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September 28, 2022

TO: Board of Directors

FROM: Heller An Shapiro, Executive Director; Lynn Taylor Moore, Director of Finance and Administration

RE: FY23 Budget Proposal

The FY23 budget covers the period 7/1/22 to 6/30/23.

It is compared to the period of 7/1/21 to 6/30/22 (referred to as FY22 for comparison purposes).

Comparison of major revenue and expense line items:

	FY23 #4	FY23 #3	FY22
Individual Donations	\$143,000	\$143,000	\$121,763
Grants	\$380,000	\$380,000	\$312,304
Programs	\$247,570	\$247,570	\$233,722
Dev & Fundraising	\$154,100	\$154,100	\$140,290
TOTAL REVENUE	\$931,670	\$931,670	\$787,894
Payroll	\$468,920	\$511,793	\$457,183
Program	\$268,675	\$275,257	\$333,496
Administrative	\$80,649	\$80,649	\$98,797
TOTAL EXPENSES	\$857,998	\$907,470	\$926,232
NET Revenue	\$109,672	\$24,199	(\$138,338)

- Additional revenue of \$36,000 will be gained if class fees are increased from \$26.25/hour to \$29/hour and Super Social Saturdays increase from \$25/\$35 per hour to \$30/\$40 per hour. For example, an 8-week class would rise from \$315 to \$348.

Discussion: How much should be held in reserve, and how much should go into programs? Cutting back on services reduces growth, limits programs and outreach, and reduces grant revenue. In spring 2020 we began a period of growth that included:

- 20% fee increase for Teaching Artists (adding \$32,800 to the bottom line)
- new website (adding \$1,500 to the bottom line)
- new class registration software eliminated paper forms (adding \$6,670 to the bottom line)
- hiring a full-time grant writer
- moving to a virtual office
- increased donations and grants
- a 26% increase in students since FY20

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- a 35% increase in partner students since FY20
- Increased efficiency comes with subscription costs of \$25,330
 - F1 Computer services allowed us to transfer seamlessly to virtual office
 - Bill.com allows us to manage TA invoices and pay bills
 - Migration to Quickbooks online
 - Teams phones so we can be reached easily on direct lines without a receptionist in the office
 - Website maintenance and regular updating
 - Class/Theatre Company registration software
 - Harness donation/ticketing and text-to-give software
 - Zoom accounts for classes and theatre companies

Revenue Increases:

- Individual donor gifts increase 17% from \$121,763 to \$143,000.
 - This assumes repeat gifts from the majority of our current donors, and a small increase from mid-level donors, monthly donors, and new donors, as well as identification of new donors through the in-person Gala. **This will be a priority focus area in FY23.**
- Grants increase 22%
 - Current grants already confirmed (MSAC, AHCMC, Trawick, Mid-Atlantic Arts Council, and Joe and Cory Rogers Family Foundation) represent a 2% increase over FY22 awards. New Arts Relief Grants from MSAC and AHCMC are expected, in addition to the AHCMC Advancement Grant at \$25,000, and return of Abell and Graham grants totaling \$45,000
 - Note that MSAC will be providing two rounds of Arts Relief Grant funding to distribute their \$40 million allocation. The first round of \$17 million will arrive in the first half of FY23. The second will be awarded in spring 2023 and paid in FY24.
 - New grants we have applied for but are not certain about are not included.
- Program partner fees will increase by 7% January 1, 2023, from \$140/hour to \$150/hour.
- Theatre Company tuition increased from \$750/season to \$800/season
- Gala revenue increases 18% from \$85,000 to \$100,000 based on larger venue, first in-person event in two years, and text-to-give option.
- Direct Mail appeals continue to meet or exceed budget with matching gifts already promised for the spring appeal.

Expenses of \$907,470 include the following budget cuts:

Saved \$3,300	Eliminated the Fall VA Cabaret
Saved \$3,000	Moved the Gaithersburg Company performances to the BlackRock Center for the Arts
Saved \$11,913	Moved to the Nonprofit Village. <u>Fixed cost reduction: Rent decreases 75% from \$44,456 to \$22,727 (\$2,400 office rent annually in future years plus \$9,816 offsite costume shop storage).</u> Also eliminated phone, internet, postage meter and copier fees.
Saved \$6,600	Reduced print newsletters from 4 to 2. Limit Theatre Company program printing to 200 per theatre and use QR code link to digital programs.

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Expenses of \$855,741 include the cuts above and the following additional cuts:

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|---------------|---|
| Saved \$2,256 | Eliminate printing and mailing class brochures to families. Brochures are printed only for distribution at outreach events. |
| Save \$6,600 | Eliminate 2 print newsletters and all Theatre Company printed programs. E-newsletters will replace print newsletters. Patrons will download the programs through a QR code. |
| Save \$30,128 | Reduce the Communications Manager to half time. Would reduce Giving Tuesday and spring appeal revenue, and slow website edits, eliminate social media posts, force class brochures, stagebill design, and registration software edits onto the Program Manager and Theatre and Events Manager, and eliminate online store. An out-of-date website and few program materials to share with donors and grantors will limit fundraising. Impact on all staff morale is a concern. Replacement would be required. |
| Save \$12,745 | Reduce Database Coordinator position to 20 hours a week. Would focus job on processing donations and entering donor data into the database and constant contact, moving class registration information into the database, and preparing donor mailing lists for annual appeals (mailing lists for newsletters would be eliminated. See above.) Remaining staff would be responsible for ordering office supplies, managing the class registration software, and managing the state fundraising registration process. Replacement likely to be required. |

ArtStream, Inc.
Statement of Activity
for the period of
July 1, 2021 thru June 30, 2022

	Total
Revenue	
Individuals Unrestricted	95,604
In Honor - In Memory	26,159
Service Organizations	2,000
Grants	312,304
Other Income	8,677
Program	233,722
Dev. & Fundraising	140,290
Investment Income	(30,865)
Sales	3
Total Revenue	787,894
Expenditures	
Payroll	457,183
Program	333,496
Equipment & Computer	16,247
Marketing & Advertisement	570
Professional Fees	11,575
Administrative Expenses	98,797
Other Expenses	4,089
Reconciliation Discrepancies	1,281
Dev. & Fundraising	1,730
Depreciation	635.53
Purchases	427.50
Total Expenditures	\$ 926,231.87
Net Revenue	-\$ 138,338.03

GRANTS FOR FY2023

	AMOUNT	A APPLIED	DATE APPLIED	B CONFIRMED	DATE \$ EXPECTED	C PAID	DATE \$ RECV'D
MSAC	\$64,570	yes	Dec-21	B	Oct/March		
AHCMC	\$39,015	yes	Feb-22	B	August	C	8/31/2022
NEA - MUSICAL THEATRE	\$15,000	yes	Jul-21	B	June		

FOUNDATION

CORINA HIGGINSON	\$7,500	No	Jan-23		Jun-23		
MORRIS & GWENDOLYN CAFRITZ	\$20,000	Yes	Mar-22	B		C	7/27/2022
PAUL M. ANGELL	\$20,000	No	Jan-23		5/1/2023		
PHILIP GRAHAM (EVERY 3 YEARS)	\$25,000	No	LOI due Dec		Spring		
KELLEY CARES (AT LEE CENTER)	\$4,500	No	Oct-22		Nov-22		
SAFEWAY	\$13,000	yes	7/29/2022		22-Nov		
CAMPBELL FAMILY FOUNDATION	\$5,000	NA			Dec-22		
MILTON & DOROTHY SARNOFF RAYMOND FOUNDATION	\$10,000	NA			Dec-22		
JACQUEMIN FAMILY FOUNDATION	\$8,000	NA			Jan-23		
JOCKEY HOLLOW FAMILY FOUNDATION	\$4,000	NA			Mar-23		
SHARED HORIZONS	\$2,000	Yes	6/23/2022		Oct-22		
DIMICK	\$5,000	yes	9/31/22		Jan-23		
MESH	\$8,000	No	10/1/2022		Nov-22		
CLARK-WINCHOLE	\$15,000	yes	9/31/22		Feb-22		
WILLIAM S. ABELL (EVERY OTHER YEAR)	\$20,000	yes	6/10/2022		Dec 2022-Mar2023		
TRAWICK FOUNDATION	\$10,000	yes	7/31/2022	B		C	9/23/2022
IMMANUAL PRESBYTERIAN CHURCH	\$2,500	no	Feb-23		4/23/203		
JACK R. ANDERSON FOUNDATION	\$7,500	no	3/4/2023		4/6/2023		
VSARTS-KENNEDY CENTER	\$5,000	no	TBD				
GREATER KANSAS COMMUNITY FOUNDATION	\$3,000	no			Jun-23		
JOE & CORY ROGERS FOUNDATION	\$5,000	NA		B		C	9/21/2022
JOE & CORY ROGERS FOUNDATION	\$3,000	NA			Mar-23		
METRO BETHESDA ROTARY	\$4,000	no	10/15/2022		3/17/2023		
PRINCE GEORGES COMMUNITY PARTNERSHIP	\$7,000	no	TBD		Jun-23		
AHCMC ADVANCEMENT	\$25,000	no	Feb-23		Jun-23		
VENABLE	\$5,000	no	Feb-23		May-23		
MSAC ARTS RELIEF		no	TBD				
ACHMC COVID 19 RELIEF		yes	9/16/2022				
MID-ATLANTIC ARTS COUNCIL	\$8,550	yes	May-22	B	7/12/2022	C	7/12/2022

TOTAL GRANTS

\$371,135

1Q	2Q	3Q	4Q			
July / Aug / Sept	O/N/D	J/F/M	A/M/J		<i>In Question</i>	
\$82,565	\$105,070	\$76,000	\$100,500	\$364,135	\$7,000	\$371,135
22.67%	28.85%	20.87%	27.60%			