

**Minutes of Public Meeting of the
Finance Committee of the
Board of Directors of the
Arizona Historical Society
20 April 2021**

Agenda

1. Call to Order – Chairman, Jim Snitzer

Meeting called to order at 9:46 a.m.

2. Roll Call – Recording Secretary

Committee members present virtually: Deborah Bateman, Jim Snitzer, Sandy Navarrete, Shawn Moreton, Colleen Byron

Committee members absent: Dave Lyons, Jim Straight

Board members present virtually: Linda Whitaker

Staff members present: Bill Ponder, Kim Bittrich, James Burns

3. Approval of minutes of March 16, 2021 meeting

Bateman moved to accept the minutes as submitted; Byron seconded. All approved.

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 present.

5. Updated financial overview / February & YTD - Discussion

The burn rate in February was \$208K; in March it was \$158K. The forecast continues to improve. Bateman asked where the capital came from. Snitzer explained it was the beginning balance or retained earnings from previous years. Moreton asked about the budget process. Bittrich explained the process of submitting to OSPB and JLBC each year. AHS has an assigned liaison on both and they review our budget requests and ask questions and then we give responses and then they make a presentation to the

committees and then the legislature votes. Ponder noted that we used to have an opportunity to meet in front of legislative committees. That opportunity was taken away, so small agencies no longer get to present their budgets. The presentations now must come from their budget analysts. We don't have the opportunity to attend the hearings.

Whitaker asked about the IT needs, and since it is now mission critical, what are our options? Ponder explained it is critical to us but may not be critical to them and as an agency we are no longer given the opportunity to make a presentation of our budget requests.

6. **Review and revise financial forecast** – Discussion and action to incorporate updates into the forecast.

No discussion.

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

Many steps have been taken to reduce our 'burn rate' and address the financial problems brought on by the pandemic and recession. Despite the large reduction in revenue during the pandemic, expenses have been curbed, and based on the year-to-date financials, we are projected to end the year about where we started. The burn rate has been reduced to approximately \$158,000 annually, and improvement of roughly \$50,000 since last month.

8. **Financial Controls** – Discussion regarding sunset review compliance relative to board oversight of AHS' finances.

Per the 2013 Sunset Review, AHS needs to do a better job of fiscal oversight of the organizations that raise funds for us. Snitzer explained this is just a starting point in response to the Sunset Audit. We need to come up with an agreement that can be used between the 501(c)3's and the agency. The chapters are different and should be ratified by the board of directors. We need to empower a committee to work on the 'gift acceptance policy'. We need the 501(c)3's to provide a financial reporting and the chapters have to follow open meeting laws.

The draft "Fundamental Financial Controls for 501(c)3's needs input from everyone on the committee. Burns volunteered to convert it to a Google Doc for everyone to review and suggest revisions.

Moreton asked about the oversight of the 501(c)3's by the agency. Snitzer and Burns admitted oversight needed to be improved – hence the 2013 Sunset Review finding to that effect.

Whitaker asked if all of the 501(c)3's had to file with the Arizona Corporation Commission. A: They should; most are registered. There are two that are not, one being the original 501c3 as there are no original documents.

Byron asked if we can request the basics of the Open Meeting Law be followed in the agreement. A: We can ask.

9. **Gift Acceptance Policies** – Discussion regarding sunset review compliance relative to oversight of philanthropic giving.

Byron asked where this policy should come from, Governance and Finance? Burns stated this policy is all about finance. Whitaker reminded everyone that policies and bylaws can be proposed by any board member or committee. Burns asked for a banker and investment person to review and recommend changes to a draft gift acceptance policy. Moreton stated that such a policy should address each asset class, and variances within those classes. He volunteered to review the draft policy. Snitzer made a motion to appoint Bateman and Moreton to assist Burns with a gift acceptance policy; Bateman seconded. All approved. They would like to have the draft before the next finance committee meeting.

Whitaker asked if something like this would be adopted by Friends as well. Burns responded yes with minor differences in the items we would accept such as artifacts and archival material, which wouldn't be accepted by Friends.

Finance Committee Schedule

Tuesday, May 18, 2021

Adjournment at 10:30 a.m.

Dated this 14th day of April 2021

Arizona Historical Society

Jim Snitzer

James Snitzer, Committee Chairman

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