

**F.M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM**

**DATE:** August 22, 2019

**REQUEST DATE:** July 11, 2019

**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:** 9/17/2018 **LAST GRANT AMOUNT:** \$100,000 **AFS DATE:** 11/2/2018

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	
2018	\$100,000	9/17/2018	

**JWK endorsement received.**

**DLK COMMENTS:** See financial analysis.

**JFT COMMENTS:** What a good job Mayo Performing Arts Center (MPAC) is doing through their education department. Their performing Arts School saw a 5% increase in enrollment to 730 students in 2018, and their financial aid to students in need increased over 700%, from \$6K in 2017 to just under \$50K in 2018, serving 72 students, an increase of 52 over 2017. And their Miracle Project for children, teens, and young adults with autism and other special needs has also grown substantially. Their outreach Arts Enrichment Program provides offsite series throughout the community but the proposal highlights their offering at the Boys and Girls Clubs of Paterson and Passaic, where many of those children would most likely never be exposed to the arts. The entire Education Program has grown exponentially over the past few years with impressive results. The 2019 proposal does an excellent job of conveying the information. Plans for capital expansion will greatly aid the Performing Arts programs.

MPAC collaborates with numerous FMKF grantees including Morris Arts, New Jersey Theatre Alliance, ArtPride, The Peck School, Employment Horizons, and First Night Morris to name a few. Their Community Engagement is stellar and they provide many free events both in and away from the theater.

It's nice to see the FMKF listed on the home page of their website as a sustaining supporter. It's also easy to recommend continued funding for general operating support for this vital arts

**APPLICANT: Mayo Performing Arts Center**

organization that serves so many locally and well beyond its Morristown location. I also believe that JWK's recommendation to establish an RFD fund for upcoming capital campaign is logical.

**SDK COMMENTS:** See my "touch" regarding capital campaign feasibility study. I think JWK's RFD suggestion is a worthy one and at an appropriate level, especially given our long partnership here and his direct involvement as a long-time Board member. We might ultimately strive toward a mid six-figure commitment without diluting our normal g.o.s.

**FM KIRBY FOUNDATION**  
**Financial Statement Analysis**

	Mayo Performing Arts			
<b>Grantee Name:</b>	Center		<b>Date:</b>	<u>8/6/2019</u>
<b>Prepared By:</b>	DLK			
<b>Grant Request Amt.</b>	\$	<u>100,000</u>	<b>Type of Financial Report Submitted</b>	<u>Audit</u>
<b>Budgeted Amt.</b>	\$	<u>100,000</u>	<b>Period Covered in Financial Report</b>	<u>6/30/2018</u>
<b>Audit Firm</b>	<u>Fylstra &amp; Associates, LLP</u>		<b>Date of Report Issuance</b>	<u>11/2/2018</u>
<b>Opinion</b>	<u>Present Fairly</u>			
<b>Basis of Acctg.</b>	<u>GAAP</u>			

<b>Current Ratio (Liquidity Ratio/Working Capital Ratio)</b>	1.08	<b>Amount of Unrestricted Net Assets (Operating Reserve)</b>	\$	<b>6,685,828</b>
--	------	--	----	------------------

**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.

<u>Allocation of Functional Expenses</u>	<u>6/30/2018</u>	<u>%</u>	<b>Must Read Financial Statement Notes</b>
<b>A. Program Service Expenses</b>	\$ 11,793,451	84%	Ideally program expenses should be at least 70% of total budget.
<b>B. Management and General</b>	\$ 1,549,117	11%	
<b>C. Fundraising</b>	\$ 776,997	6%	
<b>D. Total Expenses</b>	<u>\$ 14,119,565</u>	<u>100%</u>	

**Comments/ Notes:**

**Budget:** FY20 is projected to break even. Earned income is budgeted to increase by \$288K (3%) over unaudited FY19, with growth in ticket sales and other. Contributed income for FY20 is basically flat to FY19. Expenses are budgeted to grow by \$328K (2%).

**Audit:** FY18 had an operations surplus of \$558K vs \$215K in FY17 and an overall change in net assets of \$550K vs \$310K in FY17. Total support and revenue was up \$1.3M (10%) over FY17, across all revenue lines except other. Expenses were up \$942K (7%), with about 2/3 of the increase in program services and 1/3 of the increase in management/general. MPAC has an unsecured \$2M line of credit (prime plus .5%) with no balance outstanding as of June 30, 2018. MPAC has long-term debt of \$2.7M pertaining to a 20-yr mortgage loan for 13 Pine and a 20-year bond for the Theater. MPAC was in compliance with all bond covenants as of June 30, 2018. MPAC had investments of \$3.2M as of June 30, 2018. The Organization had one related party transaction. MPAC paid \$309K to Larena Construction Company (owned by the President/ CEO's spouse) for construction services.

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

**APPLICANT: Mayo Performing Arts Center**

**DISPOSITION:**

- Rejection
- Hold for review on/about:
- Approval for: **\$200,000**
- Hold for Board Review
- Insert Information: For: **Reserved for Future Decision Fund-\$100,000**
- Other:

Initials: ADK Date: 8/26/19

Check #: \_\_\_\_\_ Date: \_\_\_\_\_

### **8/8/19 SDK meeting with Peter Hansen at MPAC**

I met with Peter, who I knew for a long time as VP of Development at NJPAC. He is now consulting as capital campaign advisor/conducting Pulsing sessions (purely a feasibility study) and teaming up on various art related organizations with Jay Angeletti, who I also know well. The interview last approx. 4 minutes. Nothing earth-shattering revealed but was surprised to learn that they are "testing" a \$20M-\$30M figure. I provided my candid comments about the case statement, and was generally positive on all aspects, except expressed skepticism in terms of the proposed 400 seat, small theatre and expressed it seems like a "wish" list item knowing that they now have the space off of Pine/King Street to do so. While there was no ask, I guided toward a mid to upper six figure commitment might be "in the cards" over a 5-year period. I introduced the RFD concept, versus outright pledge, as we have employed at MPAC previously. I indicated that based on their annual unearned income figure of approx. \$2.5 million, I thought \$20million might be an outside capital figure that they could raise recognizing 5-year payment period. I thought above that figure would be ambitious. To get to \$20 million, they would need to dramatically increase the geographical scope of their current, very Morris County- (even Morristown-) centric donor list.