



THE DELAWARE SYMPHONY ORCHESTRA

DAVID AMADO, MUSIC DIRECTOR

Finance Committee Meeting – February 4, 2016 – 7:30 a.m.

Panera Bread, Fairfax, DE

Meeting Minutes / DRAFT

Committee Members Present: Lynsey Eppeneder, Finance Committee Chair
Charles Babcock, President
Jeff Ruben, Director

Ex-officio Directors Present: Alan Jordan, Executive Director

Staff Members Present: Barbara Cairns, Development Director
Libby Burgazli, Finance Manager

Committee Members Absent: I. David Plaza, Treasurer

Ms. Eppeneder called the meeting to order at 7:35 a.m.

The minutes of the November 5, 2015 and January 5, 2016 meetings were reviewed.

Recording Project Update

Mr. Jordan informed the Finance Committee that the new budget for the Brasil Guitar Duo recording session is estimated to be approximately \$71,000 [\$47,500 musician compensation; \$13,500 recording engineer costs; and \$10,000 development costs]. Currently, \$45,000 in contributions has been collected and the remaining \$26,000 is expected from the soon-to-be launched Kickstarter campaign and additional gifts. The \$71,000 is included in the Operational Forecast with a net-zero effect to the overall Net Deficit.

Review of Current Financials

Members reviewed the FY2016 Budget vs. FY2016 Operations Forecast report and the Cash Projection Report. Ms. Burgazli announced that the Recording Project costs and contribution support are now included in the Forecast and Cash Projection documents. Additionally, investment returns on the Board Restricted Fund were lowered to more accurately reflect the current market. The resulting forecasted Net Deficit is \$43,473, compared to \$35,838 in January. The Chamber Series 2 concert ticket sales were on target, and the “Major Gifts” line is strengthened by a recent pledge of \$100,000. Both corporate and foundation revenue forecasts may need to be revised downward and the overall “mix” will be addressed at the next Development Committee meeting. As of January 31, 2016, \$676,000 of contributions have been pledged or collected and \$45,000 of recording contributions will be released from the restricted funds in February; therefore an additional \$288,000 in new

contributions are needed to meet or exceed the current Forecast.

The Cash Projection Report shows approved Operating Reserve draws of \$50,000 in February (total of \$100,000 approved at the November 2015 Board meeting), with full replenishment of the amount used for operations (\$75,000) in March 2016. The Committee will evaluate in March if any changes are required to the replenishment date based on contributions received in February and March 2016. The Finance Committee also discussed the timing and probability of a draw from the Board Restricted Fund before the end of the fiscal year.

Board Restricted Fund

The current value of the Board Restricted Fund was \$608K at February 3, 2016. A 5% distribution, as budgeted, may not be possible unless the market trend changes dramatically by the FY16 fourth quarter (fiscal year).

2016-2017 Budget Planning

A preliminary FY17 budget (DRAFT 2) was distributed and discussed. The current draft is based on five Classics Series Concerts, all at the Grand Opera House, with no repeats; four Chamber Series concerts at the Hotel DuPont; and two Explorer Concerts at the Grand Opera House. There are NO collaborations or run-outs in this base-line budget. As funding for run-out and other performances is committed, these revenues and expenses will be added to the budget. The current draft totals \$1,595,000 which reflects an overall increase of 12% over the current year comparative expense Forecast (19% increase in program expenses, but 0% increase in admin. and development expenses). Expense highlights are detailed in an Assumption Overview and include an increase in total Marketing of \$108,000 (staffing and advertising, including an overhaul of the website). Overall budgeted marketing expenses represent approximately 12% of overall expenses (the current percentage is 5%). Ticket revenues are budgeted at a modest 4% increase over forecast FY15 actuals; total contributions represent a 5% increase over FY15 contribution goals. Corporate, foundation, and major (individual) gifts may need additional increases totaling \$166,000 in order to meet programing/marketing budget goals. With multiple changes to the ticketing processes anticipated, it is difficult to predict more than a modest increase, even when it is presumed these changes will be well-received. Additional budget drafts will be compiled and reviewed to meet newly adopted strategic measures.

The budget timeline remains as planned in November: Finance Committee will share a preliminary summary budget at the January 7 Board meeting, with a final budget with Strategic Plan objectives presented for adoption in March.

Meeting Adjournment

The next Finance Committee will be held on Thursday, March 10, 2016 at Panera, Fairfax Plaza. Ms. Eppeneder will send out the meeting reminder and invite to all committee members.

There being no further business, the meeting was adjourned at 8:45 a.m.

Respectfully submitted,

Libby Burgazli, Finance Manager