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 <u>Investment</u>
 - 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

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PROGRAMMING	FY 2015-16			2016-17	2017-18			2018-19		2019-20	
BUSINESS UNIT		Actual		Projected	Bu	dget Proposal	Bu	dget Forecast	Bu	dget Forecast	
Direct Revenue	\$	626,657	\$	819,401	\$	920,477	\$	980,000	\$	1,100,000	
rirect Expense	\$	(1,106,544)	\$	(1,683,071)	\$	(1,397,352)	\$	(1,250,000)	\$	(1,233,750)	
ox Office Expense	\$	(107,142)	\$	(137,500)	\$	(133,042)	\$	(135,000)	\$	(137,500)	
Sub Total	\$	(587,030)	\$	(1,001,169)	\$	(609,917)	\$	(405,000)	\$	(271,250)	
Overhead Allocations (+/-)	\$	268,921	\$	358,917	\$	313,661	\$	212,860	\$	158,800	
Net after Overhead Allocations	\$	(318,108)	\$	(642,252)	\$	(296,256)	\$	(192,140)	\$	(112,450)	
rogramming Assumptions									7		
2016-2017 Projected	 Pro Ma Lal Hiç Lin Flo 	ogramming budget varketing resources value or expenses and or gh technical expensionited success in galaxida Grant revenue	vas vere verti es d rneri cut l	based on overly aggrand adequate to mee ime increased as a redue to overlapping evening sponsorships with by \$10,650 - state all Is resulted in OSS be	essivent the esult of ents a nout do ocation	e attendance assum demands of the exp of having to move equ nd limited attention dedicated developme on cut - additional \$3	ptions andeo uipme to cal nt sta 80,000	s of 80-100% I offerings ent to/from all 3 cam endar function off O cut in 17-18	pus v		iidiii 033.
2017-2018 Projected	 Co Re Ta Ad Ba 	mpletely redesigned duced programming rgeted 12-15% over dition of a dedicated lanced programming	d mag g cal all re d De g ca	based on attendance arketing function will be lendar reduces adverted aduction in theatre ex evelopment Coordinate ellendar will decrease of tiated more aggressi	ne consissing pense or to indicate the constant of the constan	ming online. New we expense es ncrease sponsorship	bsite os	and smart phone ap			
2018-2019 Projected	 Co Ta Ov Sp 	ntinuing focus on m rget 5% overall redu ertime will continue onsorship levels rer	arke ction to fa	rove by 5-10% to a go eting strategies to imp n in programming exp all as we develop a m stable ent acquired through o	orove ense ore s	sales s easoned core theatr			es		
2019-2020 Projected	 Co Ta 		arke xpe								

CREATIVE ARTS SCHOOL		Y 2015-16	2016-17			2017-18		2018-19	2019-20		
BUSINESS UNIT		Actual		Projected	Bu	dget Proposal	В	udget Forecast	Bu	dget 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	
Sub Total	\$	3,341	\$	35,963	\$	21,490	\$	20,000	\$	20,000	
Overhead Allocations (+/-)	\$	(103,881)	\$	(94,294)	\$	(61,110)	\$	(54,553)	\$	(51,700)	
Net after Overhead Allocations	\$	(100,540)	\$	(58,331)	\$	(39,619)	\$	(34,553)	\$	(31,700)	
Creative Arts School Assumptions											
2016-2017 Projected		enue was in line wi		udget due to increased payı	roll ar	nd instructor fees					
2017-2018 Projected	No significant revenue increase expected No significant expense increase expected										
2018-2019 Projected	No significant revenue increase expected No significant expense increase expected										
2019-2020 Projected	1. No	significant expense significant revenue significant expense	incr	ease expected							

CORNELL MUSEUM BUSINESS UNIT	FY 2015-16 Actual			2016-17 Projected	Bud	2017-18 Iget Proposal	Bud	2018-19 Iget 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		
Sub Total	\$	(128,287)	\$	(147,055)	\$	(62,339)	\$	(30,000)	\$	(5,750		
Overhead Allocations (+/-)	\$	(78,494)	\$	(83,194)	\$	(55,006)	\$	(42,670)	\$	(38,100		
Net after Overhead Allocations	\$	(206,781)	\$	(230,249)	\$	(117,345)	\$	(72,670)	\$	(43,850		
Museum Assumptions												
2016-2017 Projected	donation	ns or Museum st	ore s	through September fales. arily to high shipping								
2017-2018 Projected	2. Imple 3. Art or 4. Budge	menting an admi n the Square reve eting \$40,000 pe	ssior enue r exh	e reduced from 3 to 2 n fee program - conse estimated to increas ibit underwriting supp nibits - money saved	ervative e by 3 port	ely estimating that 0%						
2018-2019 Projected	 5. No gain on reduction of exhibits - money saved will be reallocated on improving the quality of the exhibits and adding staff 1. As museum reputation grows - admission revenue will grow - 15-17% 2. 3% increase in expenses 3. 25% increase in exhibition underwriting 											
	1. Admission revenue grows 7% 2. 3% increase in expenses											

RENTAL SERVICES BUSINESS UNIT		FY 2015-16 Actual		2016-17 Projected	Βι	2017-18 Idget Proposal	Βι	2018-19 udget Forecast	Bud	2019-20 dget 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)	
Sub Total	\$	149,653	\$	104,183	\$	125,628	\$	135,000	\$	155,000	
Overhead Allocations (+/-)	\$	50,566	\$	36,046	\$	78,999	\$	77,013	\$	53,000	
Net after Overhead Allocations	\$	200,219	\$	140,229	\$	204,627	\$	212,013	\$	208,000	
Rental Services Assumptions 2016-2017 Projected		ver \$30,000 revenue 5% decrease in exp		with cancellation of c	amp	us festivals					
	3. Ind	creased use of outsi	de c	aterers and bartende							
2017-2018 Projected	1. 6% 2.	6% increase in revenues projected with implementation of new Food and Beverage program and increase marketing efforts for rentals									
2018-2019 Projected	1. 79 2.	. 7% increase in revenues as rental rate increases and expanded marketing efforts take hold									
2019-2020 Projected	1. 2										

	2015-16	2016-17	2017-18	2018-19	2019-20
	Actual	Projected	Budget Proposal	Budget Forecast	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			
Total Operational Income	-\$293,210	-\$310,602	-\$248,593	-\$87,350	\$20,000
Supplemental Development Revenue *			\$300,000	\$300,000	\$300,000
Net Income	-\$293,210	-\$310,602	\$51,407	\$212,650	\$320,000
Municipal Support **					
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
Notes	Net Operational Income reflects acceptance of \$240,000 FL Endowment revenue	Net Operational Income reflects return of (\$240,000) 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 of	development revenue	included in the fiscal y	year budget for each o	of the forecast years	
** Included in colsolidating revenue abo	ve		_	-	