

## Committee Report

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**Committee:** Finance Committee

**Liaison to the Board:** Christine Szuter

**Date of Meeting:** February 6, 2017 8:30 a.m.

**Date of last Meeting:** December 1, 2016 1:00 pm

**Date of Next Meeting:** March 6, 2017 8:30 am

**Attendance:** Christine Szuter, Barbara Baderman, Ryan Bruce, Marcella Columbus, Anne Doyle.  
**Absent:** Gail Bradley. **Staff:** Brenda Thomson. **Guest:** Kevin Camberg/Fester and Chapman.

**Agenda Items:**

- NEH funding update
- December financials\*
- ACF Endowment – Statement/Investment Policy\*
- DRAFT Audited Financials\*- Kevin Camberg/Fester and Chapman (Reporting at 9:00 am)
- QuickBooks Software Problem

**Action Items Completed:**

- NEH funding update
- Review of December financials\*
- Review of ACF Statement
- Review of DRAFT Audited Financials\*
- QuickBooks Software update

**Action Items In-Progress/Pending:**

- Schedule meeting with ACF to review investment policy.
- Check on new nonprofit accounting regulations governing restricted/temporarily restricted funds.

**Question for the board/larger group:**

N/A.

Comments:

NEH Funding Update

Christine Szuter called the meeting to order at 8:35 am. Brenda Thomson reported that we recently learned that the new presidential administration was planning to eliminate the National Endowment for the Humanities (NEH) and National Endowment for the Arts. The future is uncertain. Congress has not approved the budget for the current fiscal year. We have been communicating with the Federation of Humanities Councils for direction on when and how to respond to the funding threat. Brenda summarized the Federation's directive of February 2, 2017. Barbara Baderman noted that

Brenda has been following communications closely, and stayed in touch with Esther Macintosh at the Federation. We were planning for and operating conservatively long before this news. We are mapping out our responses to the public, friends and supporters, and state and federal leaders. We will be providing more information to the board at the next board meeting.

### December Financials

The committee reviewed the financials. Brenda Thomson reported that spending was on track for the year. In December we focused on completing the onsite audit review, the year-end appeal, and preparation for the upcoming site visit with the National Endowment. We also submitted a \$150,000 NEH public humanities grant application for the FRANK Talks program.

### ACF Endowment

The committee discussed the need to review the policy for the endowment. AH adopted the policy in 2012 when the endowment was established, but has not been reviewed or updated in light of current market conditions. Our general goal was low risk, and conservative growth, and to raise six months operating funds. Brenda and Christine will meet with AH's advisor at ACF and report back to the committee. Donald Augelli is the investment advisor for our Wells Fargo investments.

### Draft Audited Financials

Kevin Camberg, audit partner from Fester and Chapman, reported on the draft audited financials. The audit went very smoothly. Camberg went over the management letter, and the draft financials. The Federal Financial Report is the last item they need. AH filed the report. Fester and Chapman performs what is called a single audit because the federal funds AH receives exceed \$750,000. They audit financial statements, federal compliance, and financial controls, which is beyond normal audit requirements.

They are issuing a clean opinion. There were no audit adjustments necessary. This means the board received timely and accurate information throughout the year, and the auditors did not need to make any year-end corrections. The balance sheet provides a year-end snapshot. Our performance has been very similar year to year. Our statement of activities has also been very consistent, with a slight improvement in our cash position. Notably the NEH is our largest revenue source with 761,000 of 894,000, so AH should continue to diversify its funding. The Notes explain what goes into the numbers. Page 20 is the report that tells you how the audit went. This is important because it identifies risks and corrective measures. There are no findings and no questioned costs. AH is a low-risk auditee. AH meets federal compliance. Christine Szuter asked about internal controls. Camberg reported that with a staff this small AH's segregation of duties was acceptable with the out-sourced accounting function, and the checks on the CPA, and Brenda's review of bank statements. Christine Szuter asked if others should review bank reconciliations. Camberg noted that some small nonprofits do, but that it is not required and probably not necessary in view of the internal controls in place. There is good recordkeeping and separation of duties. Christine Szuter will check with the auditor on new nonprofit accounting regulations affecting restricted and temporarily restricted funds.

### QuickBooks Software

The software problem was resolved. The unauthorized software upgrade had altered some reporting capabilities.

The meeting adjourned at 9:20 am.