisk noted that Star Wars is still on the schedule for June and has the potential to meet goal (or, it may be rescheduled to 2021). Virginia Opera will likely remit the remaining \$10K owed for Cinderella and \$18K for rehearsals held on *Aida*; however, it is unlikely that the Symphony will receive the balance of \$90K. Various opinions were expressed regarding this issue, ranging from pursuing the entire amount owed since foreseeable Symphony expenses are to be incurred, to not pursuing amounts owed due to the current and future partnership relationship with the Opera. The \$10,240 VCA funds receivable will be fast-tracked, and the Symphony is eligible to apply to NEA for \$50K in bail-out funds. If successful, these funds would supplant any (smaller) bailout granted by the Virginia Commission for the Arts. County funding for FY21 is an unknown at this time. It’s possible that \$25K from Chesterfield for FY20’s Big Tent can be carried over to FY21. Mr. Fisk is in constant contact with the City of Richmond regarding their unfunded \$250K commitment. More than \$27K will be donated from musicians as part of their side agreement. Tom Schneider reported that the musicians are very grateful not to be laid off, and are committed to being a part of the solution to the current situation. George Mahoney and Mark Wickersham expressed appreciation to Mr. Schneider for the spirit of teamwork shown by all involved. Potential at-risk revenue sources include \$25K in single ticket sales, \$59K more in summer camp (with a similar corresponding decrease in expenses), \$10K mini-gala (again, with similar expense decreases). On the expense side, re-projections were made for all categories except Indirect Operations and Indirect Education. Regarding Menuhin, work will be done around what revenue to defer and expenses to be considered prepaid, with the goal being to adhere to original budget expectations as much as possible. Gail Henshaw briefly reviewed the Cash Flow schedule, highlighting the net proceeds from the PPP loan, and the fact that this could allow the Symphony to reduce reliance on the SunTrust line of credit by \$700K. This would be advantageous due to the interest rate differential of 3.1% on the line of credit versus 1.0% on the PPP loan. Rick Sample suggested that the PPP loan and its activity should become part of the Cash Flow statement in the future. A request was made to include the Cash Flow graph in future meetings, which will be done.
- Scenario planning and FY21 budget:** Normally at this time a draft of next year’s budget is being reviewed. Numerous uncertainties would warrant endless scenarios at this time. Mr. Fisk proposed that an interim expense budget for the summer be created with a full year budget targeted for adoption by the Board in or by September. All agreed with this strategy. Mr. Sample reminded the group that with the PPP loan and the Foundation’s \$750K contribution in July, that the Symphony has adequate short-term liquidity.
- Other Business:** Tara Matthews broached the subject of how RSO can help patrons feel comfortable attending performances once restrictions are eased. Mr. Fisk shared that the thought process on this is already being addressed in other committees, with attention being given to both musician and patron concerns. Online streaming was touched upon several times, with the Symphony exploring ways to produce high-quality streaming from the Dominion Energy Center for use now and possibly continuing into the future.
- Next Regular Meeting:** Thursday May 14, 2020 via Zoom at 8:00 am from the RSO Offices