

**Minutes of the
Finance Committee of the
Board of Directors of the
Arizona Historical Society**

Mission: Connecting people through the power of Arizona's history.

Tuesday, October 20, 2020, virtual.

1. **Call to Order** – Chairman, Jim Snitzer

Meeting called to order at 9:32 a.m.

2. **Roll Call** – Recording Secretary

Present virtually – Jim Snitzer, Deborah Bateman, Jim Straight, Dave Lyons, Sandy Navarrete, Greg Scott, Shawn Moreton

Staff present virtually – Bill Ponder, Kim Bittrich, James Burns

3. **Approval of minutes of September 15, 2020 meeting**

Bateman moved to accept; Lyons seconded. All voted in favor to approve as submitted.

4. **Call to the Public** – Consideration and discussion of comments from the public. Members of the public wishing to address the Committee should identify their interest at this time via the chat box. Those wishing to address an item on the agenda will be called upon when that item is being discussed and given up to five minutes. Those wishing to address an item not on the agenda will be allowed up to three minutes. Such items may not be discussed by the Committee but may be directed to Staff for study and consideration at a later date.

Linda Whitaker, Colleen Byron, DeNise Bauer.

5. **Updated financial overview / September & YTD** – Discussion

This report shows where AHS is financially right now. We've had more money come in from appropriations than we have spent, but this is due to vacant positions. It includes forecasting for end of 2022. There are many variables at play due to the recession and pandemic. Shows us trending down. At least \$147,000 is untouchable in restricted funds. We need to drastically restructure, develop new funding model, or go out of business. We need to take action, swiftly, and to distribute a truthful but easy to understand presentation. There are five numbers people really need to pay attention to. Reference back to that sheet. The current cash burn rate is \$667,697 per year.

Deborah – why do the first 9 months look so positive and the last 3 months such a drain? Snitzer clarified we are on a July – June fiscal year. Early in the year numbers are fluid.

6. **Role of the Treasurer and Finance Committee** – Discussion

Deferred until the next meeting in November.

7. **Overview of chapter boards and 1107 funds** – Discussion

Preliminary Analyze of Records

Snitzer reviewed a summary and analysis of AHS Board's relationship to its chapters. Decades-old documents (charters, bylaws) have now been analyzed. They have not had adequate review (200+ pages of materials) by the State Board. Four chapters are similar; Eastern Chapter is different. At the very least, Chapter charters require revision. Adding up the numbers, chapters would have 29 representatives on the State board, which is obviously not realistic. Further, the board was converted to a Governor-appointed board following the 2013 Sunset review. Auditor General also recommended a clearer delineation of chapter roles and use of 1107 funds. Therefore, revise and update Chapter charters that align with Sunset recommendations and overall agency needs. Chapters do not manage facilities, collections, exhibitions, programs, daily operations, or personnel, nor do they have the fiduciary authority to exercise those responsibilities.

To minimize conflict over fiscal issues, recommend eliminating duty of chapters to raise or manage funds. Money management and allocation is a long-standing issue between some chapters and AHS. Chapters may want to spend money on projects that sometimes can't be authorized by AHS. AHS has identified projects that do need to be done, but chapters may not have interest in those projects. Per AG's recommendation, limit annual carry over (unspent) funds and incrementally eliminate 1107 funds to chapters.

State board has not done an adequate job of responding to the findings of the Auditor General's Office in the 2013 Sunset Review as they relate to chapters.

Fundamental issues to address: What are the rules? Observe the Open Meeting law, post timely meeting minutes, observe state historic preservation and archaeology laws, observe state procurement rules and state accounting manual, and function as local advisory units. Chapters do not manage facilities, collections, exhibitions, programs, daily operations, or personnel. AHS must follow state rules as a state agency. As a creation of the State Board, chapters also must follow state rules. Conclusion: AHS State Board should ensure that if chapters remain a part of AHS that they follow the same rules. These should be included in Chapter charters.

Ponder noted that original chapter charters show the chapters were meant to be advisory in nature. Staff was intended to present ideas for the chapter boards to give feedback on, and then to take the agency voice out into the community. Burns noted that the chapters are most needed in an advocacy role to meet with elected officials at all levels in their communities to advocate for AHS.

Second issue is who is in charge? AHS is in charge as a state agency. Chapter members are there to support staff and receive direction from them. AHS Board should ensure that its accountability and administrative responsibility are respected. AHS also has a responsibility to its community partners as well as the local Chapters. That also should be clearly stated.

Bateman asked why remove responsibility for fundraising when looking at the bottom line which isn't great right now? What if Friends of AHS Inc. became the umbrella for the chapters? One statewide representative group?

Snitzer asked if there were any concerns about presenting his one-pager about the chapters to the board. Bateman expressed a concern about the role of the boards in fundraising. Whitaker observed that some of what is in the one-pager is philosophical and some of it is financial in nature.

Ponder noted that chapters are by fiat members of the historical society as they were created by the State Board of the historical society. Anything they do is for the state. If they earn money, that falls under the definition of state dollars. That's why the local 501(c)3's were created. They can raise money, and hold it for themselves for their stated mission, currently (with the exception of NAPHS) to assist the Arizona Historical Society. Chapter dollars are state dollars because they are a state entity.

Bateman asked for wording clarification regarding the 'windfall' donation recommendation. Bateman stated that the recommendation is not as strong as it needs to be - bottom-line oriented. Ponder will work with Snitzer to ensure that that statement is as clear as possible and meets with all regulations and guidelines.

Finance Committee Schedule

Tuesday, November 17, 2020

Adjournment at 10:34 a.m.

Dated this 21st day of October 2020

Arizona Historical Society

Jim Snitzer

James Snitzer, Committee Chairman

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