

**Cantus FY22 budget reprojection
February 2022**

Bottom line: Based on what we know now, we are on track to end FY22 with a surplus of nearly \$280,000. This is driven largely by two factors:

- The surprise of a \$144K supplemental Shuttered Venue Operators Grant; and
- A \$115K PPP loan, which was received and spent in FY21 but shows up this FY due to the timing of the loan forgiveness.

Biggest risks: COVID’s trajectory over the coming months and how it impacts ticket sales, especially for the anniversary gala in June.

Biggest opportunities: I’ve budgeted fairly conservatively around ticket sales and contributed revenue, and the anniversary gala alone offers a significant opportunity for upside. Additionally, online concerts are remaining more popular than expected.

a.

Individual Donations: From where we are in mid-February (\$176K), assumes the upcoming two direct-mail appeals of the year achieve only 75 percent of their demonstrated average from that past five years. Includes estimated recurring gifts and remaining board pledges. Does not include any special one-time gifts or donations tied to upcoming online concerts.

b.

Foundation Grants: Does not include McKnight’s \$60K farewell grant, but does include release of their \$30K grant that is currently considered board-designated.

Foundation	Budgeted Amount	Received/ <i>estimated</i>	Notes
Wenger	\$5,000	\$7,500	Final gift
Twin Cities Opera Guild	\$2,000	\$3,000 (pledge)	Received in June with submission of final report
Ordway/McKnight	-	\$2,500 (not counted)	Expense offset in Ordway settlement; we don’t actually get a check
Fredriksen & Byron	\$1,000	\$1,000	Notification in Feb./March
McKnight	\$30,000	\$30,000 – from board designated	<u>Not</u> counting \$60K goodbye grant
Heilmaier	\$7,500	\$10,000	
Mortenson	\$0	\$8,500	
Athwin	\$14,000	\$14,000	April/May application
Boss	\$8,000	\$8,000	June notification
Surdna	\$5,000	\$5,000	

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Government Grants: MSAB’s operating support grant came in higher than expected: \$78,974 vs. the \$56,669 that was budgeted based on an average of the preceding years. (The separate NEA grant, pledged in FY21 for activities in FY22, is accounted for in released from restriction.)

Additionally, Cantus received \$144,495 in a supplemental Shuttered Venue Operators’ Grant and \$5,000 in a Supplemental Targeted Advance from the Small Business Administration. Neither of these were budgeted.

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Ticket Sales: When I built the original FY22 budget, I’d assumed a fairly steady rebound for in-person audiences over the course of the season – but this was before delta, omicron, etc. Based on our own experience with Fall and Christmas, as well as anecdotal information from comparator organizations, a more realistic goal might be to draw 75 percent of our the in-person audience we would otherwise have expected. The impact of this is reflected below.

- Please note: With a conservative outlook, I have kept online concert revenue as originally budgeted (only 30 percent of what we drew per concert in FY21), reflecting our still-emerging understanding of how this audience engages.

Program	Budgeted revenue (in-person & online)	Original assumption of in-person % staying at home	Actual/ <i>estimated</i> revenue (in-person & online)	New assumption of in-person % staying at home
My Journey Yours (Fall)	\$18,992	50 percent	\$26,786	n/a
Christmas	\$93,192	25 percent	\$92,839	n/a
New World (Spring I)	\$17,386	12.5 percent	\$15,620	25 percent
Legends & Lies (Spring II)	\$20,174	6.25 percent	\$17,269	25 percent
Covers	\$41,272	3.12 percent	\$33,015	25 percent
Ramas y Raices (chamber)	\$21,667	0 percent	\$17,507	25 percent

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Management Booking: Cantus’ engagement in Albion, Michigan, has been postponed again (fourth time’s a charm?), delaying \$11,000 in revenue. However, IMG added a late booking in Valparaiso, Indiana, in July for \$14,000.

Additionally, our Tanglewood date was still pending when the budget was finalized, so I guessed it would land at this FY's average fee of \$11,077. Fortunately, it came in slightly ahead: \$12,000.

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Self Booking: The biggest driver in this category – the Chanticleer collaboration – landed at 99 percent of its earned-revenue goal.

Event/program	Budgeted	Actual/ <i>estimated</i>	Notes
Chanticleer collab.	\$103,722	\$102,675	
Rochester education	\$13,000	\$13,000	<i>Happens at the end of Feb.</i>
State fair with MPR	\$5,000	\$5,000	
Class Notes with MPR	\$6,150	\$10,000	<i>\$8,690 right now, with a number of rescheduled dates to come</i>
YMCA/Wendy Dayton engagement	n/a	\$5,000	<i>Scheduled for May</i>
York Cooperative, Edina	n/a	\$4,000	<i>Scheduled for June</i>

j.

Event Income: We've budgeted \$159,462 (gross) for the anniversary gala in June, covering the event's ticket sales, fund-a-need, and auction revenue. I've held this level in the reprojection. Fortunately, our August fundraiser at Lake Como generated \$50,360 (gross), and I had budgeted only \$27,800.

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Sales: CD sales have been hampered by this year's sparse touring schedule.

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Personnel: The original budget had the development manager starting full-time on October 1, but Zac will join Cantus full-time in the late spring/early summer (in addition to some hourly work on an ad-hoc basis between now and then). This resulted in a savings in both salary and benefits. Additionally, Cantus enjoyed a small cost-savings when BlueCross BlueShield raised medical insurance rates by 5.3 percent, rather than the 6.3 percent I had budgeted.

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Artistic: Higher due primarily to the \$14,700 revenue share with Chanticleer (which was still very much a net positive for us). I've also included a small cushion of \$10,000 as a buffer against potential surprises – for example, we are now finalizing logistics of livestreaming from sites

other than the Ordway or Orchestra Hall, and there may be a few extra costs (equipment rentals and personnel).

Please note: I've largely kept my categories apples-to-apples between the original budget and this reprojection. However, Nancy's monthly statements incorporate recommendations from the auditor on a few categorization/structure issues. For example, my "artistic" umbrella includes venue rentals and artistic contractors (Chanticleer, Covers band, etc.). Nancy's financials account for those cost drivers in "rentals, rehearsals, and events" and "artistic contracted services," respectively.

o.2.

IT equipment: This includes our e-mail and web hosting in a new, more appropriate category. Previously, it had been accounted for in supplies.

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Conference, meeting, and convention expenses: The Lake Como event in August carried \$4,000 more in expenses than anticipated (though this was driven by higher-than-expected attendance and was very much a net positive). Additionally, the gala planning is getting underway in earnest now, and I've added a contingency of \$10,000 here, acknowledging that catering – and probably more items – will be more expensive than we'd initially planned.

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Marketing, Outside Printing, and Postage: These have become a little muddled, even if the bottom line is favorable. The direct mail vendor that we contract for promotional postcards has also taken on the printing of those items, resulting in a small cost savings. However, on paper that has artificially inflated outside printing costs while lowering marketing costs slightly and decimating the postage expense line.

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Supplies: driven higher by need for COVID-19 tests, masks, etc.

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Dues and fees: driven higher by PatronManager fees tied to online ticket sales (though very, very much a net positive).

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Misc. expense: Strategic planning with 8 Bridges Workshop.

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Uncategorized expense: The numbers here are good-faith estimates, even if they are a little quick-and-dirty. I have included this buffer of \$25K to guard against any small or medium oversights on my part, as well as any surprises the coming months hold (new covid variants and otherwise).