

**Treasurer Remarks**  
Annual Meeting for 2019  
(July 2020)

- 1) 2019 was a momentous year for the Museum with the opening of its new Vineyard Haven campus in mid-March after years of planning, fundraising and construction. Building on our Grand Opening celebration in June and our first major Thomas Hart Benton exhibition, the Museum surpassed its expectations with over 25,000 visitors for 9 ½ months of operation in 2019.
- 2) While this meeting and our annual report are formally about 2019, there are so many significant financial developments taking place in 2020 that I will provide an update on several points later in these remarks.
- 3) 2019 was the Museum's first year of operating on the new campus and operating at a much broader scale of activities. This situation suggests the potential for uncertainty in financial planning, and so we were generally pleased that both our revenue from operations and operating expenses were managed fairly close to planned levels.
- 4) More importantly, these first year results and experience started to give us a little more confidence in our longer term strategy for financial operations and the opportunity for the Museum to achieve year-in, year-out financial sustainability.

As we have described to you before, this will be accomplished by having a greater proportion of expenses covered by revenue from operations as well as utilizing earnings from the endowment to support operations. Steady, modest increases in operating expenses accompanied by continued rapid growth in visitors and Museum activities should produce these targeted results. Together these steps should make the Museum less dependent on annual fundraising efforts.

Sadly, our solid steps toward this planned business model have been interrupted by the effects of the pandemic which we will discuss a little later.

- 5) By the end of 2019 most of the major planned capital investments had been completed. The development of the new campus, including the Rose Styron Garden, was finished for a total of \$19.8 million, now with only a few loose ends remaining. This was primarily paid for through funds from the Comprehensive Capital Campaign.

Outside of the comprehensive campaign the Museum has received donations of \$2.5 million to purchase and make improvements on 3 houses on Skiff Avenue adjacent to the new campus. These houses have proved to be valuable for providing collection storage, office space and other supporting needs.

The development of the Cooke House Gardens on 17,000 square feet of the old Edgartown campus was underway by the end of 2019, and its first phase is just now being completed for a little over \$500,000. These funds were raised specifically for this project outside of the comprehensive campaign.

- 6) While these major investments are mostly completed, we anticipate that there will be ongoing capital planning and investments needed to maintain and make improvements in the Museum's first-class facilities.
- 7) While the Comprehensive Capital Campaign was formally completed at the end of 2018, the Museum still needed to raise funds to pay the remaining cost of construction and ongoing operating support. At the beginning of 2019 the target was to raise \$9.0 million in the two years of 2019 and 2020 – this would complete the funding for the building project and endowment, support operations for these two years and build the needed working capital for moving forward. Progress was made toward this objective in 2019 but at a slower rate than planned.
- 8) To help manage the timing of cash flows in the construction process, by the end of 2019 the Museum had borrowed \$7.0 million under the bank agreement (which was reduced to \$6.8 million in January 2020). As the targeted funds are raised over the next few years, the Museum does not plan to have any bank debt outstanding.
- 9) Another important financial step is to build the Museum's endowment to help support future operations. In 2019 the Museum continued to add to the endowment and by the end of the year it had reached \$2.5 million.
- 10) While not a 2019 event, it is important to note that the coronavirus pandemic of early 2020 is having an impact on Museum operating and financial results. With the Museum closed since mid-March and reduced programs and activities, there is a significant shortfall in revenue from operations expected for the year. There is a specific plan to offset the cash impact of this shortfall by receiving funds through the federal Payroll Protection Program, raising some funds from the Board, reducing planned expenses and reducing planned capital spending. We are pleased that we see a way to offset this cash impact and hope

that it is successful.

11) Another impact of the pandemic is on the most effective way to plan and implement our fundraising efforts in this environment. Combined with the implications of the recent change in the Executive Director position, the Board is in the process of replanning its fundraising program.

12) From this first year experience we are excited about what the new Museum can bring to the island and how its business model could work. We look forward to getting through these difficult times and getting back on our planned growth path in the coming years. Many thanks to all of you for helping us to make it happen.

13) Heather will take any questions now.