



Special Commission Board Meeting
Wednesday, August 12, 2020
1:00 – 2:00pm

Commissioners in attendance: Abigail Gomez, Asa Jackson, Terry Buntrock, Barbara Parker, Laurie Naismith, Mike Markley, Dena Jennings, Jan Monroe, Robert Goudie, Sushmita Mazumdar, David Trinkle, Amanda Pillion

Not in Attendance: Matt Conrad

Guests: Cynthia Norwood.

Staff in attendance: Janet Starke, Lucas Hall, Cathy Welborn, Casey Polczynski, Ivy Haga

Abigail Gomez called the meeting to order at 1:04 pm.

Janet Starke gave an overview of the recommendation for Guidelines for Funding Revision.

Current Guidelines (in part):

Reporting Requirements

The Commission requires a final report on each grant within 30 days of the end of the grant period, and no later than June 1. Final report forms, if required, can be found on the applicant's dashboard.

Each grantee must maintain accurate financial records for any activity supported by Commission funds. The Commission or its authorized representative shall have access to these records. These may include audited financials, profit and loss statements, and (in some cases) canceled checks or ACH documentation.

The Commission requires General Operating support grantees that have income of over \$600,000 for at least two consecutive years to submit an opinioned, independent audit of their financial records every year.

Proposed Revised Guideline (addition):

For grants received in FY2020 (July 1, 2019 – June 30, 2020), the Commission will accept board-approved 990s, endorsed by the Treasurer, in lieu of independent audits. 990s will be due on November 1, 2020, the typical deadline for Part 2 of Final Reports (Financials).

Janet suggested that the staff recognize that independent audits are a costly expense for organizations, typically between \$15,000 – \$30,000. At a time when so many organizations are dealing with deficits and other detrimental impacts of the Pandemic (and other), the VCA would wish to ease the financial burden while still maintaining a reasonable level of accountability on the part of grantees.

Janet Starke explained that a 990 will accomplish what the VCA is seeking to verify in terms of income and expenses, details on contributions, restricted and unrestricted income, as well as assets and liabilities (debt to equity ratio). The audit verifies internal controls. An auditor often prepares the 990, so a third party is still verifying the document. This year will be an outlier for everyone. There will be few organizations that have significantly improved.

The expenses will be more feasible with a 990 vs. an audit. Questions? Comments?

Dena Jennings asked if smaller organizations must submit a certified financial statement. Janet confirmed that smaller organizations submit treasurer's reports (P & L) that are certified by the organization's treasurer.

Laurie Naismith asked if this is only for one year. Janet stated yes, and that it would be applied again in October, when the Board will be presented the draft FY2022 Guidelines for Funding (which will be voted on in December).

Robert Goudie stated that it is a smart move for organizations struggling. Any small measures will be greatly received by organizations. Dave Trinkle stated it makes a lot of sense and could be voted on for the FY2022 year. Barbara Parker stated it is a good idea. A lot of times the audits are more than the organization receives from VCA funding. This will help those struggling and be a better use of our funds.

Janet Starke stated that August is the time that arts orgs are enlisting auditors, so getting this revision out now is important.

Laurie Naismith stated Virginia Musical Theatre did not apply to VCA because the audit was so expensive. Janet stated that these organizations will be able to use the 990's for the FY2022 GOS application, but that more discussion will need to take place before new organizations apply.

Abigail Gomez opened the call for public comments, hearing none, she called for a vote.

Michael Markley made a motion to approve the Guideline Revision allowing Board-approved 990's for organizations with income exceeding \$600K in lieu of a certified audit for FY20. Dave Trinkle seconded. Roll Call: All approved. Motion passed.

Other News: Abigail Gomez was invited to the board of the National Association of State Arts Agencies.

Meeting adjourned 1:28 PM