

# PITTSBURGH BALLET THEATRE

Meeting of the Board of Directors

Wednesday, February 15, 2023

4:00 p.m. - 5:00 p.m.

PBT Studios & Zoom

Meeting Minutes

Board of Directors in Attendance: Mary McKinney Flaherty, Dona Hotopp, Janet Campbell, Kathleen Miclot, Ayana Teter, Betsy Teti, Rich Beaty, Susan Cruz, Geoffrey Bond, Dawn Fleischner, Debra Dermody, LeRoy Metz, Jim Crockard, Garfield Lemonius, Becky Torbin, Sarah Pietragallo, David Tuthill, Melonie Nance, Dena LeMar, Doug Kreps, Peggy McKnight, Sandra Nicholas,

Board of Directors Not in Attendance: Carolyn Byham, Edwin Beachler, Jay Costa, Natalie Mihalek, Richard Rauh, Lisa Saperstein, Vincent Silvaggio, Hillary Tyson, Joseph Vincent, Mary Finger, Beth Brown, Camera Bortolotta, Winthrop Watson, Stephanie Sciallo, Barbara Cottrell, Connie Cesario, Shelley Taylor

PBT Leadership in Attendance: Dr. Kathryn Gigler, Liana Pears, Lauren Carlini, Curtis Dunn, Margie Grundvig, David Hammond, Curtis Dunn, Lou Castelli, Adam McKinney, Kristin McLain

Special Guests: Kim Griffith

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## Call to Order, Welcome, Approval of December 14, 2022 Minutes -

Mary McKinny Flaherty called the meeting to order at 4:02 p.m.

When the Board last met via Zoom it was to announce Adam W. McKinney's appointment as Pittsburgh Ballet Theatre's next artistic director. She welcomed Adam to his first PBT Board meeting and she looks forward to working with him.

The next season has been announced, which we'll hear more about later in the agenda, along with the approval of the production budget. Mary thanked Jim Crockard, the audit committee, and the auditors at Schneider Downs for their work.

Donna Hotopp made the motion, second by LeRoy Metz, to approve the December 14, 2022 Board of Directors meeting minutes. Passed.

While not on the agenda the minutes for the special Board meeting on January 18, 2023 were circulated via email for everyone to review.

Melonie Nance made the motion, second by Janet Campbell, to approve the January 18, 2023 Special Board meeting minutes. Passed.

## Financial Report - Rich Beaty

Rich Beaty gave the financial report. He along with Kati, Adam, and Mary met with Mike from Schneider Downs last Friday. The balance sheet has minimal changes from when we last met in December. There is a line of credit outstanding that is tied to the RACP. We're projecting a total of \$417K in subscriptions and \$2.6M in total ticket sales, which is a historical low for PBT when compared to pre-pandemic numbers. The School is also projecting low revenue numbers at \$1.9M. Rich appreciates the work Kati and PBT team have done to keep production costs down while working on strategies to increase subscriptions and ticket sales. PBT is \$170K in the positive against our budget for this year in thanks to *The Nutcracker* and *Dracula*. We haven't hired someone to fill Jay's position yet so there is approximately a \$200K cost savings in salaries and benefits. Of course, this does not combat the economic headwinds that we are facing so our goal should be to continue to bring people back into the theater and drive up subscriptions sales.

LeRoy Metz asked how much PBT is paying for Schneider Downs for their services. Rich answered that they have offered to do a couple things to help supplement the CFO/Director of Finance position and that he can follow up with LeRoy to provide a more definitive answer.

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## 21/22 Financial Report – Jim Crockard

Jim Crockard, the Chair of the Audit Committee, gave the report.

Schneider Downs is our audit firm and they prepare our tax filings. We made sure and are confident this does not conflict with Mike's involvement. Kim Griffith who leads the audit engagement and can answer any questions at the end of this report.

Overall the audit work was completed before Jay Romano passed away, but it did slow down the review process. The Audit Committee was satisfied with Schneider Down's work and recommended the approval of the ballet's financial statements at the conclusion of this report.

As a reminder PBT runs on a June 30th fiscal year. On page two of the report Schneider Downs rendered an unmodified or clean opinion of our audit. There were no difficulties encountered with the audit nor any disagreements with management. There were no audit adjustments nor no uncorrected misstatements except for a vacation accrual of \$53K that we have every year because of how the ballet records vacation time. Similarly we had a \$51K year end payroll accrual item purely due to the timing of the year end payroll.

There were no significant internal control deficiencies or material weaknesses. Schneider Downs and the Audit Committee did not observe any fraud within the audit. One major highlight in the financials themselves on page four, in the Statement of Activities and Changes in Net Assets, PBT finished the year in the black. We're reporting a surplus in unrestricted operations of \$729K following the prior year of \$841K. This is PBT's 16th straight year reporting a surplus and not a deficit. While the Board should be proud of this, Jim cautioned that we should not forget this is mainly due to the external support we received during the pandemic, including a \$2.3M Shuttered Venue Operators Grant (SVOG).

Kim Griffith added that the SVOG required an additional audit that was prepared and done in accordance with government auditing standards in what is called uniform guidance which is federal audit guidelines. This was completed as well with no issues identified nor compliance matters were reported, and all reports that will be issued to the federal government in relation to those grants are clean reports.

There were no questions on the audit report.

Jim Crockard made the motion, second by Janet Campbell to approve the audit financial statements as presented today. Passed.

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Mary asked Jim to circulate the 990 filing redacted link so that it can be approved once everyone has an opportunity to review it.

## 23/24 Season Presentation – Dr. Kathryn Gigler, Adam W. McKinney, Lou Castelli

Kati Gigler began the 23/24 season presentation. We'll be opening in October at the Byham Theater with *Light in Dark*. This program will headline the Jennifer Archibald world premiere which is as yet unnamed. This world premiere is about Florence Warren, an active Jewish dancer in Nazi occupied Paris during World War II. She worked with the French resistance and later immigrated to America. This is also providing PBT the opportunity to collaborate with *Violins of Hope* Greater Pittsburgh. *Loss* by Sasha James and *Lacrimosa* by Annabelle Lobez Ochoa will also be featured in this program. These three pieces are very powerful and very human and connection focused.

In December we'll be back in the Benedum for Terry Orr's *The Nutcracker*. We will be holding student matinees and sensory friendly performances for this production and *Beauty and the Beast*. This will be PBT's first season where sensory friendly productions will be available for two separate productions.

*Beauty in the Beast* will be in February as our Valentine's Day program. We'll be doing two weekends of this with Christensen's choreography which we did in 2019 right before the pandemic. This was our best ever box office return so we're optimistic about ticket sales for this program next season.

We'll be closing the season with two orchestra performances, the first being the Spring Mix. *Petal* by Helen Pickett will be making a return, which is a piece the artists really enjoyed. It's very vivid and vivacious work that's perfect for spring. Adam has selected George Balanchine's *Allegro Brillante*, another beautiful piece with excellent roles for the dancers. Adam will also have the opportunity to choose a couple other selections for the orchestra that will be part of launching his artistic vision.

Our season will close with *Cinderella*, and while we have not selected a choreographer yet we have some strong contenders. We ran into several complications with the *Cinderella* we were planning on performing such as receiving permission to get it out of the country where it's currently located and exorbitant expenses. Thus we are right sizing this in terms of production budget. Historically *Cinderella* has been a family friendly production that has done very well for us at the box office regardless of the version we perform.

We are thrilled to have these five programs slated for next season. You will notice that along we have two Disney name productions as well as the *Nutcracker*, which was very intentional. We've been discussing the family friendly appeal and the ability to sell season subscriptions. We're poised to do well on subscription sales with a package of these three family friendly

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productions. We're marketing this season as a celebration of Adam and the new look and branding we have for PBT.

Lou Castelli provided more details on the marketing strategy. Ticket sales have been unpredictable coming out of the pandemic. The area we've seen the greatest rebound is single ticket sales, particularly for *The Nutcracker* and *Dracula* this year. Subscription sales are where we need to make up lost ground. We have the opportunity to introduce the concept of subscriptions to single ticket buyers, especially since we've had so many first time buyers this season. What we're striving to do with this campaign, 'Come Dance with Us,' is to provide a literal invitation to the community to come back to PBT with this upcoming season and to feel a sense of welcome and belonging. To that end we already have a renewal campaign that has gone out showcasing the variety of the look and feel of the Company. We selected a pastel palette that invokes springtime and freshness. We wanted something inclusive across the board, allowing different entry points for a wide range of people. This season is purposefully very family friendly so that there can be greater appeal in smaller subscription packages. Adam's arrival and his connections align nicely with the campaign 'Come Dance with Us' and we're excited to fit this in the marketing strategy.

Kati explained the P&L for next season. Ticket projections are fairly conservative. We hope to surpass the *Light in the Dark* ticket projections since it's such a powerful program. Additionally, we're optimistic that we can outperform *The Nutcracker* projections like we did this season. As was previously mentioned, *Beauty in the Beast* has done very well for PBT at the box office and we hope to see this trend continue. The Spring Mix is especially exciting due to Adam's involvement, which should increase ticket sales.

LeRoy Metz asked about the low projections and overall ticket sales for non-story ballets and wondered if PBT can do more to promote these productions. Lou responded that we hope to fix this by making sure we use a marketable title such as *Light in the Dark*. Sales should increase with a memorable title that audiences can understand.

Kati explained that we are waiting on some of the contributions and the large anonymous donor gift to come in over the next few years to help offset the music costs. We've started conversations with potential sponsors and foundations to help with the expenses of *Light in the Dark*. We also have an exciting opportunity for substantial sponsorships for the Spring Mix program and have started those discussions as well. We're excited to be able to bring Adam into these conversations as well.

Rich added that sponsorships are harder to secure for non-story ballets and appreciates the work that Kati and the team are doing to create a foundation with these sponsorships and build upon that with ticket sales.

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Mary clarified that the 23/24 production budget that was presented today was passed by the Executive Committee in January. The purpose of passing this version now is so that it corresponds with the marketing budget. The final version of the 23/24 production budget which incorporates all the other cost and projected revenue elements alongside what was discussed today will be presented at the annual Board meeting in June.

Betsy Teti made the motion, second by David Tuthill, to approve the 2023 - 24 production budget. Passed.

## Executive Director Report – Dr. Kathryn Gigler

Kati Gigler gave the Executive Director report. We had a wildly successful weekend for *Dracula*. Morale was at a high and the PBT team as a whole was proud to be a part of this production. The general atmosphere between the PBT team and audiences was excitement and positivity. She's happy to report that we exceeded ticket sales by about 20% which helps the subscription shortfall. With the ticket sales from *The Nutcracker* and *Dracula* we are at 99% of our overall ticket sale goal, which is very encouraging.

An exciting highlight from *Dracula* is that we had nearly over 1300 new households who purchased tickets. Approximately \$180K of *Dracula*'s box office was from new ticket buyers and this speaks to how excited people were about this program and this makes us optimistic about getting audiences back to PBT. Additionally we received extremely positive PR and social media coverage.

We're seeing a positive trend in the School. There was an enrollment bump in the Children's Division since *Nutcracker*. We've recently wrapped up the summer audition tour. We had 30 in-person auditions as well as one virtual audition. About 40 dancers have registered for Company experience and 80 dancers have registered for ISP. To compare, we had 29 and 40 dancers registered respectively at this time last year so we've almost doubled the registration for these programs. The School is adding in additional programs such as the spring variation of *Afternoon of Enchantment* that we held in the winter for *Nutcracker*.

In terms of development a few of PBT's major foundation gifts have come in which includes Edith Trees and RK Mellon. We are still looking for a few more opportunities for *Sleeping Beauty*.

There are a few personnel updates. Will Wharton is the new daytime front desk manager and Sean Hale is the main evening front desk manager. They are both wonderful and we're excited to have them on the team. Phoebe Orr has filled the data specialist role which is a position that reports to both the development and marketing departments.

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Adam went with Christine and Marianna to the International Association for Blacks and Dance conference and auditions in Toronto in January. They made some offers for the summer intensive programming and it was great for Christine and Marianna to get to spend some time with Adam before he's here full time.

Upcoming opportunities for engagement:

- A. Coffee chat date- stay tuned- March 2
- B. April 14-16- Balanchine & Beyond Masters Program
- C. Celebration of Life for Jay Romano
- D. Sat. April 29- Fractured Fairy Tales

## Introduction to Adam W. McKinney – Dr. Melonie Nance and Rich Beaty

Mary extended tremendous gratitude to Rich and Melonie who agreed to lead an executive director search, but shifted into leading a very successful artistic director search that brought us Adam W. McKinney.

Rich covered Adam's professional background where he was most recently a tenured associate professor of dance and ballet at Texas Christian University and co-founder and director of DNA Works. To Rich, Adam's credentials in dance, leadership, and community speak for themselves. What ultimately drove Rich's decision and was the most important element in hiring Adam is that Adam can help define and establish the type of culture we want at PBT. Adam has an innate ability to bring people in when he meets them. It's also clear when speaking with him that he's truly listening. Like Jay, he deeply cares and PBT needs someone who cares about our artists, this company, our School, the School families, and our community. He's immensely pleased to welcome Adam McKinney as PBT's next artistic director.

## Incoming Artistic Director Welcome – Adam W. McKinney

Adam thanked everyone for their warm welcome. He congratulated PBT for the *Dracula* performance and regrets not being able to attend due to recovering from Covid. From an artistic perspective morale is high and we hope to keep this momentum going.

Looking ahead to the 2023-24 season, Adam applauded the marketing team for their 'Come Dance with Us' campaign. He appreciates that this is an invitation for external engagement as it's a season of celebration and a season of welcome. He also believes that this idea should extend internally and that it's important that the PBT team feels welcome and invited which means developing new processes in terms of communication. He plans to institute PBT announcements to the artists every other week that will also be posted on the call board. From a hiring perspective we'll be holding auditions for the Company in New York on March 19 and

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two here in Pittsburgh in April. He thanked Margie for allowing us to offer full dance scholarships at the IABD conference. Adam also plans to implement systems and strategies for evaluations as he wants data driven leadership. The artists are interested in growing and bettering themselves and currently we don't have a system to track their goals nor track their development over time. He developed a system that places the dancers at the center of this process. The idea is to meet with them (mandatory and optional) on their development. Lastly he's in contact with several choreographers to invite them to participate in our programming for the 2023-24 season. Adam is thrilled and feels welcomed. It's been exciting to bring his expertise to PBT and thanked everyone for this opportunity.

## Adjournment

Mary ended the meeting at 5:07 p.m.

*Submitted by, Dr. Katheryn Gigler*

*Approved by, Betsy Teti*