

Annual Report 2014

A Letter from our Leadership



A Remarkable Season of Rebuilding with Community Engagement

When Minnesota Orchestra musicians, board and management reached an historic settlement on a new three-year musicians' contract on January 14, 2014, a new chapter began in the life of the Minnesota Orchestra. New challenges pressed our organization: How to begin rebuilding? How to re-establish trust? How to bring the separate parts of our organization together again and welcome new members into the fold?

We began by focusing on the music—our purpose for being. Just weeks after the settlement was agreed upon, Minnesota Orchestra musicians were back onstage at Orchestra Hall performing four emotional, sold-out Homecoming Concerts. Immediately afterward, we launched a six-month classical season, organized in record time and greeted by a community eager to demonstrate support.

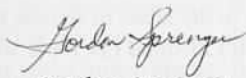
Symbolic of our rebuilding efforts was the work of our Community Task Force. Its members—musicians, staff, board and community volunteers—were united behind a dual purpose: to increase both fundraising and ticket sales for the Orchestra. Partnerships were formed and plans developed. Task Force members hosted young audience focus groups, produced a guide for fundraising House Parties, launched a senior outreach initiative and raised more than \$300,000 from nearly 900 individuals in a broad-based CommUNITY Challenge fundraising campaign. What began with small, careful steps became, in the words of Task Force Chair and board member Karen Himle, "a true barn-raising effort, led by community members."

We were finding our way. Onstage, week after week, our musicians delivered powerful performances. Osmo Vänskä was reinstated as Music Director in April; our artistic leadership team was solidified as Andrew Litton, Sommerfest Artistic Director, and Sarah Hicks, Principal Conductor of Live at Orchestra Hall, both extended contracts, and composer Kevin Puts became Director of the Composer Institute. By the conclusion of the concert season, the Minnesota Orchestra was proving to be markedly resilient, its efforts fueled by community enthusiasm, its constituents sharing a unity of purpose.


These positive levels of community support are reflected in our year-end financials. The Orchestra ended Fiscal 2014 with an operating loss of \$650,000, not the \$1 million deficit anticipated—thanks primarily to strong ticket sales and fiscal year-end donations. Classical concerts achieved 78 percent of paid capacity, and fundraising efforts yielded favorable results at all levels: from grassroots community donors to philanthropists who contributed \$13.2 million in major gifts over the summer, encouraging others to signal support through additional contributions.

The 2014 season brought remarkable progress in rebuilding. Yet we readily acknowledge that the Orchestra continues to face persistent financial challenges. We believe the year past also points the way forward—to a future in which we move beyond the trials of the labor dispute and emerge stronger, more artistically vital and more engaged with the community than ever before.

And for that, you hold the key. The Minnesota Orchestra's well-being, artistically and financially, hinges on the generosity of you, our community. We urge fans throughout the community to keep transforming their passion for the Orchestra, so clearly demonstrated in the midst of strife, into regular concert attendance and, crucially, contributions. The Minnesota Orchestra belongs to all of us. And, looking to a bright future, there is just one way to sustain this great organization: by working together.


Gordon Sprenger
Board Chair


Osmo Vänskä
Music Director


Kevin Smith
President and CEO



Great Performances 2014 Minnesota Orchestra



◀ In February, the Minnesota Orchestra's historic first concert in the renovated Orchestra Hall—and its first after the conclusion of a lengthy labor dispute—was an artistic and emotional high. Conductor Laureate Stanislaw Skrowaczewski opened the Homecoming program with the same mighty Bach Toccata and Fugue arrangement with which he dazzled Orchestra Hall's very first audiences four decades earlier, in



1974. ▼ Osmo Vänskä led the Orchestra in a glorious all-Sibelius program in March, focusing on the composer's First and Fourth Symphonies—the same works featured on a BIS album that brought worldwide attention, winning the 2014 Grammy Award for Best Orchestral Performance.



◀ Vänskä—reappointed Music Director in April—next drew acclaim for stellar performances with violinist Joshua Bell and pianist William Wolfram, the latter at Northrop, where the “Echoes of History” program also featured the University of Minnesota choirs and marching band.



Northrop photos: Courtney Perry



▶ Concertmaster Erin Keefe and Principal Cello Anthony Ross were among the Orchestra members taking solo bows this season.



Great Performances 2014 Minnesota Orchestra



Photos: Greg Helgeson, except where noted

▲ Eric Whitacre's debut as a Minnesota Orchestra guest conductor in April showcased lush compositions of his own as well as beloved works by Barber, Copland and others.



Sharing the stage were soprano

◀ Hila Plitmann and the Minnesota Chorale—which also lent power to a season-ending set of concerts featuring



Orff's *Carmina burana* and a lyrical new arrangement of Heitzeg's *Now We Start the Great Round*, conducted by Yan Pascal Tortelier. ▼



Photo: Tim Rummelhoff

▲ For his final subscription concerts as the Orchestra's Associate Conductor, Courtney Lewis offered compelling performances in June of Mahler's Fifth Symphony and the Fourth Symphony of Kevin Puts—who had just been announced as the Orchestra's next Composer Institute Director, effective in 2014-15. Thanks to a multimedia collaboration with the Eyeo Festival and Northern Spark, audience members were treated to astonishing visual effects during one of the Puts performances, triggered by the music itself.



▶ Sarah Hicks, Principal Conductor of Live at Orchestra Hall, shared the spotlight with Broadway and television luminary Matthew Morrison in April and in June closed the Live season with a sold-out "Pixar in Concert" program at which Pixar creative genius (and Twin Cities native) Pete Docter offered insights into the studio's films, from *Toy Story* to *The Incredibles* and *Up*.



Sommerfest 2014 was a swirl of thrilling, sold-out concerts, including a Gershwin program in which Sommerfest Artistic

Director Andrew Litton conducted from the keyboard while soloing in. ▶ *Rhapsody in Blue*. He also led unforgettable performances with guest artists including ▶ Natasha Paremiski, welcomed for her Orchestra Hall debut, and concluded the festival with a high-spirited performance of "Waltz King" Johann Strauss' *Die Fledermaus*.



Community Engagement 2014 Minnesota Orchestra



Violinist Sedra Bistodeau, winner of YPSCA's 2012 School Music Auditions, shone in a movement of Sibelius' Violin Concerto at the first Young

People's (YP) Concerts in the renovated Orchestra Hall. YP concerts such as "The Rite of Spring," featuring the Lauren Stringer story *When Stravinsky Met Nijinsky*, drew busloads of students—who were expertly guided to their seats by YPSCA ushers including Nancy Peters. ▶



Five upper photos: Greg Helgeson

Friends of the Minnesota Orchestra generously sponsored the Friends & Family Concert series and hosted Discovery Stations in the lobby. With the help of Friends members including Hue Alexander, children

experienced the thrill of playing real orchestral instruments. Friends volunteers also contributed thousands of hours via Kinder Konzerts, the Fanfare program and Accent Lifelong Learning, for which one program featured Orchestra violinist David Brubaker. ▶



Photo: Marian Hoffman



A Common Chords residency in Hibbing in May spanned some 20 performances, rehearsals and workshops around town and culminated in a full-orchestra concert conducted by Courtney Lewis at Hibbing High School's grand auditorium. In engaging sessions led by Lewis, Ellen Dinwiddie Smith, Steven Campbell and other musicians, students were eager to ask and answer questions and soak up every aspect of the experience.



Common Chords photos: Travis Anderson



Symphony Ball 2013 Minnesota Orchestra

Photos: Noah Wolf Photography



Symphony Ball 2013: Overture and Crash the Ball drew loyal supporters and, with inspiring leadership from Ball Chair Trudy Wilgers, raised \$1,019,000 to support the Orchestra and its education programs.

◀ John and Trudy Wilgers hosted a table for dinner in the new Target Atrium, as did honorary chairs Virginia and Ron Lund, ▶



celebrating with Glen and Marilyn Nelson, Luella and Stanley Goldberg, Karen Baker, Beverly Grossman and Louise and Douglas Leatherdale.



Financial Report 2014

A Letter from the Treasurer



Fiscal 2014 saw the return of more normalized operations for the Minnesota Orchestral Association when a new three-year musicians' contract began on February 1, 2014. The contract marked the end of the organization's 16-month lockout, which affected nearly all of Fiscal 2013 and the first five months of Fiscal 2014. The new agreement resulted in a 15 percent reduction in musician salaries for the first year of the contract, followed by two and three percent increases in the second and third years of the agreement, respectively. We offer our thanks to the musicians for the concessions they accepted to support the institution in its efforts to achieve long-term financial sustainability.

Upon agreement of the new contract, the Association swiftly mounted an abbreviated season of 83 concerts over six months. By comparison, the 2011-12 season—the Orchestra's most recent full season of performances—included 147 concerts from September through July.

The Minnesota Orchestral Association's Fiscal 2014 net operating results for the abbreviated concert season show a deficit of \$650,000, compared to a \$1.1 million deficit in 2013 and \$6 million deficit in 2012.

Total revenue, gains and other support for the year totaled nearly \$21 million. Operating revenue of \$5.8 million, which reflects strong income from both concerts and rental of the newly renovated Hall, exceeded budget by \$375,000. Classical concerts achieved 78 percent of paid capacity, essentially holding steady—in an unpredictable year—with per-concert paid attendance for the Orchestra's last full season in Orchestra Hall in 2011-12.

Total contributions, including the annual Guaranty Fund, Symphony Ball, Oakleaf distribution and gifts released from restrictions, reached \$10.5 million for Fiscal 2014, exceeding the \$8.3 million total of Fiscal 2013; in all donor segments, 2014 gifts increased over 2013 levels.

Total annual expenses reached \$21.5 million, significantly more than the prior year's \$13.1 million, reflecting the organization's return to operations. The Association paid musicians for seven months of performances and incurred typical concert-related expenses, including marketing costs to promote the concerts.

Board-designated draws from investments for operating support totaled \$4.5 million and were based on a 5 percent draw for operations across all investments, endowments and trusts. The Association's total invested assets for Fiscal 2014 increased from \$146.9 million to \$164 million, due to strong investment returns averaging more than 12 percent, as well as to new contributions of \$8.6 million donated to the Building for the Future Endowment.

Looking forward, the Orchestra will need to control expenses carefully and continue its efforts to expand revenue generation, especially through significant fundraising, to be able to address financial challenges ahead. Community support is critical to the success of these measures—and we offer profound thanks to our dedicated donors and concertgoers for the support they have shown the Minnesota Orchestra during this season of resurgence.

Patrick E. Bowe
Treasurer



summary of financial position

(\$'000 OMITTED)

	AUGUST 31 2014	AUGUST 31 2013
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$4,895	\$2,186
Contributions & Other Receivables	3,182	2,765
Prepaid Expenses & Other	670	875
Hall Renovation Pledges and Receivables	659	1,655
Total Current Assets	9,406	7,482
Long Term Pledges & Receivables	2,438	1,180
Long Term Hall Renovation Pledges & Receivables	1,504	2,304
Total Long-Term Assets	3,942	3,484
INVESTMENTS		
MOA Endowment	58,402	58,051
Beneficial Interest Held in Trust		
Oakleaf	66,737	62,567
Building for the Future	24,921	14,586
Irrevocable Trusts	2,141	1,316
Hall Maintenance Fund	8,301	7,434
Other Investments	3,451	2,963
Total Investments	163,953	146,916
Hall Renovations	-	50,232
Hall Renovations Funds Held in Escrow	-	4,407
Capital Assets, Net of Depreciation	54,075	4,804
Leasehold Improvement Asset, Net of Depreciation	409	461
Other Assets	531	531
TOTAL ASSETS	\$232,316	\$218,316

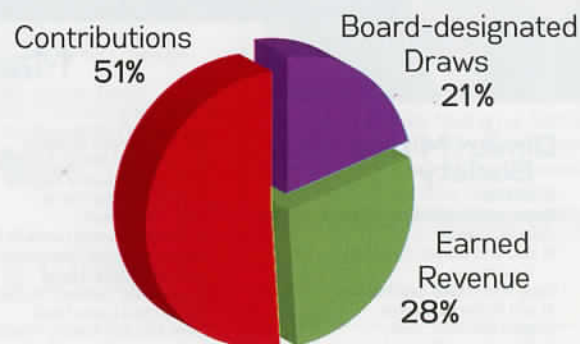
	AUGUST 31 2014	AUGUST 31 2013
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable & Accrued Expenses	\$3,250	\$2,323
Line of Credit	-	1,700
Notes Payable - Current Portion	9,250	-
Deferred Concert Revenue	2,803	1,631
Long-Term Liabilities		
Long-Term Debt	1,690	10,940
Pension Liability	4,150	5,589
Leasehold Incentive Liability	409	461
Hall Renovation Accounts Payable	-	3,967
Hall Renovation Construction Debt	6,400	7,600
TOTAL LIABILITIES	\$27,951	\$34,212
Unrestricted Net Assets		
Pension Plans	(\$4,150)	(\$5,589)
Operations	(24,876)	(24,226)
Total Operations & Pension Plans	(29,025)	(29,815)
Hall Financing, Capital Assets & Charitable Annuities	49,167	50,783
Board-Designated Endowment	3,563	1,852
Total Unrestricted Net Assets	23,705	22,820
Temporarily Restricted Net Assets	8,636	4,471
Permanently Restricted Net Assets	172,025	156,813
TOTAL NET ASSETS	\$204,365	\$184,103
TOTAL LIABILITIES & NET ASSETS	\$232,316	\$218,316

summary of operating results

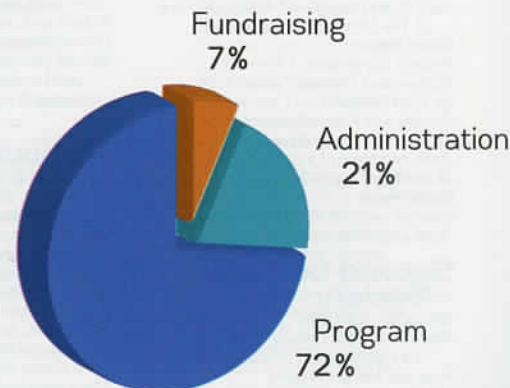
	YEAR ENDING AUGUST 31 2014	YEAR ENDING AUGUST 31 2013
REVENUE, GAINS & OTHER SUPPORT		
Operating Revenue		
Ticket Sales & Service Income	\$4,083	\$ 45
Other Revenue	1,699	(31)
Total Concert & Other Operating Revenue	5,782	14
Contributed Revenue		
Contribution & Gifts	6,391	5,181
Oakleaf & St. Paul Fdn. Distributions	3,114	3,108
Symphony Ball	1,019	-
Total Contributed Revenue	10,523	8,289
Board-Designated Draws for Operations	4,513	3,695
TOTAL REVENUE, GAINS & OTHER SUPPORT	\$20,818	\$11,997
EXPENSES		
Musician Salaries & Benefits	\$7,297	\$2,219
All Other Salaries & Benefits	6,098	5,689
Direct Concert Expense	3,322	486
Advertising & Promotion	1,046	616
Symphony Ball	390	-
Interest and Financing	548	550
Negotiations and Negotiations Related	480	885
Repayment of Grants Previously Received for Specified Purposes	-	1,073
General Administration & Facility Operations	2,286	1,544
TOTAL EXPENSES	\$21,468	\$13,063
NET OPERATING ACTIVITIES	\$(650)	\$(1,066)

financial overview

INCOME BY SOURCE



EXPENSE BY ACTIVITY



This is a summarized version of the financial statements audited by CliftonLarsonAllen LLP.



MINNESOTA  ORCHESTRA

SHOWCASE

December 2014 / Annual Report

