



Minnesota Orchestra reports 'very promising' year with balanced budget

The organization got a boost from ticket sales and hall rentals as it continued recovering from its
lockout.

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DECEMBER 2, 2016 — 8:19PM

<http://www.startribune.com/minnesota-orchestra-reports-business-as-usual-year-with-balanced-budget/404358096/>



JEFF WHEELER, STAR TRIBUNE Minnesota Orchestra Music Director Osmo Vanska and musicians performing in "Purple Rain" at U.S. Bank Stadium earlier this year.

For the second straight year, the Minnesota Orchestra is in the black. The orchestra's annual report, released Friday, shows that a boost in ticket sales helped balance the \$31.7 million budget.

A year ago, a balanced budget was big news — representing the triumphant return from a bruising 16-month lockout.

It was important that in fiscal year 2016, the orchestra “maintain that momentum,” said orchestra CEO Kevin Smith, during “more of a business-as-usual kind of year. ... Can we continue to see the growth in number of subscribers and donors and revenue? We did, and that's very, very promising.’”

Earned revenue for the year, which ended Aug. 31, totaled \$9.6 million. That's a 13 percent increase over the previous year but still less than the orchestra's peak of \$10.9 million in 2009. The number of tickets sold grew by 9 percent, or 15,500, compared with 2015. The number of people buying ticket packages, including season tickets, was up 12 percent.

"I'm just really, really pleased to see that we're moving forward and not doing any kind of retrenchment," said Herbert Winslow, the orchestra's associate principal horn and chair of its musicians' committee. Musicians worried that the organization might take steps back after the labor dispute and lockout, said Winslow. "Instead, it was full speed ahead from where we left off," with a year that included a European tour, a performance at Carnegie Hall and recording sessions.

Some of the year's big-ticket items were funded by donations. For example, anonymous donors helped cover the \$2 million cost of the orchestra's nine-day European tour in August, which included stops in Finland, Edinburgh, Amsterdam and Copenhagen. A two-week Beethoven marathon of all nine symphonies and five piano concertos was paid for by a gift from Marilyn Carlson Nelson and her late husband, Glen Nelson, who also funded the orchestra's trip to Cuba last year.

At the organization's annual meeting Friday evening, Carlson Nelson was cheered as the orchestra's new board chairwoman. Carlson Nelson, whose election was announced in September, succeeds Warren Mack, who completed a two-year term.

That meeting, held in Orchestra Hall's Target Atrium, celebrated a year that both staff and musicians said included improved collaboration. Principal Cello Anthony Ross told the group that in recent years, the organization has welcomed musicians' involvement in building the orchestra's season and making artistic decisions. Before, he noted, that was not the case. "It's a vastly different game now," Ross said.

The orchestra spent \$31.7 million in fiscal 2016, a slight increase over 2015's total of \$31.1 million, making it the largest performing arts organization in Minnesota. It reported a small surplus of \$12,000.

Fundraising results in fiscal 2016 looked a lot like the year before, with contributions totaling about \$18 million, a number that includes special events and gifts released from restriction. But the number of "community donors," who give up to \$2,499 annually, rose by more than 1,000 people.

The Minnesota Orchestra, like other orchestras across the country, today relies more on philanthropy than filling seats. About 57 percent of its income in fiscal 2016 came from contributions, compared with 30 percent from earned revenue — a category that includes ticket sales and hall rentals.

A new national report found that in 2014, the most recent year available, about 43 percent of orchestras' income came from contributions, and 40 percent from ticket sales and other earned revenue.

That report, released in November by the League of American Orchestras, also found that the number of orchestras reporting deficits has fallen dramatically — from 40 percent in 2000 to 18 percent in 2014.

Two years ago, the Minnesota Orchestra reported a deficit of \$650,000 for a season shortened to seven months by the labor dispute. Last year's results were so good they announced them early: In September 2015, the orchestra reported a balanced budget for fiscal 2015.

Smith, who became the orchestra's president and CEO in 2014, outlined on Friday a new strategic plan that includes balancing the budget each year, reducing the organization's debt and growing its endowment.

The \$50 million renovation of Orchestra Hall, completed in fall 2013, "has really been a huge success for us," Smith said. The orchestra took in about \$1.3 million during fiscal 2016 from renting the space for weddings and other events, as well as food and beverage sales — about \$250,000 more than the organization had budgeted for.

"Usually, when you have a renovation or new hall you get kind of a bump, and then things smooth out and start going down," Smith said. Such a drop "didn't happen last year, and so far this year, we're even ahead of where we were last year."

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