PUEBLO LIBRARY Foundation

Finance Committee Meeting
Meeting: 2 p.m., Thursday, August 8, 2024
Rawlings Executive Conference Room on 4th Floor
Rawlings Library 100 E. Abriendo Ave. Pueblo, Co 81004
With Virtual Teleconference Option

M i n u t e s

Board Members Present–Tim Krebs, Abbey Hartless, Chad Heberly, Alexandria Romero, Sherri Baca, and Ashley Huggins.

Excused–Joe Arrigo and Maria Kropf

Staff Present–Nick Potter and Gloria Madrill

Guests– Dmitriy Chernyak

Call to Order and Welcome

Mr. Krebs called the meeting to order at 2:00 p.m.

Approval of Minutes

No modifications were made to the minutes. Ms. Hartless made a motion to approve the minutes for the May 2, 2024 Finance Committee Meeting. Ms. Romero seconded the motion. All in favor. Motion passes.

Audit Presentation

Mr. Chernyak, a partner of DMC Auditing and Consulting LLC, talked about their work on preparing the financials and the audit. They presented findings on the audit. He said the results were an unmodified clean opinion and no control issues were found. He also said they didn't feel as if there was anything significant to report. Ms. Huggins and Ms. Hartless had questions about two pronouncements. Mr. Chernyak answered they were in last year's report but the firm didn't think it was necessary to disclose. Ms. Romero asked what the disclosure was, Mr. Chernyak answered that certain pronouncements were not implemented because they were immaterial and not significant. It was decided the board will review the draft and let Mr. Chernyak know if there are any additional questions. The plan is to submit the audit for approval at the next Foundation board quarterly meeting.

Form 990 Update

Ms. Huggins reported that we extended the 990 and the extension was accepted. There was some discussion on the timeline of presenting the 990. It was decided we want the board and finance committee time to review the 990 and we will plan on presenting it at the November meeting. Ms. Baca reminded the committee it is the first time the foundation will do a full 990 and not file an EZ form.

June 30, 2024 Financial Report

Next, Ms. Huggins presented the Financial Report starting with the balance sheet. Ms. Huggins noted that the cash balance is up, mostly due to a payment from a grant the library received. She also mentioned that staff is running donations or anything that needs tracking (has restrictions) through the Foundation. Staff would prefer to track the restrictions on the Foundation side until they are fulfilled. Ms. Huggins also said the investment fund went up and we have a $35 accounts payable for an Outstanding Women Awards reservation refund. The refund was made with cash from the District so the Foundation needs to reimburse the district. Next, she reviewed the Statement of Revenues and Expenditures. She noted the year-to-date unrealized gain on investments is $29,085. The large grant received this quarter can be found in the “Contributions-Corporate” line item. She also mentioned that the Outstanding Women Awards occurred in March, many of the event expenses hit this quarter. We should also see event income and expenses coming in soon for the Booklovers Ball. The year-to-date revenues totaled $369,092 and year-to-date expenditures total $44,914 bringing the year-to-date revenue over expenditures to $324,178. Ms. Hartless made a motion to accept the financial report for the period ending June 30, 2024. Mr. Heberly seconded the motion. All in favor. Motion passes.

Q2 2024 Stifel Investment Report

Mr. Kennedy provided a report about the Foundation’s investment portfolio performance. He mentioned the market has been extremely volatile over the past several days. After hitting new highs, we are seeing what could be a normal 10% type market correction, which has happened yearly for the past several decades. The market pundits are trying to sort out if there is a hidden reason for this, other than what everyone is suggesting – Middle East retaliation due to recent Israel offensive activity, last week’s data showing a significantly slower economy, the Federal Reserve not lowering interest rates last week, signaling September as the new time line, the presidential election uncertainty, and what all that means to the economy and investments, or hidden factors in global markets that seem to be coming unhinged. Another several days of trading should show us the light.

Mr. Kennedy included a report with a more detailed account review. The account value is $569,674 and the account is bringing in $16,860 or 2.96% in annual dividends and interest prior to discussing whether or not the account is up or down in valuation. Page three of the report illustrated that we are 66.46% in equities; however, after we take out our REIT/Real Estate exposure of 4.90% (page four) per our Investment Policy Statement (IPS), we are right at 61.56% in stocks. Page four is the sector allocation page, showing that of the $378,615, we do have in equities, we are well diversified by market sector. For the year, we are up $30,608, or 5.77%. This is actually a very good number, as we are out performing relevant benchmarks without taking on excess risk.

Mr. Potter added we will invite Mr. Kennedy to speak in-person at next quarters meetings.

Restricted funds and summary of restrictions

Next, Ms. Huggins spoke about the Summary of Restrictions report. The report has not been updated for 2024 because the finance staff is working on reconciling the information. We have good information through 2021 but had some turn over and want to make sure the information is accurate. After we verify this information, we want to spend some of these restricted funds this year on items that fit the gift/donation's restriction(s).

Mr. Potter provided some background information about the enterprise zone. In the past, the enterprise zone was more open. Now, there are only two projects that enterprise zone gifts can go towards (the Rawlings Library or Lucero Library capital campaigns). Currently we have $72,736.12 from previous donations that we want to roll off and use towards these projects. The funds are currently in our investment accounts. Since we didn’t have a project need at the time, the gifts were put in the investment portfolio until we were at a point when we can use them. We don’t want to divest these funds. What we would like to do is build up unrestricted funds in the money market account until it reaches $72,736.12, which we hope to reach by the end of the year, and approve a transfer and release them in February.

Ms. Baca asked in the future if we would like to handle these types of funds in the same way or transfer them as they come in. Ms. Huggins answered, release them as they come in to be spent on the current projects. We want to release them as soon as we know they are being spent.

Mr. Krebs asked about for more information about Chamberlain restricted gifts. Ms. Baca answered their restriction is for material and equipment and there is not a time limit right now for spending the restriction. We are holding them for when we have an immediate need.

Q2 2024 Gifts Received Report

Next Mr. Potter provided an update on fundraising activities and gifts received in the second quarter. In Q2, PCCLD and the Foundation combined brought in $370,340.69. The majority of revenue received was from the City of Pueblo in support of the Barkman Library and the ECF grant. There was also some activity related to the capital campaigns (Barkman Library, Your Future Library, Lucero Library, and Building Community Together), sponsorships (Summer Reading and Booklovers Ball), Local History and Genealogy, Pueblo West Library, Lamb Library, unrestricted gifts and other miscellaneous contributions.

The recommendation within the report is to transfer $273,623.80 from the Foundation to the district. Ms. Hartless made a motion to approve the recommended transfer of $273,623.80 from the Foundation to the district. Ms. Romero seconded the motion. All in favor. Motion passes.

New business and old business

There was no new or old business to discuss.

Adjourned 3:00 p.m.
Respectfully submitted,

Gloria Madrill
Recording Secretary