Minutes of Public Meeting of the
Finance Committee of the
Board of Directors of the
Arizona Historical Society
Tuesday, November 17, 2020, at 9:30 a.m.

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

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

2. **Roll Call** – Recording Secretary

Committee members present virtually: Jim Snitzer, Greg Scott, Dave Lyons, Deborah Bateman, Shawn Moreton

Committee members absent: Jim Straight, Sandy Navarrete

Staff present virtually: Bill Ponder, Kim Bittrich, Mel Davis, James Burns

Board members present virtually: Linda Whitaker

3. **Approval of minutes of October 20, 2020 meeting**

Moved by Bateman; seconded by Scott. All voted in favor of approving the minutes 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.

No members of the public were registered.

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

Snitzer presented the high-level financial overview; these numbers are drawn from Bittrich’s monthly financial reports. Reviewed 2021 budget, YTD, and forecast. Some numbers are looking a little better than expected. Some grants came in that weren’t forecasted. Membership numbers are holding up better than anticipated. There is still a large burn rate / budget gap.

Bateman asked about actions taken at the October State Board meeting. Snitzer reported that the impact of those actions would be reviewed in agenda item #7.
6. **Overview of 1107/revenue-sharing funds** – Discussion and action. Committee recommendation to the Board regarding 1107 funds.

Snitzer summarized ongoing committee discussion about 1107 / revenue-sharing between AHS and its chapters. Discussion ensured about a formal recommendation to the State Board of Directors. The following recommendation was put forth for a vote:

“This eliminate revenue sharing with the Chapters. Chapters are formally absolved from the responsibility to fund raise for AHS. No additional 1107 moneys will be allocated. Any unspent 1107 moneys will be spent by June 30, 2021 on AHS-approved projects or reallocated within AHS.”

Bateman moved; Scott seconded; voice vote – Moreton, aye / Snitzer, aye / Lyons, aye / Scott, aye / Bateman, aye. Recommendation passed unanimously.

7. **Feel the Burn** – Discussion regarding the annual operating burn rate and ways to close the gap.

Snitzer presented a first draft of a document that the Finance Committee recommended at the last meeting, detailing the annual "Burn Rate." The burn rate of $668,000 was identified based on financial data through September 2020 (3 months into the fiscal year) and forecasts. It is the rate at which our limited financial resources are being used up.

Reducing the Burn Rate to zero is our first priority. It is essential to our survival and we don’t have much time to get it done. It won’t be easy - we have already taken many cost reduction actions, so few are left that don’t severely impact our mission. Opportunities for revenue are also limited. We have reopened our museums, but admissions are only slowly recovering.

We need to identify and implement additional cost reductions and revenue opportunities.

Committee members offered positive feedback and asked about opportunities to bring in more revenue. Snitzer reported that Burns had organized a task force of board and staff members to identify ways to increase existing revenue streams and develop new revenue streams. Meetings have already been scheduled, and there should be an initial report by the December Finance Committee meeting.

8. **Membership Overview – Funds and Overall Trends** – Discussion

Snitzer presented a new one-pager analyzing membership numbers, trends, revenues, and expenses. He also discussed the consistency in AHS membership numbers, even during the pandemic, when many cultural organizations are seeing membership losses of 25%+. Snitzer praised staff for this, observing that we are seeing “membership churn” – but for every
member we lose we are gaining a new member, and those members are not the same demographic as longtime members. Moreton asked Burns to elaborate. Burns observed that many new members who join are citing specific exhibitions, programs, or Journal articles that inspired them to join the organization; they are looking for an experience or educational opportunities. Staff frequently hears from new members that they did not previously feel welcome, or did not see themselves reflected in the organization – and the cite changes in the past couple of years that caused them to change their mind. The new members are beginning to reflect the full spectrum of the demographics of Arizonans. Moreton thanked Burns for the response and said he had some ideas to share about membership. A question was asked about why 70% of the membership income comes from just 22% of the membership (the % that do not identify with a chapter). Staff response: The higher-level members tend not to identify with a region, and we have been gaining higher-level members. The members who identify with a region tend to be the individual and dual members. Question: when members sign up do they have to identify with a region? Staff response: No, that is optional. Many members report just checking the box where they live most of the year. The majority of members do not know what a chapter is. Question: Do the chapters have a particular focus? Snitzer responded that chapters generally tend to focus on their local history, and that two of the chapters in particular are especially devoted to territorial history in their region only.

Bateman suggested sharing the one-pager with the revenue generation task force before sending it to the full board. The task force will meet between now and the January 2021 board meeting. Moreton suggested looking at one-liner ideas to help close the budget gap, i.e. “If you want to get to break-even, here is what the membership needs to look like,” and so on and so forth.

9. Role of the Treasurer and Finance Committee -

No discussion.

Finance Committee Schedule
Tuesday, December 15, 2020
Adjournment at 10:25 a.m.
Dated this 17th day of November 2020

Arizona Historical Society

Jim Snitzer

James Snitzer, Committee Chairman

The Arizona Historical Society does not discriminate on the basis of disability in the administration of its program and services as prescribed by Title II of the Americans with Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, as amended. Persons with a disability may request a reasonable accommodation such as a sign language interpreter or alternative formats, by contacting AHS Administration at 520-617-1169. Requests should be made as early as possible to allow time to arrange for the accommodation.