

RICHMOND SYMPHONY

RSO Financial Health Committee Meeting Minutes Draft

Location: Via Zoom

Date & Time: Thursday, December 9, 2021 @ 8:00 AM

Attendees: Rick Sample (Chair), Elizabeth Cabell Jennings, Bill Mears, Brandon Taylor, Mark Wickersham, Mark Wolfram

Other Attendees: Walter Bitner, Gail Henshaw, Lacey Huszcza, Tara Matthews (RSOF Treasurer), Dominic Rotella (Orchestra Committee), Elizabeth Lewis (Keiter), Richard Lewis (Keiter)

Regrets: Phil Bennett, Ludi Webber

Agenda Items:

- I. **Welcome and Apologies for Absence (Rick Sample)**
- II. **Review and Approval of Notes from Last Meeting (Rick Sample)**
 - *Approved*
- III. **FY21 November YTD vs Actual Results (Gail Henshaw)**
 - YTD net income is significantly higher than that reported last month due to higher income, both contributed and earned.
 - Within contributed income, an additional \$476K was awarded by the Small Business Administration through the Shuttered Venue Operators Grant (SVOG) program, and Institutional Support reflects receipt of at least \$20K each from four Foundations in November. The \$18K in special events income is for the February Gala. The only area of concern at this point is in the corporate support category.
 - Within earned income, single ticket sales are doing well and have caught up to budget. The contracted services category is back on track with budget. Regarding individual giving, the budget contains some bold timing, which is a factor in the YTD negative variance in that category.
 - Another item note relates to the bridge funding. While isolated in the budget presented to the Board, for internal purposes it was split into the corresponding categories of individual giving and institutional support, as appropriate. Taking that into consideration, the \$2.2M full year budget would be more in the \$1.8M range. Overall, SVOG has caused us to surpass the bridge funding needs.
 - A question was raised regarding projected full year results. Projections are currently being prepared, and will be presented monthly starting in January or February.

IV. Cash Flow (Gail Henshaw)

- Receipt of the SVOG funds enabled us to pay down the line of credit to a current balance of \$100K, and put us in a position of not utilizing cash from concerts that have not yet occurred!
- We expect to be able to pay off the line of credit by the end of December and to keep it there for a few months, ending the fiscal year with a balance of \$235K, below our original goal of \$500K.
- Observations from the group were made recognizing that receipt of unanticipated governmental funds due to the pandemic essentially allowed the Symphony to hit a “reset” button. The challenge now is to keep our earned and contributed income in line with expenses for the sustainable future and to maintain focus on correcting the structural deficit highlighted during the last budgeting process.

V. Updates (Gail Henshaw)

- \$100K was awarded through the Rebuild VA! Grant, which was originally applied for last November. Funds were depleted before our application was considered, but more funds recently became available. Receipt of the money is expected next week.
- There is one meeting date change. Our May meeting will now be held **Thursday, May 5, 2022.**

VI. Audit Presentation (Richard Lewis and Elizabeth Lewis)

- Representatives from Keiter joined the meeting.
- Elizabeth Lewis, senior manager, presented the audit results document, which provides general and Symphony-specific information.
- There are four internal control and other observations. Two are carryforwards from last year: restricted donations and project tracking, and endowment recordkeeping. Progress has been made on addressing both of these issues. One new observation relates more to the Foundation, and the establishment of detailed agreements for board-established funds (such as the Fisk fund). The final recommendation relates to pledges receivable and the need for an identification process with clear communication between departments.
- The question was raised as to the absence of internal control observations that have been presented in prior years, primarily related to the size of the organization. Keiter indicated that these issues have not disappeared; however, many actions have been taken to mitigate them.
- Richard Lewis, partner, reviewed the financial statements. Keiter is issuing an unqualified, or “clean” opinion, and there were no audit adjustments made.
- It was pointed out that although Keiter prepared the financial statements, management has responsibility for their content.
- The financial statements are consolidated, including the Symphony and the Foundation.

- Total assets increased significantly over last year, due to the growth in Foundation investments. Total liabilities decreased, reflecting a lower balance in the line of credit. There is a negative amount of net assets without donor restrictions, which indicates that over time, we have basically “borrowed” from the “with” donor restrictions line.
- The consolidated statements of activities details revenue and expenses with comparison to last year. Fiscal year 2021 includes a \$350K+ loss on uncollectible pledges. A question was raised regarding details of the write-offs. Lacey responded that a significant amount related to changes in the Menuhin format due to COVID, and additional information will be provided to committee members separately as a follow up.
- Note 1 – Accounting Policies is an important note. The new Revenue Recognition requirements are discussed, and it is indicated that adoption did not have a material impact on the organization.
- Although the cash available for general expenditures in Note 2 is low at \$68K, additional disclosures detail funds provided by and available from the Foundation.
- Note 8 indicates that there were two Paycheck Protection Program loans, both of which were fully forgiven.
- Note 15 discloses two subsequent events: the new \$1M endowment Foundation fund and receipt of \$601K in SBA funds through the Shattered Venue Operators Grant.
- ***The financial statements were accepted by the Committee as presented.***
- Staff members were excused from the meeting and an executive session was held with committee members and Keiter.

Next meeting: Thursday, January 13, 2022, at 8:00 am via Zoom