

**Approved - Meeting Minutes of the  
Finance Committee of the  
Board of Directors of the  
Arizona Historical Society**  
March 21, 2023

*Mission: Connecting people through the power of Arizona's history.*

**Meeting Minutes**

- 1. Call to Order** – Committee Vice Chair Gene Kunde called the meeting to order at 9:05 AM
- 2. Roll Call** – Gene Kunde
  - a. Present- Jim Snitzer, Richard Powers, Gene Kunde, Linda Whitaker (non-committee member)
  - b. Absent- Colleen Byron, Sandra Navarrete
  - c. Staff Present- Kyle Morey, Jason Mihalic, Melba Davis, Debbie McKinion, David Breeckner, Kaydi Forgia
- 3. Minutes** – Discussion and action, if any, to approve the draft Minutes of the February 21, 2023, Finance Committee meeting.
  - a. Motion to Approve- Richard Powers
  - b. Second- Jim Snitzer
  - c. Unanimously Approved
- 4. Call to the Public** – Consideration and discussion of comments from the public.
  - a. No members of the public present
  - b. State Board President Linda Whitaker- to comment on items if additional insight is necessary
- 5. AHS Financial Overview** – Carole McQueen and David Breeckner
  - a. February 2023 financials – Updated report format
    - a.i. PDF and spreadsheet shared with the committee via Zoom and email.
    - a.ii. Keynotes: February financials reflect an up-to-date and accurate report through the 8<sup>th</sup> month of FY23 (66% complete), the exception being an ongoing reconciliation between the “Grants” and “Donations” categories in revenue by AHS' Grants Coordinator and CFO.
    - a.iii. There are overages due to rising costs; for example, AHS' IT expenses rose to \$10,930. Savings offset the deficits seen on the report in other

areas. The AHS 24FY budget is based on the updated report, and the projections take into consideration the deficits seen due to the rise in cost.

b. FY23 deficits – projections and planning

b.i. Revenue: despite shortfalls in the categories of admissions (46%), sales (30%), programs (5%), restricted donations (3.5%), rentals (49%), and membership dues (53%), overall earnings are slightly above average at 68%.

b.i.1. Debbie McKinion expressed concerns about the downturn in the economy causing a slow in facility rentals. A brief discussion followed about marketing and the budget allocated, led by Gene Kunde. Melba Davis offered to follow up with Debbie to look at possible procurement of marketing and advertisement projects.

b.ii. Expenses: total expenses are below average at 62% but are expected to grow in coming months due to an outpacing of cost savings from staff vacancies by increased service costs and one-off payments.

b.ii.1. Service cost increases: This is most present within the “IT Services” category. AHS receives a number of shared services with ADOA, including for its phones, internet, and support. In addition to rate increases, services that were previously unbilled were reconciled and added to the recurring charges at the start of FY23.

b.ii.2. One-off payments: these are the result of necessary repairs to all 8 of AHS' sites and resulting from unplanned facility damage as well as increased damage resulting from deferred maintenance. This includes such costs as HVAC & heating, Tucson: \$15,375, plumbing & sprinklers: \$13,276, exterior lighting repair: \$11,000, etc. It is difficult to provide an accurate estimate of what new and necessary repairs will occur before the EOY for FY23, but all non-necessary expenses not already contracted will be deferred. AHS Facilities and Melba Davis are developing a multi-year schedule to resolve identified repairs at all AHS sites fully. ADOA is conducting a shell inspection of AHS' 4 museums to support this effort.

b.iii. Projections: following a review of monthly and scheduled quarterly and one-off expenses, AHS Finance estimates a total FY23 revenue of

\$4.158m (down from the budgeted \$4.385m). AHS Finances projects \$4.262m in final FY23 expenses (down from \$4.545m). It estimates a total updated budget deficit of \$103,702 (down from the original \$159,985). The impact on the FY24 budget, based on current drafts of the Governor's budget, is still being reviewed. Permanent increases to the IT Services budget (among others) will obligate reductions in other spending categories, while shortfalls in FY23 revenue may require a review of FY24 projections. Offsets through grants and donations are possible; otherwise, an increase in the annual operating deficit in FY24 is expected.

c. Grants update – Jason Mihalic

c.i. Jason Mihalic shared a brief overview of the status of various grants. A Grants Tracking document was shared with the committee listing current and “open” grants.

c.ii. Grants defaulted/returned/declined

c.ii.1. Cactus League Grant = \$300k, declined

c.ii.2. Eller Fund Grant = \$456k, declined. Eller Fund is interested in approaching grants from an educational perspective.

c.ii.3. Several grants may need to be returned, repurposed, or are already in default due to protracted delays in their execution from the original time of the award. Jason is following up with each grant issuer to determine the best course for each moving forward. David Breeckner indicated that the default of several of these grants has damaged AHS' credibility with several long-served partners, specifically Creative Flagstaff and the AZ Humanities.

c.iii. Current grants status

c.iii.1. Jason is preparing for a National Parks Services grant which opens in the Fall of this year, and a National Endowment of the Arts grant later this year.

c.iii.2. David Breeckner informed the committee that Jason was working on a “toolbox” for AHS staff members to access for grant application purposes. Grants over \$10,000 are typically written and submitted by Jason directly. Grants under \$10,000 are managed by individual staff but are required to manage the application and award process through Jason.

**c.iii.3.** A conversation about tracking grants and locating historical notes/ reports of grants. The status of a 2019 SRP Grant was discussed: AHS is investigating this particular grant and will have an update shortly. AHS is actively creating an accurate and up-to-date grant tracking system. Jason Mihalic conveyed to the committee that he is working towards ADOA's best practices for coding and tracking grant monies. Gene Kunde acknowledged Jason's determination and efforts to align with ADOA and GAO's best practices.

**6. Committee Update – Gene Kunde and David Breeckner**

- a. Committee is still actively recruiting additional members. In a previous message, Robert Ballard indicated that he had raised the need for committee members during a meeting of the Mohave Museum's Board. Their Finance Committee Chair will issue a call for volunteers at their next meeting.

**7. AHS Capital Campaign – David Breeckner**

- a. Kyle Morey provided a brief self-introduction: his experience includes working with Chambers of Commerce across multiple states and cities in their economic development. Since joining AHS, he has focused on "creating buzz" around AHS, piloting 5-6 program receptions to engage targeted audiences (tech sector, medical, etc.) and build relationships with regional stakeholders. This has resulted in a contact database, and the next opportunity is to "active" those relationships under cultivation. This has resulted in \$146,000 raised from 66 donors in FY23 since August, with the majority through in-kind donations to support AHS exhibits, public programs, and receptions. David reminded the committee that in-kind contributions are not reflected in the budget; this might require future consideration; these in-kind contributions represent an offset that supports budgeted expenses.
- b. Kyle estimates a potential value of \$1.2m from Board-initiated networking alone across a 3-month period of intense outreach and direct asks.
- c. Strategic Plan: Prioritization list for future development & projects
  - c.i. Draft Strategic Plan has been shared with both the committee, as well as the full Board, staff, and Chapters. A clean copy is expected to be available next month. The details are near completion. Moving forward, the Finance Committee can use this document to identify priorities for future fundraising efforts in lieu of a singular Capital Campaign. Their thoughts are looked forward to at the April meeting.

- d. Capital Improvement Plan (CIP): funding strategy & opportunities
  - d.i. David Breeckner shared that the CIP process is not limited exclusively to facility repairs and can also include new facility construction. A FAQ sheet detailing this added feature in the CIP process was shared with the committee. This process could be beneficial and tied to future Capital Campaign efforts, especially concerning a new annex to AHC Tempe and a new facility for AHM Tucson.

**8. Announcements** and other matters for consideration in future Board or Committee meetings.

- a. Next meeting is set for Tuesday, April 18, 2023, at 9 AM. This is both the date of Paul Revere's ride and Tax Day (Jim Snitzer and Gene Kunde, respectively).

**9. Adjournment** – Gene Kunde called for adjournment at 10:31 AM

- a. Motion to Adjourn- Jim Snitzer
- b. Second- Gene Kunde

Dated this 24th day of March 2023

Arizona Historical Society

Gene Kunde

Gene Kunde, Finance Committee Vice Chair

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Finance Committee Schedule: 9:00 a.m. and Virtual unless announced otherwise

Click the date to register for the meeting

All meetings are hosted live-streamed via Zoom

[March 21, 2023](#)

[April 18, 2023](#)

[May 16, 2023](#)

[June 20, 2023](#)

[July 18, 2023](#)

[August 15, 2023](#)

[September 19, 2023](#)

[October 17, 2023,](#)

[November 21, 2023,](#)

[December 19, 2023](#)