

December 30, 2019
Vermont Symphony Orchestra Board of Directors

To my friends on the VSO Board,

It is with mixed emotions that I announce my resignation as Executive Director of the Vermont Symphony Orchestra, effective Friday February 7, 2020. I have been appointed Executive Director of the Los Angeles Chamber Orchestra (LACO) and will begin my new position in early March 2020. After being approached initially by a leading search firm about this role in September, I came to the agonizingly difficult decision that I must leave Vermont to heed the call of this extraordinary opportunity.

Working in partnership with many of you to recast the VSO as a relevant, collaborative, creative leader in Vermont's arts community has been the greatest and most rewarding challenge of my career. We should all be tremendously proud of the constellation of successful initiatives launched together over the past four years. We have effectively and dramatically reversed the overall trend of declining audiences by making strategic changes to our season, doubling down on collaboration, looking outward, and embracing innovation as tradition.

I recognize that many of you are rightly focused on the financial issues that have dogged the VSO for many, many years. While there is still much progress to be made, we can all take pride in the fact that the VSO has been able to flourish artistically, significantly grow audiences statewide, and weather musician unionization, all without major increases to the VSO's structural deficit. Your guidance and support have ensured that initiatives launched over the past four years are revenue positive and enduringly popular with audiences and donors alike. Despite a long-term structural deficit, you have enabled the VSO to clearly and decisively evolve to become a dynamic arts organization with an enthusiastic and growing fan base statewide; my optimism for the VSO's bright, surprising future is as unshakable as ever.

Leadership transitions can be trying and there is much to accomplish, particularly with the unfolding Music Director search, Strategic Planning process, and FY21 programming & budget. I would be honored to offer guidance and assistance toward the completion of these time-sensitive initiatives, if requested, as Strategic Advisor, pro-bono, through August 2020.

I will miss the Board's partnership, friendship, and our beloved annual Board Advance. In particular, I wish to thank Victoria for her steadfast leadership during my first three years and her unwavering, inspirational commitment to the VSO; Barbara for her unmatched eye for detail and excellent taste in scotch; the inimitable Perez for his prodigious fount of loquacious sagacity; Liisa for her friendship and tireless advocacy to keep the "V" in "VSO;" and lastly, I wish to thank Brian for being a consistently radiant beam of pure optimism and warmth.

Vermont has and will always be my home, regardless of my mailing address. You have made my years here immeasurably sweeter and I will miss you all dearly.

Sincerely yours,



Ben Cadwallader

FY21 VSO Budget
Moving Forces and Budget Guide

FY21 MOVING FORCES

At the July Annual Meeting, we made a motion to only consider future budgets that take major steps toward a significant reduction of the VSO's \$250k structural deficit. The FY21 budget draft before you accomplishes that handily, proposing a reduction of the deficit by over \$150k, from -\$250k to just under -\$100k. We also agreed on a transparent process that would provide multiple points of entry and feedback for the full Board. Although not many members chose to participate, the discussions that came out of the four budget development calls were extremely informative in generating the draft presented today. This budget also takes full advantage of significant developments in the VSO's refined financial tools and increased data integrity. The talent on the Finance Committee has been more involved than ever before in both the generation of the budget and the refinement of the draft.

The \$150k deficit reduction was difficult but necessary, and was accomplished primarily by making the changes outlined below:

- Each classical series concert loses between \$30k and \$45k; that series has been reduced from five concerts to three.
- The Made in Vermont tour has been fundamentally overhauled from top to bottom; instead of losing money, this year's offering is projected to be profitable based on increased audience and funder interest. The tour has also been reduced to only four locations, down from six in recent years, eight historically.
- Carefully examining VSO's productions, we made small adjustments to maximize profitability. Specifically, we cut an unprofitable concert from the Summer Tour (Randolph) and replaced it with a new venue we feel has potential (Burke Mountain). Although Jukebox continues to be popular, sales have slowed, and we agreed to reduce inventory from five to four. Recognizing the universal appeal of film music, we replaced the historically underperforming classical Rutland runout concert with a film pops program runout.

Finally, it is important to note that audiences and revenue streams are on a growth trajectory. Contributed revenue has climbed from \$397k in FY16 to \$433k in FY18 to \$496k in FY19. Performance income has gone from \$464k to \$457k to \$488k over the same period. In a recent article in the Burlington Free Press, Brent Hallenbeck described the VSO as "Vermont's preeminent classical music organization." In recent years, the VSO has enjoyed more press coverage ("earned media") than at any time in recent history. By embracing collaboration and innovation, the VSO's march toward relevance and preeminence continues unabated, and the FY21 budget reflects a continuation of those ideals, while also reducing the deficit. Trends are never guaranteed to continue and there is still much work to be done, but this budget is a major step in the right direction.

FY21 VSO Budget
Moving Forces and Budget Guide

BUDGET GUIDE

"4000 – Performance Income:" ticket, tour, and subscription sales from concerts. Also includes contracted and hired ensemble fees collected by the VSO.

"4200 – Tax Supported Grants:" the appropriation from the State of Vermont and a National Endowment for the Arts grant.

"4300 – Private Support:" all income received from individual donors, businesses, and private foundations; includes unrestricted annual fund gifts as well as restricted (but non-endowment) gifts, like concert sponsorship.

"4400 – Other Income:" transfers from endowment, concessions sales at concerts, and Program Book advertising income.

"5000 – Artistic Personnel Expenses:" musician, guest artist, and conductor fees, tax, travel & meals, and chorus expenses.

"5100 – Production Expenses:" all concert expenses not related directly to musicians (i.e. hall and equip. rental, crew, fireworks, truck rental, royalties, concert insurance, etc.).

"5200 – Marketing Expense:" publicity, promotion, printing, graphic design, advertising, etc.

"5300 – Development Costs:" donor materials, benefits, events, mailings, database, etc.

"6100 – Personnel:" staff salaries and benefits

"6300 – Operations:" office space, telephone, internet, bookkeeping, audit, travel, professional development, office supplies, interest charges, benefits management

VERMONT SYMPHONY ORCHESTRA, ASSN.
FY21 ORGANIZATIONAL BUDGET, ADOPTED 1/22/20

Ordinary Income/Expense	FY21 TOTAL
REVENUE	
4000 · Performance Income	
Total 4000 · Performance Income	482,221
4200 · Tax Supported Grants	
4220 · State Appropriation	141,214
4230 · NEA Grant	10,000
Total 4200 · Tax Supported Grants	151,214
Total 4300 · Private Support	570,964
Total 4400 · Other Income	194,000
Total Revenue	1,398,399
EXPENSE	
Total 5000 · Artistic Personnel Expenses	619,478
Total 5100 · Production Expenses	353,515
Total 5200 · Marketing Expense	114,616
Total 5300 · Development Costs	105,147
Total 6100 · Personnel	160,657
Total 6300 · Operations	190,357
Total 6000 · Administrative Costs	350,639
Total Expense	1,495,535
Total Revenue	1,398,399
FY21 PROJECTED SURPLUS/DEFICIT	(97,135)

Proposed farewell fundraiser for Jaime Laredo in May, 2021

Estimated Jaime farewell fundraiser expense	(15,000)
Estimated Jaime farewell fundraiser revenue	35,000
Revised projected FY21 surplus/deficit	(77,135)