

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

**DATE:** April 17, 2020  
**Last grant acknowledgement:** Yes  
**Program Area:** Arts, Culture, Humanities

**REQUEST DATE:** April 10, 2020

**APPLICANT:**  
Mayo Performing Arts Center  
100 South Street  
Morristown, NJ 07960

**SEND CHECK TO:**  
Mayo Performing Arts Center  
100 South Street  
Morristown, NJ 07960  
Attn: Development Department

**CONTACT:** Ms. Allison Larena, President and CEO  
**PHONE:** 973-539-0345 x 6512  
**PAYEE OTHER THAN ADDRESSEE:** South Street Theater Company

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

**GRANT HISTORY**

**LAST GRANT DATE:** 9/16/2019  
**FYE DATE:** 6/30/2019

**LAST GRANT AMOUNT:** \$200,000  
**AFS DATE:** 10/30/2019

2015	\$100,000	9/14/2015	
2016	\$100,000	9/12/2016	
2017	\$100,000	9/15/2017	
2018	\$100,000	9/17/2018	
2019	\$200,000	9/16/2019	For: Reserved for Future Decision Fund-\$100,000

JWK endorsement received.

**JJK COMMENTS:** I was quite impressed at my February meeting with Allison and MarySue and even more delighted by the scope and vision of the education center, which was to be the centerpiece of the upcoming capital campaign. Hard to believe that conversation – with its optimism about this year’s ticket sales and the very promising “quiet phase” – was at the end of February. A month and a half later, and they have had to refund \$500K in ticket sales and put the campaign on pause.

But if this request is any indication, MPAC seems to have the leadership, the relationships, and the Board to get back on their feet when the time is right. That said, Allison comments towards the end of the proposal that it may take awhile to get people back into seats, so I suspect that “getting back on their feet” could take more than a year or even two.

The 20-21 season looks strong; once again, you see the family performances are a cornerstone of their season success. Also, with fourteen *Nutcracker* performances scheduled, let’s hope that is not impacted at all by a fall resurgence of the virus. I have to concur with SDK on the perhaps overly bullish ticket sale projections; my guess is it would be more in the vein of 12-15% lower, considering not only fears of illness but also a looming economic downturn.

On more positive notes, I did not realize how much activity MPAC offer outside of its walls. The *Arts in the Community* program reached 15,000 people in the 18-19 season; similarly, the *Music*

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*Beyond Borders* program offered four complementary outdoor performances, netting a total of 1,350 attendees. Should the capital project move forward, it should offer more venues and opportunities to draw culturally and economically diverse crowds. The smaller performance space will offer opportunities to book up and coming acts, or ones that cannot fill the theater itself. I suspect these may be even more popular this coming summer.

The education program here had a very successful year so far, prior to interruption. The Miracle Project, which uses performance to help unlock the creative potential in autistic children, now seems completely entwined in MPAC's DNA; they are one of only three in the nation, and this was one of the first rooms MarySue showed me on our tour, perhaps evidence of the importance they place on it. I note that the involvement with the Boys & Girls Club of Paterson & Passaic doubled this year, and \$13.9K in financial aid was offered for education programs. The strength of the Performing Arts Workshop is evident in their full enrollment at 710 over the full year, with almost \$14K in scholarships. (Dillard writes about the Performing Arts School keeping students engaged in its virtual workshops; literally as I type, one of my daughters is participating in her own Zoom conference with her classmates from MPAC. It's been a great constant for them during a time of change and uncertainty and they look forward to it every week.)

Parking continues to be an issue for the MPAC, but the frequent negotiations with the town's parking authority appeared to pay off. If MPAC can make parking simpler, I think this will be provide another boost for attendance. I'm happy that, should the capital project pull off, audience members who park in the new garage will have the option of entering the new facility!

Had I been the first to review MPAC, I think I might have also put on "pause" our plans to put \$100K to an RFD. But *if* the goal is to get to \$1M and since we budgeted \$200K in total already, I can see the wisdom of this approach, pending JWK's thoughts on this as well. As I mentioned earlier, I am quite taken with the plan for the addition, so I am excited we are showing our enthusiasm upfront, especially at this moment. I suppose, too, that if things take a turn for the worse, we could use the \$100K for shoring up other areas of MPAC's operations, depending on how things shake out.

**SDK COMMENTS:** Thorough, well done request in about three-day turnaround when they were made aware that they could expedite their 2020 request. 6/30/19 AFS is an update from the audit we used last year, but no big differences on the balance sheet or the P/L, although box office sales were down about 3%. Still operating surplus of approx. \$200k. More importantly, a proforma budget thru 6/30/20, that includes actual figures thru 3/30/20, projects an approx. \$500k deficit for the fiscal year ending 6/30.20.

The narrative indicates over \$500k in ticket revenues already refunded as of 3/9/20. Overall, ticket sales are projected to drop by approx. \$3 million, but large decrease in productions expenses, with the cancelled shows, and quick adaption to lower overhead has lessened the blow. A PPP loan for \$549k has been submitted. The theatre hopes to reopen in June, but the more realistic projections are based on a soft open in August. Even then, the full 2021 proforma looks optimistic to me with ticket sales projected to be just 6%-7% lower than the original 2020 budget. I imagine from the narrative that the 2020-2021 season ticket revenue projections are heavily backend weighted, toward the first six months of 2021.

A robust year again up until the pandemic, with over 121 events. Now, I am impressed with how management has kept intact the Performing Arts School project since the mid-March physical shut

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down, with a virtual online class that about 98% of the students, 276 of them, signed up. Clearly our support at this earlier juncture will provide support of immediate cash flow (I imagine the ticket refunds have drawn down reserves significantly) regardless of how the PPP loan turns out. I think we should fully renew at \$100K. If approved, this will result two grant awards in their same fiscal year, but under the circumstances, I am not worried about that.

As for the capital campaign, it has been put on pause. That said, unless a worse-case scenario develops, they will restart it in due course and JWK (long time Board member) is likely to play a key leadership role in the campaign. In that vein, prior to the pandemic, JWK and I discussed that perhaps we could ultimately contribute up to \$1 million toward the \$20 million campaign. So, taking in to account the “pause,” but recognizing that we had targeted an additional \$100k toward the RFD account (bringing our total to \$200k), I recommend we continue down that road. This should provide a significant sign that we intend to provide important, cumulative support over the next several years, without any pledge at this time.

**I will test this idea out with JWK before finalizing my comments. 4/16/20: JWK fully endorses our recommendation.**

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**DISPOSITION:**

- Declination
- 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:   JDL  

Date:   4/17/20  

Check #:                     

Date: