

F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: August 10, 2018

REQUEST DATE: July 18, 2018

Last grant acknowledgement: Yes

Program Area: Arts, Culture, Humanities

APPLICANT:

Mayo Performing Arts Center
100 South Street
Morristown, NJ 07960

CONTACT: Ms. Allison Larena, President and CEO

PHONE: 973-539-0345 x 6512

PAYEE OTHER THAN ADDRESSEE: South Street Theater Company, Inc.

AMOUNT REQUESTED: \$100,000 **NATURE OF REQUEST:** For general operating support

GRANT HISTORY

LAST GRANT DATE: 9/15/2017

LAST GRANT AMOUNT: \$100,000 **AFS DATE:** 9/29/2017

2013	\$100,000	9/23/2013	
2014	\$110,000	9/15/2014	Toward 20th Anniversary Season Activities-\$10,000
2015	\$100,000	9/14/2015	
2016	\$100,000	9/12/2016	
2017	\$100,000	9/15/2017	

JWK endorsement received.

DLK COMMENTS: See financial analysis.

WHB COMMENTS: I am assuming, and I know that is verboten, that the '18-'19 budget is simply a conservative one as there is no indication otherwise to warrant that decision.

On the whole, Mayo had a really strong year. Its new branding strategy and tag line, *Closer than You Think*, is perfect as the array of internal and external program and performance offerings attract a wide and varied audience. I am particularly glad the website has been significantly improved, making the ticket buying experience a bit smoother and less aggravating.

Stewardship of our grant is second to none – Marysue is first class.

SDK COMMENTS: I think that this is the most robust request that I have read from Mayo. While for years I thought that their educational aspects were a bit of an afterthought and not fully engrained within the culture, I now see it as multifaceted, high quality, and touching many students (I don't see where adult education has been fully incorporated yet but imagine that is not far behind).

The vision for the Pine and King Street facility is not fully articulated here, but I believe they are still being developed and I certainly do not need to hear the latest on that via a meeting with the leadership team to approve this request. In fact, such meeting would probably now be best to occur once the strategic plan has been completed this fall.

APPLICANT: Mayo Performing Arts Center

The language that included “liquidated assets from our investment portfolio” raised a flag for me. In the 2017 ending audit, a \$1+ million figure was liquidated. We should inquire more as to the aggregate liquidation on a portfolio that once exceeded over \$4 million. This is not to suggest anything inappropriate, as from what I can see, these investments funds were neither restricted nor endowment funds but presumably were intended for upcoming capital needs. Let’s just get a more up-to-date picture of where this stands. I imagine the dollars required in the next capital campaign for the education facility are significant and that we will be surely invited to participate.

Sounds like appropriate planning in place for leadership change at the top of the Board. I have had some direct experience with Supron from Gill, and he can fundraise; if they get his wife involved, she can really fundraise!

DLK 8/8/18 update: MPAC made two withdrawals from investments. The first was \$1.2M to be used towards the purchase of 11 Pine Street. The second withdrawal was for \$450K. It was used to paydown the existing mortgage. They have a reset rate occurring in 2021 and paid down the maximum they could without incurring a prepayment penalty. There will be no further drawdowns and investments remain around \$3.27M as of June 30, 2017.

FM KIRBY FOUNDATION
Financial Statement Analysis

	Mayo Performing Arts Center		Date:	8/2/2018
Grantee Name:	DLK			
Prepared By:				
Grant Request Amt.	\$ 100,000	Type of Financial		
Budgeted Amt.	\$ 100,000	Report Submitted	Audit	
Recommended Amt.	\$ 100,000	Period Covered	6/30/2017	
		in Financial Report		
Audit Firm	Fylstra & Associates, LLP			
Opinion	Present Fairly	Date of Report		
Basis of Acctg.	GAAP	Issuance	9/19/2017	

Current Ratio (Liquidity Ratio/Working Capital Ratio)	1.29	Amount of Unrestricted Net Assets (Operating Reserve)	\$ 5,722,253
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Note: A current ratio measures an organization's ability to pay short-term and long-term obligations. The higher the ratio, the more capable the organization is of paying its obligations. A ratio under 1 indicates that the organization's liabilities are greater than its assets.

Allocation of Functional Expenses	6/30/2017	%	Must Read Financial Statement Notes
A. Program Service Expenses	\$ 11,020,423	84%	Ideally program expenses should be at least 70% of total budget.
B. Management and General	\$ 1,389,283	11%	
C. Fundraising	\$ 768,284	6%	
D. Total Expenses	\$ 13,177,990	100%	

Comments/ Notes:

FY19 Budget is projected to break even, with a 7% (\$842K) decline in earned income (primarily in reduced ticket sales). Expenses are budgeted at an overall 3% decrease, primarily in the mortgage covenant line, along with lower production and performing arts schools expenses.

FY2017 had an operating surplus of \$310K, as compared to a deficit of \$30K in 2016. Total revenues were up \$1.1M (9%) over FY16, with increases in box office revenues and concessions.

Program expenses increased by \$800K (9%), primarily in the area of production costs, professional fees, repairs/maintenance and education expenses. MPAC has a \$2M line of credit with no balance outstanding as of June 30, 2017. MPAC has a new mortgage loan for the 13 Pine Street property. The loan has an interest rate of 4.31% and matures December 2037. MPAC had investments of \$3.2M as of June 30, 2017.

Overall, no red flags as a result of my review.

APPLICANT: Mayo Performing Arts Center

DISPOSITION:

- Rejection
- Hold for review on/about:
- Approval for: **\$100,000**
- Hold for Board Review
- Insert Information:
- Other:

Initials: idk Date: 8/20/18
Check #: _____ Date: _____