

# PITTSBURGH BALLET THEATRE

Meeting of the Board of Directors

Tuesday, October 20, 2020

12:00 - 1:00 p.m.

Via Zoom

## Meeting Minutes

Board of Directors in Attendance: Philip Barr, Rich Beaty, Steffie Bozic, Beth Brown, Connie Cesario, Barbara Cottrell, Jim Crockard, Susan Cruz, Kara Brown Davis, Debra Dermody, Dona Hotopp, Mary McKinney Flaherty, Dawn Fleischner, Celia Gerard, Doug Kreps, Dena LaMar, Michael LaRocco, Peggy McKnight, LeRoy Metz, Kathleen Micol, Melonie Nance, Sandra Nicholas, Stephanie Sciuillo, Shelley Taylor, Ayana Teter, Betsy Teti, BeckyTorbin, David Tuthill, Winthrop Watson

Board of Directors Not in Attendance: Camera Bartolotta, Edwin Beachler, Geoffrey Bond, Carolyn Byham, Jay Costa, Mary Finger, Freddie Fu, David Hall, Natalie Mihalek, Richard Rauh, Guy Reschenthaler, Lisa Saperstein, Vincent Silvaggio, Hilary Tysyon, Joseph Vincent, Vonda Wright

PBT Leadership in Attendance: Lauren Carlini, Katie Drozynski, Harris Ferris, Kathryn Gigler, Margie Grundvig, Susan Jaffe, Kelly Perkovich, Katie Potts, Aaron Rinsema, Jay Romano, Christy Rowing

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## Call to Order, Welcome, Approval of September 15, 2020 Minutes -

Mary McKinney Flaherty called the meeting to order at 12:01 p.m. Ms. McKinney Flaherty welcomed everyone to the Board meeting and summarized the meeting agenda.

## Approval of September 15, 2020 Board of Directors Meeting Minutes

Jim Crockard made the motion, second by Susan Cruz to approve the September 15, 2020 Board of Directors meeting minutes. Passed.

## PBT School Report -

Ayana Teter, Aaron Rinsema and Margie Grundvig provided an update on PBT School.

Ayana Teter thanked PBT School for all of their hard work to get PBTS back up and running. Aaron Rinsema will review enrollment and how capacity limitations, due to COVID-19 safety protocols have impacted capacity/enrollment. Margie Grundvig will discuss how PBT has pivoted programming and increased creativity during this time.

Aaron Rinsema stated PBT began the School year as scheduled on September 8 with all classes remaining 100% virtual. Beginning September 21, PBT School transitioned to a hybrid format with both virtual and in-person classes, while also continuing to offer all virtual options and alternatives. It is important to note for the past six months, PBT School leadership has been in regular communication with peer ballet schools across the nation through Dance/USA's affinity group. It has been incredibly valuable to listen and share successes/challenges with our colleagues across the country. Similar to our national counterparts, PBT is working with capacity restraints. PBT School has had to reduce capacity, due to physical distancing protocols and related adjustments, such as operating in smaller cohorts. For example, PBT's studio capacity for Children's Division has been reduced by 70% compared to last year. In-studio capacity for the Student Division has been reduced by approximately 35% compared to last year. The financial report Rich Beaty and Jay Romano will present reflects these constraints and adjustments continuing through this fiscal year. It should be noted that PBT School in-person classes are very near full at almost all levels. As PBT moves forward, the School will certainly seek ways to increase capacity. Another major area of focus for PBT School is to begin recruiting and promoting for the 2021 Company Experience and Intensive Summer Program (ISP). Invitations have already been sent to students who joined PBT last year for those summer programs. Those who joined last year will not have to audition again.

One division the School is really concentrating on is the Children's Division. The School will offer new programming targeted towards the Children's Division level. Programming will include flexible schedule options, as well as options that can include the entire family. Single day workshops, as well as multi-week workshops will be offered as well. PBT School will begin offering in-person Community Division classes in November; Community Division has remained virtual this entire time. There will be a Community Division workshop on November 1. On Saturdays, Pre-professionals have a really exciting opportunity to participate in a new series

called Pittsburgh Connections. Pittsburgh Connections gives Pre-professional students at PBT the opportunity to take classes taught by notable artists in the Pittsburgh community that came from different companies, backgrounds and different forms of dance. There are a group of children involved in filming for the virtual Nutcracker, which is currently taking place. This Wednesday a PBT student will have the opportunity to film a solo at Heinz Hall for a Pittsburgh Symphony Orchestra digital program.

Melonie Nance inquired about student participation in the virtual Nutcracker compared to mainstage productions. Margie Grundvig stated she does not have the exact number but it is quite a small, select group of students unfortunately.

## **Audit Report -**

Jim Crockard provided the audit report.

Schneider Downs is PBT's audit firm and prepares PBT's tax filings. The Audit Committee has reviewed the results of PBT's annual audit with Schneider Downs. Overall, it was a very difficult audit, as it was performed entirely remotely, due to COVID-19 social isolation requirements. The audit team at Schneider Downs was able to get all necessary supporting documentation from PBT, in large part due to Jay Romano and Shelly Swartz. The Audit Committee was satisfied with Schneiders Downs' work and recommended the audit for approval by PBT's full Board of Directors. Jim Crockard reviewed highlights from the audit. The Board was sent a draft audited financial statement prior to the meeting. The statement covers years ending June 30, 2020 and 2019. On page one of the report, Schneiders Downs renders what is called an unqualified or a clean audit opinion for financial results, which is what the Board wants as stewards of this nonprofit organization. There were no difficulties encountered in the audit nor disagreements with management. There were no audit adjustments made and no uncorrected misstatements other than a small vacation accrual of \$68K that PBT has every year due to how PBT records vacation. There was also a \$162K item related to the timing of gifts released from restriction that span a few years. Both of which Schneider Downs passed on as immaterial due to the amounts and timing of recognition otherwise; the Audit Committee agreed with this treatment. There were no significant internal control deficiencies or weaknesses noted. While a normal audited financial statement is not designed to seek out any fraud, the auditors do keep their eyes open for it. Schneider Downs did not observe any such instances nor is the Audit Committee aware of any. This was a very clean audit.

Regarding the financials themselves, there are several items Mr. Crockard wanted to note before moving for approval. In the statement of financial position on page two, PBT portrays a rather healthy balance sheet notwithstanding the pandemic, over \$1MM in cash at fiscal year end but mainly due to receipt of a PPP loan from the government. PBT expects that PPP loan to be forgiven this fiscal year so rather than record it in the 19-20 financial statement as debt, Schneider Downs recommended to classify it as a current liability, which is shown further down the financials under the heading "deferred grant revenue". Further along, in the statement of

activities and net assets on page three, PBT is shown as being in the black again this year; this is PBT's 14th consecutive year in the black and not reporting a deficit.

There are also a few new footnote disclosures Mr. Crockard wanted to point out. Footnote eight discusses the contribution of the building from the Trust that previously held it to PBT. Because the building given to PBT by the Charitable Trust was already depreciated, PBT does not see any impact on the face of the financial statements. The Audit Committee discussed this with Schneider Downs and wanted to make sure the amount is recognized somewhere. PBT had the building appraised at \$3,875,000, and while PBT cannot record this value as an depreciated asset, it is disclosed in the footnotes. Further along in footnote ten, the PPP loan is discussed and how it is booked as deferred revenue. Finally, in footnote sixteen PBT discussed the small EIDL loan received from the government that will have to be paid back. PBT included a disclosure agreement regarding COVID-19 that Schneider Downs recommended to include.

## Approval of 19-20 Audit

Jim Crockard made the motion, second by LeRoy Metz to approve the audit ending June 30, 2020. Approved.

PBT will create an available link to PBT's 990 tax filings for the Board to review. The Audit Committee has reviewed and approved the tax filing and recommends the filing for full Board approval.

## Approval of 990 Tax Filings

Jim Crockard made the motion, second by Dawn Fleischner to approve the 990 tax filings for the year ending June 30, 2020. Approved.

## September 30, 2020 Financials and Cashflow Report -

Rich Beaty and Jay Romano provided a report on the September 30, 2020 financials and cashflow.

PBT was previously working under a budget that was known as B-2; this budget was presented when the Board met in September. However, PBT has now moved onto scenario G, which entails no winter and spring performances at the theater. Rich Beaty referred to the financial information beginning on page 2 of the report. The fourth column shown is PBT's annual budget. As you go down the report, a surplus of \$2,000 is shown. If you carry over to page six of the report, also known as the budget tracker, the tracker begins with the \$2,000 surplus with adjustments made until row 7, which shows a negative \$164K. This begins PBT's scenario G, which goes into more detail on page seven of the report.

Rich Beaty provided an update on a few non-budget related items. The SBA has opened up the portal for PPP (payment protection funds) for forgiveness. Jay Romano is working with PNC to submit PBT's PPP for forgiveness. The necessary information has been compiled from the

bank, so PBT should soon have an update from PNC. Additionally, as a follow-up to discussion surrounding ways PBT can gain liquidity, PBT has looked into increases to the line of credit and getting Byham House appraised to see if it can be leveraged. These are two items still in the works and PBT will continue to search for liquidity.

Jay Romano stated PBT is now moving towards a scenario that includes canceling the mainstage programs at the Benedum and August Wilson African American Cultural Center in February, April and May. Not only does this have a financial impact on the organization but an emotional one as well. Page six of the finance report details the financial impact of canceling the season. By canceling the next three programs (*Cinderella*, *Here and Now/Modern Masters* and *Alice in Wonderland*), PBT saves \$900K. Other budgetary items impacted include rentals/sales, program advertising, boutique, etc. Every department will now be affected by this decision, and PBT will continue to monitor that as the organization moves forward through the fiscal year. Jay Romano stated he hopes PBT will continue to incur savings as the fiscal year nears. The focus will now shift towards fundraising. PBT still has a gala budgeted, and the organization is hopeful this can happen late spring. From the P&L statement, PBT is showing a \$42K surplus to the cashflow. Mr. Romano stated PBT could come out this fiscal year in relatively good shape, as long as the organization hits all of the marks anticipated. By canceling the season, there is \$470K in deferred revenue that is subscription money that is a combination of what was sold in spring 2020 and what was carried over from last fiscal year. PBT will now try to move those dollars into a spring Open Air Series on the newly acquired SAM450 mobile performing arts unit. Mr. Romano reminded the Board that this scenario has not been publicized yet. PBT's marketing department is working to make an announcement to the general public for mid-November, so please keep this information private for now.

Mary McKinney Flaherty stated Harris Ferris and Susan Jaffe will go into more detail about plans for the spring/Open Air Series during their reports. Ms. McKinney Flaherty stated Broadway has canceled performances through May 2021. She also emphasized the importance of keeping this information private until PBT can present this information to patrons. PBT will work to continue to fulfill PBT's mission, and that it will look different this year because this is a very different year for everyone.

Rich Beaty highlighted that \$40,000 was budgeted for September's Open Air Series. \$29K was raised in revenue, which does not include contributions made for the series. Coupling the \$29K with the amount made in contributions, PBT actually exceeded the \$40K goal, which is a nice success all things considered.

Mary McKinney Flaherty clarified the SAM450 is PBT's mobile performing arts unit and PBT is hoping to use it in a grand way next spring and early summer. It is an exciting opportunity to engage the community and to collaborate with other organizations.

## Education and Community Engagement Report -

Kati Gigler provided a brief education and community engagement report.

Similar to PBT School, the education department is very busy right now. A majority of education programming is still virtual, in large part to many partners still working in a virtual space. The education department was able to provide public talks and audio described performances during the Open Air Series in September. In terms of accessibility, PBT typically has 1-3 people utilizing the audio description for performances, while 31 people were able to utilize the audio description services for the Open Air Series. This has been an exciting way to make PBT's performances more accessible, and the department looks forward to continuing providing this service as the organization moves on with *Dracula* and *The Nutcracker*.

## Equity Project Transformation Team Report -

Kati Gigler gave a report on the Equity Project Transformation Team.

The Transformation Team has introduced a new subcommittee structure. The team added five new subcommittees including hiring and recruitment, building accessibility and policy. This has allowed more people from the organization and new team members to become involved in the work of the Transformation Team. Kati Gigler highlighted a few recent initiatives, including the launch of the IDEA (inclusion, diversity, equity and accessibility) lunch and learn series. Staycee Pearl kicked off the first lunch and learn last week with a discussion on contemporary dance/Pittsburgh dance scene. The team will incorporate both internal and external speakers on dance adjacent topics. Another initiative the team launched was Black-owned business Friday, which focused and recognized specific businesses in Pittsburgh throughout the month of September. That is something the team is continuing to highlight in the anti-racism resource directory created for PBT team members. PBT also recognized Indigenous Peoples' Day for the first time on October 12. The team provided PBT team members with events and resources regarding historical and contemporary issues for indigenous people both locally and nationally. Kati Gigler stated she is working with a few organizations on developing land acknowledgements at PBT. Kati Gigler also highlighted the bridges program, which is a new education department initiative that is intended to bridge community program participation with PBT School enrollment either through the Community Youth Scholarship or otherwise. That is an exciting programming that is currently running in-person at PBT.

Mary McKinney Flaherty also recognized the voter education efforts both internally and through social media.

## Development, Events and Fundraising Report -

Christy Rowing provided an update on fundraising.

Christy Rowing announced that after closing out the first quarter at PBT, the development department is a little over  $\frac{1}{3}$  of the operating goal, which is where PBT should be due to COVID-19. Christy Rowing briefly discussed ongoing appeals, all of which are supporting PBT's

cashflow as Jay Romano mentioned, including Keep Us Dancing. The Keep Us Dancing campaign started with an original goal of about \$275K, of which PBT raised about \$165K. The goal of the Keep Us Dancing campaign has increased to \$350K, as fundraising goals from the virtual Nutcracker were added on. PBT is hoping to include a donate to watch option for *The Nutcracker*. Between *Midsummer Night's Dream* and *Dracula's Kiss*, PBT raised a little over \$170K. All funds received through the Keep Us Dancing campaign, whether it was early on with the production of *Midsummer* or *The Nutcracker* will be recognized throughout the entire 20-21 season. PBT's Pointe in Time gala is in the process of being reimagined. PBT hope to continue raising funds for the Community Youth Scholarship program through the gala. The goal is to have a fundraising event in May around PBT's spring Open Air Series at Schenley Plaza. The Open Air Series, separate from PBT's gala, has a \$410K price tag on it, so development is working hard to find and secure sponsorships. PBT's Live Music Appeal is underway and the organization is very close to the second year fundraising goal. In terms of capital fundraising, mostly related to the SAM450, PBT is shy \$100,000 shy of the \$700,000 goal, but PBT is anticipating a foundation coming through with the last \$100K.

Dawn Fleischner suggested naming opportunities for the SAM450. Instead of calling the mobile performing arts unit the SAM450, to allow for corporations to have their name associated with the stage for an amount of time as a sponsorship benefit.

## Artistic Director Report -

Susan Jaffe gave the artistic director report.

On October 31, PBT will perform *Dracula's Kiss* at the Carnegie Museum in the Hall of Sculpture. There will be six performances during the day with capacity limited to 25 people. The performance will be 7.5 minutes long in a moving exhibit fashion. Performance tickets are mostly for PBT subscribers and donors but PBT will have a giveaway for tickets as well. Those who entered into the giveaway and did not win will receive a link to the live stream performance.

Susan Jaffe discussed the production of PBT's virtual Nutcracker, which is currently being filmed at Point Park University. After filming wraps at Point Park, the Company will head to the second filming location, Hartwood Acres Mansion. Filming for the production will wrap around the beginning of November. The Company will be wearing masks during some scenes, but the masks are flesh tone to help not distract from dancing. There will be a narrator who will tell the story of *The Nutcracker* throughout the performance. Film editing will take place throughout November in order to be ready for PBT's December 17 opening.

Susan Jaffe has also been working closely with the dancers to help elevate artistry and the quality of the dancers. Ms. Jaffe stated PBT will bring in new contemporary ballet choreographers and repertory to help strengthen the dancers. Susan Jaffe also announced PBT

will create a brand new season for 21-22 that she is working on. Ms. Jaffe hopes to present that information at the December Board meeting.

Dona Hotopp asked if all company members are involved in the virtual Nutcracker and Susan Jaffe confirmed that all dancers are part of the production.

Shelley Taylor suggested highlighting dancer content on PBT's social media.

## **Executive Director Report -**

Harris Ferris gave the executive director report.

Harris Ferris acknowledged how hard everyone on PBT's team has been working. The past six months have been really hard due to COVID-19. PBT is lucky to have five former Board Chairs on today's call and to have such a strong, supportive Board of Directors. Harris Ferris expressed that PBT is so lucky to have the Company back in the studio dancing, which is not the case for some companies.

## **Adjournment -**

There being no further business, David Tuthill made the motion to adjourn the meeting. Passed. The meeting adjourned at 1:07 p.m.

Submitted by, Harris Ferris

Approved by, Betsy Teti