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	
Pirect 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											
2016-2017 Projected	 Pro Ma La Hiç Lin Flo 	ogramming budget varketing resources value of expenses and or expenses and or expension of the control of the c	vas vere verti es d rneri cut l	based on overly aggrand adequate to mee 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		irom OSS.
2017-2018 Projected	 Co Re Ta Ad Ba 	impletely 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 advert eduction 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	2. Co 3. Ta 4. Ov 5. 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	2. Co 3. Ta		arke xpe								

CREATIVE ARTS SCHOOL		Y 2015-16	2016-17			2017-18		2018-19	2019-20			
BUSINESS UNIT	Actual			Projected	Budget Proposal			udget Forecast	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		enue was in line w increase in expens		udget due to increased pay	roll ar	nd instructor fees						
2017-2018 Projected	1. No	significant revenue	incre	ease expected								
2018-2019 Projected	1. No	2. No significant expense increase expected 1. No significant revenue increase expected 2. No significant expense increase expected										
2019-2020 Projected	1. No	significant revenue significant expense	incre	ease expected								

CORNELL MUSEUM BUSINESS UNIT	FY 2015-16 Actual			2016-17 Projected	Bu	2017-18 dget Proposal	Bu	2018-19 dget 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	donat	ions or Museum st	ore s	through September for ales. earily to high shipping							
2017-2018 Projected	2. lm; 3. Art 4. Bu	olementing an admi on the Square reve dgeting \$40,000 pe	ssior enue r exh	e reduced from 3 to 2 n fee program - conse estimated to increas libit underwriting supp hibits - money saved	ervativ e by 3 oort	ely estimating that a 80%					
		museum reputation	ses	ws - admission reven	ue wi	ll grow - 15-17%					
2018-2019 Projected		% increase in exhib	ition	underwriting							

RENTAL SERVICES BUSINESS UNIT		FY 2015-16 Actual		2016-17 Projected	Βι	2017-18 udget Proposal	Bı	2018-19 udget Forecast	Bı	2019-20 udget 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	2. 3-	5% decrease in exp	ense	with cancellation of c s aterers and bartende	·							
2017-2018 Projected	1. 6% 2.	% increase in revenu	es p	rojected with impleme	enta	tion of new Food and	Bev	erage program and in	crea	se marketing efforts fo	or rentals	
2018-2019 Projected	1. 7% 2.	1. 7% increase in revenues as rental rate increases and expanded marketing efforts take hold 2.										
2019-2020 Projected	1. 2.											

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	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	
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 y	ear budget for each o	of the forecast years	
** Included in colsolidating revenue abo	ve		_		