

**Regional Arts Commission
Finance Committee Minutes
Monday, March 6, 2023 @ 3:00 P.M. via ZOOM**

Attendees:

John Russell - Chair, Rhonda Carter-Adams, Sam Fiorello, Jerry Gennaria, Andréa Purnell

Staff: Vanessa Cooksey, Nichole Belford, Rita Dillard, Ann Haubrich, Angie Peters, Jay Scherder, Jason Schipkowski, Chloe Smith, Leigh Winters, Lea Sutherlin

Other: Rick Gratza (KEB), Trish Donovan (KEB), Chelsea Winsor, (Armanino LLP), Janet Ramey (Armanino LLP)

Call to order

Russell called the meeting to order at 3:02 p.m.

**Review and Recommendation to approve Finance Committee Meeting Minutes
November 7, 2022**

Motion made to approve the November 7, 2022 Finance Committee meeting minutes by Carter-Adams, seconded by Fiorello and unanimously carried.

Russell called for the following reports:

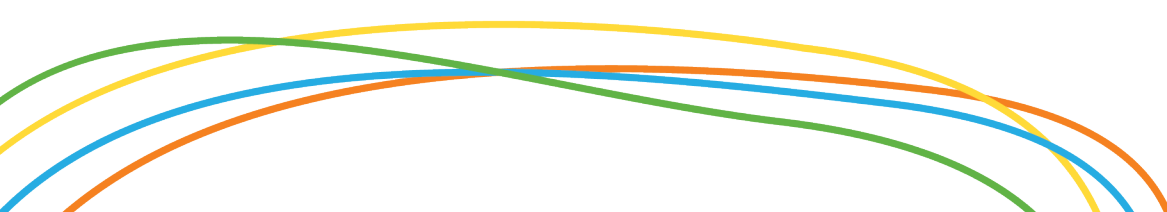
FY 2022 Audit presented by Armanino, LLP

Cooksey welcomed Armanino LLP - Janet Ramey and Chelsea Winsor to the meeting.

Ramey thanked Cooksey and the RAC Team and Gratza and the KEB Team for outstanding support. She asked Winsor to present the results of the FY 2022 audit.

Winsor highlighted the the financial statement as follows: (1) no major changes or surprises; (2) Independent Auditor's Report denoting an unmodified opinion of A+ for RAC; (3) management's discussion and analysis; (4) ARPA funds expected to be granted out in 2023; (5) assets, liabilities and net position; (6) statement of revenues and expenses; (7) statement of cash flow; (8) no major changes to consistency with accounting; (9) grant awards; (10) PPP loan; (11) building ownership; and (12) supplemental schedules.

Winsor then shared a PPT and reviewed the following: (1) results of the engagement related to audit of financial statements and preparation of form 990; (2) audit highlights; (3) required communications; and (4) financial analysis.



Motion made by Fiorello, seconded by Carter-Adams, and unanimously approved to present the FY22 Audit to the full Commission at the March 9 Board meeting.

Russell thanked Ramey and Winsor and reminded about the FY22 Audit presentation at the March 9 Board meeting.

FY 2022 Q4 Management Report (KEB)

Gratza presented the FY 2022 Q4 Management Report, and highlighted the following prior year comparisons: (1) cash position; (2) expenses; (3) unrestricted cash balances; and (4) revenue and administrative expenses. Gratza then highlighted cash position budget vs. actual.

January/February 2023 Cash Flow Update (KEB)

Gratza highlighted the February 2023 cash flow (included in the Board packets) as follows: (1) actuals for January and February; (2) Hotel/Motel Tax revenue; and (3) cash ending balance.

Carter-Adams requested additional info on the 25% guideline.

Russell noted the guideline will sent to the full Committee.

Revised FY 2023 Budget (Cooksey)

Cooksey acknowledged new RAC team member Angie Peters, VP of Growth and Development, and noted a formal introduction would be made at the March 9 Board meeting.

Cooksey then shared revisions to the the approved FY 2023 budget as follows: (1) beginning cash balance; (2) miscellaneous income line related to ARPA funds; and (3) payroll. She noted that accounting policies will be revisited with the new VP of Growth and Development and VP of Business Operations, respectively.

Brief discussion held regarding ARPA administrative allocation.

Cooksey noted that financially, RAC is in a very good place, and that while a new vote is not necessary for the revised FY 2023 budget, she felt it important to share and wanted to provide the most current information to the Commission.

Facilities Discussion (Cooksey)

Cooksey presented a PPT on facilities discussion, and highlighted the following: (1) Strategic Plan requires a master facilities plan – late 2020 through 2021, Ad Hoc Facilities Committee explored three options; (2) January 2022, based on information at that time, staff recommended to keep and invest in the building; and (3) new insights over the past year including estimated costs for cosmetic and functional upgrades, worsening maintenance issues, unresolved legal issues, worsened parking situations, 21 maintenance issues, RAC’s growing positive reputation and engagement resulting from external events, and renewed interest from prospective buyer – has generated a revised recommendation to sell and move. Cooksey further noted that sell and move would include (1) restrict

RAC

net proceeds for current and future space needs; (2) lease space for staff work; (3) continue to host major events at grantee locations; and (4) finish long-term facilities strategy with new strategic plan.

Cooksey then reviewed the financial overview including expense, income, and net comparison for keep and invest vs. sell and move.

Open Discussion

Fiorello noted that he strongly supports the recommendation (sell and move) and that this is the right decision as it aligns with driving RAC's program. Gennaria, Russell and Carter-Adams concurred.

Purnell noted that further discussion would occur at the March 9 Board meeting.

Russell asked about location ideas.

Cooksey noted the following: (1) CIC would be ideal place in the meantime for staff and programmatic work, as it provides both location needs for staff requirements and listening to stakeholders from Campfire research; (2) convenient accessibility at CIC, parking, etc.; (3) RAC will not be renting from Cortex as CIC is a different entity, and move will not be a direct financial benefit to Fiorello's role as president of Cortex; (4) cost and amenities; (5) staff preferred location for next 18-24 months; (6) RAC will continue as a permanent hybrid workforce with a mandatory in-person/in the office on Wednesdays; and (7) will continue to host major events at grantee locations. Cooksey reminded that rental costs could be found in the packet for this meeting, and would also be included in the March 9 full Board packet.

Fiorello reminded that Cortex is a tenant of CIC, and, that CIC offers a month-to-month commitment, a lot of flex space, handles equipment maintenance and make it easy to operate.

Cooksey noted that it is important to have cash on hand with ability to pay grants. She further noted volatility of RAC's revenue source and importance of good stewardship, while weathering any situation out of RAC's control.

Adjournment

There being no further business, Russell adjourned the March 6 Finance Committee at 4:00 p.m.

Submitted by Lea Sutherlin
Exec. Asst. & Commission Administrator

Attachments

- Finance Committee Meeting Minutes, November 7, 2022
- FY 2022 Audit presented by Armanino, LLP - Vote to Approve
- FY 2022 Q4 Management Report presented by KEB
- January/February Cash Flow Spreadsheet
- Facilities Discussion Presentation
- Revised FY 2023 Budget