



TO: Finance Committee
RE: Final Results @ 6/30/13 vs. Final Budget 2012 - 2013
FROM: Ervin Duggan, President/CEO
Kathy Mardambek, Finance Director
DATE: December 2, 2013

Summary – Past Performance

Actual Operating Results 2012/2013
(modified basis for spending rule and capital equipment)
\$315,927
(Estimated budget was \$8,941)

ACTUAL SURPLUS for 2012/2013
\$315,927

SURPLUS for prior years
\$306,904

TOTAL – Surplus to designate
\$622,831

(\$315,927 2012/2013)
(\$195,397 2011/2012)
(\$48,766 2010/2011)

(\$62,741 from a combination of 2009/2010 & 2008/2009)

Capital Projects (designate surplus of \$622,831)

1. Auditorium & Stage Renovation = \$500,000
 2. Remainder of surplus to be carried forward for operating contingencies = \$122,831
-

Actual vs. Budget Explanations 7/1/12 – 6/30/13

HIGHLIGHTS: Actual surplus of \$315,927 exceeded budget mostly due to increased participation in the Chairman and Benefactor levels of giving. Total support increased 6.8% over budget and total expense only increased 1.3% over budget.

(NOTE: See the corresponding items in red on the financial statement)

SUPPORT

Four Arts Membership: 3.1% increase as compared to budget. The quality of programming offered at The Four Arts has created a tremendous interest in membership. The waiting list has over 200 names. The contemporaries' membership support increased 7.5% as compared to budget. Since its inception in the 2010-2011 season, the contemporaries group have quadrupled membership income.

Donations (Total Annual Giving): 8.2% increase as compared to budget. Chairman Forum and Benefactor level of giving exceeded the goals. It was a record year of giving from these donors.

Other Giving: 6.1% increase in funding from the Town of Palm Beach. The Town automatically raised their contribution to the library without being asked.

Other Support: 29.2% increase as compared to budget. The gift shop sales exceeded budget by 863.3%. The variety of items for sale in the gift shop attracts more shoppers every year. Program ticket sales increased 25.2% and the art exhibit tickets sales increased 36.4% due to new patrons visiting the Four Arts every season.

EXPENSES

Employee Costs: 1.4% increase as compared to budget. Bonuses increased 46.5% due to additional monies approved to reward staff for their help in making the education building project and grand opening weekend a tremendous success.

Maintenance: -9.1% decrease as compared to budget. Inside maintenance costs were less than anticipated because of the delayed opening of the education building. Outside expense was less than budget due to the lawn service vendor submitted a large sculpture garden invoice eight months late. This expense will be recorded next season. Art conservation was less than budget because the vendor postponed the Intetra annual cleaning.

Utilities-Phone: 35.1% increase as compared to budget. The increase is due to converting to a new phone system and adding service for the education building.

Insurance-Flood: 34.7% increase as compared to budget. The coverage on the education building is higher because of replacement cost for its new interior and contents.

Printing -1.7% decrease as compared to budget. Overall the costs were less than budget. However, the general printing costs were 93.4 % higher. New letterhead, correspondence, and envelopes were ordered for the updated Four Arts logo. Sign costs were 16.5% more because of some of the education building naming plaques were expensed rather than paid out of capital campaign funds.

Computer Supplies: 43.1% increase as compared to budget. More computers and ticket printers were purchased for the education building. Extra costs were incurred to improve the network connection between buildings. Several printers were networked so they can be monitored by a maintenance service contract.

Postage/Mailing: 16.0% increase as compared to budget. The schedule of events booklet was larger and cost more to mail. Additional postage was needed for invitations to members and the public to advertise the grand opening of the education building.

Dues & Subscriptions: 19.5% increase as compared to budget. The education and marketing departments have joined more community outreach organizations to promote the Four Arts programs and events.

Miscellaneous: 58.0% increase as compared to budget due to the cost of interviewing several out-of-town candidates for the library director position.

Travel & Study-Employee: 17.0% increase as compared to budget. The Four Arts has an education assistance plan to pay reasonable costs for staff attending seminars and classes. Classes and coursework include programs for certification and training in areas that will enhance job performance. Also included in travel study are costs for the curatorial staff to view upcoming exhibitions.

Catered Events-Development: 165.9% increase as compared to budget. Additional monies were spent on the three days of festivities for the grand opening of the Education Building. However, these costs were offset by spending less than budgeted on administrative and programming catered events.

Computer: 12.5% increase as compared to budget. There continues to be a need for programming changes to the custom membership and donor databases.

Legal: 35.8% increase as compared to budget. There was a workers comp claim that was settled with the help of a Worker's Compensation specialist.

Programming: 2.7% increase as compared to budget. The largest percentage increases were for stage equipment 51.1%, art packing fees 453.7%, photography 88.3%, and parking 35.4%. The technology department purchased extra stage supplies. More help was required to pack the Dali show. Parking costs includes the renting a van to shuttle Four Arts staff off campus on Tuesday lecture day and making a donation to the Royal Poinciana Chapel for providing this off-site parking.

The Society of the Four Arts - Operating Budget
 Detail by Revenue and Expense Categories - Modified Basis*
 Final Budget 6/30/13 vs. Actual 6/30/13

	<u>Operating</u> 2012-2013 Actual 6/30/13	Increase (Decrease) vs. Budget	% Change	<u>Operating</u> 2012-2013 Final Budget 6/30/13
Membership:				
Four Arts	1,385,800	41,400	3.1%	1,344,400
Four Arts-Member Reinstatement Fee	9,000	4,800	n/a	4,200
Contemporaries	43,000	3,000	7.5%	40,000
Library	24,720	(2,780)	-10.1%	27,500
	1,462,520	46,420	3.3%	1,416,100
Memberships				
Donations:				
Annual Giving				
Chairman's Forum	516,645	116,645	29.2%	400,000
Benefactor's Council	1,623,682	129,682	8.7%	1,494,000
Giving Under \$10,000	594,297	(35,703)	-5.7%	630,000
Corporate Development	18,070	(1,930)	-9.7%	20,000
	2,752,694	208,694	8.2%	2,544,000
Other Giving				
TOPB Support	288,989	16,589	6.1%	272,400
Special Underwriting	1,554	1,554	n/a	0
	290,543	18,143	6.7%	272,400
Total Other Giving				
	3,043,237	226,837	8.1%	2,816,400
Donations				
Other Revenue:				
Catalogs, Postcards, Gift Shop	19,265	17,265	863.3%	2,000
Tickets-Programs	400,559	80,559	25.2%	320,000
Tickets-Art Exhibitions	35,457	9,457	36.4%	26,000
Misc Income-Permit Fee, Rent	10,750	2,750	34.4%	8,000
Book Memorials/Book Fair/Sm Don.	1,779	(4,321)	-70.8%	6,100
	467,810	105,710	29.2%	362,100
Other Revenue:				
	51	51	n/a	0
Interest Income:				
Interest - Stock Donation Acct	966,091	0	0.0%	966,091
Spending Rule (BUDGET ONLY) *	966,142	51	0.0%	966,091
Spending Rule & Interest				
	5,939,709	379,018	6.8%	5,560,691

* REVENUE (Modified Basis)

The Society of the Four Arts - Operating Budget
 Detail by Revenue and Expense Categories - Modified Basis*
 Final Budget 6/30/13 vs. Actual 6/30/13

	<u>Operating</u> 2012-2013 Actual 6/30/13	Increase (Decrease) vs. Budget	% Change	<u>Operating</u> 2012-2013 Final Budget 6/30/13
Employee Costs				
Salaries	1,772,143	(17,225)	-1.0%	1,789,368
Bonus	146,500	46,500	46.5%	100,000
Payroll Taxes	148,820	5,552	3.9%	143,268
Insurance - Dental	24,698	(734)	-2.9%	25,432
Insurance - Health	133,027	(3,289)	-2.4%	136,316
Workers Comp	14,750	2,750	22.9%	12,000
Pension 401(k) Match	83,058	1,692	2.1%	81,366
Pension 457(b) Plan	51,400	500	1.0%	50,900
Pension - Other	2,905	(2,095)	-41.9%	5,000
	2,377,302	33,652	1.4%	2,343,650
Employee Costs				
Maintenance				
Inside	188,464	(23,336)	-11.0%	211,800
Outside	232,181	(19,919)	-7.9%	252,100
Art Conservation	39,030	(7,470)	-16.1%	46,500
Operating Equip (BUDGET ONLY) *	59,276	(1,224)	-2.0%	60,500
	518,951	(51,949)	-9.1%	570,900
Maintenance				
Utilities				
Electric & Natural Gas	154,050	(5,450)	-3.4%	159,500
Water	65,436	4,436	7.3%	61,000
Phone	72,575	18,875	35.1%	53,700
Waste	21,625	(1,675)	-7.2%	23,300
	313,686	16,186	5.4%	297,500
Utilities				
Insurance (not health)				
Building, Contents, Liability, Umbrella, Auto	84,218	(2,982)	-3.4%	87,200
D&O, ERISA, Dishonesty, EPLI, Fiduciary	8,756	2,256	34.7%	6,500
Flood	10,726	(74)	-0.7%	10,800
Fine Arts	103,699	(801)	-0.8%	104,500
Insurance (not health)				
Printing, Signs, Photography				
General	48,338	23,338	93.4%	25,000

The Society of the Four Arts - Operating Budget
 Detail by Revenue and Expense Categories - Modified Basis*
 Final Budget 6/30/13 vs. Actual 6/30/13

	<u>Operating</u> 2012-2013 Actual 6/30/13	Increase (Decrease) vs. Budget	% Change	<u>Operating</u> 2012-2013 Final Budget 6/30/13
Schedules/Calendar/Folio	69,535	5,035	7.8%	64,500
Programs - Art & Music	25,381	(419)	-1.6%	25,800
Development	617	(24,383)	-97.5%	25,000
Membership/Contemporaries/Benef	4,573	(7,427)	-61.9%	12,000
Signs	11,414	1,614	16.5%	9,800
Photography	9,735	(765)	-7.3%	10,500
	169,593	(3,007)	-1.7%	172,600
Office				
Office Supplies	38,848	(2,952)	-7.1%	41,800
Inside Office Equipment Leased	16,942	(5,258)	-23.7%	22,200
Computer Supplies	27,195	8,195	43.1%	19,000
Postage/Mailing Service	55,111	7,611	16.0%	47,500
Dues & Subscriptions	19,952	3,252	19.5%	16,700
Advertising	129,670	(5,330)	-3.9%	135,000
Miscellaneous	11,851	4,351	58.0%	7,500
	299,568	9,868	3.4%	289,700
Travel, Entertainment & Catering				
Travel & Study-Employee	23,405	3,405	17.0%	20,000
Auto & Mileage Reimbursement	3,542	(1,058)	-23.0%	4,600
Entertainment	5,924	(76)	-1.3%	6,000
Catering Events-Admin & Prog	81,673	(32,927)	-28.7%	114,600
Catering Events-Development	66,480	41,480	165.9%	25,000
Catering Events-BC & CF Dinner	33,647	2,647	8.5%	31,000
Catering Events-Contemporaries	23,255	(3,745)	-13.9%	27,000
	237,926	9,726	4.3%	228,200
Professional Fees				
Endowment (Unitized only)	171,321	(9,079)	-5.0%	180,400
Credit Card/Bank Fees	34,247	(753)	-2.2%	35,000
Audit/Tax Return	27,591	(7,410)	-21.2%	35,000
Pension Fees & Consulting and Payroll/Cobra/H.S.A. fees	21,147	(2,353)	-10.0%	23,500
Computer Consulting	98,997	10,997	12.5%	88,000

The Society of the Four Arts - Operating Budget
 Detail by Revenue and Expense Categories - Modified Basis*
 Final Budget 6/30/13 vs. Actual 6/30/13

	<u>Operating</u>		<u>Operating</u>		
	2012-2013	2012-2013	Increase	%	Final Budget
	Actual	(Decrease)	vs. Budget	Change	6/30/13
	6/30/13				
Legal					
Consultant - Other	40,727	10,727	35.8%		30,000
	0	0			0
	394,030	2,130	0.5%		391,900
<i>Professional Fees</i>					
Programs					
Catalogs & Gift Shop	15,591	12,591	419.7%		3,000
Programs & Shippings Fees	791,649	13,649	1.8%		778,000
Production & Staging - Programs	118,506	16,106	15.7%		102,400
Production & Staging - Supplies	19,640	6,640	51.1%		13,000
Travel - Program	25,975	(5,125)	-16.5%		31,100
Hotel - Program	27,670	(1,830)	-6.2%		29,500
Art Exhibition - Packing Fees	11,073	9,073	453.7%		2,000
Security Guards	60,029	(1,171)	-1.9%		61,200
Police/Paramedics	5,460	(2,040)	-27.2%		7,500
Parking	20,305	5,305	35.4%		15,000
Library Programs & Program Supplies	26,177	(6,023)	-18.7%		32,200
Library Books, CDs, DVDs	56,611	(12,989)	-18.7%		69,600
Library Specific Supplies	5,168	(3,132)	-37.7%		8,300
	1,183,855	31,055	2.7%		1,152,800

Programs

Interest Expense:

Operating Debt Service- Ed Building	25,173	25,173	na	0
Interest Expense	25,173	25,173	na	0

*** EXPENSES (Modified Basis)**

	5,623,782	72,032	1.30%	5,551,750
--	-----------	--------	-------	-----------

SURPLUS(DEFICIT)Modified Basis

Carryforward Undesignated Surpluses	315,927			8,941
Surplus-Auditorium Renovation & Operations	306,904			
	622,831			8,941