

## Durango Discovery Museum Operating Budget

Projections for an annual Operating Budget of the Durango Discovery Museum are based on income and expense categories at similar institutions and on current operations at the Children's Museum of Durango, taking into consideration improved visibility, access, space, and physical resources of the Durango Power House and riverfront setting.

### INCOME CATEGORIES

Youth museums and science centers commonly rely on three nearly evenly divided sources of income: earned income, private grants and gifts, and governmental allocation. Museums of this configuration are typically public institutions, owned and operated by governmental bodies, such as cities, counties, or states. Private museums, on the other hand, rely on earned income, private grants and gifts, and endowments for annual operations. Private museums also compete for and receive governmental grants but this kind of support is not guaranteed on an annual basis.

The Discovery Museum more closely fits the profile of a private museum, however free use of this City-owned property should not be minimized. The property has a rental market value of at least \$20/sf or \$360,000 a year. This level of governmental support reflects the City's interest in creating a civic purpose for the site as well as the intense efforts of the museum's organizers to make the property habitable.

Special planning and attention is recommended for three income lines representing more than half of all revenue. These are 1) general admission; 2) carousel operations; and 3) grants.

#### **Admission**

**\$108,000**

This category represents admission fees charged to visitors who seek an indoor hands-on science exhibit gallery experience. Museum galleries create free choice learning environments characterized by children dashing excitedly from one exhibit to another. The casual observer wonders how any learning can take place. However, Museum research shows the excitement of a science museum visit fosters heightened interest in and attentiveness to science topics for months and years beyond. An important exhibit goal is to foster social learning, that is, to provoke meaningful conversations between visitors who are actively interpreting the material or experience in a way that makes shared sense.

Admission fees are calculated at \$4 for children and \$5 for adults 18 and over.

General admission is made up of out-of-area tourists and regional residents who choose not to purchase a museum membership. The projection is 24,000 persons per year. Of these, 60% or 14,400 are one-time tourist visitors, less than 2% of the region's 800,000 annual tourists. Residents may elect to purchase memberships and enjoy free-year round admission. However, data from the Children's Museum show nearly half of

our locals elect to pay-as-they-go. We project 9,600 non-member residents to visit the museum, drawn from a population of 200,000 living within a 120-mile radius of Durango. This number suggests a 5% annual visitation rate from the regional audience. The same earnings may be achieved at a lower rate if local residents repeat their visit.

Group admissions are typically made up of school children on a spring or fall classroom field trip, but also include scout, home school adult seniors, and other groups. We anticipate 120 group visits a year with 25 visitors per group, for a total of 3,000 persons. These are primarily drawn from 28,168 K-12 students enrolled in 11 districts within an hour's drive of the museum. This calls for a 10% visitation rate from this group, a lofty projection. However, youth of this age are the museum's natural and target audience. They and their adult providers will be predisposed to visit the museum with little marketing. The same earnings can be achieved at a lower rate if some school groups within 30 miles visit twice in a year's time.

Admission income is distributed as follows.

General Gallery Admission	9,600 residents + 14,400 tourists x \$4.50	\$ 108,000
Group Admission	120 groups x 25 persons x \$4	\$ 12,000
<b>Total</b>		<b>\$120,000</b>

### Youth Educational Programs

Education programs are a core museum function. They extend learning stimulated in the museum's galleries with the aim to foster additional learning in the home and at school. Income is distributed as follows.

School group programs	40 groups x 25 students x \$1.50	\$ 1,500
Preschool programs	50 groups x 10 preschoolers x \$4	\$ 2,000
Summer programs	24 workshops x 11 participants x \$40	\$ 10,000

*School Groups – 40 programs* *\$1,500*

Schools visit museums to see the exhibits, yet between 1/3 to 1/2 of visiting teachers augment their students' gallery experience with a focused lesson in the museum's classroom. Their reasons include a desire to recompose an excited group, observe another teacher in action, learn new teaching techniques, and address a particular learning objective that motivated their visit in the first place. Because museum educators teach the same lesson again and again, they have the luxury of finely honing a lesson for the greatest impact. Home schools also purchase school group programs to introduce their children to a group learning environments and augment lessons at home.

School group fees vary widely in science centers, from free to \$12 per student. We chose to add a nominal fee of \$1.50 to the price of admission.

*Preschool Programs – 50 programs* \$ 2,000

Preschoolers and their parents often use the museum setting as weekly or monthly social gathering place. One half of the Children’s Museum’s current members visit the gallery once a month with social goals in mind. We will offer a weekly “Mess Around” program tailored for preschoolers accompanied by their parents. It will feature experiments and crafts that may or may not be welcome in the home, as well as opportunities to exercise kindergarten readiness skills such as rhyming, cutting, drawing, sharing, taking turns, and buttoning up paint shirts. Our goal is 10 participants each week for 50 weeks at \$4 per workshop. This audience is drawn from a community population of 2,500 preschoolers. We expect families attracted to this program to participate 4 times a year, representing a total of 125 children. This is a participation rate of 5% of the local preschool population. Preschool programs will occupy a toddler’s cove inside the galleries.

*Summer Workshops – 24 programs* \$10,000

Summer workshops – often called “science camp” by the participants – are a mainstay for museums. We will offer 4 1/2-day workshops per week (Monday through Thursday) for 6 weeks for a total of 24 workshops serving grades K to 8. The workshop fee is \$40. We will enroll up to 18 students depending on the age level of participants, with 2 instructors per class. The budget goal is met with an average of 10.5 enrollees per class. The workshops will occupy two museum classrooms, mornings and afternoons, and feature science explorations. Older students will enjoy field excursions to natural areas, a program element that requires professional bus transportation. Transportation will be added to registration fees but are not represented in this budget. Children commonly enroll in one or two workshops each summer. Some parents seeking alternatives to summer childcare will enroll their children for the entire 6-week series. The local audience for this program is 4,604 students, representing a participation rate of 6.25%. Similar programs in other settings see a summer influx to their target population as grandparents take in grandchildren for a one or two week vacation. Durango’s growth sector is high for early retirees ages 45-55, so we anticipate strong participation from out-of-area youth.

*Winter Weekends – 30 programs* \$3,000

On pleasant weekends, museums compete with youth soccer, baseball, and other outdoor leisure activities. We will avoid the warm weather season and offer 30 workshops, 2 per weekend, during the winter months of November through March, omitting winter recess. The budget is based on 10 enrollments per class at \$10 each, although up to 18 children may enroll. Weather permitting, outdoor excursions may be arranged to snowshoe, test sleds designed in the classroom, or visit dry-area archeological sites. Bus transportation costs will be added to the registration fees. The audience for this program is the same as summer workshops, 4,604 students. Young people are likely to enroll in at least 2 programs, for a projected participation rate of 3.25%.

*After School – 40 programs* \$ 2,000

After School is an outreach program to be delivered one day per week on elementary school grounds, partnering with the local school district's existing childcare services. Children enrolled in the program will explore science concepts through hands-on experiments, some of which will span weeks. A museum educator (paid or volunteer) will deliver the program. We will begin with service to 2 elementary schools a week for 20 weeks with a goal of 10 participants charged \$5 per class.

*School's Out – 6 programs* \$5,760

Six days a year area schools close for reporting, teacher professional development, and parent conferences. At the Children's Museum, we found a high demand for fun, high quality childcare services on these days. Parents seeking this service were often teachers with young children who could not take the day off. Our school's out programs filled to capacity with 18 enrollees, led by 3 paid and volunteer instructors. With two classrooms in the Discovery Museum, this budget is based on 16 children per classroom enrolled in 6 classes at a cost of \$30. The audience size seeking this service is difficult to calculate. However, the Children's Museum filled programs and waiting lists indicate expansion to serve an additional 14 children per year is reasonable.

*Overnight – 4 programs* \$3,000

Scout groups travel long distances to experience a science museum camp-in, especially during the school year when outdoor camping becomes uncomfortable. Overnights are a major source of revenue for many science museums. We will start with a modest program manageable by existing staff and volunteers and rely on happy customers to spread the word throughout the 4-Corners region. This budget is based on 4 overnights serving 30 participants at \$25 each. Overnight fees range from \$22 to \$35 in science centers across the nation where children and scout leaders pay to bed down on hard gallery floors. But then, who sleeps?

### **Adult Educational Programs**

Adult education in science centers is commonly targeted for regional classroom educators. However, support for these programs usually comes from grant funds where teacher participation is rewarded with stipends. We will offer teacher workshops but these are not directly calculated into the budget. Indirectly, grant project income discussed later will help to cover teacher workshop costs. We see two additional adult education markets, discussed below.

*Green Building – 2 Adult programs* \$3,750

The Discovery Museum's addition will feature "green building" construction techniques and materials that are kind to the environment and steeply reduce monthly utility bills. Cutaway walls and exposed surfaces will reveal how-to methods for design and building professionals. As regulations to "build green" spread from federal to state to county and city levels, the demand for adult education is great. A 2-day green building workshop was recently offered by the Children's Museum to policy makers, architects, and other construction professionals and attended by 32 persons from 5 Southwest Colorado communities. We believe Durango can become an educational tourism

destination for adult learners seeking professional development combined with a tax-deductible vacation. A similar program is offered in the Virgin Islands. This category represents a modest start. We will offer 2 green building workshops attended by 25 participants at \$75. Higher rates are quite possible, especially if we recruit a well-known presenter. To begin, we will look to 3 LEED certified professionals living here in Durango for teaching talent.

*Historic Preservation – 1 Adult program* \$ 1,125

Similarly, there is a growing interest in historic preservation by governmental employees and homeowners, especially those who have modern operating costs in mind.

Without its massive boilers and heavy equipment in operation, the old Durango Power Plant was never designed for a Colorado winter. This rehabilitated structure will feature new materials that respect the building's historic character while maximizing energy efficiency. Although Durango's Victorian Downtown and nearby mining communities in the San Juan Mountains provide a charming backdrop for preservation education, this program type is untested here. We will offer 1 adult program serving 15 participants at \$75/hour.

## **Events**

Two categories of events are divided by their primary purpose and discussed below.

*Educational events* \$2,000

The primary characteristic of an educational event is to serve a high number of persons in a short period of time while offering quick, fun, engaging activities. These events may be held in the museum, on the riverfront plaza, on Main Street, or in other local settings. They may be designed in collaboration with other community groups, with the museum filling just one of many booths. Income is in the form of a "suggested donation" or the sale of small items. Earnings vary. In the past year, the Children's Museum earned \$600 as a booth holder during the Main Avenue Arts Festival, attended by 5,000 Main Avenue visitors. This calculation calls for 4 events achieving similar income goals.

*Fundraising events* \$7,000

A good fundraising event will reflect the educational spirit of the Museum while making no bones about its true purpose: to raise money. Friends of the museum and potential donors are invited. Our goal is to develop one annual "signature" event with earnings of \$7,000 and costs not to exceed \$3,000 (discussed under fundraising expenses below). Although corporate donors may publicly announce a gift at a fundraising event, this income is shown under corporate donations and not include here.

## **Revenue Programs**

These programs fill the gap met in many other museums with governmental allocations or endowment income. They have educational components but chiefly exist to support overall operations.

*Parties* \$7,200

Birthday party programs are found in nearly every science center and children's museum. We expect to host 95 parties in a year's time, approximately 8 per month. Party participants are almost always local residents. Party cost is \$75 and admits 15 persons. Parties will likely generate additional museum income through the sales of food, education programs, gift shop items, and carousel rides.

*Gift Shop* \$38,727

Gift shop sales are calculated as \$1.22 per person admitted through general, group, or general admission. Gift shop items will feature educational toys and books.

*Mini Golf* \$ 18,000

Featuring mechanical devices to tilt, pitch, tip and spin golf balls, this outdoor exhibit area will be accessible through the Museum's ticket area. It is not necessary to purchase a Museum admission to enter this area, so will be a stand-alone attraction designed for local families and adolescents in social groups. Charge is \$3 per game.

*Carousel* \$90,000

This is a critical component to meet operational goals. Carousel figures are thoroughly defended in the original budget. They have been modified downward to reflect the market experience of the Missoula, Montana, carousel in the past year. The Missoula Carousel was our test case for budget calculations. The fee is \$1.50 per rider. We are seeking 60,000 riders, of which half are one-time tourists and the other half are repeat local customers.

*Facility rental* \$7,500

This calculation is based on \$150 facility rentals per week. Room rental fees at the Durango Recreation Center range from \$20 to \$40 per hour. Their 6 rooms are steadily booked with community public and private meetings. This income is primarily recovered from rental of the museum's two classrooms, however gallery rentals are also possible for large private and corporate events.

*Food Service* \$30,982

Food service on the plaza will pick up both Museum and Carousel visitors. It assumes 1/3 of all visitors will make a \$.98 food purchase. Food service will feature cold drinks, hot beverages, and nutritious snacks. It will not involve a full kitchen.

**Membership** **\$32,000**

Residents will likely purchase a \$50 annual membership to gain free admission year round. Members to science centers are typically families with children ages 2-12 years. This figure assumes sales to 640 families. The current Children's Museum sells 208 membership per year and almost exclusively serves very young families living in Durango with preschool children. This project calls for a 3-fold increase in sales. We expect to recover the difference by appealing to a broader geographic area within short driving distance of Durango and to a broader age group.

## Donations

This budget calls for 5% of its operating costs to be recovered through private gifts. The figure is low relative to the donor capacity shown to the Children's Museum, but, after several years of intense local fundraising, represents a brief reprieve for donors, the executive staff, and the Board.

*Anonymous gifts* \$4,000

The museum currently receives anonymous gifts on a weekly basis. Most often, these come from non-member general admissions or membership sales where the buyer generously rounds up and suggests we "keep the change." These visitors understand the cost of museum operations is not recovered with low admission fees. Anonymous donations at the Children's Museum this year were about \$20 a week. This figure for the Discovery Museum is a 4-fold increase in gifts drawn from an 8-fold increase in attendance.

*Individual gifts* \$3,500

This category is low relative to the Children's Museum's gift history. We feel local giving will experience a lull following intense fundraising for the capital campaign.

*Corporate gifts* \$15,000

This category calls upon local and State corporate donors to support exhibit installations. High profile exhibits are attractive means for promoting a business to residents and tourists alike.

*Board gifts* \$1,200

Board members support the museum with their time and personal gifts. This category asks each of 7 board members and the executive director to donate \$150 a year.

## Grants

Dollar for dollar, time spent gaining grant funds may be the best use of the executive director's time. At least four categories of grants exist for museums, including operating, project, bricks and mortar, and research. This taps the first two sources.

*Operating grants* \$70,000

These grants fund the day to day operations of a museum. They are typically under \$10,000 although up to 10% of operations (\$50,000) is possible with some agencies. The budget is based on one successful operations grant written per month, ranging between \$5,000 and \$10,000 each.

*Project grants* \$7,000

These funds achieve specific goals and objectives of a targeted museum program. They may be used to increase participation of minorities and females in science activities, career development for adolescents, professional development for teachers, or special studies in energy education. A percentage of project grants – up to 10% is considered reasonable by most funders – may be used to support administrative costs. This assumes only one modest and successful project grant in the first year.

## EXPENSE CATEGORIES

### Professional Staff

Effective museums depend on diverse skill sets. Minimally, these skills include fundraising, fiscal management, data management, exhibition, fabrication, education, public relations and marketing, and volunteer management. The proposed professional salaries are somewhat lower than national averages, but are consistent with the Durango marketplace, a setting where regional amenities add value to other employee benefits. We recommend the following for opening day staff.

Executive Director, 1 fte	\$ 47,000
Administrative Assistant, .75 fte	\$ 23,500
Exhibits Director, 1 fte	\$ 37,000
Education Director, 1 fte	\$ 37,000
Financial Director, .5 fte	\$ 18,000
Employer Tax	\$ 15,113
Health Insurance	\$ 18,000
<b>Total</b>	<b>\$ 195,613</b>

*Executive Director, fulltime* \$47,000

The executive director oversees operations and leads all fundraising efforts. He or she writes grants, cultivates donors and seeks private and corporate gifts, supervises professional staff, administers the budget, and provides vision and direction. This person will also step in to help during departmental absences, vacations, and crunch times.

*Administrative Assistant , 3/4 time* \$23,500

The administrative assistant manages membership, marketing, public relations, gift shop and food sales, facility rentals, and schedules group and party visits. He or she hires, trains, and supervises gift shop and food vending staff. He or she leads one signature fundraising event a year and assists with exhibit openings.

*Exhibits Director, fulltime* \$37,000

The exhibits director plans, fabricates, installs, and maintains indoor and outdoor exhibits, including the carousel, and attends to other facility concerns. He or she procures traveling exhibits, and hires, trains, supervises, and schedules gallery and carousel staff. The exhibits director assists with exhibit openings.

*Education Director, fulltime* \$37,000

In addition to teaching duties, the education director plans, schedules, hires, trains, and evaluates educational programs, including the effectiveness of paid and volunteer staff. He or she coordinates with schools and other nonprofits to develop and deliver education events throughout the year. This person manages the volunteer program and coordinates exhibit openings.

*Financial Director, 1/2 time* \$18,000

The financial director works with the executive direct to develop seasonal and annual budgets, and manages day-to-day fiscal operations, including payroll, accounts receivable and payable, tax collection and payments. He or she sorts and distributes mail and processes equipment and supply orders from all departments.

*Employer Tax* \$15,113

This is calculated at 9.3% of professional salaries.

*Health Insurance* \$18,000

This is calculated at \$300 per month for five professional employees. A retirement matching program is a goal for future operations but is not planned for the outset.

**Temporary, Part-time, and Seasonal Staff**

Museums are seasonal businesses with peak tourist and resident attendance during June, July and August. School group attendance swells in the months of October, April and May. Winter and spring school breaks also produce elevated attendance. Throughout the year, the Museum is a destination for resident weekend recreation. Employees in this category are likely to be entry-level high school and college students and retirees.

Party hosts	\$ 2,850
Teaching and volunteer staff	\$ 18,225
Visitor Services	\$ 46,302
Employer Tax	\$ 6,265
<b>Total</b>	<b>\$ 73,642</b>

*Party hosts* \$2,850

We calculate 95 small private parties per year, approximately 8 per month. The party hosts receive guests, provide supervision and assistance during the party, and clean up. Party host pay is calculated at \$30 for a 2 hour party.

*Teaching and Volunteer Staff* \$18,225

The number of paid teachers needed is related to the number of programs offered and the availability of volunteers. Because of program duration, frequency, time of day, special expertise, or competition with other community needs, our demand for teachers will strain our volunteer resources. Furthermore, costs associated with volunteers include incentives such as apparel, meals, certificates, and plaques. For these reasons, the budget for intermittent teaching staff is calculated as 60% of income derived from youth and adult programs plus 25% of event income, distributed as follows:

Volunteer incentives	12 mo x \$198.75/mo	\$ 2,385
Paid teaching staff, November – March	5 mo x 40/hr/mo x \$12/hr	\$ 2,400
Paid teaching staff, April – October	7 mo x 160/hr/mo x \$12/hr	\$13,440
<b>Total</b>		<b>\$18,225</b>

Volunteers primarily fill teaching roles during programs and events, but will also be assigned to other duties as needed, including floor positions and exhibits fabrication.

*Visitor Services*

\$ 46,302

These employees cross departments to meet staff needs of the gift shop, indoor and outdoor galleries, food service, and facility rental. They sell admission tickets to the gallery and carousel, vend food, and provide supervision, security, and visitor assistance within the gallery and outdoor exhibit areas. They clean and perform minor facility maintenance and repairs under the supervision of the exhibits director. This budget is calculated as 25% of income derived from revenue generating programs (carousel, gift shop, food fending, and facility rental).

Paid visitor staff November – March	5 mo x 222.6 hr/mo x \$8 hr = (2) half-time employees in non-peak season	\$ 8,904
Paid visitor staff April - October	7 mo x 667.8 hr/mo x \$8 hr = (6) half-time employees in peak season	\$ 37,398
<b>Total</b>		<b>\$46,302</b>

*Employer Tax*

\$6,265

Employer costs are calculated at 9.3% of wages.

**Occupancy**

Occupancy figures represent fixed and variable costs of the facility, and includes insurance costs across program areas. Utility costs merit special attention due to our commitment to green building and historic preservation principles. The historic structure’s rehabilitation calls for the preservation of features, including windows and brick walls, and represent a time when energy efficiency was not a consideration. An energy audit performed by Quest Energy exposes the added utility expense associated with historic preservation. This expense gave rise to a proposal to close the historic gallery during heating seasons. The budget, however, reflects year-round occupancy of all indoor spaces. Green built schools in Colorado cite utility costs as low as \$.47/sf. Occupancy costs are distributed as follows:

Facility Repair	\$483/month	\$ 5,800
Utilities	9,000 sf historic building x \$2/sf	\$18,000
	9,000 sf green building addition x \$.75/sf	\$ 6,750
	Plug load for exhibits, carousel, office	\$ 4,250
Storage	\$125/month for exhibit storage	\$ 1,500
Insurance	Board Liability	\$ 1,000
	General Liability	\$ 2,000
	Workers Comp	\$ 1,000
	Other occasional insurance	\$ 380
<b>Total</b>		<b>\$ 40,680</b>

### Marketing

\$27,506

Tourists play a major role in revenue generation for the museum. A study of tourist behavior at the current Children's Museum indicates the most effective tourist advertising is brochure rack flyers distributed to area lodging, restaurants, gas stations, and tourist destinations, such as Mesa Verde, the Durango Silverton Narrow Gauge Railroad, and Visitor Centers. Website hits and word of mouth are the second leading means of reaching tourists. Residents will undoubtedly develop awareness of a new, high profile museum in Durango. To encourage ongoing interest, we will use print media, including direct mail and newspaper ads, radio, and special incentives such as discount coupons for admission. As needed, the discount category will also support participation by low-income youths in educational programs. These costs are distributed as follows.

Brochure rack flyers	Printing and distribution	\$ 9,900
Web hosting	\$42/month	\$ 500
Printing	Admission, carousel tickets, and direct mail	\$ 2,000
Newspaper, radio ads	\$500/month	\$ 6,000
Member newsletter	3 per year with postage, \$533 per mailing	\$ 1,600
Discounts	5% discount x admission + youth program income	\$ 7,506
<b>Total</b>		<b>\$27,506</b>

### Program Costs

This category covers exhibits and educational programs expenses. The two departments have related but philosophically different educational missions.

#### Exhibits

The exhibits mission is to create unique experiences unavailable in home, school, or other community learning environments. This goal involves significant expense but has important educational implications for a rural community. Exhibits fall in three categories: permanent, temporary, and traveling. The expenses are distributed as follows:

Exhibit fabrication	1 permanent exhibit/year	\$ 5,000
	1 temporary gallery/year	\$10,000
Exhibit repair & supplies	\$333/month	\$ 4,000
Exhibit rental	1 traveling exhibit/year + shipping	\$20,000
Education program supplies	\$5 to \$35/program x 194 programs	\$ 4,518
Carousel maintenance	First year consulting/start up costs	\$18,000
<b>Total</b>		<b>\$60,775</b>

Permanent exhibits span years. The initial permanent installation is captured in the building cost. Wear and tear and changing visitor needs signal the need to replace permanent exhibits with new ones.

About 10% of the gallery space, or 1,800 sf, will be dedicated to temporary and traveling exhibits. We anticipate this area to turn over twice a year, with one 8-month venue and one 4-month venue.

The 8-month exhibition represents temporary displays to be designed and fabricated in-house using museum staff and volunteers. These exhibits will reflect the

special character of Durango, the Mountain West, and 4-Corners Region and science stories of the region. The 8-month exhibition will span the summer months so visitors to Durango will enjoy a museum experience unavailable in their hometowns.

The 4-month exhibition will be a traveling exhibit. Traveling exhibit fees commonly range from \$10,000 to \$50,000 for a 3 to 4-month venue. We aim to bring in one traveling exhibit each year to expose residents to ideas and concepts developed in other regions. Our temporary exhibit space is small relative to other museums so we anticipate a rental fee of \$18,000 with shipping costs of \$2,000.

Traveling exhibits improve attendance figures, but the net gain seldom offsets the rental fee. Additional support is needed to cover the gap. This is included under corporate donations, reflecting a desire for some local businesses to be associated with highly publicized exhibitions and exhibit openings.

### *Educational Programs*

*\$4,518*

The education department's mission is based on the philosophy that learning at museums should continue and expand in homes, schools, and community environments. Museum programs feature low-cost, easy-to-find learning materials and introduce new educational activities into the community through kids, parents, classroom teachers and scout and youth groups. The cost depends on program length, which varies from 1 to 16 contact hours. With 194 programs, this budget represents a \$23 supply allowance.

### *Carousel Maintenance*

Carousels across the United States are rare and special attractions, thus expertise in carousel maintenance is hard to find. We anticipate high first year costs to consult experts and troubleshoot disruptions of service, followed by years of smooth operation and minimal operation cost. Wear and tear, parts replacement, and the introduction of new carousel animals call for additional costs down the road.

### **General and Administrative**

This category represents various expenses common to museums, distributed as follows.

Banking, check fees	\$12.50/month	\$ 150
Board training	Printed manuals, educational materials	\$ 350
Credit card processing	Assumes 65% of income is subject to 2.5% fee	\$ 4,123
Office equipment	Purchase of (2) pieces of office equipment/year	\$ 7,720
Fundraising expense	Donor cultivation (\$80-90/mo) + event expenses	\$ 4,350
Postage	208 pieces per month, first class	\$ 1,000
Professional services	Auditor, tax prep fees	\$ 5,000
Dues & subscriptions	Annual ASTC, MPMA and Chamber dues	\$ 1,650
Office supplies	Paper, toner, incidental office expenses	\$ 5,030
Telephone	7 phones x \$60/month x 12 months	\$ 5,040
Professional meetings	3 per year to ASTC + 3 per year to MPMA	\$ 2,400
Travel	Travel to ASTC, MPMA + 333 miles/mo x.35	\$ 5,600
Total		\$ 42,413

*Banking and Check* \$150  
Calculated at \$12.50/month.

*Board Training* \$350  
Board training includes printed materials about board member duties and the purchase of board education products.

*Credit Card Processing* \$4,123  
Credit cards are an important convenience for travelers, telephone registrants, and increasingly for private donors. This category assumes 50% of admissions and programs fees and 50% of anonymous, private, and board gifts will be paid by credit card, subject to a 2.5% transaction fee.

*Office Equipment* \$7,720  
Startup equipment costs are significant for 5 professional employees and not fully captured here. We expect some equipment costs to be covered within the building construction as office furnishings. This category assumes 4 to 5 pieces of office equipment are acquired (computers, fax, copier, etc.) in the first year at a unit cost of \$1,500.

*Fundraising Expense* \$4,350  
Everyday fundraising costs are rolled into various categories including staff time, promotions, mailings, board training, etc. This category stands apart to cover donor cultivation and an annual fundraising event.

Donor cultivation involves meals with and specials mailings to selected donors, donor prospects, and program officers representing major grant agencies. This cost is estimated between \$80 to \$90 per month or \$1,000 per year.

The remaining \$3,350 covers promotions, catering, liquor license, and decorations to host an annual signature fundraising event. One signature event under consideration could involve additional cost as well as income. This is the *Polar Express*, a Durango-Silverton Narrow Gauge train-ride celebrating winter holiday traditions around the world.

*Postage* \$1,000  
This category covers both first class and bulk mailings to send member renewals, general correspondence, newsletters, and postcard announcements. It is calculated at a first class rate of \$.40 per piece and 2500 pieces a year, or approximately 208 pieces per month.

*Professional Services* \$5,000  
Museums call upon expert assistance for several needs. This category effectively covers audit and tax preparation costs, estimated at \$3,000 and \$700 respectively. The remaining \$1,300 is not dedicated at this time, but may include consultation for computer networking, exhibit technology, or evaluation.

*Dues and Subscriptions* \$1,650

We will join professional organizations and contribute to their advancement. These include the Association of Science Technology Centers (ASTC) at an annual membership cost of \$1000; Mountain Plains Museum Association at \$400; and the Durango Chamber of Commerce at \$250.

*Office Supplies* \$5,030

Office supplies are a function of activity across all departments and the number of professional employees. This figure assumes \$467/month.

*Telephone* \$5,040

This cost is based on 7 phones serving 5 professional staff members, the reception desk, and the Carousel at \$60 per phone x 12 months.

*Professional Meeting Fees* \$2,400

We will send a total of 5 to 6 staff members or volunteers each year to the annual meetings of the Association of Science Technology Centers (ASTC) held in distant cities and the Mountain Plains Museum Association (MPMA) hosted in a Mountain or Western Plains city. Attendance at professional meetings has multiple benefits for the organization. They create opportunities to see and experience new exhibit and program techniques, network with colleagues, socialize with high-ranking representatives of national funding agencies, and revive and inspire the museum's staff and volunteers. The costs are distributed as follows.

ASTC	3 registration fees x \$500	\$1,500
MPMA	3 registration fees x \$300	\$ 900
<b>Total</b>		<b>\$2,400</b>

*Travel* \$5,600

A significant travel expense is attendance at the previously discussed professional meetings. Incidental travel by car allows staff members to meet donors and colleagues in Denver and other regional cities. The costs are distributed as follows.

ASTC	3 air travel reservations x \$650 + hotel \$250	\$ 2,700
MPMA	3 air or ground travel trips x \$250 + hotel \$250	\$ 1,500
Car travel	333 miles per month x \$.35	\$ 1,400
<b>Total</b>		<b>\$ 5,600</b>

**Cost of Goods Sold** **\$30,766**

Cost of goods sold is calculated at 44% income from the Gift Shop and Food Services. Retail markup will vary with the kinds of goods sold, but will average 2.5 times the wholesale cost to cover lost, damaged, and unsold goods. For example, a item that retails at \$4 will be marked \$10.

**Contingency****\$9,598**

This category captures the difference between projected income and projected expenses. It allows for a modest 2% error in income projections.