

SCFD BOARD OF DIRECTORS MEETING

February 26, 2015

1:00 pm

Englewood Arts

Meeting Minutes

SCFD Board members present: Chair Dan Hopkins, Vice-Chair Kathy Kucsan, Treasurer Hal Logan, Secretary Lynn Jeffers, Councilwoman Peggy Lehmann, Elaine D. Torres, Damon O. Barry, Rob Johnson, and Kathy Imel.

SCFD Board members not present: Shepard Nevel and Kathryn Spuhler.

SCFD staff present: Executive Director Peg Long, Program Manager Jessica Kato, Program Assistant Katherine Wilson and Office Systems Administrator Sheila Mieger

1. Introductions and Approval of Agenda

Dan Hopkins called the meeting to order at 1:05 pm followed by introductions. A quorum was present. The agenda was approved.

Eric Bertoluzzi Executive Director of Englewood Arts and Up Close and Musical, welcomed the Board. Hampton Hall is the only remaining building from the original Cinderella City mall complex. In the 1980s Eric founded Up Close and Musical. He later helped found Englewood Arts. He thanked the Board for the SCFD's ongoing support.

2. Oath of Office

Kathy Kucsan swore in Dan Hopkins, Arapahoe County appointee, to his second term.

Dan Hopkins swore in Kathy Imel, Adams County appointee, to her first term.

3. Approval of January 22, 2015 Board Minutes

Hal Logan motioned to approve the minutes. Peggy Lehmann seconded. Motion to accept the minutes passed.

4. Resolution 15-02: Pertaining to Adjustment of the Appropriation and Distribution of 2014 Revenue Collected

This resolution reflects the required adjustments from the board's projected fiscal year 2014 revenue and the actual fiscal year 2014 revenue received. The adjustments to each tier distribution reflect the additional revenue less a proportional reduction for recovery of election costs.

Hal Logan read the resolution. Kathy Kucsan motioned to approve Resolution 15-02: Pertaining to Adjustment of the Appropriation and Distribution of 2014 Revenue Collected. Rob Johnson seconded. The motion passed.

5. Reports

5.1 Treasurer

Hal Logan reported the December 2014 SCFD sales and use tax revenue was \$5,354,707.38. The year-to-date (YTD) sales and use tax revenue for fiscal year (FY) 2014 is 52,059,245.18. This compares to YTD/FY 2013 revenue of \$47,361,945.38. The variance is \$4,697,299.80, which is a 9.91% increase in FY 2014 sales and use tax revenue over FY 2013. Peggy Lehmann asked what is done with the administrative funds received that are over the projected amount. Hal responded it is used for expenses thus drawing less on reserves to balance the 2014 budget.

5.2 Chairman

Dan Hopkins reported SCFD received a favorable ruling on the summary judgment in the TABOR lawsuit. The plaintiffs have until April 15 to file an appeal. Dan recognized Peg, Alan Pogue of Icenogle/Seaver/Pogue, P.C. and Charles E. Norton of Norton & Smith for all their excellent work on the case. There will not be a two-day trial in March.

5.3 Executive Director

Peg Long reported:

- Task Force Update - Three of the four meetings have occurred; the final meeting is in March. The facilitator and Task Force members will prepare a final report to the board and present it at the April 23, 2015 board planning session.
- The April and May board meetings will begin at noon instead of 1 pm.

- The 2014 Consumer Price Index for Denver-Boulder-Greeley for 2015 is 2.8%. The CPI increased by the same percentage as last year. Adjusting the Tier II threshold by this amount means that the 2015 minimum qualifying income for Tier II organizations is \$1,556,887.96.
- SCFD will have a presence on the 16th Street Mall again this summer. Denver Botanic Gardens will present the Garden Block, between Curtis and Champa Streets, and will be inviting SCFD organizations to sign up to provide entertainment between 11:30-1:00 on weekdays during the summer months.
- Peg requested that the Rex Morgan event be suspended again in 2015 due to budget constraints, reduced staff, reauthorization activities and the eligibility application cycle. The Board agreed. The Board would like to have the event in November of 2016. The timing ties in nicely with Denver Arts Week.

6. Other Matters

6.1 Draft Board Policy Options and Public Comment

Dan gave a brief description of each of the proposed policies followed by Board discussion and an opportunity for the public to comment.

- Require local government entities to adopt a formal resolution evidencing creation of the agency and a corresponding special revenue fund that is distinct from the local government's general fund and can be separately audited; a special revenue fund is an account established by a government entity to collect and disburse money for a specific project or purpose; referred by Local Government Work Group.

SCFD received feedback from the Golden History Museum stating "special revenue fund" is too specific of language to encompass other types of compliant segregated funds. The wording has been changed to include "or similarly segregated fund." Current organizations are compliant with this requirement.

Public Comment – none stated.

Dan Hopkins read the resolution. Damon Barry motioned to approve Resolution 15-03: Pertaining to Local Government Special Revenue Fund Requirements. Elaine D. Torres seconded. All voted in favor.

- Require every organization seeking SCFD eligibility to submit either a Form 990 or Form 990EZ with its eligibility application (Form 990N would not be accepted); the IRS 1023 EZ application for applying for tax exempt status requires no financial information, only contact information; referred by Eligibility Work Group.

These criteria would go into go effect for the September 2016 eligibility cycle. The Board asked that this change be well publicized.

Public Comment – none stated

Rob Johnson read the resolution. Kathy Kucsan motioned to approve Resolution 15-04: Pertaining to Organizations Seeking Eligibility Pursuant to C.R.S §32-13-107(3)(c). Lynn Jeffers seconded. All voted in favor.

- Require all grant applicants to submit either a Form 990 or Form 990EZ with their grant applications (i.e., Form 990N would no longer be accepted); the 990N does not solicit any financial information, only contact information; referred by Councils and Tier III Work Groups. This requirement would not go into effect until grant application year 2017.

Kathy Imel asked how many current organizations would be affected. About 40 organizations would need to change their filing status, replied Peg. She also noted that the IRS exempts government agencies from the Form 990 filing requirement. The Board asked staff to contact the affected organizations directly about the change. The Board also asked Jane Potts and CAST3 to help its members with the transition.

Public comment – none stated

Kathy Kucsan read the resolution. Elaine D. Torres motioned to approve Resolution 15-05: Pertaining to Organizations Seeking Funding Under C.R.S. §32-13-107(3)(c). Hal Logan seconded. All voted in favor.

- Require every organization with an annual budget of \$500,000-\$750,000 to annually submit an externally/independently prepared financial review and those with budgets above \$750,000 to annually submit an independent financial audit; an independent financial review or audit, when used in tandem with the Form 990,

provides a much clearer picture of an organization's finances and financial practices; referred by Eligibility, Tier III & Councils Work Groups. Resolution would not go into effect until 2017.

A full audit is an additional expense for organizations. It is non-profit best practice to get an audit when an organization has a budget above \$750,000. This resolution strengthens accountability. Damon Barry asked if a compilation would be adequate. It was discussed and decided to leave the requirement as stated.

Public Comment – Jane Potts asked if the audit requirement could be for every other year. Peg responded from a staff point of view it could become burdensome to track which organizations need to file each year. Kathy Imel mentioned it could cause confusion for councils thinking the application is incomplete.

Lynn Jeffers read the resolution. Elaine D. Torres motioned to approve Resolution 15-06: Pertaining to Organizations with Revenue of \$500,000 or Above Seeking Funding Under C.R.S. §32-13-107(3)(c). Rob Johnson seconded. Eight members voted in favor, one abstained.

7. Public Comment

George Sparks, who is a task force participant and the President/CEO of the Denver Museum of Nature and Science, attended a task force meeting during the day and that same evening took his stepdaughter to see a choral group perform in Highlands Ranch. Throughout the course of the day he took pride in the citizens of SCFD for creating the SCFD, pride in the SCFD Board's oversight, and pride in what all the SCFD organizations bring to our community.

8. Adjournment

The meeting was adjourned at 2:24 pm.


Secretary