



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

Zoom Meeting

October 21, 2021  
10:00 a.m.

Present: Dr. Richard Groover, John Benton, Dr. Denise Walters, Cristina Ramirez

Staff Present: Rich Conti, Beth Voelkel, Courtney Moyer, Kinsey Peeler, Kyle Smith, Donald Darr, Jim Blow

Other Attendees: Cynthia Norwood, Virginia State Attorney General's Office

**Call To Order**

Dr. Groover called the meeting to order at 10:00 a.m.

**Approval of Minutes**

Cynthia Norwood advised Dr. Groover the 6/17/2021 meeting minutes cannot be approved remotely via a Zoom meeting. They can be approved at the 1/20/2022 meeting which is tentatively set to be in person.

**Agenda and Overview**

Mr. Conti discussed the following:

- At year end FY21 the Science Museum had suffered greater than \$4.5 million loss in overall revenues from the previous fiscal year
- The steps taken to control expenditures helped offset the impact of COVID
- An expected decrease in General Fund revenues did not occur
- One-time rental revenues helped to balance out the financial losses for the year
- The first quarter of FY22 showed strong performance
- July came close to being a revenue record
- *Tyrannosaurus: Meet the Family* was extremely successful
- The Science Museum received a \$2.3M Shuttered Venue Operating Grant (SVOG) from the Small Business Administration
- The SVOG revenue will provide a stable financial footing for the coming year
- The Foundation is also contributing to the financial strength of the Museum through Annual Fund donations, an increase in the overall number of donors, and the ongoing increase in Museum memberships
- All indications are that FY22 will be a good year for the Science Museum

### **FY 21 Year End Final**

Mr. Conti discussed the following:

- Earned revenues gained strength overall
- Comparing data from FY20 and FY21, there was a \$2.2M loss in revenues
- General Fund showed a slight increase of \$343K
- One time revenues from the Virginia Senate meetings at the Science Museum and the Film Office lease of the Worker's Compensation building greatly contributed to reducing the revenue shortfall
- Cost controls were very effective in reducing revenue loss
- Total expenses were reduced \$2.2M with payroll reductions accounting for \$1.43M of that amount
- The Museum maintained solid working capital reserves of \$2M with total discretionary funds of \$1.5M available through the Foundation at year's end
- There also is a \$600k additional amount in Foundation funds earmarked for education purposes
- Overall the financial picture showed stability with some overall unexpected growth in FY21

Dr. Groover asked about the relationship with the Senate while they were meeting at the Museum. Mr. Conti replied that although there was some initial tension regarding the enforcement of COVID protocols, Science Museum staff and the Senate resolved these issues and the accommodation was deemed a good experience for all parties.

### **FY 22 First Quarter - Revenues**

Mr. Conti discussed the following:

- FY22 first quarter figures are impressive with unprecedented growth percentages in the thousands
- *Tyrannosaurus: Meet the Family* was well received by the public and started FY22 with an unexpected boost in revenue
- Membership households had shrunk from a high of 8,200 down to 4,000 during the COVID pandemic
- Memberships have been increasing by 250 - 300 a month, and recently reached 5,700
- July retail sales reached \$104K, the highest monthly total ever achieved by the gift shop
- The previous record for retail sales was \$66K in July 2019

Dr. Walters asked what type of goods and merchandise were most popular with guests. Ms. Voelkel replied that all inventory types were selling in similar volumes, even dated inventory from past exhibits sold with regularity. At frequent points, available staff had to be pulled from other departments to assist with the traffic and transaction volume in Shop4Science.

- As a result of negative financial consequences from COVID, the federal government started the Sheltered Venue Operating Grants (SVOG) program to help businesses recover
- The Science Museum applied for and received an award of \$2.3M, an unexpected boost in funding to cover COVID expenses
- Reserves strengthened in the first quarter
- Working capital is at \$3.5M, \$1.5M in the Trustee Discretionary Fund and \$600K in Foundation education funds
- The first quarter markedly exceeded the budget projections, placing the Museum in an excellent financial position for FY 22

Mr. Conti asked Mr Darr to explain how the revenue and budget figures were developed for the SVOG application.

### **SVOG Budget Details**

Mr. Darr explained the following:

- Per the federal grant guidelines, a SVOG grant request amount was based on COVID's impact on reported earned revenues
- This was determined to be the sum of non-COVID affected earned revenues for the 18 month period prior to the COVID outbreak minus the COVID affected 18 month period earned revenues
- Requests could be 40% of the experienced COVID earning loss
- The Museum requested \$2.3M, 40% of the 18 month loss in COVID affected earned revenue
- Originally the COVID allowable costs were capped at 10%, but after discussions with the affected community this 10% cap was increased
- As a compliance requirement, the Science Museum must audit its financials after the grant period is complete
- Funds are being used for single time costs, not extended project costs
- Usage for general funded costs was generally not applied in the budget for SVOG funds

Mr. Conti added the following:

- This is a one time revenue source.
- There are specific rules regarding how the money can be used
- Boost updates will use \$606,000, and traveling exhibitions plus The Dome features will use \$514,527
- Improvements are justified in order to overcome the losses in attendance due to COVID
- Funding to improve digital technology which was abandoned due to the COVID loss in revenue has been reinstated with these monies
- Currently, \$915,011 remains unallocated and it is available to help fund COVID related expenses identified in 2022

### **Capital Maintenance Reserves**

- The parking deck is nearing completion and may open within one week
- Part of The Green project is tied into the parking deck project

- Furniture, fixture and equipment funds tied into the parking deck project will continue to be spent going forward
- The Northern Virginia Science Center project is still ongoing
- At Broad Street Station, upgrades to the HVAC system and improvements to windows and doors will be paid for with critical infrastructure upgrade funds
- Maintenance reserve funds will also be used to make critical technological upgrades to the education spaces

Mr. Benton asked about fire or safety upgrades that need to be addressed. Mr. Conti replied that the Science Museum is using funds to make upgrades to the fire alarm and other safety systems. Great care is taken to ensure that the historic Broad Street Station building is maintained with historical integrity and superior safety.

Dr. Groover asked if the Washington football team was coming back. Mr. Conti said that the City of Richmond is considering all alternatives at this time, but there is not a final determination yet.

Mr. Benton asked when the restrictions on special event attendance would end. Mr. Conti replied that these were already lifted, many of the postponed special events were now being rescheduled, and the expectation is that it will be a very busy year.

### **2022 Decision Packages**

Mr. Conti discussed the following:

- Security, Operations, and Maintenance funding for the parking deck and The Green was requested due to increasing visitation
- As the parking deck and The Green open, it is anticipated that an increased security presence will be required to patrol and monitor cameras
- Basic operating expenses to maintain the deck and The Green will also be necessary
- MELP funds requested to upgrade the Dome projection system
- \$500K in funds requested for initial pre-opening operation costs for the Northern Virginia Science Center, this is a Year 2 request
- Federal funds authorization was also requested to spend \$193K in multi-year grants that the Foundation applied for and received

### **Marketing Report**

Ms. Moyer reviewed the following:

- Membership is recovering after a strong marketing campaign over the run of *Tyrannosaurs: Meet the Family*
- Over 1400 new member households signed up during the exhibition
- Up to 1335 Museums for All member households, the highest total ever
- Online signup appears to have contributed greatly to Museums for All program access
- Summer attendance was over 155K guests between July and September, more than all of last year
- Group business has still not returned, and is not anticipated to return in the near future due to local school restrictions

- Just over 59K people attended *Tyrannosaurs: Meet the Family*, making it the strongest exhibition in the Dewey Gottwald Center to date
- 40% of guests who visited the building also saw *Tyrannosaurs: Meet the Family*
- \$61K in exhibition-related retail was sold during the run of *Tyrannosaurs: Meet the Family*
- Initial marketing efforts this year were conservative due to COVID restrictions on occupancy
- *Hot Wheels: Race to Win* provided a strong boost to attendance
- Additional marketing resources will be leveraged to promote *Hot Wheels: Race to Win*
- Additional funding will be used for a social media campaign to promote the Danville Science Center's social media and new website
- SVOG funds are being used to pay for upcoming exhibits and films
- There are plans to promote a new spring film opening between the time *Hot Wheels: Race to Win* closes and *Skin: Living Armor, Evolving Identity* opens
- Several promotions in support of the film opening are being considered to see if this will drive attendance to the film
- If all goes well, the plan is to try to increase marketing to drive attendance back up to pre-COVID levels going into the summer
- *Hot Wheels: Race to Win* is now open
- New giant screen films are opening soon, *Birth of Planet Earth* opens in October, and *Antarctica* opens in November
- The Spring film is yet to be determined
- *Skin: Living Armor, Evolving Identity* will be featured in the Garner Gallery
- *Planet Shark: Predator or Prey* will be in the Dewey Gottwald Center this summer
- *Space: An Out of Gravity Experience* will be in the Dewey Gottwald Center in the summer of 2023
- Next up will be booking exhibitions for fall of 2022, spring of 2023, and summer of 2024

### **Foundation Update**

Ms. Peeler discussed the following:

- The Foundation is in a strong financial position
- The Foundation Board of Directors held their quarterly meeting yesterday in the new parking deck
- Fundraising for The Green is currently at \$2.4M raised with another \$1.4M in pending requests
- The Foundation recently conducted an effectiveness survey with Directors to assist with promoting engagement in meaningful ways
- Budgeted support to the Science Museum for FY 2022 is at \$4.16M
- This figure includes \$664K in unrestricted funds and \$3.5M in restricted funds
- Available funds from the Virginia Ellett Estate Gift are at \$1.8M
- Over \$681K has been given by the Foundation Board of Directors, reflecting an 83% participation rate
- Donations by Museum Trustees are at \$50 with 7% Trustee participation
- Total Assets at \$32.267M, cash at \$8.49M and investments-endowment at \$22.459M
- Total assets have grown almost \$9M over the last year

- Return on investment over the last 12 months was 40% due to investments with the SPDR management fund and TIFF.

Dr. Groover added that Virginia Ellett was a dedicated educator and her gift was an excellent tribute to her legacy. Ms. Peeler added that her gift was the largest bequest that the Foundation has ever received. Mr. Benton asked for some additional information on the investment funds, which Ms. Moyer agreed to send.

### **Looking Ahead**

Mr. Conti discussed the following:

- A slow, steady improvement in earned revenue is expected through FY 2022
- Special events should continue to recover
- Group sales are expected to be minimal
- Membership numbers will continue to recover as marketing efforts are ongoing
- The parking deck should open very soon
- The Green project bids are due at the end of October
- The Northern Virginia Science Center is still on hold awaiting the completion of the donation agreement
- The Trustees will receive updates on how the SVOG money is being spent and tracked

### **New Business**

Dr. Groover asked if there was any new business with nothing heard.

### **Adjournment**

With no further business heard, Dr. Groover adjourned the meeting at 10:58 am.

The next Finance Committee meeting is scheduled for Thursday, January 20, 2022.