



# FISCAL SUSTAINABILITY FORECAST

2017-2020 | OLD SCHOOL SQUARE

## MISSION STATEMENT

- The mission of Old School Square is to be the community's cultural center and gathering place for enriching the lives of all people by providing a total arts experience through visual and performing arts, education, and entertainment, while preserving our National Historic Site.

## Vision Perspective

- Community gathering place
- Financially strong
- Relevant, recognized and appreciated community asset
- Economic driver for local businesses
- Artistically/Aesthetically/Functionally in synch with the community
- Provide a diverse cultural, educational, and entertainment experience
- Evolve into an Arts and Entertainment Park

# RATIONALE FOR SUPPORT

- Outstanding Municipal Investment
  - Over 500,000 guests visit Old School Square to attend a cultural event every year making the campus the #1 venue in Palm Beach County
  - Old School Square hosts over 3,000 public offerings per year
  - The Creative Arts School has over 1,550 registrations for fine art classes every year
  - Old School Square plays host to over 300 events for over 70 local organizations at a reduced or \$0 rent
  - The Cornell Museum is undergoing a \$1mm, privately funded renovation and will be one of the most significant destination assets in Delray Beach
  - With a staff of 20, a budget of \$3.5mm – Old School Square is the most efficient venue in Palm Beach County by a very wide margin
    - Total impact of Old School Square with the addition of the Amphitheatre according to the Americans for the Arts – Arts and Economic Prosperity Calculator IV
      - Additional spending in Delray Beach - \$16,686,000
      - Total FTE Jobs – 504
      - Additional Household Income created - \$11,142,750
      - Local Government Revenue - \$785,673
      - State Government Revenue - \$876,704
  - Old School Square’s fund raising capacity as a 501c3 allows us to operate this historic site and multi-disciplinary, cultural campus while achieving a tremendous cost savings to the taxpayers
  - Underfunding Old School Square operations contributed significantly to the depletion of the organizations reserves

# FISCAL SUSTAINABILITY OVERVIEW

- Old School Square Center for the Arts, Inc., a 501c3 non-profit, has been continuously evolving to meet the needs of the community for over 25 years
- Several private bequests have been utilized to compensate for significant operating losses at OSS for more than a decade
- 2 years ago, the board of directors of OSS conducted a national search to find a President/CEO charged with reversing the operational short falls
- The board of OSS unanimously approved a **Strategic Plan** and **Comprehensive Development Plan** to address these key issues:
  - Increase the relevance, value, census, image, functionality, diversity, and fiscal sustainability of OSS
  - Evaluate and correct operational and business practices
  - Create a Development (fund raising) function at OSS
  - Achieve fiscal sustainability with consistent revenue streams from operations, development efforts, and municipal support
- We are currently in a position where our reserves have been exhausted and we will require additional municipal support until our strategic and development changes have taken effect. This forecast demonstrates the rationale for increased near-term support and establishes OSS's ability to reduce this support over the next few years
- We have established Business Units: **Programming, Creative Arts School, Museum, Rentals**. As each of these profit centers become self sustaining, we anticipate a reduction in the amount of municipal support needed to sustain OSS annual operations

# PROGRAMMING

PROGRAMMING BUSINESS UNIT	FY 2015-16 Actual	2016-17 Projected	2017-18 Budget Proposal	2018-19 Budget Forecast	2019-20 Budget Forecast
Direct Revenue	\$ 626,657	\$ 819,401	\$ 920,477	\$ 980,000	\$ 1,100,000
Direct Expense	\$ (1,106,544)	\$ (1,683,071)	\$ (1,397,352)	\$ (1,250,000)	\$ (1,233,750)
Box Office Expense	\$ (107,142)	\$ (137,500)	\$ (133,042)	\$ (135,000)	\$ (137,500)
<b>Sub Total</b>	\$ (587,030)	\$ (1,001,169)	\$ (609,917)	\$ (405,000)	\$ (271,250)
Overhead Allocations (+/-)	\$ 268,921	\$ 358,917	\$ 313,661	\$ 212,860	\$ 158,800
<b>Net after Overhead Allocations</b>	<b>\$ (318,108)</b>	<b>\$ (642,252)</b>	<b>\$ (296,256)</b>	<b>\$ (192,140)</b>	<b>\$ (112,450)</b>
<b>Programming Assumptions</b>					
2016-2017 Projected	<ul style="list-style-type: none"> <li>1. Attendance was low as market was not prepared for expanded programming, subscription changes, etc. Changes not expected from OSS.</li> <li>2. Programming budget was based on overly aggressive attendance assumptions of 80-100%</li> <li>3. Marketing resources were not adequate to meet the demands of the expanded offerings</li> <li>4. Labor expenses and overtime increased as a result of having to move equipment to/from all 3 campus venues</li> <li>5. High technical expenses due to overlapping events and limited attention to calendar function</li> <li>6. Limited success in garnering sponsorships without dedicated development staff</li> <li>7. Florida Grant revenue cut by \$10,650 - state allocation cut - additional \$30,000 cut in 17-18</li> <li>8. Loss of on campus festivals resulted in OSS bearing the cost of tent rental on the pavilion grounds - \$60,000</li> </ul>				
2017-2018 Projected	<ul style="list-style-type: none"> <li>1. Programming budgets are based on attendance assumptions of 50-60% - New programming analysis model in place</li> <li>2. Completely redesigned marketing function will be coming online. New website and smart phone application</li> <li>3. Reduced programming calendar reduces advertising expense</li> <li>4. Targeted 12-15% overall reduction in theatre expenses</li> <li>5. Addition of a dedicated Development Coordinator to increase sponsorships</li> <li>6. Balanced programming calendar will decrease need for rental equipment by 30%</li> <li>7. Talent contract being negotiated more aggressively</li> </ul>				
2018-2019 Projected	<ul style="list-style-type: none"> <li>1. Attendance project to improve by 5-10% to a goal of 65% sales</li> <li>2. Continuing focus on marketing strategies to improve sales</li> <li>3. Target 5% overall reduction in programming expenses</li> <li>4. Overtime will continue to fall as we develop a more seasoned core theatre technical staff</li> <li>5. Sponsorship levels remain stable</li> <li>6. Additional theatre equipment acquired through outside donations will further reduce rental expenses</li> </ul>				
2019-2020 Projected	<ul style="list-style-type: none"> <li>1. Attendance projected to improve by 10% to a goal of 75% sales</li> <li>2. Continuing focus on marketing strategies to improve sales</li> <li>3. Targeted to maintain expense levels</li> <li>4. Sponsorship levels remain stable</li> </ul>				

C  
R  
E  
A  
T  
I  
V  
E  
·  
A  
R  
T  
S  
·  
S  
C  
H  
O  
O  
L

CREATIVE ARTS SCHOOL BUSINESS UNIT	FY 2015-16 Actual	2016-17 Projected	2017-18 Budget Proposal	2018-19 Budget Forecast	2019-20 Budget Forecast
Direct Revenue	\$ 309,482	\$ 341,368	\$ 341,750	\$ 345,000	\$ 350,000
Direct Expense	\$ (306,141)	\$ (305,404)	\$ (320,260)	\$ (325,000)	\$ (330,000)
<b>Sub Total</b>	\$ 3,341	\$ 35,963	\$ 21,490	\$ 20,000	\$ 20,000
Overhead Allocations (+/-)	\$ (103,881)	\$ (94,294)	\$ (61,110)	\$ (54,553)	\$ (51,700)
<b>Net after Overhead Allocations</b>	<b>\$ (100,540)</b>	<b>\$ (58,331)</b>	<b>\$ (39,619)</b>	<b>\$ (34,553)</b>	<b>\$ (31,700)</b>
<b>Creative Arts School Assumptions</b>					
2016-2017 Projected	1. Revenue was in line with budget 2. 9% increase in expenses due to increased payroll and instructor fees				
2017-2018 Projected	1. No significant revenue increase expected 2. No significant expense increase expected				
2018-2019 Projected	1. No significant revenue increase expected 2. No significant expense increase expected				
2019-2020 Projected	1. No significant revenue increase expected 2. No significant expense increase expected				

C  
O  
R  
N  
E  
L  
L  
.  
M  
U  
S  
E  
U  
M

CORNELL MUSEUM BUSINESS UNIT	FY 2015-16 Actual	2016-17 Projected	2017-18 Budget Proposal	2018-19 Budget Forecast	2019-20 Budget Forecast
Direct Revenue	\$ 79,978	\$ 71,840	\$ 160,500	\$ 190,000	\$ 220,000
Direct Expense	\$ (208,265)	\$ (218,895)	\$ (222,839)	\$ (220,000)	\$ (225,750)
<b>Sub Total</b>	\$ (128,287)	\$ (147,055)	\$ (62,339)	\$ (30,000)	\$ (5,750)
Overhead Allocations (+/-)	\$ (78,494)	\$ (83,194)	\$ (55,006)	\$ (42,670)	\$ (38,100)
<b>Net after Overhead Allocations</b>	<b>\$ (206,781)</b>	<b>\$ (230,249)</b>	<b>\$ (117,345)</b>	<b>\$ (72,670)</b>	<b>\$ (43,850)</b>
<b>Museum Assumptions</b>					
2016-2017 Projected	1. Museum closed from May through September for \$1,000,000 privately funded interior renovations. No admission donations or Museum store sales. 2. Exceeded budget due primarily to high shipping and insurance costs associated with higher value and scale of exhibits				
2017-2018 Projected	1. Number of exhibition will be reduced from 3 to 2 annually 2. Implementing an admission fee program - conservatively estimating that admission revenue will remain the same 3. Art on the Square revenue estimated to increase by 30% 4. Budgeting \$40,000 per exhibit underwriting support 5. No gain on reduction of exhibits - money saved will be reallocated on improving the quality of the exhibits and adding staff				
2018-2019 Projected	1. As museum reputation grows - admission revenue will grow - 15-17% 2. 3% increase in expenses 3. 25% increase in exhibition underwriting				
2019-2020 Projected	1. Admission revenue grows 7% 2. 3% increase in expenses				



R  
E  
N  
T  
A  
L  
.  
S  
E  
R  
V  
I  
C  
E  
S

RENTAL SERVICES BUSINESS UNIT	FY 2015-16 Actual	2016-17 Projected	2017-18 Budget Proposal	2018-19 Budget Forecast	2019-20 Budget Forecast		
Direct Revenue	\$ 473,216	\$ 352,098	\$ 353,500	\$ 375,000	\$ 400,000		
Direct Expenses	\$ (323,563)	\$ (247,915)	\$ (227,872)	\$ (240,000)	\$ (245,000)		
<b>Sub Total</b>	\$ 149,653	\$ 104,183	\$ 125,628	\$ 135,000	\$ 155,000		
Overhead Allocations (+/-)	\$ 50,566	\$ 36,046	\$ 78,999	\$ 77,013	\$ 53,000		
<b>Net after Overhead Allocations</b>	<b>\$ 200,219</b>	<b>\$ 140,229</b>	<b>\$ 204,627</b>	<b>\$ 212,013</b>	<b>\$ 208,000</b>		
<b>Rental Services Assumptions</b>							
2016-2017 Projected	1. Over \$30,000 revenue lost with cancellation of campus festivals 2. 3-5% decrease in expenses 3. Increased use of outside caterers and bartenders will reduce overtime						
2017-2018 Projected	1. 6% increase in revenues projected with implementation of new Food and Beverage program and increase marketing efforts for rentals 2.						
2018-2019 Projected	1. 7% increase in revenues as rental rate increases and expanded marketing efforts take hold 2.						
2019-2020 Projected	1. 2.						



C  
O  
N  
S  
O  
L  
I  
D  
A  
T  
E  
D

	2015-16 Actual	2016-17 Projected	2017-18 Budget Proposal	2018-19 Budget Forecast	2019-20 Budget Forecast
Programming/Theatre	-\$318,108	-\$642,252	-\$296,256	-\$192,140	-\$112,450
Cornell Art Museum	-\$254,781	-\$230,249	-\$117,345	-\$72,670	-\$43,850
Creative Arts School	-\$100,540	-\$58,331	-\$39,619	-\$34,553	-\$31,700
Rental Services	\$140,219	\$140,229	\$204,627	\$212,013	\$208,000
Return of FL Endowment	\$240,000	-\$240,000			
Cornell Renovation Donation (Blume)		\$720,000			
<b>Total Operational Income</b>	<b>-\$293,210</b>	<b>-\$310,602</b>	<b>-\$248,593</b>	<b>-\$87,350</b>	<b>\$20,000</b>
Supplemental Development Revenue *			<b>\$300,000</b>	<b>\$300,000</b>	<b>\$300,000</b>
<b>Net Income</b>	<b>-\$293,210</b>	<b>-\$310,602</b>	<b>\$51,407</b>	<b>\$212,650</b>	<b>\$320,000</b>
<b>Municipal Support **</b>					
CRA	\$412,500	\$662,500	\$600,000	\$500,000	\$400,000
Delray	\$250,000		\$300,000	\$250,000	\$250,000
	\$662,500	\$662,500	\$900,000	\$750,000	\$650,000
<b>Notes</b>	Net Operational Income reflects acceptance of <b>\$240,000</b> FL Endowment revenue	Net Operational Income reflects return of <b>(\$240,000)</b> FL Endowment revenue	Increase in City of Delray Beach and CRA Support	Reduction in City of Delray Beach and CRA Support	Reduction in CRA Support. Municipal support below 2015 levels
* In addition to \$200,000 of Major Gift development revenue included in the fiscal year budget for each of the forecast years					
** Included in consolidating revenue above					