



Approved Minutes
Science Museum of Virginia
Finance Committee Meeting
2500 West Broad Street
Richmond, VA 23220

October 25, 2018
11:00 a.m.

Present: Dr. Richard Groover, Patricia Nicoson, Glenn Davidson

Staff Present: Rich Conti, Elizabeth Voelkel, Pat Murphy, Kinsey Peeler, Saa'dia Walker, Courtney Moyer, James Blow

Other attendees: Cameron O'Brion, Office of the Attorney General

Dr. Groover called the meeting to order at 11:01 a.m.

Approval of Minutes

After giving the committee a moment to review the minutes, Dr. Groover called for a vote to approve the minutes, motion called by Patricia Nicoson and seconded by Glenn Davidson, which passed unanimously without objection.

Dr. Groover offered complements to the Finance Department for excellent expense management on the End of Year Report, total revenue budget vs actual expenditures.

Budget Report

Mr. Conti provided an overview:

- Revenue down because we didn't have to transfer over more Foundation money, but the key point is that earned revenue is up significantly
- From an attendance standpoint, the Museum had a record year with over \$454k
- Every time the Museum has a big opening, it's used as an opportunity afterwards to reconfigure, restructure, and improve.
- Is the main concern with large exhibits revenue, or increasing brand equity?
- Turnover in senior staff has brought new perspectives to the Museum.
- It is becoming increasingly difficult to hold on to our Millennial staff due to low unemployment in Richmond.
- The Museum is augmenting salaries with Foundation funds to offset competition from other employers.

- There is new content in the building, currently looking for ways to feature the content we already have or determine when it is time to replace content.
- Looking for opportunities to utilize our Live 3D Dome capability.
- Working on getting used to new higher volumes of attendance and events.
- Fund-raising focus is changing, moving away from Capital Campaign and towards Annual Fund efforts.
- Looking at getting back to basics of fund-raising basics and encouraging smaller gifts.
- The content on offer is the strongest it has ever been.
- Attendance is up 19% for 1st quarter.
- A strategic reprieve is needed to allow us to catch our breath and get caught up with increases in attendance.
- Updates to the strategic framework includes some overarching principles and goals to adjust to the new paradigm.
- 10-year plan doesn't make sense for us right now due to the pace of changes, focusing on a 5-year plan seems to make more sense at this time.
- Danville Science Center
 - End of 2019 or beginning of 2020 look to host a Board meeting at the Danville location, to see the importance of the center in the community
 - From funding stand point for the DSC project we are in good shape, and have received the full state commitment of \$5M
 - This also assisted in leveraging a \$3m from the Regional Foundation, a \$250K gift from Hughes and another \$250K
 - Developing all new content with 3 major galleries, informed by the new galleries here at BSS.
- Recent General Assembly
 - Northern Virginia Science Center Development
 - Looking to get funds included in the Governor's budget
 - We have had good meetings on the Senate side and not so good meeting on the House side
 - Working with lobbyists to aid in pushing approval of funding though House
 - We have asked for \$30M for the project, but the State is risk averse, so we had to change our approach.
 - Asking for the State to pay for the building and the county to pay for the interior exhibits and private funds go to the endowment and operations.
 - Parking Deck project start around August 2020.

Dr. Groover asked if Mr. Conti needed the committee to come forward with support for the strategic framework prior to the full Trustee meeting. Mr. Conti replied that Mr. Davidson had been involved with the strategic framework, and if any of the Trustees had questions at the meeting they could be addressed at that time.

Ms. Nicoson asked why the decision was made to move away from a 10-year strategic plan. Mr. Conti replied that 9 years ago a 10-year plan made sense, but given the pace of change and the current position of the agency, a 5-year plan makes more sense and allows the Museum to be more responsive. Also, the Northern Virginia project, if approved, would be a commitment of all the Museum's resources for 5 years. Mr. Davidson added that the pace of technology is such that agencies are typically using 5-year plans with annual adjustments rather than 10-year plans.

Ms. Walker reviewed FY 18 4th Quarter performance:

- FY 18 finished with us being in a very good financial position.
- Earned Revenue is up.
- \$40k net increase in working capital, after risk management and exhibit pre-payments.
- Trustee Discretionary fund increased by \$186K at year end for a net increase of \$55K after approved expenses.
- \$392K generated by admissions
- Memberships \$116K, up 29%
- Earned revenue overall up 22%
- Question of sustainability, can we keep the current momentum going?
- Foundation transfer completed as planned.
- Brought over \$100K for Working Capital.
- Personnel expenses up \$262K, 5% higher, new positions and increases
- Rents and leases were up \$135K, an increase of 10% due to Body Worlds Animal Inside Out cost and down payment for Pompeii

Ms. Walker reviewed the FY 19 1st Qtr and Budget Notes:

- \$5.3M in appropriations.
- Increase in membership revenue projected as result of increased membership prices and attendance
- NOAA grant ending on 12/31/2018
- DGC rentals up
 - In tandem, energy utility costs have also risen
- Personnel expenses increase
 - Rises have gone through
 - Healthcare costs up 17% with more employees with family coverage
 - Retirement leave payouts
- Gmail migration from Outlook cost of \$30K
- Capital Budget, we did put in a request for funds for historic restoration of BSS, NoVA Children's Center, site development improvements
- Capital projects appropriations
 - \$14.6M for parking
 - \$5M for Danville
 - Maintenance reserve of \$1M
- For FY 19 appropriations

- We saw much fewer adjustments, which translates to better planning
- 1st Quarter overview
 - Tracking above earned revenues and low for expenses
 - Net revenue 11% above budget
- 1st Quarter overview actual FY 19 vs actual FY 18
 - General funds have stayed the same
 - Food services has increased in conjunction with increased attendance
 - Increases in expenditures due to new positions and using more wage employees
 - Enterprise activities
 - Increases in concessions, great performance from Shop4Science
 - DGC bookings are up, we are already booked for dates in 2020

Mr. Davidson asked if there was the possibility of extending the NOAA grant. Mr. Conti replied that we did try to complete for that, but the Museum was not extended at this time though the intent is to try again later in the year. The decision may have been affected by Maymont getting a \$500K grant.

Dr. Groover asked how much the pass-through funds were for Hampton Roads. Ms. Walker replied that it was \$150K per year with \$75K to each museum.

Dr. Groover asked who provided the Museum's security. Mr. Conti replied that the Museum currently has a new contract out for bid.

Courtney Moyer presented recap of AIO and exhibits

- Body Worlds: Animal Inside Out saw about 40K guests, 47% increase from DaVinci Alive
- 28% conversion rate of general admission to purchase of add on ticket to AIO
- Evening hours were popular, we will continue to offer evening hours for Pompeii
- We saw about 1,300 new members during the exhibit period for AIO, same number as DVA
- Demographics changes, more youth, fewer seniors
- Summer touring exhibitions are not a group draw, more individual guests
- Ticket revenue alone not profitable, we need sponsorship to balance costs and ensure profitability of exhibit
 - Exhibit cost of AIO was \$425K to host, and realized a revenue of \$293K from ticket sales and Shop4 Science revenue
 - Redo sponsorships, for exhibitions of this size to be successful, need a sponsor to defray 25-50% of the cost
 - Discussion of alternative sponsorship model, asking for sponsor for Friday nights only, model from MoMA, sponsor covers cost of admission for all guests

- Upcoming exhibit Pompeii will include a focus on culture, technology, craft and the volcano
 - Story of Pompeii told through lens of STEM
- During Pompeii, we will allow guest to apply general admission cost towards the purchase of a membership, but special add ons (such as Pompeii) or Dome shows, will not be applied towards the purchase of a membership
 - This ensures more revenue from memberships

SMV Foundation Overview

Ms. Murphy discussed the following

- Assets stand at \$22M, bulk are in investments
- Remaining assets are in pledges receivable and cash
- Operations funds fall into two categories: unrestricted and restricted
- Last year, the Foundation gave \$1M of unrestricted funds to the museum, on track to provide more than \$1M this year
- Restricted funds for specific projects, in FY 18 we spent \$3.9M
- We are moving away from focusing on Capital dollars and towards regular operating funds from grants and smaller gifts
- April 13th is the Illumination Gala, Speakeasy 1920s theme to celebrate centennial
- Up and Atom 10th Anniversary is planned for March 6th
- Focus on growing the Annual Fund

New Business

Dr. Groover asked for new business, none was raised.

Adjournment

With no further business, Dr. Groover asked for a motion to adjourn. Dr. Walters made the motion and Dr. Groover called for a vote. The vote passed unanimously without objection and the meeting was adjourned at 11:57am.