

# RICHMOND SYMPHONY

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## **RSO Financial Health Committee Meeting Minutes Draft**

**Location:** Via Zoom

**Date & Time:** Thursday, November 11, 2021, @ 8:00 a.m.

**Attendees:** Rick Sample (Chair), Phil Bennett, Sandra Chase, Bill Mears, Brandon Taylor, Ludi Webber, Mark Wickersham, Mark Wolfram

**Other Attendees:** Jennifer Arnold, Neil Cary, Gail Henshaw, Lacey Huszcza (ED), Tara Matthews (RSOF Treasurer), Dominic Rotella, Chris Stager, Frances Sterling

**Regrets:** Elizabeth Cabell Jennings

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### **Agenda Items:**

- I. Welcome and Apologies for Absence (Rick Sample)**
- II. Review and Approval of Notes from Last Meeting (Rick Sample)**
  - **Approved**
- III. Earned Income Update (Chris Stager)**
  - Historical data indicates low capacity utilization for MasterWorks (about 40% - 55%), and higher capacity utilization for Pops concerts (about 60% - 80%)
    - Growing this capacity utilization is the top priority of current marketing efforts because they drive the highest revenue and lead to an increased donor base.
    - More than half of all Symphony events deliver an average ticket price of \$20 or less.
  - Subscription sales are tracking close to budget for the season. Single tickets were budgeted based on history over the past eight years, taking into consideration capacity. MasterWorks was reviewed as an example.
  - In general, there are many marketing options, ranging from passive advertising to intrusive direct marketing. Each quadrant targets acquiring or developing existing audiences.
  - Direct mail and telemarketing are the primary tools employed for Symphony subscriber sales. Single ticket sales utilize a wide array of tools including direct mail, email and social media, print advertising and radio advertising. Specific media outlets are targeted to reach potential diverse audiences, and each concert will employ a different mix of tools.
  - The Symphony has a rich, comprehensive sales database that is very helpful in quantifying objectives and building models. Sales figures six

weeks before a concert can predict final ticket sales to compare to budget, providing enough time to proactively adjust marketing tools, if necessary. It's important to monitor early sales, and to provide ample time for buyers to make their purchasing decision.

- Analysis of historical data led to adoption of an aggressive, targeted approach to marketing that may change sales figures this season; however, COVID is a wild card with an uncertain impact.
- Looking at single ticket MasterWorks sales to date compared to prior seasons, we're off to a somewhat sluggish start, probably due to COVID; however, there are stronger programs later in the season which will allow advanced sales to build and spread risk across more programs.
- A question was raised regarding Sunday concerts – wouldn't it be better to have a packed house on Saturday only versus spreading the audience out over two concerts? Many factors need to be considered in consideration of this issue, including contractual obligations to musicians, the marketing message it sends, and the demographics of patrons. Having consistent Saturday and Sunday concerts this season will help determine the path to take on this in the future.
- In conclusion, there is a negative actual to budget variance in subscriptions which is being addressed through re-packaging and telemarketing. Nearly half of all single ticket buyers to date are new to the Symphony. Our goal is to restore paid capacity utilization to 70% over the next three seasons.

#### **IV. Contributed Income (Frances Sterling)**

- A weekly report by category is prepared that compares actual to budget and prior year.
- In individual contributions, we have a high number of small donations, but larger and major gifts are behind budget. We are starting a push in this area in November with follow-ups by the new Development Committee in December.
- Recurring giving typically falls into the latter half of our fiscal year for the Symphony, but we are working to shift that into the first half so that we have more time to focus on cultivation of relationships.
- There are a number of outstanding grant requests that we should hear decisions on in December and January.
- Corporate gifts are an area of softness, although we are still approaching opportunities.
- The Gala will be held February 27, 2022, after the MasterWorks performance, with another event the Tuesday following. Table sponsorship information has been sent.

**V. FY22 Financials (Gail Henshaw and Lacey Huszcza)**

- YTD net loss for October was \$48K compared to a budgeted loss of \$34K.
- Government grants include receipt of \$134K funds from the Small Business Administration's Shuttered Venue Operators Grant program. We received notification this week of an additional \$476K supplemental grant for November revenue recognition, bringing the total to \$610K.
- Timing differences on both the revenue and expense side continue to cause budget misses, although this should smooth out a bit as we progress through the fiscal year.
- The Leadership Team has started the process of forecasting results, with identification of possible budget variances.
- Moving to cash flow projections, there was \$79K cash available at October 31<sup>st</sup>, but there was \$370K in cash received for concerts not yet held, resulting in essentially "borrowing" \$291K from ourselves. This amount will decrease during the season as we release cash when concerts occur.
- Earned income projections were refined this month, resulting in different expected monthly inflows. Expenses were increased in May as a result of an additional Star Wars concert.
- Despite these changes from what was presented last month, we expect to end the year with a line of credit balance of \$450K, below our target of \$500K.

**VI. Updates (Gail Henshaw and Lacey Huszcza)**

- A large portion (\$600K) has been received from the generous \$1M gift to the Foundation with the rest expected to be fulfilled this fiscal year.
- Keiter will present June 30, 2021 financial statements at the next meeting.

**Next meeting:** Thursday, December 9, 2021, at 8:00 a.m. via Zoom