



TO: Finance Committee

RE: Actual (Past Season) 2014-2015 vs. Actual (Prior Year) 2013-2014

FROM: David W. Breneman, President
Kathy Mardambek, Finance Director

DATE: December 9, 2015

2014-2015 Season's Actual: \$349,624

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Carry forward Surplus \$43,753 (2013-2014)

Summary (pages 1 & 4 of financials)

In summary, last season's revenue increased 5.4% and expenses increased a modest 1.1%. Major revenue increases include the Chairman's Forum donations and the HD Series ticket sales.

REVENUE-Last season's revenues increased 5.4% or \$361,665

Membership (\$26,910 decrease -1.8%):

- Four Arts – (\$22,100 decrease -1.6%). Decrease is due to not accepting as many new members as the prior season.
- Reinstatement Fee – (\$14,600 decrease -83.0%). Members who have not renewed their dues may ask to be reinstated for a fee of \$3,000. If the reinstatement period is more than 10 years, the reinstatement must be approved by the president.
- Contemporaries – (\$9,050 increase 19.4%). The Contemporaries membership dues were raised from \$250 to \$275. The Contemporaries committee will keep the group at about 200 memberships to maintain its cohesiveness.

Annual Giving Donations (\$134,542 increase 4.2%):

- The Chairman's Forum – (\$218,200 increase 27.5%). Last season the Chairman's Forum level of giving had a record 38 donors versus 31 in the prior year. There were two donors who gave \$50,000 each to this giving category.
- Benefactors Council – (\$119,298 decrease -6.5%). Benefactors Council giving was down this past season. There were nine Benefactors who moved up to the Chairman's Forum level.
- Giving Under \$10,000 – (\$35,640 increase 6.0%). There were nine additional donors to the Four Arts Circle level. This category of giving consists of: Four Arts Circle (\$5,000-\$9,999), Guardian (\$2,500-\$4,999), Patron (\$1,000-\$2,499), and Donor (\$100-\$999).

Other Giving (\$71,878 increase 19.3%):

- Town of Palm Beach Support – This appropriation helps cover library employee costs. It has steadily been raised 3% each year by the Town of Palm Beach.
- Other Donations – (\$66,207 increase). This giving category includes funds from the Great Give, which is a community based matching gift program. Also includes \$10,000 gifts by non-members, who want to support the season's operations. Operating gifts from non-members of \$10,000 or

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more are classified under Other Donations instead of Annual Giving. Donor benefits are not available in Benefactor and Chairman Forum categories for non-members.

Other Revenue (\$91,025 increase 13.7%):

- Tickets-Programs – (\$18,034 increase 4.0%). Ticket program revenue consists of concerts, films, and education ticket sales. The majority of these tickets sales are from non-members.
- Tickets-MetOpera & Other HD Series – (\$53,335 increase 31.0%). There were two new HD Live programs offered this season, The Bolshoi Ballet and The Hermitage Revealed. Both members and non-members pay for these tickets.
- Tickets-Art Exhibitions – (\$23,044 increase 78.0%). The Toulouse Lautrec and the Farnsworth Collection art exhibits were popular with the public.

Spending Rule:

Spending Rule – The spending rule equalizes the spending from year to year from the Unitized endowment and moderates fluctuations in income. The spending rule of 4.33% is applied to a five year rolling average calculation in the Unitized endowment.

EXPENSES-Last season's expenses increased 1.1% or \$70,665

Employee Costs (\$139,621 increase 5.3%):

- Salaries – (\$147,058 increase 7.5%). The increase is due to raises and filling the library director position in June 2014. The library director position had been vacant for several years.
- Health – (\$12,183 increase 8.3%). The premium increase was 8% over the prior year.

Maintenance (\$122,701 increase 18.7%):

- Buildings & Grounds – (\$36,289 increase 12.5%). Increase includes the rental of temporary chillers for both the gallery and administration buildings. Three of the large air conditioning units broke this past season.
- Lawn & Gardening – (\$40,303 decrease -16.6%). There were no major projects for landscaping this past season. We usually factor in a contingency for lawn and garden costs. It was not needed.
- Operating Equipment – (\$123,939 increase 148.5%). Increase is due to the unforeseen cost of replacing several air conditioning units this past season. Two were funded from the operating budget. A third chiller was paid out of board designated funds.

Utilities and Insurance:

Utility costs were down 6.5%. Insurance expenses are in line with budget expectations. The insurance agent bids out the policies and has continued to find the most comprehensive coverage at the lowest cost.

Printing, Signs & Photography (\$8,303 increase 4.6%):

- Schedules/Calendar/Folio – (\$19,615 increase 20.0%). Due to the wide variety of programs offered at Campus on the Lake, there were two course catalogs needed last season. In the prior year only one catalog was needed.

Office, Supplies & Advertising (\$55,316 increase 15.4%):

- Advertising – (\$44,035 increase 26.5%). The communications department has increased their advertising budget over the last several years. It is less than many other arts organizations. The ad dollars cultivate awareness of The Four Arts' programming in the community.

Employee: Travel, Study, Meals & Entertainment (\$28,662 decrease -50.1%):

- Travel & Study – (\$32,023 decrease -64.8%). The prior fiscal year included interview expenses for the new president and several candidates. It also included the costs for moving the previous president's personal belongings out of the Four Arts' apartment.

Events: Catering, Meals, & Decor (\$6,584 increase 2.4%):

- Program & Administrative Events – (\$19,470 decrease -12.2%). Food and décor costs include catered lunches, dinners, and receptions associated with programming events. Also includes the

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direct food cost for various Campus on the Lake classes such as the Summer Chef series. Administrative food costs include the staff holiday party. Much of the decrease from the prior year is related to the staff-organized retirement party for Ervin Duggan.

- Contemporaries – (\$16,056 increase 46.2%). The increase in Contemporary events include an Oktoberfest party in the Four Arts garden, a reception at Art Palm Beach held at the Palm Beach County Convention Center, and catered food for the Bonham's auction program in the education building.

Professional Fees (\$130,366 decrease -22.9%):

- Computer Consulting – (\$15,072 decrease -15.4%). The majority of these expenses relate to the custom database for tracking membership, donors, and non-member mailings. The custom database requires annual changes and updates for new reports. Revisions to the database are based on requests from the development, finance, membership, and library departments.
- Consultant Other – (\$149,610 decrease -99.2%). In the prior year, the majority of the consulting costs were for the president search.

Sponsored Activities – (\$44,251 decrease -3.0%):

Overall this past season's sponsored activities were less than the prior year. The production & staging category was split into "on-site" and "off-site" because the Campus on the Lake and Contemporaries are scheduling more events away from the Four Arts campus.

Interest Expense Education Building – (\$34,362 decrease -85.1%):

The line of credit was paid off this past season.