

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

**DATE:** April 7, 2021

**REQUEST DATE:** March 19, 2021

**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 Co., Inc.

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

**GRANT HISTORY**

**LAST GRANT DATE:** 4/29/2020

**LAST GRANT AMOUNT:** \$200,000

**FYE DATE:** 6/30/2020

**AFS DATE:** 3/18/2021

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
2020	\$200,000	4/29/2020	For: Reserved for Future Decision Fund-\$100,000

**JWK endorsement received.**

**DLK COMMENTS:** Financial analysis attached. We had initially budgeted \$400K (\$200K – capital campaign, \$100K GOS and \$100K addl. towards Future Decision Fund). It appears that the campaign has been postponed until Fall 2022, so we’ll need guidance from Jeff and Dillard on how they’d like to proceed with this grant cycle.

**JFT COMMENTS:** There’s quite a contrast between grantees such as the State Theatre and Performing Arts Center (Easton, PA), The F.M. Kirby Center for the Performing Arts (Wilkes-Barre, PA), and MPAC. Location. Location. Location. Though they all face terrific challenges, the MPAC has the ability through staff, leadership, and an impressive Board of Trustees to innovate and adapt favorably, from “presenting events and education programs online to their presentation of drive-in concerts.” Their reopening guide created in June 2020 (to be reviewed and updated monthly) was comprehensive in scope, covering all aspects of the organization’s operations. The guide was essential to the theater’s limited reopening in October 2020 and plans for the 2021/2022 season.

MPAC’s education programs remained robust in FY21, holding summer camp virtually, offering a Winter Wellness six-week session for kids and adults, continuing their *Performing Arts School* (PAS) programs, and on March 8<sup>th</sup> welcoming 10 in-person classes with 8 to 10 students maximum in each class for the PAS program. The PAS program offered 111 courses (“the greatest number of classes in its history) during summer, fall, winter, and spring. Through this program, they have educated a record 794 students. The *Miracle Project at MPAC* (for children, teens and young adults

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with autism and other special needs - MPAC is 1 of only 3 official providers worldwide) was offered virtually, with 3 fall and 2 spring courses serving 45 students. Additional educational programs offered were the *Paterson and Passaic Virtual Arts Enrichment Program*, *Earth Day Education Lecture* presentations, *Creative Drama & Movement Program at Children on the Green*, *Music Student of the Month*, and *Poetry Out Loud*. What MPAC accomplished is nothing short of incredible.

I appreciate the “Accomplishments in Diversity, Equity, Inclusion and Accessibility (DEIA)” narrative in the proposal. The DEIA Committee “is charged with discussing opportunities that MPAC can initiate to bind our diverse community together through the arts.” After an 8-week training workshop series last summer on diversity, inclusion and unintentional bias, the proposal notes that “...we are grateful to our Board of Trustees for their support and leadership in tackling difficult conversation that resulted in positive changes in our messaging in our programs and in our offerings.”

This is a well-done proposal highlighting challenges, achievements, and future plans for main stage/outdoor events, arts education programs, and DEIA events. Considering the enormous tasks (operationally and financially) brought upon by the pandemic to the arts community, MPAC has “performed” very well, and “bravo” to the content on their website.

With the capital campaign on hold, and as we had budgeted a much higher grant amount than requested, I wholeheartedly recommend continued support but defer to JWK (Co-Chair of Capital Campaign and former member of the Board of Trustees), SDK, and JJK as to the grant amount.

**JJK COMMENTS:** The report illustrates the ways in through both public and private assistance, Mayo was able to keep a key staff employed while actually reaching record number of students through education programs and pioneering some new ways of reaching audience (the drive-in concerts). I note that, through both PPP and CARES Act funding in 2020 and 2021, MPAC will receive a total of \$1.4M in assistance. An interesting fact, considering that earned income crashed from approximately \$9M per year to \$300K.

MPAC is rightfully proud of work the Performing Arts School accomplished. Beyond holding a record number of classes (111) and reaching a record number of students (794), they were able to offer workshops to students who might otherwise not been able to afford them. In a year when public schools cut or scaled back arts programs, this surely helped salve the wounds of an otherwise very difficult year for education for all kids. The request notes scholarships of nearly \$9,000, issued to 69 families, for attendance to the Performing Arts School. Included in this number are 21 children of health care workers, who were given full scholarships to the “Winter Wellness” class. Given the stress these families have faced this year, I applaud MPAC for reaching out in such a targeted way on this.

Moreover, it is reassuring to know that classes for the Boys & Girls Club of Paterson and Passaic will resume this spring. This does make wonder why we do not see more collaboration – at least as far as I know – between MPAC and Cornerstone. A good question to bring up in future conversations...

MPAC was one of the first theaters that I know of in our general vicinity to invite audience, albeit at much smaller capacity, back inside. The costs in safety equipment and PPE to do so totaled approximately \$100K. Considering that FY21 re-forecast budget projects ticket sales at just \$276K, this is not a great yield, but of course, one must keep in mind that future audiences may end

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up being more *inclined* now to return to MPAC given the steps they have taken. On a side note, it will be quite impressive if memberships holding steady as projected in the FY21 re-forecasted budget.

I'll add to JFT's notes about MPAC's DEI initiatives that they have brought on an additional four board members noted as being of diverse race / ethnicity.

The request notes the re-introduction of 5 Performing Arts School programs. Not notably, it is great to see Artists in Residency eventually coming back to schools, should the public health situation permit. This program reaches 800 students and surely will add some vibrant *in-person* enrichment after more than a year of virtual learning for some students.

Let's keep an eye out this summer and fall for the Arts in Community program. The request promises that MPAC will deliver music and other arts in outdoors settings in lower-income neighborhoods in the area. I hope to see them deliver on this.

I continue to believe the strength of MPAC is the strength of Morristown – its culture, its businesses, its young people – and vice versa. While the capital campaign remains in “rehearsals” (stealing JWK's pun), I remain excited by the great potential of an expanded education center and an additional performance room, whenever the campaign begins again. Thus, I heartily recommend \$100K in g.o.s. and \$100K to a future decision fund.

**SDK COMMENTS:** Naturally, JWK's endorsement is crucial here, especially his feelings about additional RFD funds. Eventually they are going to need to address at least the highest priorities of the campaign, and so probably makes sense to supplement the RFD with another \$100k, while not getting too ahead of the campaign development efforts. Alison does not mention it at all, but ultimately, I think there may be capital costs associated with reconfiguring seats in the main house.

**SDK 4/7/21 UPDATE:** Well, JWK gets an “A+” for the creative endorsement letter and great to see his thinking is completely in alignment with ours.

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

	Mayo Performing Arts Center DLK		
<b>Grantee Name:</b>		<b>Date:</b>	3/23/2021
<b>Prepared By:</b>			
<b>Grant Request Amt.</b>	\$ 100,000	<b>Type of Financial Report Submitted</b>	Audit
<b>Budgeted Amt.</b>	\$ 400,000		
	(\$200 campaign, \$100 GOS, \$100 from RFD)	<b>Period Covered in Financial Report</b>	6/30/2020
<b>Audit Firm</b>	Fylstra & Associates, LLP		
<b>Opinion</b>	Present Fairly	<b>Date of Report Issuance</b>	3/18/2021
<b>Basis of Acctg.</b>	GAAP		

<b>Current Ratio (Liquidity Ratio/Working Capital Ratio)</b>	1.29	<b>Amount of Unrestricted Net Assets (Operating Reserve)</b>	\$ <b>13,812,727</b> \$6,685,828 in 2019!
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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	6/30/2020	%	Must Read Financial Statement Notes
<b>A. Program Service Expenses</b>	\$ 8,914,558	81%	Ideally program expenses should be at least 70% of total budget.
<b>B. Management and General</b>	\$ 1,264,807	11%	
<b>C. Fundraising</b>	\$ 859,437	8%	
<b>D. Total Expenses</b>	\$ 11,038,802	100%	

**Comments/ Notes:**

**Budget:** FY21 is projected to have a \$610.6K deficit. Earned income is budgeted to decline by \$7.3M (93%) from FY20. Contributed income for FY21 is growing by \$142K, but includes the \$549K in PPP monies so base income is budgeted to decline by \$407K (16%), primarily from lost Starlight Ball revenue and a decline in general donations. Expenses are budgeted to decline by \$6.6M (63%). MPAC has applied for another \$700K in PPP monies (which was approved on March 18) and received a \$15K grant in Phase 3 of the NJEDA Small Business Emergency Assistance program in October 2020. In December 2020, MPAC was awarded \$135K through the NJ State Council on the Arts as part of the distribution of federal CARES Act funds. Finally, in March 2021, an additional \$45K was awarded to MPAC through a second round of CARES Act funding. It's not clear to me how much of the recently awarded grant monies, if any, has flowed through to the FY21 revised budget.

**Audit:** FY20 had an operations deficit of \$203K vs a surplus of \$160K in FY19 and an overall decline in net assets of \$324K vs an increase in net assets of \$199K in FY19. Total support and revenue declined \$3.4M (24%) from FY19, with all ticket-related revenue suffering from the global pandemic and resulting show cancellations. Box office sales dropped \$3.1M (33%), concessions were down \$153K (26%), and rental income declined by \$72K (38%). Expenses were down \$3.0M (21%), with the majority coming from program services (\$2.6M) but all line items decreased. There was also a negative swing in investment returns of \$161K. MPAC received \$549K in PPP monies. MPAC's request noted that the loan was forgiven in December 2020. MPAC had investments of \$2.6M as of June 30, 2020. MPAC has an unsecured \$2M line of credit (prime plus .5%) with no balance outstanding as of June 30, 2020. MPAC has long-term debt of \$2.2M 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 \$175K to Larena Construction Company (owned by the President/ CEO's spouse) for construction services. Overall, no red flags as a result of my review.

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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:   102   Date:   7/8/24  

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