

**Colorado Humanities Board of Directors Meeting
March 6, 2021
Online**

Meeting overview and materials

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Chair's report (page 1).....	2021 Board Meeting Dates
Executive Director's Report (page 2)	
Finance Committee (page 3).....	Financial Statement 10 31 20, Financial Statement 12 31 20
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Development Committee (page 6).....	FY2021 Fundraising Goals and Status
Program Committee (page 7).....	Program Status Report
	Program Status Report New Format Example, FY2021 Program Plan 03 04 21

Actions taken

- Approval of the agenda (page 1)
- Approval of the December 5, 2020 Board meeting minutes (page 1)
- Approval of the FY2020 audit (page 4)
- Approval of the CH application for a Payroll Protection Plan loan (page 5)
- Re-election of Neil Best (page 5)
- Election of Kathy Woods (page 5)

Assignments/Directives

- | | |
|--|-------------------|
| <input type="checkbox"/> Solicit committee chair nominations (page 1) | Nelson, Tate |
| <input type="checkbox"/> Track and submit in-kind donations (page 2) | Board |
| <input type="checkbox"/> Notify Coval of participation interest in Humanities on the Hill (page 2) | Board |
| <input type="checkbox"/> Discussion invitation re: socially responsible investment funds (page 5) | Finance Committee |
| <input type="checkbox"/> Contact Holden or Tucker to assist in CBA fundraising outreach (page 6) | Board |
| <input type="checkbox"/> Provide feedback to Jones on new Program Status Report format (page 7) | Board |

Next meeting

June 5, 2021
Location TBD

Colorado Humanities Board of Directors Meeting
March 6, 2021
Online

Present: Ballantine, Bentz, Best, Cordova, Dadone, Fajardo, Holden, Kalish, Keith, Koehler, Lee, Mason, Miller, Nelson, Philpott, Schincke, Tate

Absent: Garcia, Montgomery

Staff: Coval, Albright

Guest: Kelly Watson, CPA, Watson Coon Ryan, LLC

1. Welcome and videoconferencing guidelines

2. Icebreaker

Nelson asked everyone to share about a teacher who made a difference in their lives.

3. Approval of agenda

Motion by Miller to approve the agenda.

Seconded by Philpott

Vote: Unanimously approved

4. Approval of the December 5, 2020 Board meeting minutes

Motion by Keith to approve the December 5, 2020 minutes.

Seconded by Schincke

Vote: Unanimously approved

5. Chair's report

a. Board members' recent activities

Nelson thanked individual board members for their recent activities.

b. Location of June and September Board meetings

Nelson anticipated that the upcoming June and September board meetings will be held remotely, as many spaces do not yet have a re-opening process in place. There was consensus among the board. Dadone volunteered the Boulder Museum of Contemporary Art for the December meeting.

c. Officer nomination process

Nelson and Tate agreed to serve as the Office Nominating Committee. An email will be sent soliciting nominations. The board will vote on officers at the June meeting.

d. Executive order update

The Executive Order Combating Race and Sex Stereotyping was revoked on January 20th with an Executive Order from President Biden.

e. In-kind giving

Coval talked about the importance of in-kind documentation in meeting the NEH match requirement. Board time is a significant portion of that match. The board was encouraged to keep and submit current records. Albright will send the board time form and expense reimbursement request form on Monday. At the time of the audit, reported board in-kind for FY2020 was about \$71,000.

6. Executive Director's report

Coval thanked Nelson for his recent activities.

a. Humanities on the Hill

Humanities on the Hill will be held Tuesday through Thursday of next week. Staff have scheduled Congressional representative meetings into the following week. Opportunities are available for interested board members to participate. Contact Tucker or Coval to be involved.

Holden attended the HOH reception. He found it to be a great opportunity to learn what other state councils are doing, and was encouraged to see the enthusiastic support from Colorado representatives. He said CH's response to the pandemic and transition to virtual programming has been widely respected.

\$225 million is being requested of Congress for NEH, which is an increase of \$57.5 million over last year. That includes an increase of \$18.5 million for the state humanities councils to \$70 million. The current \$167.5 million is still \$2.5 million less than what was allocated in 1991. The increased funding would help address higher demands for cultural and educational support, a greater need for civic engagement, and planning for the 250th anniversary of the Declaration of Independence.

b. NEH funding report

CH received its FY2021 NEH operating funds grant award of \$867,000 this week, a \$24,100 increase over FY2020.

The American Rescue Plan, a second COVID relief bill, has passed the House and is currently under debate in the Senate. \$135 million is included for NEH, 40% of which is designated for the state humanities councils. If the bill passes, CH will have additional funds to distribute similar to the CARES Act grants, but in a greater amount. The bill was passed by the Senate during the course of the board meeting.

c. Other

CH has been the target of 2 instances of unemployment insurance fraud and 1 fraudulent small business administration loan. Coval has notified and filed reports with all pertinent agencies and financial institutions.

There was a break-in at CH's storage unit. No theft took place, with the exception of a few DVDs.

7. Finance and Infrastructure Committee

a. FY2020 year-end report

The October 2020 year-end financial report will be final after the audit is complete. Page 7 shows \$102,930 in NEH operating funds that will move into FY2021.

Page 8, Combined Revenues and Expenditures: Income is below goals from certain sources due to program changes. About \$500,000 was received from NEH for CARES Act grants, and approximately \$100,000 was received for the Payroll Protection Plan loan. Many expenses are well below budget, for example travel, printing and venues. There are higher costs in accounting and auditing, and increases in telephone and communications services.

\$132,452 in restricted funds, primarily for High Plain Chautauqua and Motherhead/Fatheread Colorado, will move into FY2021.

b. FY2021 financial status

There is nothing remarkable about the first quarter financial report for FY2021. It does show the FY2020 funds available for 2021.

c. Audit presentation

Kelly Watson, CPA, of Watson Coon Ryan, LLC presented the audit. FY2020 is the second year Watson Coon Ryan has conducted the audit, which is involved and includes the uniform guidance component. Watson said that since the audit was conducted remotely, a higher level of skepticism was applied. The CARES Act grants required a third component. Federal requirements for the single audit necessitated increased sampling for the compliance tests and control review. There were no reportable findings, which is unusual. The financial statements are clean and figures are accurate.

The Statement of Financial Position is comparable to FY2019. Net assets are strong with a positive increase from the previous year, due in part to the Payroll Protection Plan loan. The PPP loan is shown as forgiven after the end of the year. The increase in assets is atypical of organizations impacted by COVID-19. Funds received from NEH are up due to the CARES Act, but all CARES Act funds have been distributed, so the net impact is not significant. The ratio of funds spent on programs versus operations is great. Proportions of employee salaries are allocated to programs based on the time spent. There was a decrease in the statement of cash flow as some funds were reinvested.

Watson reviewed the audit notes. The donated goods/services amount is different for the audit and the financial statement as board time cannot be counted as in-kind according to GAAP (generally accepted auditing principles), but can be counted toward the NEH match requirement. Financial information in the audit can only include in-kind that would otherwise have been paid for.

The implementation of new standards will change the financial statement. One change is that five years of lease information must be shown.

Liquidity is solid, which means that if needed, CH could survive for a while without generating income.

A note has been added about COVID-19 and how the unusual circumstances of the year may affect the financial statement, although the potential future impact is unknown at this time.

The net assets with donor restriction are mainly for marketing projects, and will be released.

The NEH Operating Grant and CARES Act grant had to be audited separately. The CARES Act grant required a single audit. No material weaknesses were found in the internal controls. There was nothing out of compliance. All CH programs were audited. 100% of the in-kind donations sampled had adequate support, which is an improvement from FY2019.

Watson recommended adding a policy requiring a secondary review of the Executive Director's expenses. There is no current concern, but it would be prudent to put controls in place.

Watson said CH deserves accolades for being a well-run organization.

Motion by Lee on behalf of the Finance Committee to accept the FY2020 audit as presented.

Vote: Unanimously approved

d. Investment and endowment report

Current investment assets with Schwab are at \$398,000. The endowment funds at Community First Foundation are unchanged.

e. Socially responsible investing

Koehler reported that the current investments at Schwab are in mutual funds and exchange traded funds including Vanguard Dividend, Vanguard Investment, Vanguard S&P 500 and 3 actively managed mutual funds. The distribution is currently 25% large cap, 5% mid cap, 10% International, 50% fixed, and 10% cash.

The actively managed funds are traded daily, so it's not possible to know what companies are in them. CH's Schwab representative mentioned Parnassus Core Equity fund as a possible socially responsible fund to investigate. It has a 62% per year turnover of composite stocks. Although Schwab does not offer much in the way of "socially responsible" funds, those they do offer have kept pace with other funds, but tend to have high fees. The board or Finance Committee could pick and choose

individual stocks, but that would require much more direct management and is not practical.

Koehler noted the challenge of defining “socially responsible” in a way with which all board members can agree. 80% of funds considered socially responsible are weighted toward equity in corporate governance, and include large companies such as Amazon, Microsoft, and Comcast. Discussion followed. Best reminded the board that CH’s primary responsibility with investments is fiduciary. The Finance Committee will seek consensus on how to proceed in further discussion outside of the board meeting. All board members will be invited to attend.

f. Office space lease update

CH is currently leasing 4,512 square feet of office space at \$23.05 per square foot. The current lease expires in January 2022. CH has been in this location nearly 9 years, and must notify the landlord by the end of April whether it plans to move or negotiate a new lease. Commercial real estate broker Alec Wynne, of Ascendant Realty, says vacancy in the Denver Tech Center is close to 30% which will help with negotiations. Moving expenses and buildout of a new location could be \$3 - \$5 /square foot. Discussion followed. Staff will continue working with Wynne, and report back.

g. Other

Another Payroll Protection Plan loan of about \$100,000 is available. Like the first, CH can apply to have repayment forgiven. The Finance Committee agreed that CH should proceed with an application.

Motion by Lee to apply for a second Payroll Protection Plan loan.

Seconded by Philpott

Vote: Unanimously approved

8. Board giving update

15 of 19 board members have contributed in the first quarter of FY2021 for a total of just under \$15,000. 10 board members have fulfilled their \$100 personal cash gift. Three have yet to make a pledge. Reminders have been sent.

9. Nominating and Governance Committee

a. Election of board members

In Tate's absence, Coval reviewed the board slate. There was no discussion.

Nelson presented a motion on behalf of the Nominating Committee to re-elect Neil Best for a 2-year term, and to elect Kathy Woods to a 4-year term, to begin immediately.

Vote: Unanimously approved

b. Nominations report

Four board positions will become available when Nelson, Tate, Ballantine, and Garcia retire from the board in June. Replacements for Tate and Ballantine will be appointed by the Governor. The Governor's office will consider CH suggestions. The Nominating Committee asked the board to recommend potential candidates.

c. Other

Updating the CH succession plan remains on the Nominating Committee's agenda. There is no new information to share at this time.

10. Video and social media marketing update

Holden shared the brand video created by Fruition. Three shorter program videos had been created for Veterans Writing, Motherread/Fatheread Colorado and Young Chautauqua, and Black History Live, Latino Heritage Live and Changing the Legacy of Race & Ethnicity. The \$300 campaign utilized the videos, and metrics did increase despite modest spending. The videos were four times as effective as the static campaigns. Engagement was significantly higher on desktop computers than on mobile devices, indicating that CH's audience tends to be older. The majority of those engaging on mobile devices were new to CH. Metrics regarding conversions (resulting donations/registrations) are not available at this time.

11. Development and External Affairs Committee

a. Fundraising update and status report

Tucker reviewed the Fundraising Status document. Unrestricted giving is up. CH has registered with King Soopers' community rewards program. Shoppers can designate CH as their non-profit of choice to receive a percentage of purchase expenditures. The Amazon Smile program is still active and has recently generated \$20.

There are current funding deficits for Colorado Book Awards(CBA), Motherread/Fatheread Colorado (MFC), and Changing the Legacy of Race & Ethnicity (CLoRE). The CBA goal was based on delivery of an in-person winners celebration event. The Development Committee is working to find an additional funding partner. The CLoRE goal is for the full year's programming, but each event has a different deadline. The CLoRE planning committee is working to schedule events for 2020 and 2021 and revise the goals accordingly. There may be partnership opportunities with Tattered Cover. MFC is still in planning so the goal does not have a critical deadline at this time. The Committee is hoping to develop a 2-3 year sponsorship with Xcel Energy for the Five States film.

b. Board activities and plans supporting fundraising

The Development Committee is exploring more personal fundraising efforts, such as outreach to past CBA participants. Board members willing to assist by sending letters or emails should contact Holden or Tucker.

12. Program Policy and Evaluation Committee

a. Program update and status report

CH staff and board representatives have been negotiating with the High Plains Chautauqua Planning Committee regarding transition of the program to full community control. A 4-year transition schedule with gradually decreasing CH staff support was outlined. When that is determined, the Committee will focus on the format of the FY2021 program.

There have been two Changing the Legacy of Race & Ethnicity events this quarter, both of which have been well received. Some independent groups are continuing with their own conversations following the event on faith and race. The third event, geared toward the Latino community and including Poet Laureate Bobby LeFebre, will be on March 31. Dr. Elizabeth Parks of CSU will moderate. The CLoRE planning committee is working to determine future topics and dates farther in advance to support effective promotion and fundraising.

There have been 10% fewer submissions for CBA than there were last year, which could be a reflection of the industry, as publishing is down in general. The Winners Celebration will be June 26. It is undetermined if the event will be in-person or online only. New program coordinator Abby Kerstetter is working to engage selectors and judges.

The first Change in Rural Colorado event was well received. The CSU scholars are working on the presentation for the next event, "Loving Our Land." Veterans Writing continues at 3 pm on Sundays. A new facilitator will be starting on March 14th.

b. Changes to Program Status document

The Program Status Report was presented in a new format that highlights how programs are meeting the major objectives. The board was asked for feedback. It was suggested that a calendar summary be added listing the events that will take place between the information given on the report, and the next board meeting.

c. 2022 program planning timeline


The proposed FY2022 Program Plan will be shared at the June board meeting. The Program Plan with Budget will be presented for approval at the September board meeting. Jones and staff are compiling the FY2020 annual program report which is due to NEH on May 4th. Staff will compare the FY2020 assessment with the FY2021 goals to inform plans for moving forward with new programs that have not yet been developed/implemented.

13. Other business

There was no other business.

Adjourned.

The Board of Directors Minutes have been approved by the Board, and signed on this 24th day of June, 2021.

by: 
Margaret A. Coyal
Executive Director, Corporate Secretary
Colorado Humanities