

ARC BOARD MEETING MINUTES

May 6th 2015

The ARC Board meeting was called to order by Board President, Tamara Driscoll at 6:30 pm. Board members present were Tamara Driscoll, Julie Morse, Edith Elion, Doug Dunham, Sprout Hochberg, Trang Hoang, Chris Copacino, Vic Roberson, Charlie Zaragoza, Terry Holme, Jonathan Hartung, Candace Bailey. (Antoinette Angulo joined at 6:55pm.) Dave Towne and William Lowe were excused.

ARC Staff present was Bill Keller, Christina Arcidy, Sharon Mauze and Naho Shioya.

Seattle Parks was represented by Kelly Guy.

We also had guest from Peterson Sullivan LLP – David Lee, Sarah and Jennifer (to present financial audit report).

It was determined that a quorum of Board members was present. Motion to approve the agenda and revised March and April minutes were offered by Doug Dunham and seconded by Edith Elion. Minutes and agenda were approved as submitted.

2014 Approval of Financials:

Tamara Driscoll, the Board President mentioned the fact that ARC had never been issued a management letter for the past decade, and introduced and welcomed Staff from Peterson Sullivan.

- David Lee from Peterson Sullivan gave us the overview of the firm – 160~170 staff, CPA firm of the Year of Washington in 2013, and work with Approx. 350 non-profit organizations (60% of the business).
- **Reporting:** no adjustment was found. No management letter was issued. No disagreement with management was reported.
- **Site Visits:** The firm conducted site visits in the field. The sites were picked based on the volume of activities, and to incorporate variety of financials. The firm keeps track of the sites visited in the past, so not to duplicate sites from the past visits
- David Lee mentioned that the firm reports to the Board of Directors, as the board is the governance.
- Controlled deficiency, Significant deficiency, and Material weakness – board will be informed if the firm find any concerns.

Q: Terry Holme – When does the firm come to the Board, if there are any material weaknesses or other concerns?

A: David Lee – Audit was done at the end of February, beginning of March, and if there are any findings at that time, the Board President will be notified immediately. If it is a clean audit, the time frame for the report will be around May (as it is happening this evening).

- **Threads/Ratio:** Strong Balance Sheet. Strong in cash

- **Cash Flow & Operations Threads:** Cash flow statement on pg. 5 of the report in financial report shows reduction in accounts payable
- Asset to Liability ratio of 1:1 means you have enough cash to pay the current liability – anything above is positive. Above 3 is United Way recommendation.
- **Components of Revenue:** 8 % growth (on pg. 3 of the report). Nice recovery of investment. Bill Keller – we have a portfolio with wells Fargo.
- **Expenses:** \$.90 of every \$1 earned goes to programing. United Way recommendation is 75% & higher to go to the programs – anything below, they will ask for explanations.
- **A133:** what is “A133”? - The OMB A-133 Compliance Supplement is a large and extensive United States federal government guide created by the Office of Management and Budget (OMB) and used in auditing federal assistance and federal grant programs, as well as their respective recipients. It is considered to be the most important tool of an auditor for a Single Audit, and required for organizations that receives over \$500K (they will bump it up to \$750K after general public comment period) on federal fund. We have no A133 responsibilities.

Voting on the financial – Tamara mentioned that we needed 7 votes in favor to approve (and asked to abstain, if a member didn’t understand the report).

Motion/Second

The financial audit was unanimously approved. (7:10pm)

Announcement: It is Terry Holme’s Birthday! (Happy Birthday song to follow.)

Approval of a new Board member:

Tamara asked if there were any questions for Candace Bailey, the new ARC Board candidate. Charlie Zaragoza recommended her stating that she knows people, and she is well-connected, and is a wonderful advocate for the community.

Doug Dunham moved to accept Candace bailey as the new Board member, and Sprout Hochberg seconded. Candace was unanimously accepted to join the board.

Report from Board Development Committee:

- Reminder about the May 9th Retreat – 8:00am-2:30pm at Montlake Tudor Building
 - Please send bio to Trang for retreat
 - Please review ARC Mission/Vision/Value statement
 - Please review Master Services Agreement
- Reminder on June 3rd meeting – it was changed to working board meeting for RSJI training, *Cracking the Codes* with Darlene Flynn from Seattle Office of Civil Rights.
- We need a treasurer- ideally someone with financial background: (Candace Bailey graciously offered to be the interim treasurer.)

Number of Board members:

Bill Keller reminded that the according to the bylaw, the board has the capacity to increase/decrease the number of members by way of voting to do so – and it doesn’t change the bylaw. By the end of 2015, we will need 5 more members – if the members with their terms expiring decide to step down.

Q: Candace Bailey – don't we need odd numbers

Comment: Tamara Driscoll – Can we add this to next meeting's agenda?

Q: Terry Holme – Can we do 2 terms?

A: Bill Keller – You can do 2 consecutive terms.

Request: Terry Holme – Can we update the current Board member list with that information – who served 2 consecutive terms already, and when the terms expire for each member.

Julie Morse to update the list.

Parks Smoking ban Presentation: (at 7:25pm)

Rockwell Susanne from Parks came to do a presentation on proposed smoking ban in the parks, and ask support from ARC. This request came from Parks Superintendent.

This smoking ban proposes no smoking at all in the parks.

- 1000 cities changed to stricter smoking ban
- Set good example for young people
- Consideration for the environment – cigarette butts are toxic
- Some view this ban as more tools to eliminate homeless from the parks
- 2 amendments:
 - Establish monitoring committee to review and assess: other cities have \$500-1K fine or 90 days in jail time
 - Anyone given a citation can request a hearing/meeting
- Anticipated soft roll-out plan – signage, peer to peer education

Q: Tamara Driscoll – What would it look like if we are in support of this? What is expected?

A: Susanne Rockwell – send a letter expressing support

Q: Doug Dunham – How will it be enforced?

A: Susanne Rockwell – Citation will be issued by Parks Rangers and Police. It will be enforced fairly.

Q: Chris Copacino – What other cons are there?

Q: Vic Roberson – Have the Racial Equity Toolkit used for this measure?

A: Susanne Rockwell – It is a living document, and we've adjusted. Marijuana and e-cigarettes are not included in this measure.

Comment: Terry Holme – When the original ban was proposed, it was reasonable accommodation. Parks should be inclusive. 16% of WA residents smoke, and this will affect people in certain socio-economics (ex. Many tradesmen smoke). Why should ARC be voting on this? Everyone should feel comfortable in parks, if they are not bothering anyone else, and this impact equitable access.

Comment: Tamara Driscoll – Let's keep it within our mission.

Jonathan Hartung motioned to abstain supporting or not supporting this measure, and Terry Holme seconded. Majority voted to abstain; two voted "no", one person "abstained" from abstaining. It was determined that ARC will abstain from this issue.

Executive Director's Report:

- Bill Keller presented 3 requests from councils to spend over \$5000 for approval.
 1. Montlake Advisory Council – they want to purchase bleachers for the family playground: \$7,000~8,000.

2. Ravenna-Eckstein – wants to support/help Native American Youth summer camp (for age 5~17yrs) being planned with 5 other non-profit organizations by giving them \$10,000.
3. Ravenna-Eckstein – wants to help/support *Rock the Park @ Magnuson*, a camp for youth in transitional housing at Brettler. They want to give \$7,000 to support their internship opportunities for the older youth.

Jonathan Hartung motioned to vote. Everyone present except one voted in favor. The requests were approved.

- **Financials:**

Unaudited Net Revenue thru April remains healthy. Revenue for Budgeted Units is up 7.13% YTD Life Long Recreation and Youth Recreation lead the categories with a 35% increase (\$45,171) for Life Long Recreation and a 31% (\$373,559) increase for Youth Recreation. Preschool reflected a healthy increase of 13%. Revenue is up \$353,631 over this same period last year.

- **Employment:**

Currently we have 53 openings posted on the employment section of ARC's website. School Age Care staff, and various Summer Day Camp staff are the majority of openings.

- **RecTech:**

- Yesler RecTech Summer 2014 internship program selected to present work at Create | City, an Office of Arts & Culture event at City Hall on April 28th.
- South Park RecTech partnering with Seattle International Film Festival (SIFF) this summer to develop contributions to South Park Film Festival as part of summer internship experience. Five shorts and one feature length film.

- **Minimum Wage Update**

Minimum Wage went into effect on April 1st and the estimates financial impact for 2015 totals \$73,000 for 20 pay periods. Annualized it would have been a \$92,000 impact. The move to \$12.00 in January of 2016 will cost an additional \$140,000 for the full year or 26 pay periods. Successive year will see the need to make additional adjustment to salary ranges as we begin to impact Lead, Assistant Director and Director positions.

- **May 19th Teachers Walkout**

We are being asked by the Department to participate with them to provide all day unlicensed child care when the Seattle Teachers Union walkout for one day, May 19th, to protest lacking of funding from the Washington State Legislature. Early estimates on cost for this day range from \$23,000 to \$30,000 depending on the number of staff working and our level of support for food & supplies.

2014 Financials Discussion:

- This organization relies on cash flow, as we do not have any other assets. There was a net loss in operation even though we had the highest revenue. In 2013, deferred revenue was closed to \$1 million, but as we came to the end of 2014, the number has compressed. Parks District passing and the minimum wage implementation impacted the financials. To postpone the ARC Legacy Plan implementation was the idea of the Executive Director to respond to this change in financial climate. We may be able to re-purpose the GEO Tier fee in 2016, which can be allocated to scholarship fund.

- The practice to have the each Advisory Council make a request to ARC Board for approval of spending more than \$5,000 was put in place to monitor and be aware of each Advisory Council's spending.
- **Recommendations for 2016:**
 - Quarterly deferral instead of annually at the end of the year.
 - Make the amount for each Advisory Council to request Board approval to \$3,000 (instead of \$5,000). There have been councils that will spend up to \$4,999, so not to have to go thorough Board approval process.

Jonathan Hartung – Arc Legacy Plan (ALP) was based on the projection to “share”, but some of them spent it before it was taken... Not sure if the message was clear.

Bill Keller/Charlie Zaragoza – the message was clear, but they chose not to participate. Everyone is still looking at their own bucket.

Bill Keller – Once Parks District gets underway, we can re-distribute \$500K, and we can make that a recreation scholarship. City provides licensed school age care with \$1 million for scholarship. Recreation scholarship is decided at each Advisory Council.

Q: Doug Dunham – can you explain deferred income?

A: Bill Keller – we are pushed to retail model; example- the registration for Fall happened May 5th and 6th. (creating sense of revenue, but it is for later use).

Comment: Doug Dunham – so we have the distorted view of our income due to the system.

Comment: Bill Keller – This is institutional effect of the past; we are starting Advisory Council Education plan to address the issue.

Comment: Tamara Driscoll – we all want Advisory Council on board, and to think of us as ONE.

Suggestion: Doug Dunham – Suggest having the financial on the agenda on regular basis.

Bill Keller – It usually takes 2 weeks to close a quarter.

Tamara Driscoll reminded that we are out of time, and Candace bailey motioned to adjourn the meeting, and was seconded by Sprout Hochberg. Motion was approved, and the meeting adjourned at 8:38pm.

Respectfully submitted,

Naho Shioya
ARC Executive Assistant

Attachment A

ARC BOARD MEETING NOTES

May 6th, 2015

Financials

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Please review your completed financials when they arrive

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