

Revised Business Plan for The Vera Project

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Business Plan Team:

Andrew Corey
Kristina Goetz
Sequoia O'Connell
Josh Powell
Beth Warshaw-Duncan

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Executive Summary

Leading into the organization's 10th anniversary - after completing a \$1.6m capital campaign, moving into our Seattle Center venue, and completing the 2008-2013 Strategic Plan – a new business plan was developed to guide the organization through 2013. The original plan stated, “This is not a static document and can be modified to adapt to the needs of the organization over time.” Thus, the plan has been thoroughly modified and restated here.

In 2009, when this plan was originally developed, the country had recently sunk into a deep recession, the effects of which seemed to bypass Vera. Participation was soaring, and earned income had doubled in the first two years of programming at our new venue. 2010 was a standout year with unprecedented foundation support, and accordingly, the organization's ambitions expanded to match these trends. As the momentum from our capital campaign subsided, this period of revenue growth eventually flagged while fixed costs continued to rise. Budget cuts followed shortly thereafter. 2011 saw an \$81k budget shortfall and the following year's budget was reduced by \$85k.

This document then, represents a thorough rethinking of the organization's financial position. Fundraising capacity and potential have been reconsidered and a revised fundraising plan has been developed. Our operations and management plan has been scaled back considerably to reflect current resource limits. We have analyzed our models for program delivery, along with the profitability and subsidization of each program. Finally, we have analyzed the long term financial effects of the model presented here, and are both acknowledging and addressing the minimum level of revenue growth necessary to maintain programming at current levels, and have presented strategies for how to achieve this revenue growth.

The revisions in this plan primarily center upon the development of improved business intelligence, gathering and documenting of organizational knowledge. It will provide us with more secure footing upon which to plan our future with confidence. Already, this plan and its findings gave us the perspective needed to make immediate decisions about the development of the 2013 annual plan, which in turn informs our long term financial modeling.

There is still much work to be done. Vera will soon enter a renewed strategic planning process, through which we will determine and articulate our vision for our next five years. It is all but certain that this process will necessitate an altogether new business plan in 2014. We still need a renewed analysis of the current all-ages “market”, which has changed considerably since the authorship of this plan, and will assist us in identifying Vera's unique position and advantages in an evolving environment. More importantly, the organization needs to better understand the difference we make in the lives of those we serve, and what motivates the tens of thousands of people who participate at Vera every year. That said, the existing analysis has successfully informed our still vital communications plans, governance structure and the IT infrastructure plans included here.

Regardless of what is revealed in strategic planning, some major milestones have been identified that will persist, especially in terms of financial stability. Any future financial model for the organization must meet the following requirements:

- Debt instruments: The organization must end its reliance on debt instruments to fund operations before the end of its first year of operating under a new strategic plan.
- Operating reserve: The organization must achieve an operating reserve equivalent to three months of operating costs within three years (*by close of 2016*).
- Program subsidization: Altogether, the full costs of programming – direct and indirect – must prioritize the allowance of the two goals stated above.
- Fixed costs: The organization must drive down fixed costs and control staffing growth.

The financial model presented here was developed to illustrate the minimum revenue requirements to achieve these milestones, while sustaining programming and expenses according to the current model. In order to accomplish this, an average growth of 5% in contributed and earned revenue will be required.

Looking forward, it remains clear that Vera must continue moving beyond its inward focus of defining governance and operating models, and focus more and more on an outward focus, and clarifying the direct impact we have on people's lives. This business plan provides a model for reconsidering and potentially adjusting our focus without departing from our mission, vision, and values.

MISSION

By engaging participants at all levels of music production and community organizing, Vera strives to fulfill its mission to *foster a participatory creative culture through popular music concerts, arts programs, experiential learning and volunteer opportunities for all ages, especially young people.*

VISION

The Vera Project envisions a truly participatory all-ages music and arts community. Vera fundamentally believes that popular music is a vital force, and that young people and adults have the ability and right to shape their culture. Vera produces the consistent all-ages concerts necessary for a healthy arts community. Vera uses the concept of all-ages to create paths towards learning and power-sharing between youth and adults, towards a positive attitude to youth culture, and towards a vibrant and progressive community.

This vision translates to music and arts presentation, education and engagement programming driven collaboratively by Vera's youth-led Membership, volunteers, staff and Board of Directors. Programming blends the energy, talent and resourcefulness of Vera's participants with the expertise of some of Seattle's most experienced community leaders. Vera promotes artistic experimentation and excellence in a professional setting, leveraging industry-standard technology to showcase music and arts. Vera's innovative participatory structure gives constituents – particularly youth – the means to not only enjoy music and art, but also to participate in arts production, administration and non-profit governance. The creative and professional skills participants gain at Vera activate future creativity, careers and leadership within Vera and in the greater community.

Vera is at the forefront of trends in popular music, arts and youth culture, encouraging civic participation to protect the interests of those cultures. Vera learns from and shares experience with similar local, national and international programs; seeks to make its model open, accessible and understandable; and is a friend and collaborator to like-minded artists, individuals and organizations.

Vera is an acronym for the Latin “Veri et Recti Amici”, meaning true and sincere friends. Vera is intentional about creating a safe, alcohol and smoke-free space where people of different ages, ethnicities, cultures, ideologies, sexual identities, musical tastes, and economic backgrounds come together and experience music and art in a way that transcends commercial entertainment and builds community. Vera participants become true and sincere friends.

VALUES

- We value participation in music and art to bring people together and to encourage creative and personal expression and development.
- We value the contribution that young people make to popular music and art.
- We value all-ages, cross-generational skill sharing and power sharing.
- We value volunteerism as a powerful aspect of community building.
- We value the power of learning new skills to enhance personal growth, civic engagement, and political activism.
- We value collaboration with individuals and organizations that share our goals.
- We value cultural independence and artistic experimentation.
- We value responsiveness to current arts trends, youth culture, and community input.
- We value being open and inviting to all those who wish to attend and participate in a safe, drug and alcohol-free environment.
- We value organizational transparency.

Vera Project Planning Prior to this Plan

Beginning in 2002, following a successful pilot year, the Vera Project Board, Members, Staff and Volunteers have worked with Claudia Bach, AdvisArts Consulting, to develop Strategic and Bridge Plans to guide the organization. The first Strategic Plan covered the periods 2002 – 2006. Around the end of the period of this plan the organization began a major capital campaign to move from its location in downtown Seattle to a then undetermined new venue. During this period a Bridge Plan was developed. After moving into our new venue in Seattle Center, a new Strategic Plan was developed for the years 2008-2013 to guide us as we settled into this new, permanent location.

Ten years of successful, nationally recognized programming have proven Vera's ability to fulfill a mandate for youth-involved music programming in Seattle. It also established the City of Seattle's ability to follow through on its commitment to provide youth access to music and arts activities. The level of public participation over this time has made it clear that an unmet community need existed. It also confirmed that the Vera Project's approach responded to that need. The Vera Project has far exceeded the initial expectations in terms of creating a new model of presenting music within the parameters of the Seattle Teen Dance Ordinance, which was in force at that time.

The Vera Project's current Strategic Plan set the organization on a new path to articulate a long term model for the organization. Goals identified in the Strategic Plan include:

- Be a nexus of current independent and underground music and art where artists and participants create a vibrant culture;
- Foster a truly participatory creative culture of power-sharing between youth and adults in all that Vera undertakes;
- Fuel individual growth by providing personal and professional experiential learning opportunities;
- Create clear entry points and paths of engagement in Vera;
- Create a solid infrastructure for long-term, mission-focused organizational sustainability;
- Increase financial sustainability; and
- Have a strong local Vera identity and achieve national and international recognition.

The Vera Project's Strategic Plan made evident the intention to become a center for youth music activities and an increasingly important community resource. It also clearly set out the goal to achieve this in partnership with the youth of Seattle.

This Business Plan was originally developed in 2009 to support our 2008-2013 Strategic Plan, and much of its content remains unchanged from that plan. The impact of the recession, which had only just started at that time, was still unclear and not fully accounted for in the original plan. As well, the original plan did not include current or accurate financial modeling for program delivery or for the organization in general, which has since been developed and presented here. Plans for operations and management have changed radically in this time as well, prompted by available resources being less than original ambitions required.

Market Analysis

This marketing analysis looks at who Vera's audience is and where Vera fits in the current arts, music and youth engagement scene. As such, this analysis reports youth demographics in the Seattle region and at Vera, regional economy and its impact on the arts, trends and issues around all-ages music, art and activism, and highlights some youth and arts programs in the region.

Youth in Seattle and at the Vera Project

The Vera Project aims to serve all music and arts enthusiasts, with the focused intention to actively engage Seattle's youth ages 14 to 24 in participating and producing music and arts. Vera offers specific programs, workshops, and governance opportunities designed for these audiences.

Vera's audiences have been increasing since it opened the Seattle Center venue with increased participation in all sectors: audience size, number of musicians and artists showing, volunteers, Members, participants in music festivals and participants in workshops and conferences. In 2009 to date, over 50,000 people have been served by Vera's programs, including 220 volunteers, and 67 youth members who help guide the organization.

Based on observation at the venue, demographics vary depending on the music or program presented. The following statistics are based on Vera's 2008 email survey of member, supporters, and community members:

More than 59% of Vera's audiences and volunteers are between the ages of 14 and 24. Racial and ethnic background is roughly reflective of the population of King County with people of color counting for 30.2% of the audience (King County demographics report 73.1% white, Vera survey reports 69.8% white).

59.6% of survey respondents were from Seattle proper, 18.8% from surrounding cities in King County, and 21.5% from outside King County. Of the respondents, the majority attend 5-10 concerts a month, 3-5 of which are Vera Project events. 66% of respondents identify themselves as musicians. Over 50% of the respondents drove to Vera events, 25% took the bus and 15% came by bike.

Between 2000 and 2009 the population of the City of Seattle grew by 6.9% to 602,000, and the greater Seattle-Tacoma metropolitan area represents more than 3.5 million residents. 23.3 % of Seattle's population is between 0 and 19 years, a 2% drop from 2000, and another 13.3% are between the ages of 15 and 24. While the state's general population growth rate overall has slowed, Seattle's 2009 growth rate is the highest this decade.

Enrollment in Seattle Public High Schools (grades 9 through 12) remains fairly steady since 2000, with public high school enrollment at 13,489 in 2009. This figure does not include private school enrollment or community colleges, or those not enrolled in school.

(2009 population estimates from the Office of Financial Management. Public school enrollments from the Office of the Superintendent of Public Instruction.)

Seattle's Economy and the Arts

Seattle, like other US cities, is in the midst of an ongoing economic downturn. The City of Seattle projects a \$72 million revenue shortfall in its 2009-2010 biennial budget, and King County projects a \$56.4 million shortfall. Economic forecasts predict that it could take three years for jobs, budgets, and economic growth to recover to previous levels.

Arts organizations are being impacted by the economy both in terms of funding and in terms of audience attendance. The economy has also had an impact on national touring, music industry businesses, and corporate and private support of the arts.

Seattle and All-ages Music

Since The Vera Project's founders' initial work with the City of Seattle and the passage of the All-ages Dance Ordinance (AADO) in 2002, Seattle has seen a marked increase in support of and access to all-ages music, although the all-ages scene remains in a tenuous position.

There is increased governmental support for all-ages music and arts through funding, partnerships, and policy. Opportunities for community partnerships and cross over programming have arisen as the number and types of youth music and arts organizations increased, creating a stronger youth arts culture in Seattle. There is also strong interest from private funders and corporate sponsors in the all-ages music scene in Seattle.

The Vera Project has a permanent home. Seattle's live music venues and individual promoters also put on a limited number of all-ages music shows in all genres, representing two to four all-ages shows per week. Local media has a more sophisticated understanding of the issues around all-ages music, and awareness of the importance of all-ages music scene. This has resulted in both broad articles on all-ages culture, and tools like the all-ages event calendar in The Stranger.

Yet governmental, institutional, and private funding, and arts revenues, are all threatened by the current economic situation. The non-profit organizations supporting the all-ages music scene are dependent on unreliable funding sources and audience revenues. For-profit venues struggle with the decreased revenues all-ages shows present due to additional costs and lack of bar sales, and show a preference for booking 21+ shows in hard economic times.

After a period of positive momentum, tensions between city administration and the music and nightlife scene have increased, straining Seattle's music scene. The 2009 election may affect this situation, but as of the creation of this plan, it is too early to see the impact.

Seattle Area Venues for All-Ages Music

Within Seattle, there are now several all-ages venues with permanent, established homes: The Vera Project has shows 3 to 5 days a week; Studio Seven presents all-ages metal and rock shows 5 to 7 days a week; and other venues, including the Fusion Café and various informal spaces, have shows 2 to 8 times a month.

Local live music venues present an increased number of all-ages shows since the passage of the AADO, resulting in 10-12 all-ages shows a month at venues ranging in capacity from 2,200 to 200. Ticket prices vary widely at privately owned all-ages venues.

Seattle also has a thriving informal-venue scene, with anywhere from 4 to 15 all-ages shows a month at venues such as the Georgetown LAB, Healthy Times Fun Club, and Gallery 1412. There is an increased do-it-yourself movement, with all-ages shows produced at homes and businesses such as GreenHouse and Full Tilt Ice Cream.

Near Seattle, the most established venues are the Old Fire House in Redmond, Ground Zero in Bellevue, and the Kirkland Teen Union Building, in Kirkland. All three are substantially supported by their respective city governments. These venues provide all-ages music approximately two to six times per month. The Den and the Viaduct, both in Tacoma, and the Department of Safety in Anacortes are all also all-ages. For Seattle youth, access to any of these is extremely limited without a car.

The Seattle-based All Ages Movement Project, while not a concert-producer, provides a center and support for all-ages organizations nationally by pooling resources and sharing best practices. AMP shares offices with the Vera Project.

The creation of the Seattle Mayor's Office of Music and Film gave the all-ages music scene a liaison to the city administration and provides information and support to those interested in putting on all-ages music shows.

Seattle Area Venues for Youth Arts and Activism

Seattle has a number of cultural centers offering arts and music access and education. The largest nonprofit arts educator in the Seattle area is ArtsCorp, offering classes in arts including dance, digital media, visual arts, and music, in partnership programs with Seattle Parks and Recreation, school facilities, and YMCAs.

In August 2009, as part of the Music National Service, ArtsCorp launched MusicianCorps, a program in which professional musicians commit to a year of service in music education, the.

The Youngstown Cultural Arts Center is a dedicated space offering significant arts programming including music classes, workshops, a media lab, a movement studio, galleries, and a 150 seat performance venue. Youngstown frequently collaborates or partners with The Vera Project.

Youth activism is supported through Seattle Young People's Project (SYPP) and Seattle Youth Involvement Network. Both are youth-directed in terms of empowering youth to define issues of concern and create modes of action that build leadership, civic involvement and decision-making.

Seattle Parks and Recreation offers a range of youth activities focused on athletics and physical recreation, and a Late Night Recreation Program for high-risk Seattle youth with limited events in high schools. The Boys and Girls Clubs and the YMCA (multiple facilities) provide a variety of recreational and educational programs for youth and teens. Boys and Girls Clubs in Seattle focus on programs to support life skills, education, health, and fitness for ages 6 to 18. Arts programming is limited, but includes all-ages music a few nights a month and a youth art gallery.

Local Initiatives and Relevant Issues

Seattle's City of Music Initiative

In 2008, Seattle Mayor Greg Nickels launched the Seattle City of Music initiative, honoring Seattle's rich music history and celebrating its ongoing importance to the city's economy and culture. The initiative recognized the significant, culture, financial, and educational impact of the music community and industry on Seattle.

A group of music advisors to the City of Seattle created a 12 year plan to create action to enhance the climate for our music industry, and to propel Seattle's leadership role in music throughout the nation and the world. The plan aims to cement Seattle's future as:

- 1) A city of musicians, with enhanced music learning opportunities for children, professional development opportunities for musicians, and access to programs to support making a living as a musician; Components include:
 - K-12 Education and After School Programs: Music education programs will be provided by all public schools, as well as through neighborhood community centers and independent organizations.
 - Higher Education: Local colleges will lead the nation in music education and performance.
 - Professional Opportunities for Musicians: A professional development structure will be established to support musicians who want to make a living-wage career playing music in Seattle, including teaching and mentorship.
 - Livability for Musicians: Musicians will have access to health care and will be able to afford to buy a home and raise a family in the city through a career in music.
 - Creating Community Among Musicians: Fellow musicians of all genres will support one another and work together to advance their craft, their professional community and their role in the city.
 - The Musician in All of Us: The people of Seattle will value music in everyday life and enjoy chances to expand personal involvement with music.
- 2) A city of live music; with more opportunities to experience live music performance; Components include:
 - Music Festivals for All: Seattle will encourage public celebration through a wide range of musical events throughout the City's parks and neighborhoods.
 - Audience Engagement and Support: Residents of all ages will have a range of opportunities to learn about, connect with, advocate for and support live music in Seattle.
 - Facilities for Music: Seattle will be rich with well-managed concert venues of various sizes, supporting a wide variety of musical performances.
 - Connecting our Communities with Live Music: Unconventional and publicly owned spaces will be utilized for live music performances and will encourage music as a means for community building.
 - Connecting Tourists with Live Music: Seattle will be regarded worldwide as a destination for exceptional and diverse live music performances, which will be promoted via visitor centers and tourism communication.

- 3) A city of music business, with increased support for innovative and independent music businesses. Components include:
- Enhancing Business Development and Retention: The growth of Seattle's music business sector is made a priority among city leaders and developers, and will be continually measured and enhanced through government incentives and support.
 - Creating Job Opportunities: Initiatives will be developed across the public/private sector that create and retain music industry-related jobs and aggressively pursue new opportunities to promote business growth.
 - Our Technology Sector Assets: Professional networks will exist among Seattle's information and communication technology sector to ensure music businesses are at the forefront of new technology economies.
 - Business Investment and Mentoring: Successful business leaders will recognize and support the contribution of the music sector through investments in new entrepreneurial opportunities and music-related not-for-profit programs.
 - Supporting the Sector: Seattle's music industry will be valued and supported for its enhancement to the city's tax base and for fostering economic diversity. Educational and not-for-profit music will be valued for its important contribution to the continuity of this industry and for enhancing the quality of life in the community. Such endeavors will receive sustainable financial support from individuals, foundations, government and business.

Seattle Youth Violence Prevention Initiative

In 2009, Seattle Mayor Greg Nickels introduced a new initiative to dramatically change how the city deals with youth violence. The initiative will focus on about 800 children a year who are at highest risk of perpetuating violence or becoming victims. The City's 2009-2010 budget included \$8 million for the Seattle Youth Violence Prevention Initiative for the next two years.

Young people will be referred to a wide range of services through juvenile court, police, community outreach workers, schools, Seattle Parks and Recreation Youth Centers, and the neighborhood network agencies. This includes working with repeat offenders and truants. The program offers several solutions relevant to Vera:

- Extended hours at some youth centers.
- City support of more community-based projects that engage and mentor young people.
- Funding for summer youth employment, giving young people an opportunity to learn important job skills and putting them on a path for a better future.

This program is primarily aimed at three Seattle neighborhoods (southeast, southwest and central Seattle). Local youth organizations will be leading the program targeted to 800 youth at high risk of violence: the Urban League of Metropolitan Seattle; Southwest Youth and Family Services; and a consortium of agencies led by Rainier Vista Boys & Girls Club.

All-Ages Movement Nationwide

There has been enormous growth in organizations being set up to engage young people through music across the country, both in the form of smaller, DIY collaborative projects, and on the part of larger institutions using resources to create more formal youth music programs. In 2006, the All-ages Movement Project (AMP) conducted a study of youth-run cultural organizations focused on music in the United States. Here are some of the key findings:

- There are now literally hundreds of programs and spaces existing in the youth, music, and civic engagement realm in the US.
- Regionally, these programs are located in and around the country's urban and cultural centers; in particular coastal California and the Great Lakes region.
- Almost 75% of these programs have and rely on having a facility to do their work, while only 25% of these organizations own their facility.
- About a third of organizations who responded to questions about financial status are either fiscally sponsored, part of a larger organization, or a government entity (e.g. a city teen center). The other two-thirds are independent, the majority of which are 501(c)(3) non-profit organizations.
- The most consistent guideline cited among organizations for selecting artists was having zero tolerance of anything racist, sexist, or homophobic in nature.
- The organizations demonstrated an intentional move towards using public platforms to model socially positive and progressive values. 87% of the organizations said they promote civic engagement philosophically and consider peer to peer networking to be an integral part of their programs.
- Within these programs, organizations are producing anywhere from one concert a month to five a week. Many are also producing records and release anywhere from 1 to 5 a year.
- More than half of the organizations surveyed said youth participants are responsible for planning and implementing programs and offer formal leadership training. Close to half are staffed and led by people under 25.

AMP has designed a database that now houses the names of over 300 organizations that embody a combination of youth empowerment, popular music focus, participatory structure, and producing music related cultural products. For full report findings, see:

<http://www.tastemakersllc.com/amp/docs/AMP%20Findings%20for%20publication-1.pdf>

Comparative Analysis

Ground Zero Teen Center

Ground Zero is part of the Boys & Girls Clubs of Bellevue, which currently has 800 members. The Ground Zero Teen Center offers all ages concerts every Friday and Saturday night, and also offers a drop in center, band practice space, and a Teen Feed. They operate a Music Advisory Meeting for interested teens to share new music, new show ideas and learn about their local music scene; and a Keystone Advisory committee is available for teens who want to get involved in leadership. Ground Zero Teen Center is open to youth ages 13-19, with a special program aimed at middle school age youth 13-16. As part of the Boys & Girls Club, it is funded through governmental and private funders, corporations, and individual donors.

Old Fire House

Started in 1992 in the City of Redmond, the Old Fire House serves Redmond's youth ages 13 to 19 with progressive and innovative recreation, arts, music, education, and personal support services. It offers weekly music, field trips and classes such as videography, studio recording, skateboarding, art, photography, and dance. In an average week, the Old Fire House has 300 teen visits. The Old Fire House is supported by the City of Redmond and depends on contributions through volunteering, partnerships, and donations.

Youngstown Cultural Arts Center

Youngstown Cultural Arts Center is a multi-purpose facility dedicated to arts, education, and to the provision of space for members of the community to create, converse, and perform. Located in West Seattle, Youngstown is a program of The Delridge Neighborhoods Development Association (DNDA) and provides 36 affordable live/work studios for rent to artists of all disciplines and public rental spaces for a variety of uses from live performances, classes and workshops to business, civic and social occasions.

It includes 25,000 square feet of public space including a recording studio, media lab, 150 seat performance venue, movement studio, workshop, and a gallery. Youngstown is funded through DNDA, and includes corporate and private foundations, federal and local government, and individual donors, as well as earning income from rentals. Tenant partners include ArtsCorps and other youth arts, leadership and service organizations.

ABC No Rio

Founded in 1980 by artists committed to political and social engagement, ABC No Rio is a collectively-run center for art and activism in New York. Its mission is to facilitate cross-pollination between artists and activists, and inculcate to believe that art and activism should be for everyone. It provides 1 to 3 music shows a week including a Sunday HardCore/Punk matinee and COMA, a weekly series of experimental and improvisational music. It also offers arts classes to New York City Jr. High and High School students; media training to adults; exhibitions of visual art; weekly open poetry readings and other literary events. In 2009, ABC No Rio was granted \$1,650,000 in City funding for a new building on their current site. Other funding comes from individual and foundation donors.

Communications and Marketing

Vera's got an amazing story to tell and a way of looking at the world that others want to hear about. It's got really, really good shows, art, classes, and other programs. And the Vera Project's communications have been effective in driving engaged participants to programs and building the case for support.

The role of a communications plan is to help determine what to do with all that good fodder. There is potential for more efficient communication that builds larger, diverse audiences and broadcasts Vera's ideology of fostering a participatory culture and experiential learning out to world.

Audiences

The Vera Project's communications and marketing is currently primarily aimed at 14 to 24 year-olds and to institutional funders such as government and foundations. Vera needs to deliver a consistent message across all audiences, even if they seem to be on different planets. One way to hone the message is to prioritize audiences. You can't please everyone all of the time. Please the people that really count.

Audiences include (in general order of priority for communications):

- Program participants and future members—both youth and adults participating in the arts, including those who attend shows, classes, and other programs because they are Vera regulars and those attracted to a single program or show
- Youth volunteers & members—present, and past volunteers, interns, members
- Government officials and institutional funders
- Parents—parents of youth participating at Vera, specifically
- Individual donors with diverse giving motivations including supporting the arts, services for youth, parents, music industry
- General public who care about youth and arts in their city
- Artists and musicians
- Board, Seattle Center, partner orgs, etc that aren't major sectors but should be considered

Goals/Objectives:

Vera's top-level of communications should be relating the mission and purpose, and delivering information on actual activities, events, and programs to bring people in to participate. If you know why you are doing something, it's often easier to do it right. Communications goals map easily to strategic plan goals:

- Attract participants and artists to Vera, creating a nexus of independent arts and music
- Communicate Vera's mission of participatory culture and power sharing to the outside world and clarify it to insiders
- Attract youth members and volunteers to participate and understand Vera's culture
- Move members and volunteers into greater roles of responsibility and commitment
- Move donors into greater levels of commitment and funding
- Achieve local, national, and international recognition

Recommendations:

Define internal and external messages about power-sharing. With the all-ages music scene in Seattle now alive and kicking, Vera should take communications to the next step in talking about Vera's unique impact on Seattle and the world. Vera's power-sharing structure is what sets Vera apart and it's what often brings people in from youth to funders. Vera should develop and clarify how we talk about it internally, recognizing that power-sharing is a constantly evolving process. Then build some consensus and get that messaging out.

Define a message platform. Vera has a clear mission and strategic plan—how is that communicated? Does Vera talk about power-sharing at every chance? Should it? How does Vera talk about measurable outcomes for participants? How do you sound like a hip, independent arts venue when talking about measurable outcomes? An “elevator message” and a few clearly identified key messages go a long way.

Build capacity for consistent, simple outreach. Define who is responsible for media, promotions, community outreach, merchandise, etc. Have that person set annual goals and measurements, concentrating on high-impact, targeted activities, and building on that base of success. Streamline and cut the fat.

Plan for technological leaps. The tech landscape changes monthly, and the best tool now may be obsolete in two years. Be willing to change tactics as technology changes and don't over commit to one technology or media trend.

Talk about the people. Vera needs to sing its own praises and sing them loud. Tell someone's story. Put faces in front of media and funders, use them to bring in new participants and volunteers, and win the support of the city. Find someone who was lost without Vera and ask her to share the details publicly. Ask former Vera members in the industry to speak on panels. Have a new volunteer blog about the experience. Post DIY directions for music projects. Show how Vera is impacting these people.

Create individual outreach and marketing plans for shows, gallery, workshops, and services (rentals, recording, etc). A show plan, for example would include marketing steps taken for all shows, additional activities for larger shows, and tactics for reaching new audiences. Consider a communications & marketing internship to execute plans.

Word of mouth and social media. You've already got teen advocates and digital natives that thrive on the internet and social media. Use them to help with this. Vera needs look at how Vera is promoted through word of mouth and have a plan to mobilize Vera's masses to keep getting the word out.

Create a media plan. What are Vera's goals for media coverage? Sending a note to 500 media outlets (spray n' pray) is often less effective than reaching out to a specific person on a single issue. Consider alternate media tactics like op-eds, letter campaigns, and youth-authored articles to bolster support for Vera and share its model. This plan should include a crisis communications plan, you know, just in case.

Reach outside Vera's walls. Facilitate participation with groups that don't currently use Vera. Conduct research on the best tactics to reach diverse communities, new audiences, and donors outside of Vera's traditional profile. Select and prioritize the activities and then go out and pique their interest.

Fundraising and Development

The Vera Project historically has relied on large gifts from a relatively small pool of individuals, foundations, special events with varying success, and investments from corporate and music industry partners. While this has helped Vera achieve any years of growth, it has not necessarily been effective maintaining Vera's current budget, largely due to attrition, and donor fatigue, and the recession reducing grant funding. Vera also has a history of outsourcing relationships to its supporters, leading to many relationships lost. Staff, including Tri-force and development support, actively works to create and maintain relationships so that they belong to the organization, as well as to our contacts.

Moving forward, Vera will focus on developing the following efforts:

Annual Fund

The annual fund is the building block for all fund raising. It serves to establish a base of donors that can serve as an effective device to involve, inform, and bond a constituency to the organization. It can further serve as an instrument that compels accountability to the cause the organization is serving. Without an annual campaign, an organization often finds itself involved in crisis fund raising, which has been the case with Vera. With a successful fund raising program that is built around an annual campaign, this will not be the case. With a large base of small donors, retention is easier, and attrition is less of a risk. Best practices state that 360 prospects are needed to secure 120 gifts of \$100. To create this base, Vera will invest in its annual fund, while working with the board and advisory board to also bring in major gifts (\$250+). Efforts will include:

- a. Convert show goers into small donors (\$1 to \$249) through direct mail, email solicitation and other outreach methods, using Fall Fund Drive and Give Big as entry points.
- b. Work with fundraising committee and board of directors to prospect and list-build.
- c. Market monthly giving as an affordable option for donors wanting to make a larger annual gift in small increments.
- d. Investigate workplace giving and partner with Marketing/Outreach to table at Microsoft, State of Washington and other non-profit fairs.

Special Events

Vera fundraising events have been wildly successful in 2012, with Viva Vera Gala netting approximately \$20,000 over goal and A Drink for the Kids nearly doubling its revenue over the previous year. While this is a result of strong corporate participation in the events, it is also a reflection of how fun the parties are, and how much the community enjoys supporting Vera in a public way. On the downside, events are costly and time-consuming. To maintain success and reduce cost, we will continue to implement the following:

- a. Use events as corporate partnership opportunities whenever possible. This strategy lead to \$36,000 in corporate dollars for Viva Vera 2012, and \$7,000 in corporate for A Drink for the Kids 2012.
- b. Maintain relationships with event attendees throughout the year, holding free donor/member acknowledgment events once or twice annually
- c. Act as relationship holder for donors and partners, including ADFTK bars, sponsors, in-kind donors, and event table or section captains.

- d. Continue to leverage as much in-kind support of events as possible, reducing expenses and raising the net revenue (eg- printing, wine, liquor, design work).

Grants – Foundation and Public

2010 was a banner year for grants at Vera, with over \$100,000 received as well as \$25,000 in funding from NEA. Since then, grants have declined to about \$60,000 in reliable revenue a year. Despite this decline, grants are still an opportunity area for fundraising. We suggest the following to amp up this revenue line:

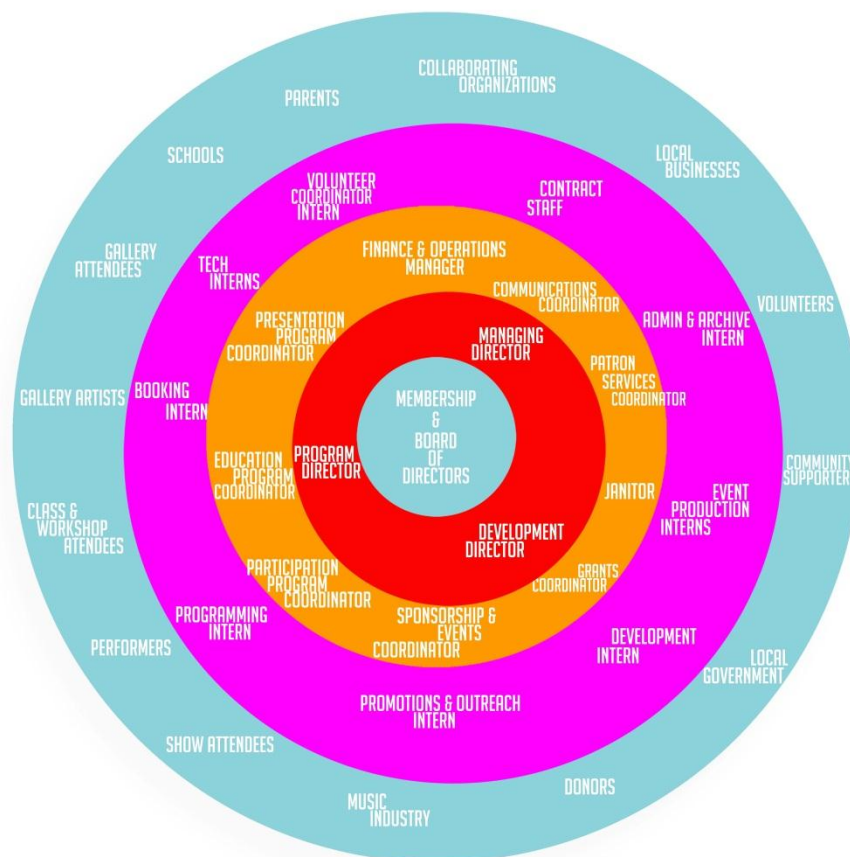
- a. Continue weekly/ as-needed grant meetings with Programming Team, to ensure grant narrative accurately reflect what is happening on Vera's front lines
- b. Look for niche funding opportunities that allow Vera to leverage its diversity in programming, such as career development for young people and youth empowerment as well as all-ages arts and music presentation.
- c. Work with programming to define outcomes in youth development (previously under articulated) – as a potentially more reliable funding category
- d. Build stronger relationships with foundation staff members as individuals, inviting them to events and following up with them on program progress.

Operations and Management

Overview

Vera functions through a participatory structure that fosters collaboration between the youth-led Membership, volunteers, staff and the Board of Directors. Young people participate throughout the organization, from running concerts to directing programming to serving on the Board. By integrating young people throughout its operations Vera stays accountable and relevant to constituents, fosters youth engagement and leadership, and makes the organization a true partnership between youth and adults.

In the process of organizational evaluation and strategic planning, the Vera community tried to fit its organizational structure traditional hierarchical chart, and we found this doesn't quite work for Vera. We took a step back and sought a new model to illustrate organizational values of participatory governance, skill sharing, and power sharing, and this is what we came up with:



THE VERA PROJECT ORG CHART

The concentric circles of Vera's organizational chart depict a fluid, non-hierarchical vision of the multiple participants who make Vera happen. At the core of Vera are the two bodies who share power to co-govern the organization: youth-led Membership and the Board of Directors. Following this chart outward, the Vera staff team supports these governing bodies. Next you see the numerous players who facilitate mission-focused program delivery.

The Operations and Management section of this business plan describes current practices and recommends future improvements in the governance, staffing and volunteerism illustrated in this organizational chart.

GOVERNANCE

The current co-governance between Vera's Board of Directors and Youth-led Membership is strong and effective, keeping Vera mission-focused, legal and solvent. The strategic plan outlines recommendations to continue strengthening and building this co-governance. The business plan recommendations in italics below identify specific measures to achieve strategic plan goals:

- a) Develop, use and refine clear mechanisms for increased power-sharing between Board, Members, volunteers and staff within Vera's governance:
 - With Board and Membership, document current skill sharing and power sharing opportunities at Vera.
 - Using documented examples, define Vera's skill sharing and power sharing concepts.
 - Continue to implement, refine and document these concepts in governance and programming.
 - Communicate skill sharing and power sharing concepts in all Vera marketing and communications.
- b) Strengthen Board and Member collaborative governance:
 - Hold at least one combined Board and Member meeting annually, and invite representatives from Board and Membership to regular Board and Member meetings.
 - Cross-pollinate Vera Member and Board Committees.
 - Communicate goals and celebrate achievements from each of the governing bodies.
- c) Strengthen opportunities for staff, Member and Board skills development and learning
 - Create professional development goals for governing bodies, and where possible, use the expertise in each governing body to cross-train and address professional development needs.

This plan also recommends that Vera consider Advisory Boards or committees to support the Board of Directors and Youth-led Membership. These bodies may bring needed voices into the organization and involve individuals who may not have the time or inclination to join the Board or Membership. Vera values of all-ages skill sharing and power sharing must be reflected in these bodies. These advisory groups may be ongoing or ad hoc, depending on the purpose.

STAFFING

In 2005 Vera served just over 17,000 people; in 2008, over 37,000. In 2011 over 60,000 participated in Vera programming. Program growth has been exponential. The cost per client ratio has decreased, but not without the sacrifice of numerous hours of uncompensated overtime for Vera staff. The Vera Project staff team has grown since 2005 from 3 FTE and four positions, to 5.8 FTE and nine positions in 2009, and is now currently at 6.7 FTE across 10 positions in 2012. The original business plan called for staffing to have reached 9 FTE by this time.

While Vera's staff works collaboratively as a team to support Board and Member initiatives, the staffing structure can be divided into three functions: development, management, and programming. Two additional staff positions – though they report to leadership in the management function - support all three functions, and are presented here in their own subcategory as “split support”.

Development

(1.9 FTE in 2012) oversees fundraising planning and implementation, including individual donor cultivation and relationship management; government relations; foundation relations; corporate giving; sponsorships; special events; grant administration; community relations.

Current positions include Development Director (1 FTE) and Grants Coordinator (.5 FTE). Sponsorship and Events Coordinator (.5 FTE), Sponsorship Coordinator

With available resources, investment in an Annual Fund /Individual Giving Manager may be prudent.

Management

(1.75 FTE in 2012) oversees Board relations and business functions, including organizational and strategic planning and evaluation; financial management; budget creation and oversight; board development/relations; evaluation; human resources; communications; records management; IT planning and implementation; risk management; facilities management; master scheduling; community relations.

Current Positions include Managing Director (1 FTE), Finance & Operations Coordinator (.75 FTE)

Split support (1.1 FTE in 2012)

Current Positions include Patron Services Coordinator (.6 FTE), Communications Coordinator (.5 FTE)

Programming

(2 FTE in 2012) oversees Member relations and program management, including music booking and promotions; show production oversight; educational curriculum development and delivery; volunteer management; collaborative and partnership programs; resource and space rental; internship management; art gallery management; programming equipment upkeep; programming budget creation and oversight; Membership development/relations; community relations.

Current Positions include Programming Director (1FTE), Talent Buyer (.5FTE) and Programming Coordinator (.5FTE).

INTERNS

This plan recommends that Vera continues a vibrant ongoing internship program to complement Vera's permanent staff team. Internships provide invaluable staff support and create entry level opportunities to gain in-depth experience in Vera's development, management and programming functions. The internship program should continue to grow in response to Vera's overall program growth and needs.

CONTRACT STAFF

Contracted positions will be used for specific professional expertise and for short-term initiatives.

Contractors identified to date include:

- Sound engineers: On a per-show basis.
- Show managers: On a per-show basis.
- Workshop and class instructors: As needed.
- Facilities, IT and equipment upkeep and repair: As needed.
- Organizational facilitation, planning and evaluation: As needed.

VOLUNTEERS

Volunteerism is central to Vera's identity, providing support to the organization's programming and operations, as well as providing meaningful opportunities for experiential learning, community engagement and leadership development. Youth and adult volunteers are essential to the structure and success of the Vera Project. Currently hundreds of volunteers participate at Vera annually, and it is expected that this number must continue to grow as programs expand. The following recommendations will help bolster Vera's volunteer programs:

- Define and clearly communicate engagement paths for volunteers; document volunteer entry points, positions and responsibilities.
- Continue to develop support for volunteers including volunteer orientations, committee orientations, and personal/professional development opportunities.
- Develop simple but meaningful methods and delivery of acknowledgment and recognition for volunteers at all levels of involvement.
- Use technology to ease volunteer engagement, communication and record-keeping (ie: online sign-ups for positions, wikis, message boards).

RECOMMENDATIONS

Vera owes its success to collaboration between Youth-led Membership, the Board of Directors, Vera staff, and hundreds of Vera volunteers. These business plan recommendations will improve the efficiency and effectiveness of this collaboration, ensuring continued mission-focused, quality program delivery.

The following infrastructure improvements are recommended to support staff needs:

- Develop human resource systems including hiring and termination procedure, and improvement of staff evaluation methods.
- Provide the best benefits the budget can afford (health, paid time off, retirement).
- Provide professional development opportunities, including an annual staff retreat and individual education opportunities.

- Provide an annual Executive Committee and Steering Committee review of personnel policies and procedures.

IT / Infrastructure

A strong IT infrastructure is essential to program delivery, marketing and communications, audience access to Vera information and programming, staff efficiency, and sound data management. Vera's IT systems have not grown with the organization, and are in dire need of improvement. This IT plan will provide:

- A long-term strategic vision to support a participatory creative culture at Vera
- Stable and scalable IT systems to support organizational evolution
- Collaborative, prioritized, phased IT implementation
- Ongoing support for Vera IT operations

IT Plan recommendations are organized into two phases:

Phase 1: Stabilize/Refresh:

- Website redesign
- Database redesign
- Infrastructure vision
- Workstation stabilization/refresh
- Server update
- Integration

Phase 2: Optimize/Sustain

- End to end security review
- Design backup and recovery strategies
- Serve OS and patch process design
- Integration
- Documentation
- Technology sustainment

These IT improvements result in an awesome future vision for Vera. This IT future promises high reliability: IT systems function when we need them. There is scalability: the infrastructure is easily expanded for program growth. Usability is efficient: there is ease of use for staff and stakeholders, and lower cost end to end. Systems are integrated: all technology process flow end to end and communication is streamlined.

Financial Plan

Key Assumptions

Overview

To assess the future financial picture of the organization, the Vera Project's past operations, future plans, historic finances, and 2013 budget were all evaluated in detail. From this process, a set of key assumptions was established to generate projections for future revenues and expenses throughout the duration of our lease with the Seattle Center. These projections were in turn used to develop this financial plan.

Beyond simply clarifying targets to reach for in annual budget planning, the goals in developing this plan were:

1. Determine the minimum revenue requirements necessary to maintain the organization's current model and programming, and outline a realistic path to developing these needed revenue increases.
2. Define and establish an operating reserve within three years, that is, by 2016.
3. Pay off all outstanding loans and credits within the same timeframe, positioning the organization to operate on profits and investments, rather than credit and loan instruments.
4. Set the stage for discussion on investment of additional revenues.

Every effort was made to maintain realistic and conservative assumptions throughout the plan, which consists of revenues and expenses for the following:

- 2008 – 2011 actual figures
- 2012 forecasted figures
- 2013 – 2017 projected figures

Revenues for each year fall into the following high-level categories:

- Public support
- Contributed Income
- Earned Income

Expenses for each year fall into the following high-level categories:

- Salaries and benefits
- General and administrative
- Programming
- Marketing and fundraising
- Facility
- Loans Payable
- Credit

Beginning in 2013, the plan also assumes the development of a cash reserve, with a targeted balance equal to three months operating expenses, to be fully funded by 2016. After that point, some additional funds would be available for re-investment. In an effort to maintain a conservative approach, however, the project team did not allocate those potential funds. In other words, the financial plan does not plan on the surplus.

It is important to consider that the financial plan provides a picture of a feasible financial future through 2017. The staff and board of the Vera Project should monitor financial status closely and make modifications to the plan as new information becomes available. The plan is a dynamic one, and financial management should incorporate flexibility to respond to new circumstances and opportunities.

Revenues

Public Funds – The City of Seattle

The City of Seattle has provided funding support for Vera's programming since Vera's founding in 2001. The funding level was \$70,000 in 2001, \$75,000 in 2002, \$35,000 in 2003 and \$50,000 from 2004 to the present 2013-14 Agreement. The funding is included in Seattle Center's 2013 Adopted and 2014 Endorsed Budget. Seattle Center manages the agreement with The Vera Project.

Vera's budget has risen from \$105,000 in 2001 to \$573,000 in 2013, making City funds a progressively smaller percentage of Vera's funding. At the same time, Vera has increased the number of people served from 4,500 in 2001 to more than 60,000 in 2011, and vastly expanded the quality and breadth of programming. The Vera Project relocated its facilities to the Seattle Center campus in 2007. In 2006, the City Council approved a 10-year lease agreement with The Vera Project for use of the former Snoqualmie Room at Seattle Center. The annual lease payment is currently \$39,530, and increases by approximately \$4,000 annually. The City provided \$450,000 in City capital funds for renovation of the Snoqualmie Room to house The Vera Project's offices, studios and performance venue. The balance of the \$1.8 million renovation was raised by The Vera Project. Vera's relocation to Seattle Center made Vera more sustainable and gave Vera new capacity to serve the community. Through strong programming and efficient use of City resources, earned revenue, and private support, Vera has become a leading model of youth-driven, volunteer-based arts programming that provides youth training and mentoring opportunities while supporting young and emerging artists.

Additionally, Vera has received funding through the City's Office and Arts and Cultural Affairs (OACA) via their Youth Arts and Civic Partner grant programs. It is assumed that financial support from the City of Seattle – both via the Seattle Center budget and continuing grants through OACA - would be provided in years 2013 to 2017 to cover the following types of expenses:

1. Operations (Seattle Center budget line item)
2. Programming (OACA grants)

This model reflects little change in this category, with operations support remaining stable, and a slight increase in programming support due to improved articulation of youth development outcomes. While the assumption here is that the organization will improve its ability to secure programming contracts with the City of Seattle, there is a marginal decrease in dependence on support from the City overall, equaling approximately 9% of total revenue by 2017, allocated as follows:

Assumed Level of Support from the City of Seattle

	2010	2011	2012	2013	2014	2015	2016	2017
Operations ¹	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Programming	\$2,541	\$14,598	\$4,110	\$4,000	\$6,000	\$10,000	\$10,000	\$10,000
Total ²	\$52,541	\$64,598	\$54,110	\$54,000	\$56,000	\$60,000	\$60,000	\$60,000
% of total revenue	10% ³	9%	10%	9%	9%	10%	9%	9%

Public Funds – Federal, State and County

Vera has had mixed success with securing public funds other than those provided by the City of Seattle, consisting of the following sources of revenue:

- National Endowment for the Arts
- Washington State Arts Commission
- King County
- 4 Culture / King County Arts Commission

In 2010 we received a \$25,000 grant through the National Endowment for the Arts, the first time an organization of our type received national recognition in this way. This grant was not renewed in either 2011 or 2012, and with continuing cuts to the NEA, we cannot safely assume that federal funding will be available within the timeframe of this projection.

The Washington State Arts Commission provided capital funding in the amount of \$68,250 in 2009, allowing us to complete our capital campaign debt free. They have since funded us twice, with \$4,380 in 2010 and \$6,341 in 2012. This financial plan assumes continued support from the State at \$6,000 annually.

¹ Operations support for years 2013-2014 are included in Seattle Center's 2013 Adopted and 2014 Endorsed Budget. Years 2015-2017 are assumed at the same rate as the decade prior, though with a reviving economy we will appeal to increase this support to \$75,000 beginning in 2015.

² Some simple additions may appear in error by \$1; this occurs because the figures are rounded.

³ Note, this compares to a projected 30-40% of revenue being provided by the City of Seattle in the financial plan of our original 2003 business plan – to as much as \$215,000 in 2010. This original plan assumed a much closer relationship with the City of Seattle, including the transition of the Executive Director to a City employee. Additionally, with the transition to the occupancy of a City-owned facility as of 2006, the original figures assumed a more generous estimate for the lease the City would charge the Vera Project for a city-owned space; and that facility allocations would be passed to Vera and paid back to the City as to a commercial landlord.

In addition to dedicated Capital Campaign funding, Vera was in the King County budget at \$25,000 for the years 2006-2007. In 2008 Vera's funding was included in County-wide budget cuts, due to the recession, though we were added to their "lifeboat" program, which provided funding at 50% for the years 2008 and 2009, to allow us time to find alternative funders to fill that gap. Although we intend to appeal to the County to have Vera funding reinstated in 2015, this potential is not included in any financial projections.

4Culture, otherwise the King County Arts Commission, has continued to fund Vera at \$6,200 through their "Sustained Support" program, which provides predictable levels of funding in each two-year cycle. This support is assumed at the same rate for each year of this projection.

As with our assumptions for City funding, we assume no increases in funding from any Public Funds sources, though we do assume that the relatively recently added support from the State will continue.

Assumed Level of Support from other Public Funds sources

	2010	2011	2012	2013	2014	2015	2016	2017
Federal	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State	\$4,380	\$0	\$6,341	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
County	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200	\$6,200
Total	\$35,580	\$6,200	\$12,541	\$12,200	\$12,200	\$12,200	\$12,200	\$12,200
% of total revenue	7%	1%	2%	2%	2%	2%	2%	2%

Contributed Income

Contributed income consists of the following sources of revenue:

- Foundation grants
- Corporate contributions
- Individual Contributions
- Special events (fundraisers)

There are multiple paths by which the organization may achieve its goals for contributed income. The likeliest area of greatest opportunity for the organization lies with individual contributions, where significant effort has been historically lacking and the good will and regard of the community is great. Corporate contributions, currently the lowest grossing line in contributed revenue, offers much potential as well, but must be approached with due restraint in consideration of the cultural impact of corporate support upon the organization, and the good will of its stakeholders.

Financial performance from 2008 - 2012 was used as a basis for contributed income from 2013 to 2017, and it was assumed that – overall – contributed income would increase at a rate of 5% annually. Strictly speaking, it is not realistically assumed that each line will adhere to this growth rate of 5%, but rather that with greater success in some lines, and less in others, the 5% growth average will still be achieved.

This plan assumes that the included staffing model will be sufficient to support growth for the majority of the duration of this plan. However, the organization may find capacity beginning to max out, especially in special events and individual contributions by year 2016. Without investment we risk not hitting these goals outlined here. Refer to Addendum E for recommendations on how surplus funds may be invested to ensure these goals may be met.

A more detailed overview of the strategy for contributed income can be found in the Fundraising and Development section, earlier in this plan.

Assumed Level of Contributed Revenue

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Foundation Grants ⁴	\$55,500	\$54,500	\$147,803	\$93,325	\$66,420	\$80,000	\$73,228	\$76,889	\$80,734	\$84,771
Corporate Contributions ⁵	\$75,707	\$41,138	\$56,587	\$93,536 ⁶	\$50,240	\$52,824	\$55,465	\$58,238	\$61,150	\$64,208
Individual Contributions	\$29,153	\$38,385	\$37,014	\$87,374	\$74,230	\$82,500	\$86,625	\$90,956	\$95,504	\$100,279
Special Events	\$11,861	\$97,099	\$43,369	\$91,874	\$119,980	\$100,500	\$105,525	\$110,801	\$116,341	\$122,158
Total	\$172,221	\$231,122	\$309,773	\$366,109	\$310,870	\$315,824	\$320,843	\$336,885	\$353,730	\$371,416
% of total revenue	61%	45%	56%	56%	53%	54%	54%	54%	54%	54%

Earned Income

To evaluate earned income, an earned income model was developed for 2013 (see Addendum A). Based on past and current experience, assumptions were made for the following categories:

- Show Admissions, and related revenue
- Theater and Equipment rentals
- Recording and Silkscreen Studio usage
- Class fees
- Concessions and Merchandise

⁴ Note, 2010 and 2011 grant revenue here differs from our financial statements due to accrual-based accounting. The revenue here is presented according to the year funds should be applied, as opposed to the date pledged.

⁵ In-kind donations have been lumped into this category

⁶ Asset inventory in 2011 added \$68k

Between 2008 and 2012, earned income doubled - with 2009 increasing 83%, 2010 decreasing 20%, 2011 increasing 35%, and 2012 increasing just 2%. As described in this business plan, the all-ages concert market has changed considerably in this time, and because the growth has been so erratic, it was determined that we cannot anticipate growth to continue at this average rate of 25%.

Original projections for the organization had growth planned at 10% through 2010, which we clearly exceeded. For this projection, however, it was assumed that earned income would decrease slightly in 2013 due to scaled back programming to adjust for competition in the market. The assumption here reflects the age of the organization, and settling into more steady and somewhat predictable growth beginning in 2014 at a more conservative rate of 5%, considerably lesser than that of the previous 5 years.

Show admissions in 2013 reflect a revised talent buying strategy to adjust to current trends and competition in our market, with a 25% reduction in Vera's takeaway from door sales to increase payout to artists.

This projection assumes a spike in concessions and merchandise revenue beginning in 2013. Assessment of our practices in this category revealed that this category was underperforming and being subsidized by other efforts. It was determined that products were consistently underpriced, and that overall sales are low, largely due to insufficient marketing and channels for selling of goods, and that products offered do not match our market. It is assumed that a steep increase in price will not adversely affect current sales; a minor investment in marketing along with a switch in suppliers will show significant returns. The numbers presented for 2013 represent the point at which this category reflects neither profit nor loss, with a profit emerging as the years progress.

Studio usage reflects a major decrease in revenue in year 2013, with the cancellation of our short run program. This program was found to be too heavily subsidized to warrant its continuation and was therefore discontinued.

In all other cases, the assumption presents growth continuing at a steady rate reflective of trends.

Assumed Level of Earned Income

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Show admissions	\$74,196	\$144,025	\$97,598	\$131,726	\$145,190	\$140,395	\$147,415	\$154,785	\$162,525	\$170,651
Rentals	\$11,535	\$23,587	\$23,869	\$27,979	\$27,730	\$27,400	\$28,770	\$30,209	\$31,719	\$33,305
Studio usage	\$4,107	\$2,709	\$11,042	\$19,199	\$15,400	\$7,960	\$8,358	\$8,776	\$9,215	\$9,675
Class Fees	\$11,715	\$13,770	\$16,743	\$22,420	\$22,300	\$19,200	\$20,175	\$21,199	\$22,274	\$23,402
Concessions/ Merchandise	\$706	\$1,715	\$1,354	\$2,089	\$1,260	\$4,660	\$4,893	\$5,138	\$5,395	\$5,664

Total ⁷	\$106,882	\$195,893	\$156,839	\$211,612	\$215,590	\$205,405	\$215,690	\$226,490	\$237,829	\$249,736
% of total revenue	38%	38%	28%	35%	37%	35%	36%	36%	36%	36%

Revenue Summary

Total revenues from:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Funds	\$9	\$95	\$90	\$61	\$68	\$66	\$68	\$72	\$72	\$72
Contributed Income	\$172	\$231	\$285	\$366	\$311	\$316	\$321	\$337	\$354	\$371
Earned Income	\$103	\$188	\$177	\$182	\$207	\$199	\$209	\$220	\$231	\$243
Total	\$284	\$513	\$552	\$609	\$586	\$581	\$598	\$629	\$657	\$686

The total and percentage breakdown of revenue from each of the three sources is as follows:

* For ease of reading, figures are rounded to the nearest thousand.

Percentage of total revenues from:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Funds	3%	18%	16%	10%	12%	11%	11%	11%	11%	11%
Contributed Income	61%	45%	56%	56%	53%	54%	54%	54%	54%	54%
Earned Income	38%	38%	28%	35%	37%	35%	36%	36%	36%	36%

Expenses

Staffing & Benefits

The assumptions for staffing and benefits are based on ten positions:

1. Managing Director
2. Programming Director
3. Development Director
4. Patron Services Coordinator
5. Grants Coordinator
6. Events and Sponsorship Coordinator

⁷ This total may include lines of revenue not included in this analysis. These lines were not subjected to any assumed growth rate, if they were assumed in the financial plan at all. In particular this includes silkscreen short runs, cancelled in 2013, and membership dues.

7. Communications Coordinator
8. Finance and Operations Manager
9. Talent Buyer
10. Participation Program Coordinator

In addition to these ten positions, we contract staff for events and instructors for classes on an as-needed basis, as well as janitorial and equipment maintenance service.

The overall staffing model, along with salary and benefits figures assumed for each position were established in an effort to keep staffing and benefits costs at approximately 50% of total operating expenses.

The Managing, Programming and Development Directors are full-time employees throughout the plan. The remaining positions are all part time support positions, .5-.75 FTE, with hourly wages between \$10-\$17 / hour. The financial projections here, however, assume a revised maximum pay rate of \$15 per hour.

If the organization generates more revenue than is projected in the financial plan, it is recommended that the Vera Project increase salary and benefits levels, in order to remain a competitive employer. Without financial support in addition to that described above, this financial plan does not recommend increasing staffing, salaries, or benefits beyond those in its current model and personnel manual.

See the Vera Project Staffing Model, Addendum B, for detailed information about salary and benefit figures.

General & Administrative; Programming; and Marketing & Fundraising

Since these four expenses categories were all treated the same, they are grouped together here for the purposes of explanation. For each category, the 2013 budget was used as a starting point. For 2014-2017, exact figures were used whenever possible, and an average 5% growth rate was applied when assumptions were required.

Facility

In 2007 Vera entered into a 10-year lease with the Seattle Center. This financial plan has been developed midway through year 6 of this lease, and assumes a continuation of the lease in 2017, the final year projected in this plan. All facility costs herein are taken directly from either the details of the lease, or from 6 years of trends.

Loans Payable

The Vera Project does not have any outstanding loans payable. A \$12,500 loan was repaid in full in 2004, as was a \$20,000 loan established in Oct 2011 paid down in full in Feb 2012.

Credit

The Vera Project has \$20,000 available in a line of credit with our primary bank. We are currently carrying a \$15,000 draw on a line of credit bearing a 6.5% interest rate.

The Vera Project has \$25,000 available in a business card with Bank of America, at an average interest rate of 5.5%. We currently have an average balance of \$20,000 on this business card.

The terms of the line of credit and business card are reflected in the financial plan, with interest applied and rounded for ease of reading.

Monthly Operating Costs and Operating Reserve

This financial plan reflects a goal of an annual profit in excess of one month's operating costs, and the development of an operating reserve of 25% of annual operating costs, following the recommendation of the Nonprofit Operating Reserves Initiative Workgroup, and the Nonprofit Assistance Fund. Following the same recommendation, the cost per month calculation, and therefore recommended operating reserves are calculated using the costs of all recurring, predictable expenses such as salaries and benefits, occupancy, travel, programming, and ongoing professional services. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The calculation of average monthly expenses excludes some expenses including pass-through programs, one-time or unusual, as well as capital expenses.

In this financial plan, the full operating reserves goal is met in 2016, while retaining one month's operating cash on hand, and allowing additional profits to be moved into investment reserves as yet to be defined. Addendum E explores and prioritizes options for future investments.

Expense Summary

The percentage breakdown of expenses for each category is as follows:

Percentage of total expenses from:	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Salaries & benefits ⁸	\$232	\$253	\$265	\$276	\$285	\$271	\$291	\$296	\$301	\$306
General & administrative	\$48	\$29	\$54	\$53	\$37	\$54	\$38	\$40	\$42	\$44
Programming	\$80	\$148	\$135	\$178	\$159	\$139	\$146	\$153	\$161	\$169
Marketing & fundraising	\$22	\$29	\$10	\$21	\$14	\$16	\$16	\$17	\$18	\$19
Facility	\$63	\$54	\$61	\$56	\$71	\$68	\$74	\$80	\$85	\$92
Loans payable	\$17	\$0	\$0	\$0	\$20	\$20	\$0	\$0	\$0	\$0
Credit	\$13	\$4	\$9	\$0	\$0	\$10	\$10	\$0	\$0	\$0
Total	\$474	\$517	\$533	\$588	\$583	\$578	\$575	\$586	\$607	\$629

* Figures are rounded to the nearest thousand.

Conclusion

When reviewing the financial plan, it is important to bear in mind that the information is based on the assumptions that have been outlined in this section. The financial plan provides a basis against which actual figures can be measured. It is assumed that the Vera Project staff and board will monitor fiscal status closely

⁸ While the 2013 budget serves as the foundation for 2014-2017 projections, it should be noted that the 2013 plan includes furloughs and delaying pay raises, bringing the budget line for payroll in 2013 down by \$17,000, but leaving the staffing model unaffected. It is assumed that this practice will not be repeated in 2014.

and modify the plan as appropriate. Any significant changes will require a reconsideration of the model itself. For the full financial model, see Addendum C.

Future Evaluations and Planning

Strategic Plan

The Vera Project is at the end of its current five-year strategic plan which restated Vera's mission, values and vision, and provided direction for the years 2008-2013 as we settled into our new Seattle Center home. This plan included seven objectives, and significant progress has been made towards most of these objectives, with the objective associated with financial sustainability presenting the greatest challenge.

A new Strategic Plan for the years 2014-2018 is being developed with AdvisArts consulting, to be completed by the end of 2013. This new Strategic Plan will provide us the opportunity to thoroughly and possibly radically reconsider the future of the organization. In particular, the strategic planning process will allow the organization to address issues of:

- Relevancy: Recognize the relevancy of existing programs, as well as needs in the community the organization could be well positioned to address.
- Sustainability: Address the core cause of stagnating revenues, and identify strategies to break this cycle. If it is determined that revenue capacity has truly been met, then the current model will need to be revised.
- Capacity: Determine whether we are getting the maximum benefit from the current venue, whether we have the capacity to remain in this space using our current model, and explore alternative options to ensure we can continue to achieve our mission.

Annual Planning

In cooperation with Board and Membership, Vera staff create annual work plans to achieve the strategic plan goals. Staff present quarterly reports to Board and Membership tracking progress toward these annual goals, and present a detailed annual evaluation describing progress toward the five year strategic goals. This detailed evaluation is distilled to a 2-sheet document which we share with funders and stakeholders.

Current tracking is extensive, and includes:

Number of live music shows/non show events	Class participation/cost Studio participation	Quarterly finance reports to Board
Number of bands/performers	Number of internships	Archiving of media coverage
Musical genres	Number of Members	Archiving of show posters/promotional collateral
Number of show volunteers	Total number of volunteers	Archiving of photos/video/
Ticket price	Number of volunteer orientations	Questionnaires about quality of classes
Number of festivals/off-site events	Meeting participation	Quotes from members/participants
Number art shows	Monthly fund raising reports to Fundraising Committee	
Number of gallery participants at openings	Monthly finance reports to finance committee	
Number of classes		

RECOMMENDATIONS:

While Vera planning and assessment methods are comprehensive, viewers can sometimes get lost in the volumes of information contained in reports. The following recommendations will help the Vera project to present assessments in a simpler, more direct and impactful way.

PLANNING:

Vera will continue to use the five year strategic goals and objectives as a compass for organizational direction. The Business plan will also help to guide business management and program delivery. On an annual basis staff will evaluate which goals should be addressed by Membership, Board, and staff. The governing bodies and the staff team will then create annual goals and work plans based on the strategic plan goals and business plan initiatives.

EVALUATION:

Detailed tracking: Vera staff will continue to gather detailed information and present reports to the experts who populate pertinent committees (ie: programming, steering, finance, fundraising, executive) to ensure the organization is mission-focused, solvent, legal and successful. In addition to numbers tracking, Vera will collect qualitative data including quotes and photographs from Members, artists, partners, donors, media and program participants.

Dashboard Reporting: In an effort to step away from the details and explore overarching trends and organizational health, Vera staff will work with Membership and the Board to create a dashboard report to present quarterly to the governing bodies. Using the strategic plan as a compass, Vera Board and Steering committees will work to determine dashboard content, including areas to be measured, and indicators of success, and methods of evaluation.

Annual Report: The Vera project will present an annual report to funders and stakeholders. This report will describe what Vera does, how well we do it, and the impact of our work, triangulating qualitative data (photos and quotes, a personal letter from staff, Board and/or Membership) with quantitative data (financial reports, donor list, and some of the metrics determined in dashboard reporting). The same template will be used until the organization creates a new strategic plan in 2013.

Addenda

Addendum A: Earned Income Models

Show Admissions, and related revenue

Ticket Sales

Average ticket price	= \$11
Average show attendance	= 140 paid
<i>Advance sales</i>	= 50%
<i>Door sales</i>	= 50%
Total Ticket Sales	= \$1,540

Direct Costs

Show Manager	= \$100
Sound Engineer	= \$100
Hospitality	= \$50
Marketing	= <i>not billed</i>
Total Direct Costs	= \$250

Vera and Artist Payout

Available for payout	= \$1,290
<i>Headliner</i>	= 40 - 50% / \$516-\$645
<i>Main Support</i>	= 25% / \$258
<i>Support</i>	= 10% / \$129
<i>Opener</i>	= 5% / \$64.5
<i>Vera</i>	= 10 - 20% (to average at 15%)
Vera payout	= \$129 - \$258

Add'l Revenue and Fees

Club Cards	= \$112
<i>\$1 apiece, 80% of show goes purchase</i>	
Advance ticket surcharge	= \$112
<i>\$2 apiece, 50% of show goes purchase</i>	
Credit card processing fees	= (\$25)
<i>3.2% of advance sales, charged to Vera</i>	

Show net revenue

Vera net	= \$328 -
\$457	

With 80 shows planned per year, Vera budgets to net approximately \$31,400 on mainstage shows.

Theater and Equipment Rentals

Rental Revenue

Average hourly rental rate	= \$110
Average hours per rental	= 5
Staffing	= \$250
Audio / Video	= \$100
Total Average Rental Revenue	= \$900

Direct Costs

Staffing	= \$250
Total Direct Costs	= \$250

Theater Rental net revenue

Net	= \$650
-----	---------

Vera plans to average 2 theater rentals per month. Vera has rental partnerships outside of this rental model with a few key partners. A portion of the revenue from these partnerships is added to the financial plan in addition to what is calculated here. With a total of two rentals per month, rental revenue is assumed at \$25,000.

Equipment rentals averaged around \$2,000 annually across each year analyzed.

Recording Studio Usage

Recording Sessions

Studio session hourly rate	= \$35
Average session, hours	= 4
Recording session revenue	= \$140

Direct Costs

Recording Engineer	= \$70
Total direct costs	= \$70

FPO net revenue

Net	= \$70
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The earned income plan also assumes 3 hours of use by members of Vera's studio program for 3 hours each month, at a reduced rate of \$20/hour. All told, recording sessions generate \$2,400 in revenue.

Class Fees

Average Vera class fees

Class fee	= \$30
Average # Students	= 8
Total class fees	= \$240

Direct Costs

Instructor (33% of fees)	= \$80
Total Direct Costs	= \$80

Net revenue

Net	= \$160
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Vera offers more than 90 classes every year in screen printing, live audio design and studio production, with all classes following this model. Altogether these classes are assumed to generate \$19,500 in revenue.

Addendum B – Program Subsidization

The following unique presentation was developed to analyze the amount at which programming will be subsidized in year one of the financial model presented. The numbers here represent a budget developed primarily on trends, rather than aspirations, and reveal where there is work to be done.

In order to determine the amount of operating funds the organization has available to subsidize programming, we first calculate the net revenue provided by development. That is, all public and contributed revenue, less any direct fundraising costs and staffing in that department. Fundraising currently spends 23 cents for each dollar raised, to net \$292k.

Next, we determine our fixed costs: occupancy, g&a, management staffing and the cost of the managing and program directors. These expenses exist independent of any choice and relative success of programming.

The profitability of each program includes any revenues generated, less direct costs and staffing. Programs are presented in three categories:

- Core Programs - Potentially Profitable
- Core Programs - Loss Leaders
- Mission-Aligned revenue streams

Core Programs – Potentially Profitable

These programs are essential to Vera’s mission and have a revenue source primary to their model. The organization has not fully determined the degree to which each program ought to be profitable or ought to be subsidized.

Core Programs – Loss Leaders

These programs, while essential to Vera’s mission, have little or no revenue associated. While they are generally heavily subsidized, they generate a good deal of the organization’s ability to acquire contributed revenue.

Mission-Aligned Revenue Streams

These programs are where we expect some degree of profitability, based on their model and mission impact.

Recommendations

- Prioritize allocation of funds to eliminating debt reliance and development of operating reserve
- Determine threshold for overall program subsidization capacity
- Set goals for the profitability of each program, and define strategies to reach these goals

**PROGRAM SUBSIDIZATION IN 2013
BUDGET**

<u>DEVELOPMENT NET</u>	2013
<u>FIXED COSTS</u>	
	\$ 292
	\$ (233)

PROGRAMMING

	Profit / (Subsidization)
<u>Core Programs - Potentially profitable</u>	-
Shows	\$ (11.2)
Silkscreen 101	\$ 0.1
Advanced Silkscreen	\$ 0.1
Private Silkscreen	\$ 1.2
Open Studio	\$ (0.2)
Sound 101	\$ 0.5
Advanced Sound	\$ 0.1
Studio 101	\$ (0.1)
Advanced Studio	\$ 0.1
<u>Core Programs - Loss Leaders</u>	
Gallery	\$ (5.8)
Festivals / Offsite	\$ (3.1)
Veracity	\$ (2.8)
Participation Program	\$ (24.7)
<u>Mission-Aligned Revenue Streams</u>	
Theater Rental	\$ 16.3
Concessions	\$ 0.1
Merchandise	\$ 0.2
Short Runs	\$ -
Supply Sales	\$ 0.2
Recording Sessions	\$ 0.4
Portable PA Rental	\$ 1.9
Total Programming Subsidization	\$ (26.7)
Net Change in Operating Funds	\$ 33.1

The Vera Project
Addendum C - Staffing Model Detail

	2012		2013		2014		2015		2016		2017	
	FTE	Salaries & Benefits	FTE	Salaries & Benefits	FTE	Salaries & Benefits	FTE	Salaries & Benefits	FTE	Salaries & Benefits	FTE	Salaries & Benefits
<u>Programming Department</u>												
Programming Director	1.0	\$ 28,071	1.0	\$ 46,991	1.0	\$ 48,021	1.0	\$ 49,075	1.0	\$ 50,156	1.0	\$ 51,263
Presentation Program Coordinator / Talent Buyer	0.5	19,970	0.5	19,843	0.5	20,329	0.5	20,128	0.5	20,293	0.5	20,466
Education Program Coordinator	0.6	22,716	-									
Participation Program Coordinator	0.6	20,901	0.5	19,084	0.5	19,556	0.5	20,041	0.5	20,541	0.5	20,466
Total Programming Department	2.8	91,657	2.0	85,918	2.0	87,906	2.0	89,244	2.0	90,989	2.0	92,194
<u>Development Department</u>												
Development Director	1.0	57,894	1.0	57,991	1.0	59,241	1.0	60,520	1.0	61,829	1.0	63,170
Grants Coordinator	0.4	12,281	0.4	12,109	0.4	12,351	0.4	12,598	0.4	12,850	0.4	13,107
Events & Sponsorship Coordinator	0.5	17,076	0.5	16,836	0.5	16,830	0.5	16,830	0.5	16,830	0.5	16,830
Total Development Department	1.9	87,250	1.9	86,935	1.9	88,422	1.9	89,948	1.9	91,509	1.9	93,106
<u>Management Department</u>												
Managing Director	1.0	57,894	1.0	57,991	1.0	59,241	1.0	60,520	1.0	61,829	1.0	63,170
Finance and Operations Coordinator	0.9	34,854	0.7	28,830	0.7	28,980	0.7	29,137	0.7	29,302	0.7	29,475
Total Management Department	1.9	92,748	1.7	86,821	1.7	88,220	1.7	89,657	1.7	91,131	1.7	92,644
<u>Split Departments</u>												
Patron Services Coordinator*	0.6	14,241	0.6	14,355	0.6	14,642	0.6	14,935	0.6	15,234	0.6	15,538
Communications Coordinator*	0.5	7,535	0.5	11,484	0.5	11,714	0.5	11,948	0.5	12,187	0.5	12,431
Total Split Department	1.1	21,776	1.1	25,839	1.1	26,356	1.1	26,883	1.1	27,421	1.1	27,969
TOTAL**	7.7	293,431	6.7	285,514	6.7	290,904	6.7	295,731	6.7	301,050	6.7	305,914

*Note that although these positions report directly to the Managing Director, more than 80% of their time is spent directly supporting Programming and Development.

** 2013 Total Salaries and Benefits here does not reflect the small business tax credit or staff furloughs, which reduce the total to 269,550

Addendum D

The Vera Project - Financial Model Summary

	2008 Actuals	2009 Actuals	2010 Actuals	2011 Actuals	2012 Forecast	2013 Budget	2014 Proforma	2015 Proforma	2016 Proforma	2017 Proforma
<u>Revenue</u>										
Public Funds	\$ 9	\$ 95	\$ 90	\$ 61	\$ 68	\$ 66	\$ 68	\$ 72	\$ 72	\$ 72
Contributed Income										
Foundation Grants	56	55	148	93	66	80	73	77	81	85
Corporate Contributions	76	41	57	94	50	53	55	58	61	64
Individual Contributions	29	38	37	87	74	83	87	91	96	100
Special Events	12	97	43	92	120	101	106	111	116	122
Total Contributed Income	\$ 172	\$ 231	\$ 285	\$ 366	\$ 311	\$ 316	\$ 321	\$ 337	\$ 354	\$ 371
Earned Income										
Show Admissions	74	144	98	132	145	140	147	155	163	171
Rentals	10	22	18	23	22	27	28	30	31	33
Studio Usage	4	4	4	7	6	7	7	7	8	8
Class Fees	12	14	17	22	22	19	20	21	22	23
Concessions / Merchandise	1	2	1	2	1	5	5	5	5	6
Other	2	2	39	4	10	1	2	2	2	2
Total Earned Income	\$ 103	\$ 188	\$ 177	\$ 182	\$ 207	\$ 199	\$ 209	\$ 220	\$ 231	\$ 243
<u>Gross Profit</u>	\$ 284	\$ 513	\$ 552	\$ 609	\$ 586	\$ 581	\$ 598	\$ 629	\$ 657	\$ 686
<u>Expenses</u>										
Salaries & Benefits	232	253	265	276	285	271	291	296	301	306
General & Administrative	48	29	54	53	37	54	38	40	42	44
Programming	80	148	135	178	159	139	146	153	161	169
Marketing & Fundraising	22	29	10	21	14	16	16	17	18	19
Facility	63	54	61	59	68	68	74	80	85	92
Loans Payable	17	-	-	(20)	-	20	-	-	-	-
Credit	-	9	(5)	(9)	(5)	10	10	3	-	-
<u>Total Expenses</u>	\$ 461	\$ 522	\$ 519	\$ 559	\$ 558	\$ 578	\$ 575	\$ 589	\$ 607	\$ 629
<u>Net Change</u>	(177)	(9)	32	50	29	3	24	40	49	57
<u>Debt Instrument Balance</u>	13	4	9	38	43	13	3	0	0	0
<u>Operating Reserves</u>	0	0	0	0	0	5	10	46	95	152

Addendum E – Recommendations for future investments

While this Business Plan does not plan on the surplus, the following priorities were identified in case of additional surpluses.

1. More speedy reduction in debt reliance
2. More speedy development of three month operating reserves goal
3. Invest in current staffing
 - a. Ensure pay rates are competitive within our market
 - b. Ensure parity in pay rates
 - c. Provide competitive benefits
4. Invest in fund development capacity
 - a. Invest in annual fund/individual giving support
 - b. Expand communications support
5. Invest in program support