

Coronavirus & 2020 Budget

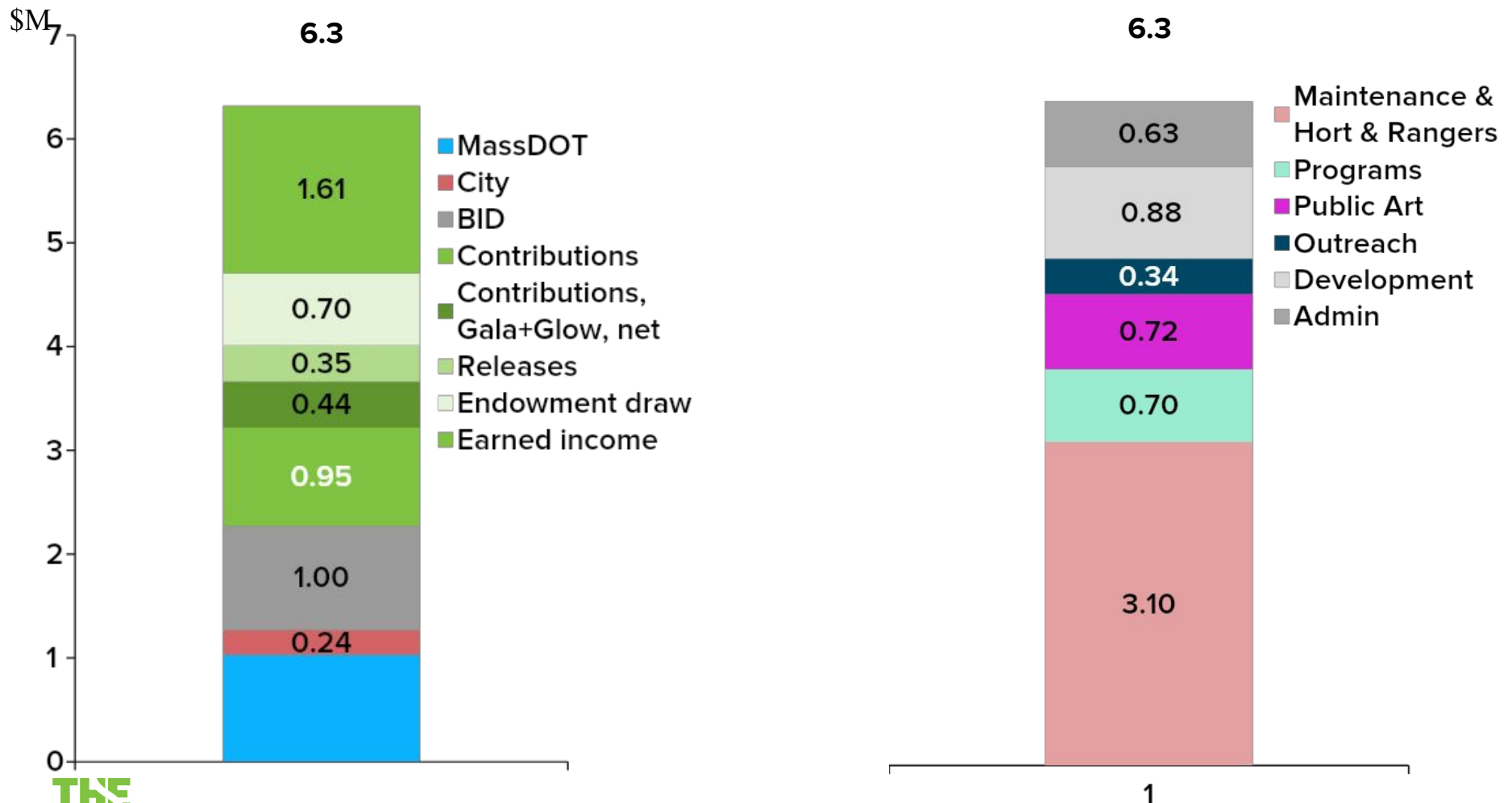
Board of Directors Meeting
March 24, 2020



Reminder: Board-approved 2020 Operating Budget

Revenues

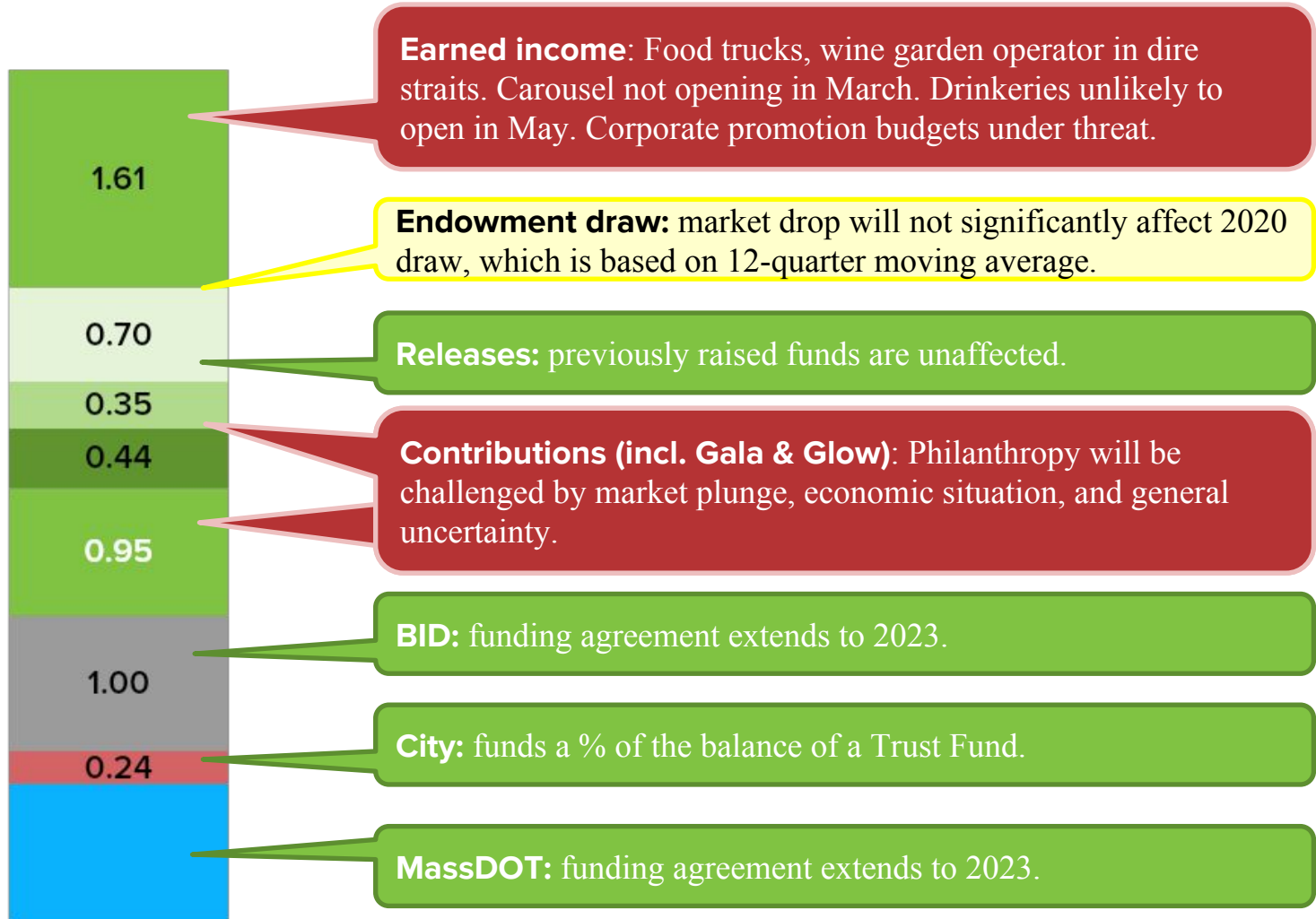
Expenses



*Including cash+in-kind;
excludes \$0.44M depreciation expense, a majority of which relates to fully-funded Carousel.*

Earned + Philanthropic Revenue (\$3M or 48%) under significant threat for 2020

\$6.3M Operating Revenues



Senior Staff have rapidly engaged in a scenario planning exercise

- Estimation of current 2020 position (vs. approved budget)
- 3 revenue scenarios
 - Earned income: social distancing ends by May 15, July 1, August 15
 - Philanthropy: high, medium, low forecasts for each donor
- Identification and prioritization of potential cuts
- Recommendation informed by FARMC key principles
 - protect staff to deliver the mission post-crisis
 - be aware of potential public/press scrutiny
 - assure flexibility given significant uncertainty
 - consider using “rainy day” reserves (~\$1.9M) to help balance the budget

3 revenue scenarios range from Bad (-\$0.5M) to Worse (-\$1M) to Terrible (-\$1.4M)

	<u>Scenario 1:</u> <u>Bad</u>	<u>Scenario 2:</u> <u>Worse</u>	<u>Scenario 3:</u> <u>Terrible</u>
Est. current budget forecast	\$ 215,610	\$ 215,610	\$ 215,610
Earned income change	\$ (361,000)	\$ (668,000)	\$ (945,000)
Philanthropy change	\$ (307,890)	\$ (504,711)	\$ (696,654)
TOTAL impact before reductions	\$ (453,280)	\$ (957,101)	\$ (1,426,044)

*Challenging conditions may persist
much longer than these scenarios*

Recommending ~\$0.75M of cuts, with add'l ~\$0.25M identified; minimal impact on existing staff

- Recommend immediate ~\$0.75M reduction (of which \$0.45M is reversible)
 - Irreversible: three fewer artworks, no light-pole banners, etc.
 - Reversible: BBB 50% for 4 months; hiring freeze + rescind offers (1 Maintenance, 2+2 Hort, 1 Devel; 9 interns); no Mary Soo Hoo improvements; no PR consultant, etc.
- Hold on ~\$0.25M of additional cuts
 - e.g., postponing upgrade to new Accounting System, 50% Block by Block to year-end, no Ox artwork
- Hold on staff cuts that would impact ability to deliver the mission post-crisis
 - FYI: current payroll is ~\$0.25M/month

*Will offer additional Sick Leave days
to those who exhaust current 7 days/year*

Recommended Cuts are sufficient in Scenario 1; more cuts and/or deficits in Scenarios 2 & 3

	<u>Scenario 1:</u> <u>Bad</u>	<u>Scenario 2:</u> <u>Worse</u>	<u>Scenario 3:</u> <u>Terrible</u>
Impact before cuts	\$ (453,280)	\$ (957,101)	\$ (1,426,044)
Recommended cuts	\$ 770,507	\$ 770,507	\$ 770,507
Subtotal: Surplus / (deficit)	\$ 317,227	\$ (186,594)	\$ (655,537)
Add'l (or reversed) cuts	\$ (317,227)	0	\$ 350,000
TOTAL SURPLUS (/DEFICIT)	0	\$ (186,594)	\$ (305,537)

Some cuts are reversed

Reserves used (OR additional cuts made)

Additional cuts made AND reserves used

Conversations will continue with Greenway BID about Enhancements funding (\$0.62M available in 2020)

Next steps

- Finalize numbers and details and begin implementation ASAP
- Monitor evolving situation
- Continue conversations
 - with Board leadership
 - at added April 14th FARMC meeting
 - with key stakeholders (e.g., BID)
 - with key donors
- Revisit for May 5th FARMC & May 12th Board meetings