

RICHMOND SYMPHONY

RSO Financial Health Committee Meeting Minutes Draft

Location: Via Zoom

Date & Time: Friday, June 11, 2021 @ 8:00 AM

Attendees: Rick Sample (Chair), Phil Bennett, George Mahoney, Bill Mears, Dale Porfilio, John Walker, Mark Wickersham

Other Attendees: Jen Arnold, Walter Bitner, Neil Cary, Gail Henshaw, Lacey Huszcza (ED), Tom Schneider, Frances Sterling, Tara Matthews (RSOF Treasurer)

Regrets: Brandon Taylor, Bucci Zeugner

Agenda Items:

I. Welcome and Apologies for Absence (Rick Sample)

- Welcome to Neal Cary, who is transitioning in as the representative from the Orchestra Committee.

II. Review and Approval of Notes from Last Meeting (Rick Sample)

- *Approved*

III. FY21 Financials (Gail Henshaw and Lacey Huszcza)

- Overall, the Menuhin competition was well-received by all parties involved and had more than 1.5 million online views. Competitors participated in local school visits and spoke to our youth orchestra. Financially, the cash impact for this fiscal year was neutral. Costs, initially estimated to be \$700K are coming in more in the \$500K range. In addition to pledges received, and new contributions for Menuhin during this fiscal year, the Foundation approved a \$119K draw from the Fisk fund for Menuhin expenses, leaving \$320K in the Fisk fund available for future use.
- Actual year-to-date loss of \$1.3M is recognized. In addition to previous budget adjustments, Menuhin was not included in the approved annual budget, but is included in the actuals. Actual results do not yet include any favorable impact of the \$818.6K PPP2 loan forgiveness, which is expected to be recognized in full by year end. Including the PPP2 loan, actual year-to-date loss, including Menuhin, would be \$469K.
 - Total income of \$4.8M was \$296K or 7% better than budget, reflecting higher contributed income partially offset by lower earned income.

- Note that contributed income includes a net \$33K reduction for timing differences (restricted income recognized in one fiscal year but released in another).
- Total expenses were over \$1.0M unfavorable to budget. Direct programming costs include \$424K recognition in May of Menuhin prepaid expenses from prior years, current Menuhin competition expenses, and higher contractual musician costs. Indirect costs continue to track below budget.
- The full year FY21 forecast excluding Menuhin versus budget shows a loss of \$154K, which is almost \$100K higher than the \$55K loss shown last month. This reflects a slight decrease in anticipated contributed income combined with an expected higher level of indirect expenses. Income was again adjusted to reflect timing differences, the full recognition of the PPP2 loan forgiveness, and staff/musician accruals for New Beginnings. Remember that a portion of the large single gift from an anonymous donor will be recognized in this fiscal year with the remaining recognized in FY22.
- A full-year forecast including Menuhin shows a net loss of \$866K, largely due to current year recognition of \$424K prepaid expenses, and write off of \$227K pledges, composed of several large pledges related to Menuhin (Children's Hospital and City of Richmond). We typically do not have large pledge write-offs, nor do we anticipate them in the future.
- The \$152K beginning balance on the cash flow schedule is shown net of cash received for concerts in the next fiscal year. Monthly earned income represents cash from the concerts held in that month and is deducted from available cash shown at the bottom. The \$119K in quasi-endowed funds is the Menuhin money from the Fisk fund. After we receive the \$750K annual payout in July, we anticipate paying off the line of credit, for the first time in six years.
- Clarification was requested about the difference between budgeted amounts and cash flow figures. Budgets are based on accounting guidance, which match revenue and expense to the same time period. Cash flow reflects when money is actually received or spent, regardless of what time period to which it relates. A good example is Menuhin expenses that were paid in prior years (cash out the door) that were reflected in the budget and recognized for the year of the competition.

IV. Updates (Lacey Huszca)

- The Music Marathon raised about \$6K to be matched by the Cabell Foundation. These results were in line with our expectations. There were 3,500 participants throughout the day, with strong support from staff and musicians.
- The concert at Pocahontas State Park had the largest attendance of the year with more than two times the norm. Daniel Mysyk conducted

the all-classical program with some longer works that was well-received.

- Subscription sales are coming in strong. We have over \$170K so far for MW, 15% higher than a comparable timeframe from the 2019 season. We have also received \$25K in donations are part of the subscription renewal process. Pops renewals were sent out last week.
- This Saturday is the Mile of Music in Forest Hill Park, which will feature four ensemble performances spread throughout the park with staggered start times.
- On Sunday we will be performing at the new Baxter Perkinson Center for the Performing Arts in Chesterfield to a sold-out audience.
- July will host our weekly chamber music summer series and the 4th of July celebration at Crump Park in Glen Allen.
- Staff and musician representatives were excused, the general meeting was adjourned, and a brief executive session was held with the remaining board members.

Next meeting: Friday, July 15, 2021, at 8:00 am via Zoom