

**Agenda of Public Meeting of the
Finance Committee of the
Board of Directors of the
Arizona Historical Society**

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

Meeting was called to order at 9:38

2. **Roll Call** – Recording Secretary

Committee members present: Jim Straight, Dave Lyons, Jim Snitzer, Colleen Byron, Deborah Bateman. Shawn Moreton joined approximately 15 minutes into the meeting. Linda Whitaker present, Ex Officio.

Committee members absent: Sandy Navarrete

Staff members present: Kim Bittrich (left meeting at 10 a.m.), James Burns.

3. **Approval of minutes of May 18, 2021 meeting**

Straight moved that the minutes be adopted as presented; Bateman seconded. All voted in favor.

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 / May & YTD** - Discussion

Snitzer called the committee's attention to the proposed budget for 2022. Questions ensued regarding the budget process. Bittrich and Burns explained that the State requires tentative budgets 2 years in advance, so this budget was estimated a year ago. It needs to be adjusted to the current economic environment just as we do every year at this time. Staff will meet in early July to discuss the July 2021 – June 2022 budget, which will be reviewed by the Finance Committee at their July meeting and then sent to the full Board of Directors for approval at the August meeting. Revenue targets are set

based on data from the past five years; expenses are set based on shifting needs and priorities – and on the previous year’s budget.

Bateman asked if the funds left to AHS as a bequest in 2021, which were designated by the Board of Directors for fundraising purposes, could be placed into a restricted account. Bittrich indicated that she could do that, but that they would still show up in the financials until the funds are spent down. She will set up that fund, and also add a brief explanation to the monthly budget narrative reminding the board about the restricted fund and reporting how much has been expended and how much remains. Bateman thanked Bittrich.

6. Review and revise financial reporting – Discussion regarding financial reports.

Snitzer reviewed new financial reports (pie charts and bar graphs) and asked committee members for feedback. Bittrich recommended adding labels for each revenue and expense source. Byron suggested differentiating the 2013 and the 2021 colors. Straight suggested a line graph rather than a bar graph so the year-by-year would be on the X-axis demonstrating % change over time. That would show how earned income declined in 2020 due to the pandemic and recession. Moreton suggested that % change over time would equalize the visual.

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

The burn rate has fallen to \$5,300 annually, but Snitzer cautioned that there are three pay periods in June, which could cause burn rate to increase again. He discussed the need to add critical positions and to provide long-delayed salary increases for existing staff. The staff workload has increased even more during the pandemic, and is not sustainable – nor is the current pay scale. Discussion ensued about salary increases. The committee is united in their appreciation of staff. They support both adding staff when possible and evaluating the compensation of existing staff. There was general agreement that the board does not set the rates of pay or determine which positions are needed; that is the role of the Executive Director. Snitzer clarified that it is the role of the Board to evaluate the compensation of the Executive Director though.

Byron asked Burns how compensation is currently evaluated. He responded that compensation is reviewed throughout the year, not just at the end of the fiscal year and that compensation decisions are made based on equity, merit, and retention.

Whitaker asked if there are options for bringing new staff on board. Burns responded that staff could be hired using a phased approach, that staff could be hired on a part-time basis and then moved to full-time, and that they could be brought on as seasonal or temporary employees. There are many options.

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

- a) Discussion regarding sunset review compliance relative to board oversight of AHS' finances

No update at this time.

- b) **Action:** Discussion about sunset review finding regarding hiring a development director, and possible recommendation to Board of Directors.

Snitzer asked Burns to introduce the topic of hiring a Development Director. Burns reminded the committee that the 2013 sunset review findings included a recommendation that AHS hire a full-time Development Director. Further, AHS has contracted with the Friends of AHS and Phoenix Philanthropy Group to conduct a feasibility study, which should be completed in November. Though not yet complete, Phoenix Philanthropy Group has already said that a recommendation will be to hire a Development Director. Burns invited discussion about the idea of using some of the funds from a 2021 bequest that the Board of Directors restricted for fundraising to cover the salary of a Development Director. Discussion ensued about the use of those funds and also about the qualities required of a successful Development Director. Such an individual needs to have a successful track record of completing a major capital campaign, have the expertise and the skills to be successful, and ideally have a network in Arizona. Byron made a recommendation to authorize the Executive Director of AHS to hire a Development Director using some of the funds the Board restricted in Fall 2020 for fundraising purposes to pay the salary of a Development Director for at least the next year; Bateman seconded. Whitaker asked if this needed full Board approval. The funds were already restricted for this purpose. Burns responded that as a best practice and in the interest of full transparency, this should be agendaized for the June 18, 2021 board meeting. All present voted in favor.

Finance Committee Schedule

Tuesday, July 20, 2021

Adjournment at 10:42 a.m.

Dated this 15th day of June 2021

Arizona Historical Society

Jim Snitzer

James Snitzer, Committee Chairman

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