

A note about Nashville Symphony's projected FY23 deficit: The organization is currently in a healthy financial position, but projects a declining annual deficit in each of the next three years, as the institution rebuilds its earned revenue streams in the wake of the pandemic-induced shutdown. It is necessary to look at the past two years of operation as well as the trajectory of the next few years to fully understand the context of the projected deficit. Recognizing the challenge of rebuilding our audiences post-COVID, we were able to acquire significant Federal, State, Local governmental assistance, and our community of supporters really stepped up and enabled us to essentially pre-fund those anticipated operating losses on our path back to a balanced budget. The Shuttered Venue Operators Grant, PPP loans, Tennessee Nonprofit Arts & Culture Recovery Fund Grant, and other similar programs, provided us with a large infusion of cash in FY22. As of this moment, we have \$11.4MM in unrestricted cash on hand, of which we plan to use \$6.3MM over the next few years to cover those planned deficits (\$2.9MM in FY23, \$2.2MM in FY24, \$1.2MM in FY25, and balanced budget in FY26). At the end of this period, we expect to still have a prudent unrestricted cash reserve of \$6.1MM and will be in a strong position following three years of audience-building work to regain our revenue strength. In short, Nashville Symphony is ending FY23 in *great shape*, but the surplus from this current year represents funds that we *must* have to get us through the next three years of operation.



NashvilleSymphony
SchermerhornSymphonyCenter

FY 2023 APPROVED BUDGET

JULY 27, 2022

Budget FY 2023 Summary

Updated: June 10, 2022

Note: June 3, 2022 Version

	FY 2022 - REFORECAST 12 Month 7/31/2022	FY 2023 - From 3 year Pro Forma 7/31/2023	FY 2023 - Twelve Month Budget 7/31/2023
Concerts	131	151	146
Operating Revenue <i>Note 1:</i>	\$ 9,202,654	\$ 14,098,058	\$ 13,185,526
Operating Cost	\$ 21,037,855	\$ 23,680,948	\$ 25,804,304
Net Building (Cost)/Profit	\$ (924,496)	\$ (371,680)	\$ (227,712)
Operating Surplus (Deficit)	\$ (12,759,697)	\$ (9,954,570)	\$ (12,846,489)
Support <i>Note 2:</i>	\$ 17,965,332	\$ 10,635,650	\$ 10,603,400
Operating Surplus (Deficit) after Support	\$ 5,205,635	\$ 681,080	\$ (2,243,089)
Interest Expense	\$ 650,000	\$ 678,167	\$ 650,000
Operating Surplus (Deficit) after Support & Interest Expense	\$ 4,555,635	\$ 2,913	\$ (2,893,089)
Gain on Extinguishment of Debt (PPP2)	\$ 2,000,000	\$ -	\$ -
Operating Surplus (Deficit)	\$ 6,555,635	\$ 2,913	\$ (2,893,089)
All in Operating Expenses	\$ 24,025,659	\$ 27,045,453	\$ 28,909,621
All in Revenue	\$ 30,581,293	\$ 27,048,366	\$ 26,016,531
Operating Surplus (Deficit)	\$ 6,555,634	\$ 2,913	\$ (2,893,089)

Note 1: COVID impact for FY 2022.

Note 2: FY 2022: Support includes the following Govt Grants related to COVID: \$7.527MM of SVOG (grant) + \$1.977MM of TN Arts Recovery Grant for a total of \$9.5MM in the Reforecast for FY 2022. Only \$1.355MM of these grants were known and budgeted at the time of original budget. Even without the impact of the two grants noted, support was at \$8.5MM for the fiscal year 2022.

Budget Assumptions FY 2023

- Aggregate operating expense budget is \$28.9MM.
- Support will include a total of \$10.6MM, of which \$963K is the TN Arts Recovery Grant. Support also includes \$500K for special project The Jonah People, which will occur in April 2023.
- Program revenue is budgeted at \$11.4MM, with 142 concerts projected to be presented at the Schermerhorn and ticket sales of 161K.
- Musician and staffing headcount for full-time employees is projected at 79 musicians and 76 staff, for total salaries/wages/benefits/pension/retirement of \$16.2MM.
- Events business line is gearing up for full capacity, and we have budgeted \$1.4MM in event profit.
- We have seen increases in costs in for security, cleaning and insurance, for which we have budgeted \$2.5MM.
- The Jonah People has a cost of \$959K, but is offset by \$799K of support, sales and cash already paid in. This project is not budget-neutral, and NSA's investment is \$160K.
- **We will begin our FY 2023 with approx. \$11.2MM in unrestricted cash, and we are projecting to use a total of (\$2.9MM) in cash to fund our budget deficit of (\$2.9MM) for the year. Primary causes of change: ticket revenue/fees/volume down by \$1.3MM, and salary expense increased by \$1.3MM.**

Four (4) Year Operating *pro forma* – 2023 thru 2026

Four Year Pro Forma - Nashville Symphony Association

Dated: 7/6/2022

PRO FORMA SCHEDULE __NSA Budget FY 2023

NSA Operating P and L View

Rounded (000s)

	FY 2023	FY 2024	FY 2025	FY 2026	
	Pro Forma	Pro Forma	Pro Forma	Pro Forma	TOTAL
Concerts & Performances	146	149	151	153	599
Operating Revenue	\$ 15,413	\$ 17,014	\$ 18,045	\$ 19,926	\$ 70,398
Operating Cost (includes interest expense)	\$ 28,909	\$ 29,282	\$ 30,469	\$ 31,586	\$ 120,246
Operating Loss	\$ (13,496)	\$ (12,268)	\$ (12,424)	\$ (11,660)	\$ (49,848)
Support	\$ 10,603	\$ 10,119	\$ 11,220	\$ 11,660	\$ 43,602
Operating Surplus or (Deficit)	\$ (2,893)	\$ (2,149)	\$ (1,204)	\$ (0)	\$ (6,247) P AND L
Purchase of Fixed Assets--Rest Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Net Projected Operating Results (Cash Basis)	\$ (2,893)	\$ (2,149)	\$ (1,204)	\$ (0)	\$ (6,247)

Four (4) Year *pro forma* Cash Analysis – 2023 thru 2026

**FOUR YEAR PRO FORMA-NSA
UNRESTRICTED CASH FORECAST
*Cash Schedule (Millions):***

Beginning of Year Cash
SVOG Grant Funds
Operating Surplus or (Deficit)
Fixed Assets (From Rest cash)
Other tax credits/grants/FEMA/etc
End of Year / Cash Balance

FY 2023 Pro Forma	FY 2024 Pro Forma	FY 2026 Pro Forma	FY 2026 Pro Forma
\$ 11.4	\$ 8.9	\$ 6.9	\$ 5.8
\$ -	\$ -	\$ -	\$ -
(2.9)	(2.2)	(1.2)	-
\$ -	\$ -	\$ -	\$ -
\$ 0.40	\$ 0.17	\$ 0.18	\$ 0.24
\$ 8.9	\$ 6.9	\$ 5.8	\$ 6.1

Note 1: Gov't Grant Cash / TN Arts Commission Funds = \$1.523MM over FY 2023 and FY 2024, included as part of the Support Line on the P and L.

Note 2: The above cash forecast does NOT include the impact of any Restricted cash, other than regular earnings draws on the NSET.

Four (4) year Pro Forma Assumptions (2023-2026)

- Support averages \$10.9MM across the pro forma, and includes in year 1 and 2 a total of \$1.523MM in government grant funds. During FY 2022, Annual Fund hit a level of \$9.0MM without the impact of government grant funds.
- Program revenue is budgeted at \$11.4MM in Year 1, with concerts projected at 142. Across the pro forma, average ticket sales and fees = \$12.7MM, not including Amphitheater. Average tickets sold = 176K/annually and average concerts = 150/annually.
- Musician and staffing headcount for full-time employees is projected to be 155, for a total salaries/wages/benefits/pension/retirement of \$16.2MM in the base year of the pro forma. Increases are in alignment with the current CBA, and staff increases average 3.5% annually. Same level of staffing assumed across the pro forma for both full- and part-time.
- We have budgeted an average of \$1.6MM in Events profit. Previous pandemic levels were \$1.5MM annually. We are projecting to cover all building costs with concessions revenue, Event profit, and maintenance fees by Year 2.
- Operating expense increases average 4.1% each year. In year 2 we adjusted out the impact of The Jonah People for proper comparison between years.
- We have NOT factored in additional inflation, and further analysis shows that for every 1% of additional inflation, it costs the NSA approximately \$300K for each 1%. This is on top of the 4.1% average we have budgeted each year in the pro forma. We are not prepared for the impact of out-of-control inflation.
- **We will begin our FY 2023 with approx. \$11.4MM in unrestricted cash, and we are projecting to use a total of (\$6.3MM) in cash to fund our budget deficits across the first 3 years. Year 4 shows a balanced budget, with unrestricted cash of \$6.1MM by end of Year 4.**

Pre-COVID Financial Statements for Context

Dated: 7/14/2022

Fiscal years 2018 and 2019

NSA Operating P and L View

Rounded (000s)

Concerts & Performances

Operating Revenue

Operating Cost (includes interest expense)

Operating Loss

Support

Operating Surplus or (Deficit)

Actual Operating P and L Results

FY 2018 Actual	FY 2019 Actual
141	143
\$ 17,314	\$ 15,765
\$ 24,545	\$ 26,311
\$ (7,231)	\$ (10,546)
\$ 8,131	\$ 8,402
\$ 900	\$ (2,144) P AND L
\$ 900	\$ (2,144)

2 YEARS OF CASH STATS:

Cash Schedule (Millions):

Unrestricted cash per Bal. Sheet

Restricted cash per Bal. Sheet

Total Cash / All types

FY 2018 Actual SOP	FY 2019 Actual SOP
\$ 4,416	\$ 2,485
\$ 3,044	\$ 1,287
\$ 7,460	\$ 3,772