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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

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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)
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	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				

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)
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	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				

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CONSOLIDATED

	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			
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 development revenue included in the fiscal year budget for each of the forecast years					
** Included in consolidating revenue above					