**Board of Directors Meeting**
**Meeting: 11:30 a.m., July 10, 2019**
**Bret Kelly, Room A, 1st Floor**
**Rawlings Library ★ 100 E. Abriendo Ave. ★ Pueblo, Co 81004**

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***M I N U T E S***

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## A. & B. Welcome and Call to Order....................Lyndell Gairaud

Ms. Gairaud called the meeting to order at 11:34 a.m. She welcomed new Foundation Board Member Iris Clark and the soon to be new Director of Community Relations, Development and Strategic Initiatives Nick Potter. Mr. Walker also said a few words about Mr. Potter and mentioned that his official start date is August 12, 2019. Mr. Voute encouraged Ms. Clark and any other Foundation Board Member interested in joining the Finance and Investment Committee to reach out as we are in need of more members.

## C. Roll Call and Verification of Quorum ....................Gloria Madrill

***Board Members Present***–Lyndell Gairaud, President; Michael Voute, Treasurer; Carol King, Secretary; Iris Clark, Jessi Ones (who joined meeting when noted below) and Gala White

***Absent***–Dustin Hodge

A quorum is met with 6 out of 7 (86%) members present.

***Staff Present***–Jon Walker, Sherri Baca and Gloria Madrill

**Guests**—Nick Potter and Alison Slife (via phone)

## D. Modifications to Agenda for July 10, 2019 Meeting ....................All

No modifications made.

## E. Approval of Minutes of April 10, 2019 Meeting....................All

Ms. King made a motion to accept the minutes. Seconded by Mr. Voute. All in favor. Motion passes.

## F. Treasurer's Report....................Michael Voute

### 2018 Audit Report from Alison Slife

Mr. Voute invited Ms. Baca to speak about the 2018 Audit. Ms. Baca reminded the board this year the audit was performed by a new audit firm, CliftonLarsonAllen. They are one of the top ten CPA firms in the U.S. An audit team from Denver came down to Pueblo for the audit. Ms. Slife, the principal on the engagement from CliftonLarsonAllen, joined the meeting via phone call to report their findings. Ms. Slife started her review with the financial statements.

The first page of the in the packet is the Independent Auditors' Report. The letter contains management and auditor responsibilities. She noted page two states the financial statements are materially correct and there is an unmodified opinion. Ms. Slife proceeded to the Statement of Financial Position. This report is the balance sheet and lists assets, liabilities and net assets. The Investments line lists $176,377, positive change of around $39,000 from 2017 to 2018. Ms. Slife also noted new accounting standards were implemented for 2018. Any one that follows FASB had to implement it for December 2018 for year-end. It involved the changing of wording on statements (as shown on page four). Instead of temporary or permanently restricted the categories are now with or without donor restrictions.

Continuing her review, she spoke about the Statement of Functional Expenses, our income statement. There was a positive change in net assets from 2017 to 2018. Biggest changes were things that occurred in 2017 didn't necessarily happen in 2018. Fundraising went down from onetime events that occurred in 2017 but didn't occur last year. The statement shows change and growth. Expenses were similar compared to the prior year but also did go down a bit with prior year expenses totaling around $43,000 and change and this year totaling $41,400. There was a positive change in net assets over the year. Ms. Slife commented page five is similar to what we have seen in the footnotes with similar categories and wording. The Statement of Functional Expenses shows expenses from the previous page with more detail. The next page, the Statement of Cash Flows, shows changes in cash activity from the past year. Ending cash for the year was $59,193 and the previous year was $53,114. The next pages, page seven through ten, are footnotes. The footnotes are the story and narrative behind the numbers and policies. The Liquidity footnote is new this year due to the change in accounting pronouncement.

Ms. Slife then reviewed the separate letter. The letter is the auditors' communication with the board and the management representation letter. The auditors' letter summarizes big changes or issues encountered. There were a few significant audit findings listed in regards to the qualitative aspects of accounting practices. This section mentioned the library changed accounting policies, in compliance with the new standard. There were no difficulties in performing the audit and no issues. The second pages reports there were no audit adjustments and no disagreements with management on how to treat a transaction. The auditors are also not aware of other consultations for other results.

Mr. Voute asked, since CliftonLarsonAllen will be the auditor in 2019 can they include comparative figures for 2018 and 2019. Ms. Slife responded that yes it was something they could do. They can expand the scope if that is something of interest. Ms. White also commented that she agreed it would be something of interest. Ms. Baca said the library can work with them on that and add columns and footnotes for comparison. It is something the library can help with for next year. Mr. Voute made a motion to accept the audit report of CliftonLarsonAllen. Seconded by Ms. White. seconded. All in favor. Motion passes.

### June 30, 2019 Financial Report

Ms. Baca began her report of the financials with the Balance Sheet as of June 30, 2019. The report has the same structure but different format. There is comparative information for the current year and the prior year. She noted the change in pledges receivable is zero this year as remaining pledges were completed. The Foundation ended the second quarter at $198,683.43 in retained earnings and net assets. The next report will have wording changed to with or without restrictions to match the new wording on the Statement of Revenues and Expenditures. This quarter we have a revenue under expenditures, which she will go into more detail further in the report. When comparing the investment fund from this year to the prior year you will notice the amount is lower than last year. It was lower because the stock market was rough in the fourth quarter of 2018. Ms. White also commented charitable donations may have been negatively affected by the changes in tax laws. Mr. Potter noted in his experience some donors made larger donations and gave what they would have given in 2017 and 2018 because they were sure how they would be affected by the change in tax law.

Ms. Baca continued her report with the Statement of Revenues and Expenditures which show current quarter activities. She reviewed the revenues and three different categories of expenditures. She also reminded the board financial reporting has the Foundation recognize In-Kind contributions. The Foundation receives In-Kind contributions from the district for staff time. Ms. Ones joined the meeting at this point. The report also shows under Contributions to PCCLD that Foundation sent $50,000 to the district, a move approved in a prior meeting. Ms. Baca noted that funds being used for programs shows the Foundation is filling our mission. The Foundation currently has an expenditure in excess of revenue of $36,759, but it was budgeted that way. When planning for the budget, we included Contributions to PCCLD of $50,000 but we are expending revenue from prior year earnings. The past few years we have been building our investment fund. With this contribution in mind, we are on track in terms of where we expected to be. Mr. Voute seconded, commenting we are on budget.

Ms. Baca completed her review by going over the Summary of Restrictions and the categories of restrictions the Foundation tracks. The restrictions on funds for the Leadership Institute will be released when the program finishes. In regards to the contribution of $50,000 sent to the district they fulfilled their restrictions (Capital Campaign and Enterprise Zone). We were able to release the restriction because the contribution was for capital planning on the district side. Ms. Baca spoke briefly on the history of the Chamberlain Fund which comes from a local foundation. It has a restriction that it must be used on books, material and equipment. Total amount of restrictions from all categories that still need to be satisfied is $87,256.12. Amounts shaded in orange on the report are in the investment account not checking account. Ms. Baca commented if any Foundation member has questions about any of the reports she is happy to go over them after the meeting, if they are more comfortable. Mr. Voute made a motion to accept the second quarter financial statements. Seconded by Ms. King. All in Favor. Motion passes.

### 2nd Quarter 2019 Raymond James Investment Statement

Mr. Voute reviewed the 2nd quarter Raymond James Investment Statement. He noted the current value of investments is not reflected in our financials until the end of the year when it is marked to market. Since we started the account, the Foundation has earned 6.53 percent on investments. This weighted returned is more than what the district can earn, which is about 2.3 percent, since the district is restricted on where they can hold investments because they are a government entity. The Foundation's goals are a blend of safety and return. Year to date our investments total $201,153.90. This amount is greater than the amount shown in the financials as we have not marked to market yet. Ms. White asked if Mr. Salardino consults with us about the funds he means to invest in. Mr. Voute said yes, that we do talk with him about requirements and guidelines.

### Ratify the renewal of the directors & officers insurance policy

Ms. Baca provided information about the Foundation's D&O policy. The policy is with Great American Insurance Group, brokered through HUB. It has a limit of one million dollar aggregate in coverage. The policy begins June 13 with a premium of $675 (a $10 increase over same policy last year). Mr. Voute made motion to ratify the renewal of the directors & officers insurance policy. Seconded by Ms. Clark. All in Favor. Motion passes.

### Pueblo Library Foundation Board Adopt Resolutions

Mr. Walker presented the next two items on the agenda. First, he removed his badge as he was presenting and speaking in an unofficial capacity on his lunch break. The library trustees are considering a vote on the tax expiring December 2019 which is 6 tenths of a mil. An owner of a home valued at $200,000 would pay the library $8.60 in property taxes. If the tax is not renewed, the library is in a state where we would need to reduce and restrict library services. The trustees are 99% certain they will refer the measure at their next meeting. Mr. Walker has been meeting with people in the community and the library trustees. The library also commissioned a poll. The results were all very positive. When voters were asked if the measure was on the ballot how they would vote, about 80% said yes they were in favor of it. Elected official have also provided positive feedback. Only challenge will be to get the message out and communicate the message to the voting public.

The issues committee, which Mr. Walker representing today, is not a government or 501(c) (3). The committee is called Pueblo Library Proud for the vote yes campaign. It is designed and intended as group that will mount a vote yes campaign for this referred measure. They are currently raising money for a vote yes campaign. Mr. Walker is asking the Foundation to consider contributing $15,000 to the vote yes campaign. Because the Foundation is a 501(c)(3), there are IRS restrictions on how much we can contribute to this type of campaign. In order to do this type of contribution the Foundation would need to elect to have provisions of section 501(h) of the Code, relating to expenditures to influence legislation, apply to our tax year ending December 31, 2019, and all subsequent tax years until revoked. Choosing to adopt that language would protect the Foundation's 501(c)(3) status and if we make this election it is only done once and in effect until we revoke it.

The 501(h) rules say you can spend up to 20% of your line 17 of your taxes in expenditures on an election. Mr. Walker said that feeds into the $15,000 contribution we spoke about. That amount is based on current year. The estimate is just below $16,000 of what could be given with a little bit of wiggle room.

The budgetary goal of the committee is $75,000 to communicate the importance of the ballot question and voting yes. Through various commitment the committee has raised about $35,000. A contribution from the Foundation of $15,000 would bring the committee to $50,000 of their goal. Ms. Gairaud commented that many people are not aware they were paying this expiring tax. A continuation of that tax will put the library's budget where it needs to be so we won't need to cut resources. It would keep us at a level where we are not having to decrease our services to the community. Ms. King commented that the history of the first tax went into the building of Rawlings Library. Ms. Ones asked if the continuation would have an expiration date. Mr. Walker answered there is currently no expiration.

Mr. Walker said the $15,000 would go to toward a marketing campaign. Ms. White asked if there were specific plans and ideas for the campaign. Mr. Walker answered it would go towards grassroots campaigns, advertising, social media and ads. They are planning on doing a mix of social media and traditional channels (i.e tv, newspaper, yard signs etc). Ms. Gairaud reminded the board the Library is a government entity and once the trustees put it on the ballot the library cannot campaign for itself. Under a 501(h) we don't have unrestricted capability and would have a 20 percent threshold.

Mr. Voute made a motion to for the Pueblo Library Foundation as an eligible organization, herby elect to have the provisions of section 501(h) of the Code, relating to expenditures to influence legislation, apply to our tax year ending December 31, 2019, and all subsequent tax years until revoked. Seconded by Ms. King. All in Favor. Motion passes.

Mr. Voute noted concerning the $15,000 we do have the amount with almost $3,800 in dividends that could be made towards contribution.

Mr. Voute then made a second motion under 501(h) election, we approve a motion to contribute $15,000 to Pueblo Library Proud issues committee for the purpose of direct lobbying in support of a referred measure for a mill levy for the Pueblo City-County Library District." Seconded by Ms. White. All in Favor. Motion passes. During this point in the meeting Ms. Clark excused herself after the vote due to a prior commitment.

Mr. Walker spoke regarding another ask being made of the Foundation. Mr. Walker asked if the Foundation would consider contributing $10,000 to PCCLD for public relations activities. This would not go to the Vote Yes Campaign but a campaign managed by the district. The campaign would discuss reasons the public should be proud of our library and the good work we are doing. Mr. Voute spoke for a minute about the Foundation's capacity to give noting the Foundation currently has about $22,000 in cash. Our forecast is that by the end of the year we will have enough to fill this contribution request with the annual campaign and Colorado Gives Day occurring in Q4. Mr. Voute made motion that the Pueblo Library Foundation moves to contribute $10,000 to PCCLD for public relations activities. Seconded by Ms. Ones. All in favor. Motion passes. After the vote, Mr. Walker excused himself from the meeting.

**G. Director's Report........................................................................................Gloria Madrill**

**Q2 Fundraising Report**

Ms. Madrill presented the Q2 Fundraising Report highlighting gifts received for both entities. In Q2 the Foundation received funds from Le Bal de Bibliotheque reservation purchases and generous contributions from William Lucero in support of the Patrick A. Lucero Library. A few smaller gifts came in with a few of them coming in memory of a couple of individuals. The total amount received for the Foundation was $3,458.73.

Ms. Madrill then spoke briefly about gifts that came in from the district side including a generous grant from the Nextfifty Initiative. The district received $8,850 in Summer Reading gifts. Ms. Madrill noted two large contributions were received, one from the Friends of the Library and the other from the Lenore

Chamberlain Fund. Gifts also came in support of Pueblo West Library, Kids Parade registrations and gifts supporting a few other various programs. The total amount of district gifts equaled $30,522.52.

Ms. Madrill reported this quarter we are recommending a transfer of $550 to go back to the library and no transfers to the investment fund. These gifts were given in support of the Lucero Library and are pass-throughs. Mr. Voute made a motion to approve the recommended transfers of $550 from the Foundation to Pueblo City-County Library District. Seconded by Ms. King. All in Favor. Motion passes.

### Leadership Institute and Le Bal de Bibliotheque Update

Ms. Madrill reported this quarter we hosted three workshops for the nine ladies in the Leadership Institute Program. The April Workshop focused on etiquette and Lindsay Pacheck returned as our facilitator. After the meeting she helped lead the girls through the process of choosing colors and a theme for the event. The colors this year are ivory and dusty rose and the theme is Natural Beauty with a focus on nature and flowers. Ms. Madrill wanted to extend a big thank you to Ms. White for joining us for this workshop and helping us choose the theme.

There were two additional workshops this quarter. In May, the workshop focused on Women in Leadership and four women were invited to speak about their roles as leaders in our community and the paths to becoming those leaders. Panelists included Sherri Baca, Chrissy Holiday and Andrea Aragon. In June, the workshop focused on Community Impact. Four leaders in our community were invited to talk with the cohort about how you can impact your community through volunteering, government offices, serving on boards and philanthropy. The panelists for this workshop included Rebecca Diaz, Corrine Koehler, Angela Giron and Representative Daneya Esgar.

Ms. Madrill also shared the ladies have been working hard this quarter planning the fourth annual Le Bal de Biblbiotheque Fundraiser coming up on Saturday, July 13. They have been selling tickets to the event and we are happy to report reservations are at 94 this year, a large increase from 63 with the smaller cohort from last year.

### All Pueblo Reads Book Selection: *In the Time of the Butterflies* by Julia Alvarez

Ms. Madrill was excited to share the library was selected as recipient of a grant from the NEA Big Read in the amount of $15,000. The book this year is *In the Time of the Butterflies* by Julia Alvarez. The book is a historical fiction novel about the Mirabal sisters during the time of the Trujillo dictatorship in the Dominican Republic. First published in 1994, the story was adapted into a feature film in 2001. The Booklovers Blacktie Ball will be on November 8 this year. As we began planning, please let us know if you have any contacts or know of anyone who may want to join us as a sponsor or silent auction donor.

### Colorado Gives Day, Tuesday, Dec. 10

Ms. Madrill gave an update on plans for the end of the year. In addition to our annual direct mail appeal we are also looking into being a part of Colorado Gives Day. Last year was the first time the Foundation participated and the response was really good with about $4,800 raised. Colorado Gives Day is an annual statewide movement to celebrate and increase philanthropy in Colorado through online giving. Coloradans are encouraged to “Give Where You Live” on Tuesday, December 10, 2019, by donating to local nonprofits on ColoradoGives.org.

### H. Announcements ........................................................................................ Lyndell Gairaud

Ms. Gairaud shared a few announcements. First, she extended an invitation to the Staff Summer Picnic at City Park scheduled for July 14. Please RSVP to Gloria if you are able to attend the potluck. She also shared a few deadlines for All Pueblo Reads sponsor and silent auction donors to be recognized on marketing material. Also, the advance sale reservation deadline for Booklovers Blacktie Ball tickets will be October 11.

**I. New business ............................................................................................Lyndell Gairaud**

No new business to report.

**J. Old business ............................................................................................Lyndell Gairaud**

No old business to report.

**Next Meeting: Wednesday, November 13, 2019**

**Adjourned 1:19 p.m.**

Respectfully submitted,

Gloria Madrill
Recording Secretary