



**Finance Committee Meeting – Wednesday, February 20, 2019 – 4:30 p.m.
DSO Office, 100 West 10th Street, Suite 1003, Wilmington, DE 19801
Meeting Minutes/DRAFT**

Committee Members Present: Lanny Edelsohn, Chair
Charles Babcock, President (via telephone)
Jeff Ruben, Treasurer (via telephone)
Brian Kelley (via telephone)
David McBride (via telephone)
Patricia Zaharko (via telephone)

Committee Members Not Present: Matt Di Guglielmo
Jimi Honochick

Ex-officio Members Present: Libby Burgazli, Finance Manager
Alan Jordan, Executive Director
Ruth Kreider, DSO Musician (via telephone)

Guests Present: James Ellison, Artistic Policy Committee Chair
(via telephone)

The meeting was called to order at 4:32 p.m. All attendees except Edelsohn, Burgazli, and Jordan participated by telephone conference call, due to winter weather conditions.

Edelsohn began by announcing that Mrs. Pierce's renewed support has been received; however, we have an urgent concern. He outlined a scenario that could lead to the DSO running out of funds during FY20. Returning to the meeting agenda, no conflicts of interest were declared. The January 10 and 30, 2019, meetings minutes were approved by consensus with the correction that Brian Kelley was present, but not also not present, at the January 30, 2019, meeting.

Edelsohn asked Babcock, Zaharko, and Jordan to report on the February 18, 2019, meeting with Mr. and Mrs. Copeland. The Copelands expressed dissatisfaction with a number of things they experienced during the January 25, 2019, Classics Series concert, including temperature and draft conditions in Copeland Hall and the repertoire selections. They made a number of requests and suggestions, on which we are following up. While they have not decided whether or not they will make contributions this season, Zaharko feels they will be encouraged by the May program, which they are underwriting. Edelsohn hopes the Copelands will continue to support the DSO, but if they do not, the situation could become dire rapidly.

Burgazli walked members through the various financial reports: consolidated balance sheet, FY19 budget vs. operations forecast, benchmarks, contributions outlook, and cash projections. Our net assets have decreased in the last 12 months, primarily due to our extraordinary draw from the Board Restricted Fund last season and the market downturn. Without the Copeland pledge/gift in either FY18 or FY19, our revenues are up \$75,000 over the same time (December 31) last year; however, that revenue is from the July Fourth concert fee and increase ticket sales. A delay in the Copeland annual gifts could severely impact cash flow. The Board Restricted Fund stood at \$757,840 as of February 19, 2019, having recouped much of the losses from the recent market downturn.

Attention moved to the FY20 core budget. Through programming and other budget adjustments, staff was able to reduce expenses and the net deficit by about \$16,000. This left a deficit of \$200,000. Staff created a second budget document (Exhibit B) that incorporated recommended increased contributions and consultant expenses (two-thirds of which could be covered by remaining Longwood Foundation grant funds) presented by Robert Swaney at the February 14, 2019, special board gathering. The document also shows the effect on the FY19 operations forecast. The currently projected <\$182,794> deficit in FY19 could be reduced to <\$82,625> and the FY20 core budget deficit could be reduced from <\$200,000> to <\$118,750.> Robert Swaney Consulting, Inc., has tendered a 12-month proposal beginning March 1, 2019, with a total fee of \$62,000 and estimated expenses of \$13,000.

Following much discussion, it was moved by McBride, and seconded by Ruben, that the Finance Committee recommend to the board at its February 25, 2019, meeting:

- 1) **adoption of the core budget reflecting a <\$118,750> deficit (brought down from the earlier <\$200,000> draft by the effects of Swaney's Development Assessment report); and**
- 2) **engaging Robert Swaney Consulting, Inc., to assist with implementing the recommendations of the Development Assessment report for a 12-month term, with an early termination provision.**

Motion passed by a vote of 5 (Babcock, Edelsohn, McBride, Ruben, Zaharko) to 1 (Kelley).

The Finance Committee's recommendations may well change over the next several months should the Copelands end their support and the Swaney estimate regarding \$100,000 of increased contributions for the current fiscal year does not come to pass.

Executive Session

The committee went into Executive Session at 5:20 pm and went out of Executive Session at 5:40 pm.

Kreider suggested savings could be realized if preliminary orchestra rehearsals were held some place other than Copeland Hall.

Meeting Adjournment

The next meeting will be scheduled following an electronic poll of members. **There being no other business, it was moved by Zaharko and seconded by Babcock, that the meeting be adjourned at 6:19 p.m.**

Respectfully submitted,

Alan Jordan, Executive Director