**

CULTURAL COUNCIL OF GREATER JACKSONVILLE

FINANCE & BUSINESS COMMITTEE MEETING

February 2, 2017, 11:00 – 12:30

MINUTES

Finance Committee Members Present: Scott Wooten

Finance Committee Members Absent: Jackie Cornelius and Bill Ferry

Staff, Board, and Others Present: Tony Allegretti (Staff), Cedric Lewis (Staff), Claudia Baker (Board)

Call to Order: Committee Chair Scott Wooten called the meeting to order at 11:06 am. There was no quorum established at any time during the meeting.

1. Charter. There were no additional comments made regarding the Finance Committee Charter. Discussion around the investment scope of responsibility was brought up by Ms. Baker and the need to evaluate the adequacy of FDIC insurance availability for all CCGJ cash/investments given the current bank account structure and account balances.
2. YTD December Financials. Cedric Lewis presented the profit and loss statement for the period October – December 2016 and the balance sheet as of December 31, 2016 by reviewing the income and expenses and the fundraising and spending that make up each line. At the next finance committee meeting Cultural Council of Greater Jacksonville (CCGJ) staff is going to be proposing a new fiscal year 2016/2017 budget given an understatement of the labor expense in the board approved fiscal year 2016/2017 budget by approximately $70,000. The net effect of this may result in the fiscal year 2016/2017 annual budget having an operating deficit unless other revenue or expense changes are also recommended. CCGJ staff will reverse in the month of December the reclassification a professional and contracted fees to salaries and benefits by the amount of $45,147 as it is unnecessary to post a prior year expense reclassification in the current year.
3. Audit review. The independent external auditor, Scott Newsome, CPA, reviewed the annual audit report with the finance committee. Mr. Newsome added that he was very impressed with the CCGJ staff’s efforts in making the audit process very efficient for his firm. Mr. Newsom, provided a unmodified opinion of the fiscal year 2015/2016 audited financial statements. Mr. Newsom highlighted the importance of reporting the fiscal year 2016/2017 financial statements using functional activity reporting which is a new accounting requirement effective in 2016/2017. Cedric stated that he would be prepared to comply with the new functional activity reporting requirement. The committee chair asked CCGJ staff to provide a briefing on the readiness for this future reporting requirement at the next finance committee meeting. The Committee entered into executive session while staff stepped outside with Mr. Newsome. Staff, subsequently, was asked to return to the meeting and were then complimented on the good job in the external audit.
4. Bank account signatures policy review and fiscal policy authorization authority review. After conducting research of the check signing and disbursement authorization levels of other not-for-profits, CCGJ staff proposed that the CCGJ (a) keep the dual check signature requirement as stated in the fiscal policy; (b) continue to allow the CCGJ CEO and a designated senior staff member to dually review and sign disbursements; and (c) increase the CCGJ dual staff check signing limit from $2,000 to $5,000 to improve operating efficiency. Mr. Wooten acknowledged that banks will not enforce the dual signatures and that it is the CCGJ Board and staff’s responsibility to adhere to this internal control. The financial policy will be updated to reflect this change and the Board will be asked to adopt the CCGJ staff recommendations.
5. Criteria for classifying individuals as employee versus independent contractor. Mr. Lewis gave the finance committee a detailed write up regarding what has happened since it was learned that two former employees were misclassified as independent contractors during a part of their tenure with the CCGJ. The CCGJ staff engaged CPA firm C. Farmand CPA to correct the misclassifications in the CCGJ accounting systems/payroll subledger and prepare the necessary corrected payroll tax refile the necessary payroll tax forms. The misclassification resulted in an additional payroll tax of $7,562.53. Potential penalties related to the misclassification were reported as unknown at the time of the meeting. The finance committee will be advised when the IRS penalty notices are received. It was reported that Ms. Brown had confirmed receipt of the amended 2015 W-2 and 1099 Misc. CCGJ staff advised the finance committee that the CCGJ will adopt the IRS 20-Point Checklist for determining if an individual should be classified as an employee or an independent contractor. Mr. Wooten recommended that the CCGJ staff should ask the finance committee to review cases where the independent contractor determination is for vendors who are not artists.
6. Other Business – next Finance Committee meetings are planned for the first Thursday of every other month (one week prior to the Board meetings). Staff was asked to reach out to the Committee members to confirm future attendance prior to future meetings.
   1. Thursday, April 6
   2. Thursday, June 1
   3. Thursday, August 3
7. The meeting was adjourned at 12:22 pm.