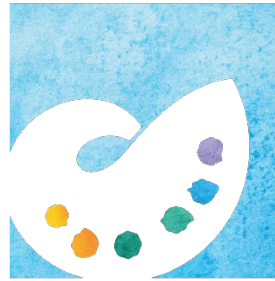




Annual General Membership Meeting

Tuesday, February 21, 2023



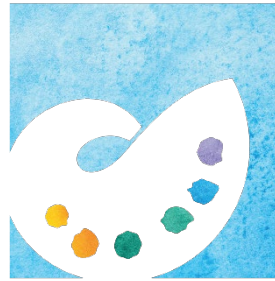


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Welcome Remarks & Introductions

Larry Beavers

President, 2023 Board of Directors



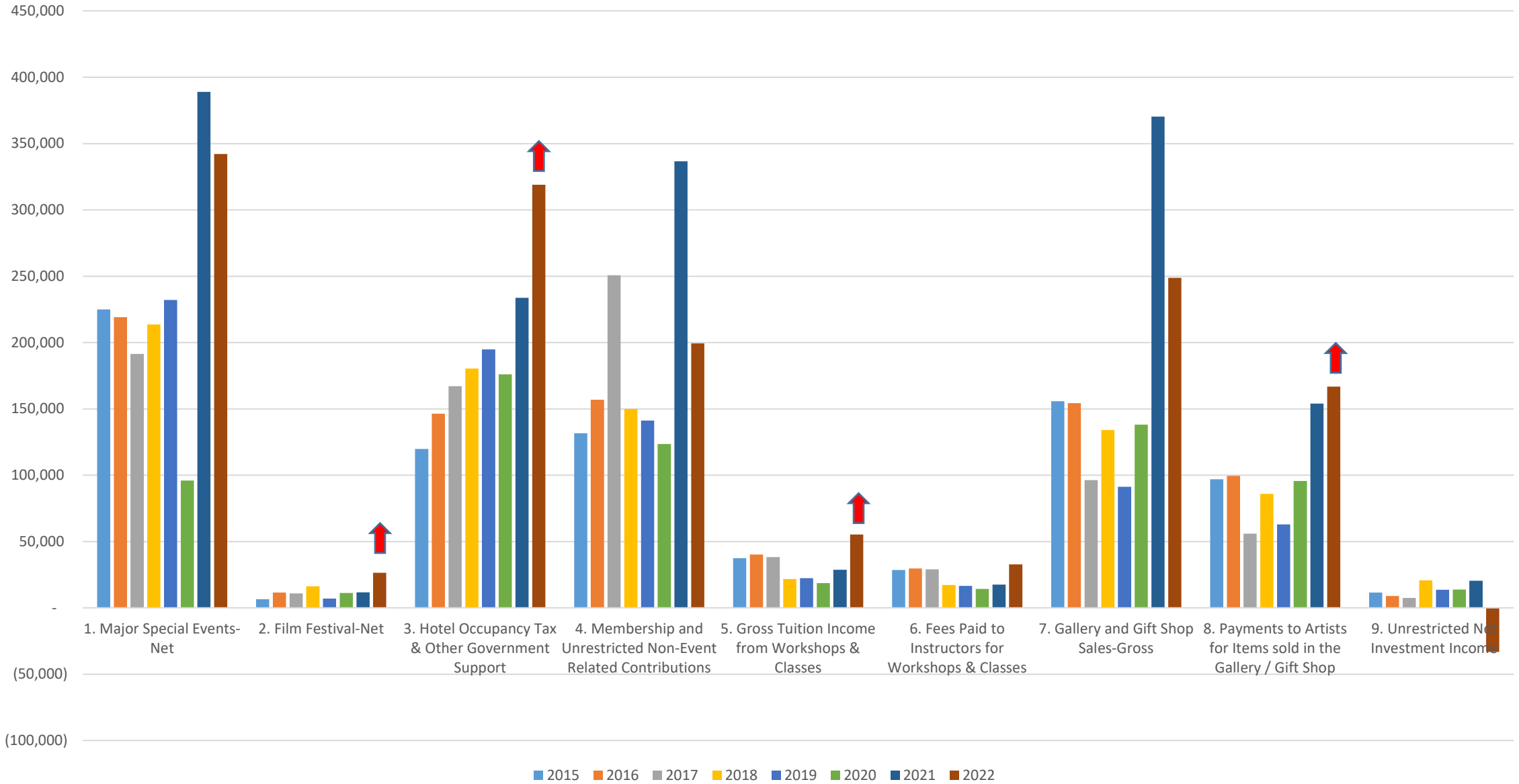
ROCKPORT
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FOR THE ARTS

The Financial State of the Art Center

Luis Purón

Executive Director

Major Sources of Support, 2015-2022

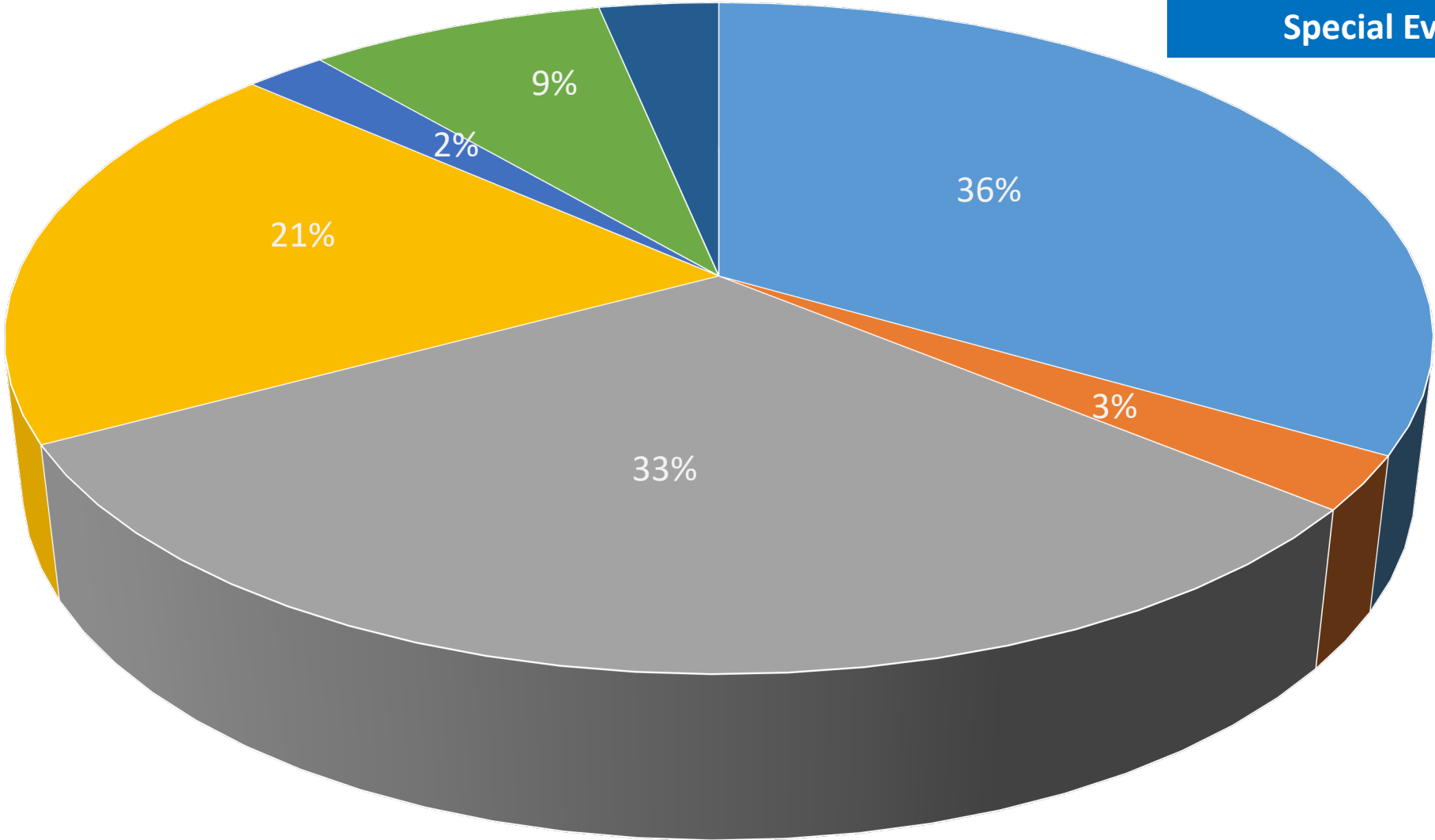


Major Sources of Support 2015-2022	2015	2016	2017	2018	2019	2020	2021	2022
1. Major Special Events-Net	224,907	219,086	191,368	213,605	232,173	95,997	388,980	342,143
2. Film Festival-Net	6,531	11,532	10,905	16,236	7,000	11,287	11,710	26,530
3. Hotel Occupancy Tax & Other Government Support	119,795	146,431	167,058	180,427	194,881	176,041	233,777	318,957
4. Membership and Unrestricted Non-Event Related Contributions	131,579	156,960	250,779	149,915	141,274	123,478	336,580	199,355
5. Gross Tuition Income from Workshops & Classes	37,558	40,237	38,269	21,766	22,449	18,608	28,769	55,334
6. Fees Paid to Instructors for Workshops & Classes	28,623	29,669	29,114	17,244	16,603	14,346	17,468	32,860
7. Gallery and Gift Shop Sales-Gross	155,747	154,390	96,267	134,016	91,317	138,171	370,281	248,759
8. Payments to Artists for Items sold in the Gallery / Gift Shop	96,983	99,473	55,929	85,864	62,907	95,676	154,017	166,850
9. Unrestricted Net Investment Income	11,486	8,961	7,564	20,843	13,666	13,895	20,442	(33,170)

Major Sources of Support, 2022

% of Total

Goal: Lessen Dependency on Special Event Income



1. Major Special Events-Net

2. Film Festival-Net

3. Hotel Occupancy Tax & Other Government Support

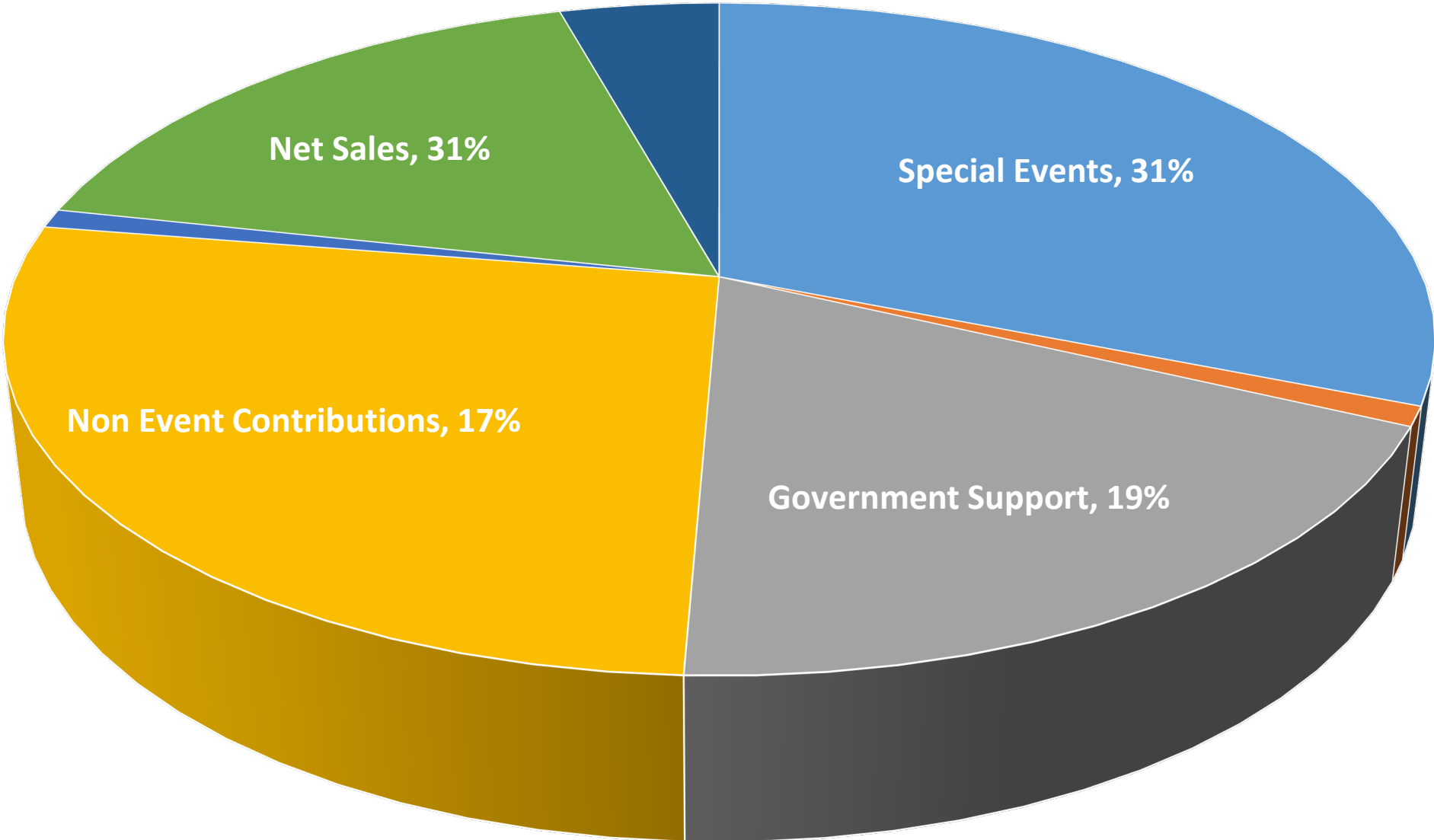
4. Membership and Unrestricted Non-Event Related Contributions

5. Net Tuition Income from Workshops & Classes

7. Net Gallery and Gift Shop Sales

9. Unrestricted Net Investment Income

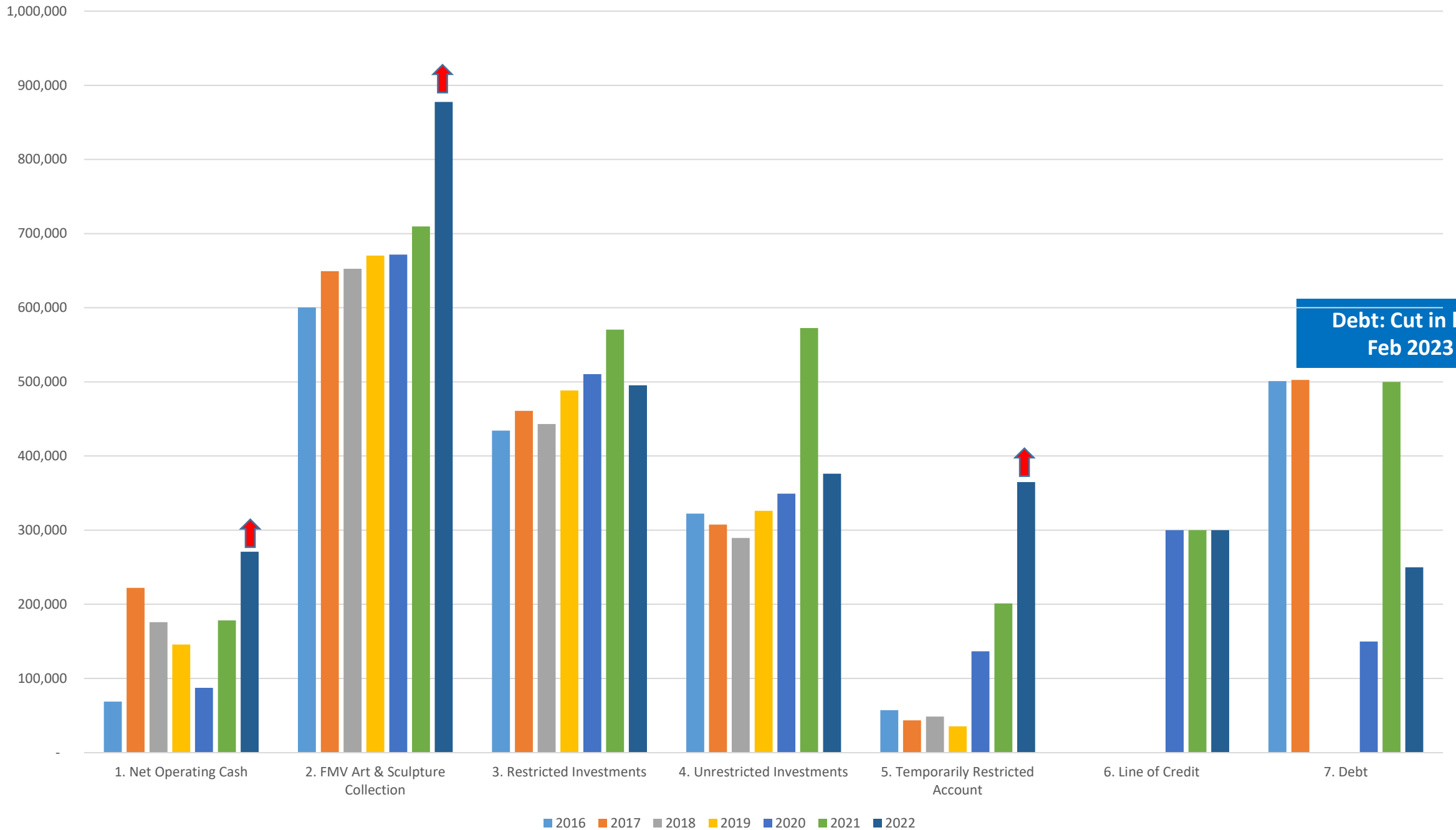
Major Sources of Support, 2021
% of Total



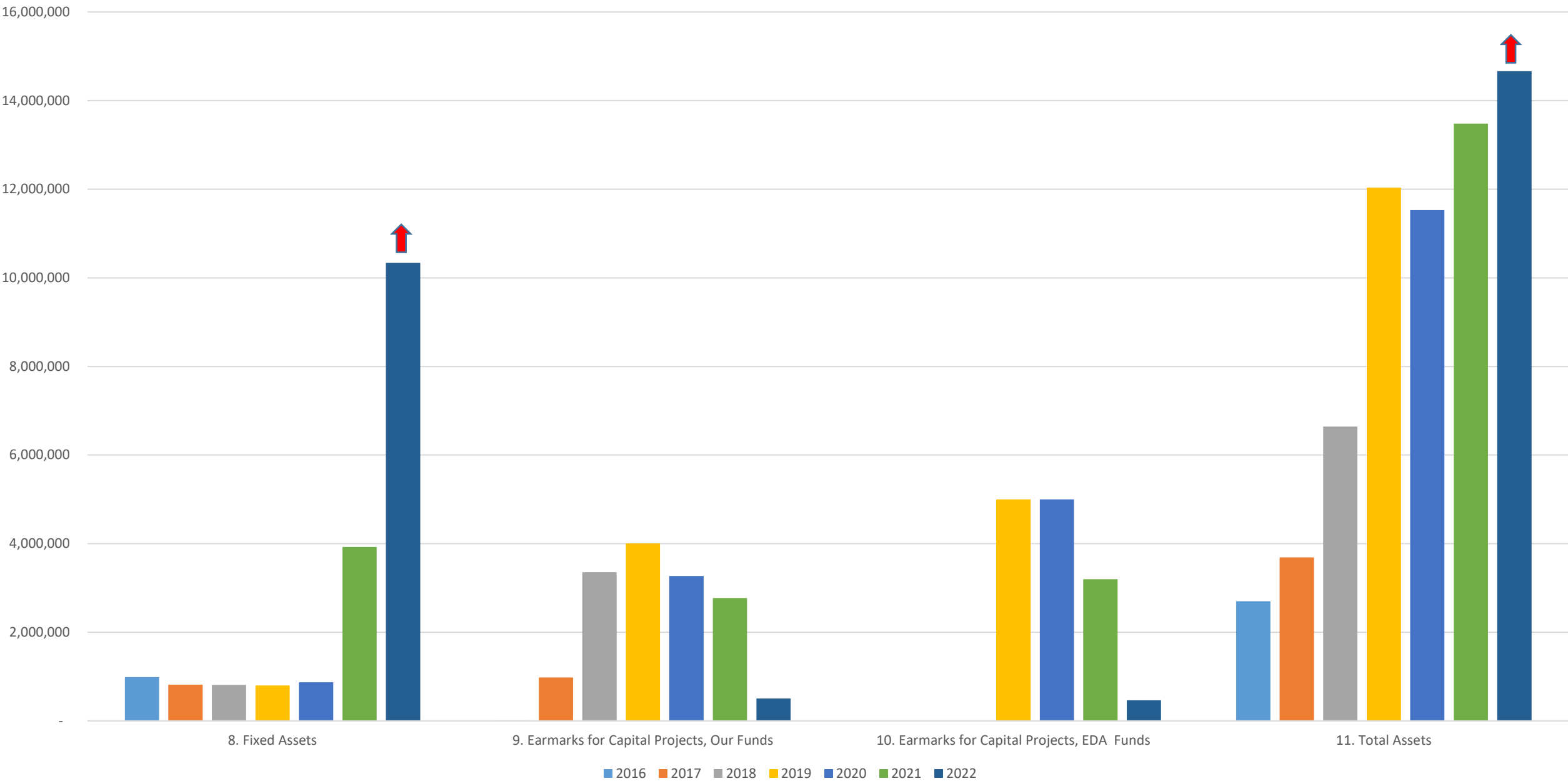
- 1. Major Special Events-Net
- 2. Film Festival-Net
- 3. Hotel Occupancy Tax & Other Government Support
- 4. Membership and Unrestricted Non-Event Related Contributions
- 5. Net Tuition Income from Workshops & Classes
- 7. Net Gallery and Gift Shop Sales
- 9. Unrestricted Net Investment Income

Major Sources of Support, 2015-2022	2022	%
1. Major Special Events-Net	342,143	36%
2. Film Festival-Net	26,530	3%
3. Hotel Occupancy Tax & Other Government Support	318,957	33%
4. Membership and Unrestricted Non-Event Related Contributions	199,355	21%
5. Net Tuition Income from Workshops & Classes	22,474	2%
7. Net Gallery and Gift Shop Sales	81,909	9%
9. Unrestricted Net Investment Income	(33,170)	-3%
Total	958,198	100%

Financial Position, 2015-2022, Chart 1



Financial Position 2015-2021, Chart 2



Statement of Financial Position, 2015-2022	2015	2016	2017	2018	2019	2020	2021	2022
1. Net Operating Cash	98,127	68,888	222,231	175,905	145,643	87,350	178,447	270,815
2. FMV Art & Sculpture Collection	562,640	600,320	649,423	652,443	670,413	671,775	709,525	877,599
3. Restricted Investments	409,367	434,167	460,940	443,131	488,450	510,553	570,353	495,243
4. Unrestricted Investments	562,865	322,208	307,566	289,547	325,973	349,148	572,641	376,057
5. Temporarily Restricted Account	50,839	57,225	43,392	48,507	35,475	136,724	201,124	364,713
6. Line of Credit	-	-	-	-	-	300,000	300,000	300,000
7. Debt	-	501,000	502,509	-	-	149,900	500,000	500,000
8. Fixed Assets	230,454	988,087	816,864	811,992	800,426	872,697	3,924,911	10,335,945
9. Earmarks for Capital Projects, Our Funds	73,135	14,099	981,403	3,356,522	4,005,114	3,267,274	2,773,277	506,639
10. Earmarks for Capital Projects, EDA Funds	-	-	-	-	5,000,000	5,000,000	3,197,061	466,289
11. Total Assets	2,145,631	2,699,856	3,690,953	6,641,909	12,035,256	11,530,869	13,479,104	14,664,557



We built our dream project. What's next?

We survived a hurricane, a pandemic, weather challenges and internal turmoil related to the capital project.

Now that we have accomplished the largest endeavor in our 54-year history and proven for two consecutive years (2021-2022) that we can raise the \$1.6M required to sustain the operation; worldwide economic perils that will affect every business sector lie ahead.

Data Source: American Growth Project, Gerald Cohen, Keenan Institute of Private Enterprise





1. Is the Fed Likely to Cause a Recession?

Yes, but we are not there yet. The latest employment data – with job creation of 263,000 in November and an unemployment rate of 3.7%, hovering near 50-year lows – indicate that the economy is not in recession and is showing few signs of a meaningful slowdown.

Inflation remains well above the Federal Reserve's 2% target. The Fed's preferred measure of prices was up 5.5% in the year ending November 2022, while measures that strip out the volatile food and energy sectors gained 4.7%.

Many economists, are expecting a recession during the next year. But to maintain its inflation-fighting credibility and make up for past mistakes (the Fed should've raised rates earlier and more aggressively), it now has to show its mettle and is very likely to push us into a recession. The only way of achieving a soft landing will be a substantial slowdown in inflation during the next several months, and it might already be too late for that.



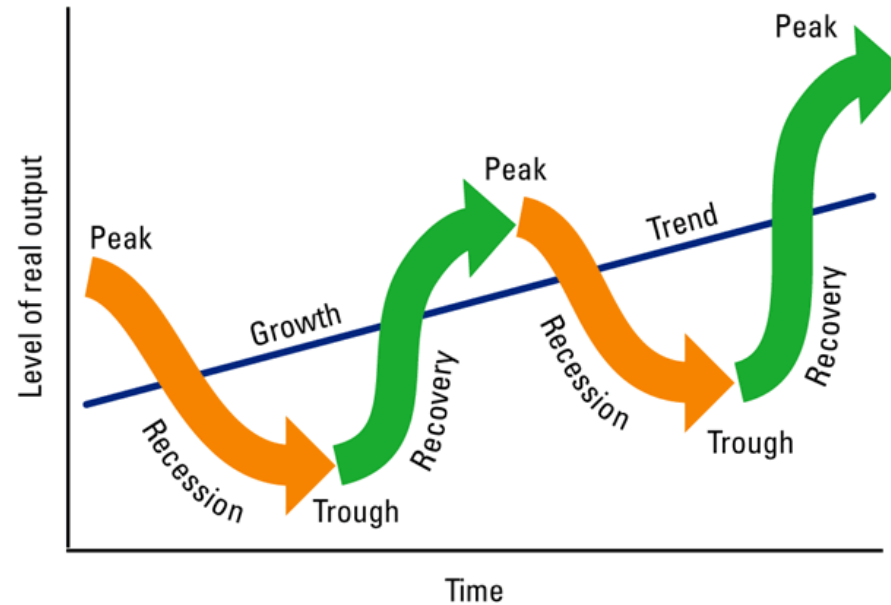
2. Will the Recession Be Shallow or Deep?

The spread between 10-year and 3-month Treasuries report recently turned negative. This measure has accurately predicted every recession since the early 1970s, with a lead time of roughly one year. **Fed actions are likely to push us into a mild recession, possibly starting the second half of 2023 or early 2024.**

Why mild? because households have more than \$2 trillion of excess savings accumulated during the last few years, which should cushion the downturn. The amount of household and business borrowing is relatively low.

Job losses stemming from the looming recession will slow or contract consumer spending, causing further pain, but the lack of leverage means the pain will likely be limited. **Watch lending and bankruptcy data as the year unfolds.**

The Economic Cycle



3. How Will Local Economies Fare?

While national statistics tell a story of averages, they fail to account for the true drivers of economic expansion and contraction. It is only upon examining America's microeconomies – our cities, towns, suburbs and rural communities – that we can begin to appreciate the myriad and complex determinants of broader U.S..

Tourism- focused cities will also take it on the chin, with Orlando, Las Vegas and Miami expected to be hit hardest.



4. How Will Markets Handle More Uncertainty?

It's possible that forward-looking markets have correctly anticipated the paths of the economy, as well as fiscal and monetary policy. The Fed is data dependent – particularly regarding inflation readings – and as illustrated by its bungled inflation forecast last year, economic data can be difficult to predict. Moreover, because of the Fed's impact on the cost of capital, the flow of data holds significant consequences for economic outcomes such as corporate earnings in 2023 and 2024.

At the same time, a divided Congress with razor-thin majorities and leadership challenges in the House could hamper passage of needed policies such as raising the debt ceiling. All of this means we expect measures of uncertainty to remain elevated.



5. How to Engage a Skilled and Diverse Labor Force?

The onset of COVID-19 highlighted shifting trends in employment dynamics – workers are looking for more out of their jobs and employers. At the same time, employers are finding it harder to hire workers with the right set of skills – and those skills are changing rapidly.



What does this economic data mean to the [Art Association](#) and how have we prepared to address future economic challenges after a decade of sustained growth?



Executive Director Top Goals, FY2023

1. **EDA Grant and the Capital Project.** Close out the EDA grant and meet all financial obligations related to the capital project.
2. **Site improvements.** Work with Larry Beavers to perform safety and site improvements for building functionality.
3. **The organization is a stealth business.** Perform regular analysis of the budget classes to make sure each class stands alone without taxing the operating budget.
4. **Promotion of the new facilities.** Leverage the new facilities for continued recognition of Rockport as the top art and venue rental destination on the Coastal Bend.
5. **New endowment.** Use the residuals of the capital campaign towards the building of a new maintenance and operations endowment and attain new gifts to fund it.
6. **Increase government support.** Build upon the relationships with the City and the County to increase financial support for the promotion of the arts and the administration of the ROCC.
7. **Personalize donor experiences.** As the top nonprofit trend in 2023, personalization builds on the cultivation of donors that can result in larger and/or repeated gifts.

1. Revenue: Events and Contributions

As shown in an earlier graph, we remain extremely dependent on revenue obtained from events, in particular a reliance on operational support from July 4th weekend. However, the Imagine Capital Campaign opened the door to a new type of donor that has allowed us to obtain contributions that are unrestricted and can be used in the general operating budget.

The 1st and 4th quarter have traditionally been our slowest. This timeline depicts the growth in contributions by doing a by quarter comparison to prior year:



Contributions	\$	Difference	% Growth
4th Quarter 2021	126,000	40,000	32%
4th Quarter 2022	166,000		
1st Quarter 2022	113,000	83,000	73%
1st Quarter 2023	196,000		

In 2021 we started adjusting price points for all our major event activities. Because of the potential recession, we are forecasting that we will not be making additional adjustments in fiscal year 2023.

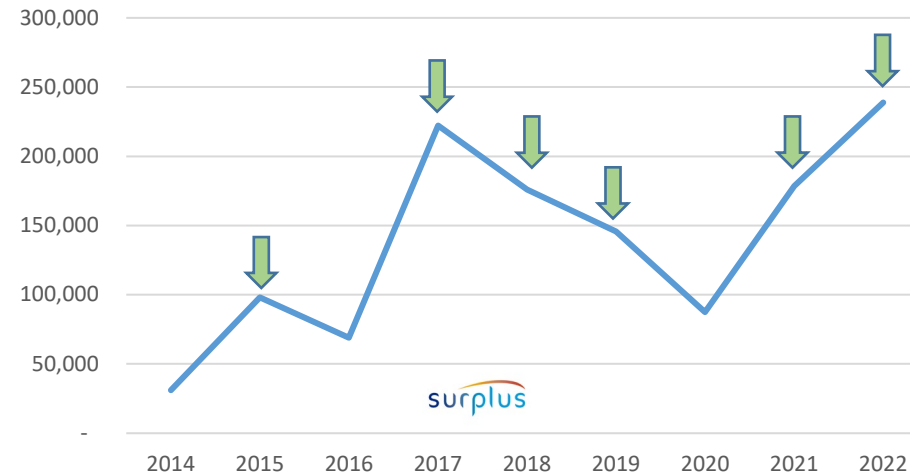


2. A New Revenue Line Item in the Budget

With the formation of The ROCC, rental income will generate a new source of revenue for the Art Association.

Although we project The ROCC class to break even in 2023, it is an area of opportunity that I forecast will help improve programs, provide funds for the endowment, and obtain additional government support as we **prove its tourism and economic development from potential to actual impact.**

End-of-Year Surplus, 2014-2022



3. Sustained End of Year Surpluses

Prior to 2015 the Art Association ended the year with very little capital to operate in the 1st quarter. With more staff and support personnel than ever before (2014-5, Today-12) that is an un-sustainable way to operate.

Payroll expenses and contract labor are our largest expense category in the operating budget. One of my top goals for 2023, is to make certain that existing programs and the new programs we started pay for themselves without taxing the General Class in the budget. That Class pays the rest of the bills such as utilities, another large expense category.

The goal is to have end-of-year surpluses like those of **2015, 2017, 2018, 2019, 2021, 2022.**



4. A New Endowment

Between 2018 and last year, I spent most of my time raising funds for the-capital project across the State of Texas. What do I talk about when I'm with the public today ? Three things:

- 1. Funding for programs, especially free youth education.**
- 2. The ROCC.**
- 3. Building a new endowment (Current endowment valued at \$520,000).**

Building a substantial endowment is an important priority that you'll hear me talk about throughout the year. I plan to put an emphasis to build a new endowment that will help sustain the new facilities for years to come.

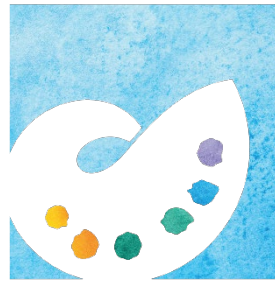


5. Grow the Base: Membership

At the end of 2021 we had 450 members. Today our membership has grown to over 850 (**89% growth**). The energy created by the new facilities, new programs, and exhibits is our biggest opportunity for continued growth.

Now that we are truly a multi-disciplinary arts organization, we are touching more lives and people with diverse interests and needs.

On December 10 of last year, we opened our doors to the public. Three thousand people visited us that month and 1,500 visited The ROCC for events. Last month, 3,000 people visited the Art Center. If this trends continues, we will be doubling attendance to the art center alone from 24,000 per annum to 50,000. This will create opportunities for fundraising, engaging new donors and sponsors and increasing government support requests.

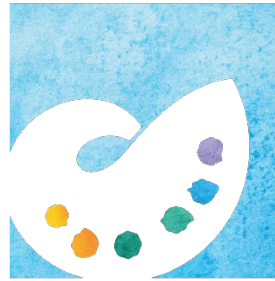


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Summary:

FY2022 Has Been the Most Successful Financial Year in our 54-year History

Total Revenue including Imagine Capital Campaign: \$3.1M



ROCKPORT
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FOR THE ARTS

**The New Rockport Center for the Arts:
New Facilities / Existing and New Programs / Human Resource Update**

Karen Ernst
Deputy Director



Meet Our Team

Working **Full Time**
behind the scenes...



Elena Rodriguez
Curator of Exhibitions



Kathleen Clark
Education Coordinator



Kim Ivey
Gallery & Gift Shop Manager

Working **Part Time** behind the scenes...



Paulette Kluge
The ROCC Venue Manager

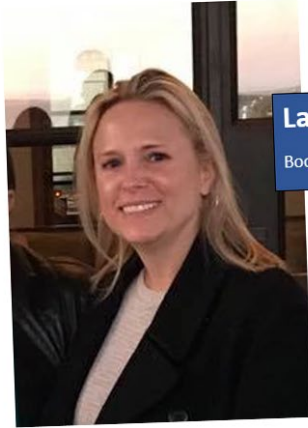


Brooke Bruni
Administrative Assistant



Debbie Luce Minns
Visual Arts Education Facilitator

Working **Part Time** behind the scenes...



Laura Adams
Bookkeeper



Carrie Salemme
Gallery Attendant



Kate Young
Gallery Attendant



Mario Perez
Exhibit Preparator



Welcome **Vanessa Ormsby**

Our new Communications Manager

A futuristic tunnel with glowing blue and white lines curving into the distance. The lines are arranged in a way that creates a strong sense of depth and perspective, drawing the viewer's eye towards the center of the frame. The overall color palette is cool, dominated by blues and greys, with a soft white glow emanating from the lines.

Explore, Discover, Express!

In the Gallery...



Lynne Ruf
Apr 14-Jun 4
McKelvey Charitable Fund Gallery



Brian Wedgworth
Apr 28 - Jul 16 | Jeanie & Bill Wyatt Gallery



Kent Ullberg (Poster Artist)
Jun 16 - Aug 6 | H-E-B Gallery



Quinn Antonio Briceno (Artist-in-Residence)
Aug 11 - Oct 1 | H-E-B Gallery

In the classroom...



Pure Plein Air
Workshop by Nancy Tankersley
March 20-23, 2023



Capturing the Light
Workshop by Lynn Ferris
in collaboration with Watercolor Society of South Texas
May 12-14, 2023



Faceted and Altered Forms
Workshop by Shikha Joshi
September 26-28, 2023



Creative Photography Retreat
Workshop by Kathy Adams Clark
December 7-9, 2023

The background features a series of curved, overlapping lines in shades of blue, teal, and white, creating a sense of depth and movement, similar to a tunnel or a futuristic architectural structure. The lines converge towards a central vanishing point, giving the impression of a perspective view.

New Engaging Programs!

On the stage...



Monthly Performing Arts Series



Upcoming Performances:

April 14, 2023 | Adagio String Quartet

May 12, 2023 | Billy Ray Sheppard Jazz Quartet

In the kitchen...

Upcoming:

March 7, 2023 | 3 Mother Sauces with Tony Legner



Culinary Arts

Monthly Culinary Arts Education in the American Electric Power Foundation Culinary Kitchen



and more fun in the kitchen...



Where Food Science Meets the
Culinary Arts

FREE Culinary Arts Instruction for
at-risk youth



Signature Events



Signature Events



55th Annual
July 1 - 2, 2023



17th Annual
November 9 - 12, 2023

Rent The ROCC



THE
ROCC
ROCKPORT
CONFERENCE
CENTER

ROCC
YOUR EVENT

THE
ROCC
ROCKPORT
CONFERENCE
CENTER

Conferences & Meetings | Weddings & Events
Hotels | Explore Rockport | Center for the Arts

A blurred photograph of an art gallery. The background features a white wall with several framed sketches of human figures in various poses. In the foreground, several people are walking or standing, their figures blurred to suggest movement. On the right side, a wooden sculpture made of stacked blocks sits on a white pedestal. The overall atmosphere is bright and clean.

An Arts Campus For All

Your membership & supports makes possible



FREE Field Trips

FREE Year-Long Initiative for our Local Schools



FREE Family Saturday



FREE Family Art Activities every Saturday during the school year



Community Engagement

FREE Year-Long Initiatives in our community and schools

valuable hands-on art programing for kids and so much more...



ArtSpace:
Summer Art Explorations for Kids and Teens



FREE Art Instruction during
Summer Holiday



Spring Break Camp

FREE Art Instruction during
Spring Break Holiday



JumpStart for TEENS

FREE Art Instruction During the Fall
Semester for Teens



Invite your friends to join us!



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