



# THE DELAWARE SYMPHONY ORCHESTRA

DAVID AMADO, MUSIC DIRECTOR

**Finance Committee Meeting – Thursday, October 13, 2016 – 8:30 a.m.  
Panera Bread, Fairfax, DE  
Meeting Minutes / FINAL**

**Committee Members Present:** Jeff Ruben, Interim Chair  
Charles Babcock, President  
Myunghee Geerts

**Ex-officio Directors Present:** Alan Jordan, Executive Director

**Staff members Present:** Libby Burgazli, Finance Manager

Mr. Ruben called the meeting to order at 8:35 a.m. David Plaza, Treasurer was not able to attend.

Ms. Burgazli announced that the DSO Audit Committee recently met and discussed the results of the FY16 audit of the Consolidated Financial Statements as prepared by Gunnip and Company, LLP. Gunnip issued an unmodified audit opinion of the financial statements and related notes. Burgazli also provided a brief overview of the organization's financial position at June 30, 2016, and highlighted key indicators and other topics typically analyzed by grant funders. A draft copy of the audit was provided to each committee member to review. The Audit Committee recommended that the Board adopt/accept the auditor's report, and the draft audit will be presented to the Board on October 17, 2016 for its approval and acceptance.

It was moved by Jeff Ruben and seconded by Charles Babcock that the minutes of the September 8, 2016 meeting be approved; motion passed.

## **2016-2017 Forecast**

Members reviewed the FY2017 Budget vs. FY2017 Operations Forecast report and the Cash Projection Report. Burgazli reported an overall slight deficit projection of (\$3,205) as a result of updated components to Income and Expense categories.

- The Forecast includes two activities not originally budgeted: 1) the BGD recording project includes \$50,000 in both Total Contributions and Total Program Expenses, and 2) Contracted Performance Fees now includes the Grand Gala which anticipates approximately \$7,000 of surplus to the bottom line.
- Ticket Sales represent the current mix of subscription orders and projected single/group sales and Jordan noted that the organization budgeted sales at an average of \$50/ticket whereas current sales are averaging \$43/ticket.
- The Total Contributions forecast increased slightly over budget. Of the \$1,388,316 in expected contributions, only \$476,757 have been collected or committed to date. The remaining \$911,559 of funding is necessary to meet budgeted program and other expense obligations.

- The reduction in staff compensation totals is the result of delayed hiring and updated staffing needs.
- The Cash Projection Report indicates that the organization maintains its liquidity through October and prior to the Classic 2 / Family concert series, but significant funds are still needed before receipt of the Longwood Grant (expected in January). The organization will utilize \$100,000 of the \$300,000 Longwood Grant in FY17. Development initiatives are necessary for both FY17 cash flow and FY18 budget goals.

### **Operating Reserve**

The organization borrowed \$125,000 from the operating reserve fund to cover expenses in September and early October. Upon receipt of a substantial major gift on October 6, we repaid \$75,000 to the operating reserve fund and anticipate paying the remaining \$50,000 with new BGD recording gifts by December, 2016. Additional future draws may be requested to cover Classic 2 program costs.

### **ARTCO Fund**

The committee reviewed the distributed performance and 10-year projection of the DSO allotment of the Delaware Arts Stabilization Fund administered by The Delaware Community Foundation. The committee acknowledged that the Symphony is one of many passive recipients of the Fund, but it is unhappy with the Fund's underperformance. The Symphony's current portion of the Fund is only 75% of its original allotted share. The organization can determine if it should aggressively utilize the fund as a distribution source at the maximum 8% distribution per year, or take smaller future distributions and regenerate the Fund balance. The committee will discuss concerns regarding this Fund with the Board at its next scheduled Board meeting on October 17, 2016.

### **Board Restricted Fund**

The fund value was \$634,300 on October 12, 2016.

### **Exempt vs. Nonexempt staff wages and overtime**

New Department of Labor regulations regarding overtime pay go into effect on December 1, 2016. Employees making under \$913/week (\$47,476/year) are entitled to OT for each hour worked over 40 hours/week. The organization is a production oriented workplace and certain staff positions may be impacted by this ruling. A preliminary review of job duties indicates that the Executive Director and Music Director positions are exempt and all other staff positions qualify as non-exempt and should be paid based on number of hours worked per work week.

### **Meeting Adjournment**

The next meeting will take place Thursday, November 10, 2016 beginning at 9:00 a.m. at the Fairfax Shopping Center Panera Bread. There being no further business, the meeting was adjourned at 10:00 a.m.

Respectfully submitted,

Libby Burgazli, Finance Manager