

FOR FINANCE COMMITTEE AND BOARD OF DIRECTORS USE ONLY

MEMORANDUM

TO: Ari Jolly, Board Chair
Matt Swanson, Treasurer and Finance Committee Chair
Board of Directors
Finance Committee

FROM: Diana Donovan, Executive Director
Nan Kreamer, Avenue CFO Services

RE: Financial Report for the fiscal year ended September 30, 2022

DATE: October 18, 2022

The purpose of this memo is to provide an overview of the financial results for fiscal year 2022 and a review of the Draft Budget for fiscal year 2023

1. **Preliminary Financial results** for the fiscal year ended September 30, 2022.
2. **Results for FY2022** versus the FY2022 Budget.
3. **DRAFT FY2023 Budget**

The attachments provide further details as follows:

- **Attachment A** - Condensed Statements of Activity FY2022 and Draft Budget FY2023
- **Attachment B** - Schedule of Art in Public Places Projects
- **Attachment C** - Memo regarding Financial Audit Timeline

Fiscal year ended September 30, 2022:

- A. **Total Revenue** was \$5,119,615 versus a budget of \$5,212,512 or \$92,897 lower than budget. This is primarily due to the following:
1. The CSGP Operating regrant revenue which was lower than budget by \$783 due to one grantee who was out of compliance.
 2. CARES Act funds which are lower than budget by \$36,722
 3. NEA grant revenue which is lower by \$20,000 as the funds have not yet been requested.
 4. Other programs which were lower than budget by \$58,825
 5. These amounts were partially offset by the State programs which were higher than budget by a total of \$23,432.
- B. **Total Program Expenses** were \$4,344,359 versus a budget of \$4,301,005 or \$43,353 higher than budget. This is primarily due to higher than budgeted expenses related to Art in Public Places projects offset by lower than budgeted expense for all other programs.
- C. **Total Operating Expenses** were \$763,587 versus a budget of \$856,044 or \$92,457 lower than budget. This is primarily due to lower than budgeted payroll expenses of \$124,824 due to delay in filling open positions. All other operating expenses total \$32,367 higher than budget primarily due to marketing expenses included in consulting fees.
- D. **Net Operating Income** was \$11,669 versus a budget of \$55,463 or \$43,794 lower than budget.

FOR FINANCE COMMITTEE AND BOARD OF DIRECTORS USE ONLY

- E. **Net Income** was \$26,125 versus a budget of \$55,613 or \$29,488 lower than budget. Other income includes a payment of \$14,138 received from the previous landlord for COVID rent relief for the period April-September 2021.
- F. **Unrestricted cash** at September 30, 2022 was \$455,000.

DRAFT Budget FY2023 versus FY2022:

- G. **Total Revenue** is budgeted as \$7,230,657 versus FY2022 of \$5,119,615 or \$2,111,042 higher than FY2022. This is due to the following:
 - 1. A 34% increase in grant funding from the City of Jacksonville of \$1,318,204
 - 2. An increase in State funding from the State Department of Art and Culture of \$54,835
 - 3. The NEA Grant which is planned to be completed in the first quarter of FY2023 for \$20,000
 - 4. An increase in Art in Public Places revenue of \$1,257,916
 - 5. An increase in all other revenue programs totaling \$201,438
 - 6. The increase is partially offset by the CARES Act revenue that is not budgeted to recur in FY2023.
- H. **Total Program Expenses** are budgeted as \$6,038,089 versus FY2022 results of \$4,344,359 or \$1,693,731 higher than FY2022. This is primarily due to the following:
 - 1. The increase in the CSGP re grants including double the capital regrant program of \$1,140,352
 - 2. The increase in expenses related to the Art in Public Places projects of \$1,056,250
 - 3. The reduction of expense related to the CARES Act program of \$733,978
 - 4. An increase in other programs including re grants under the NEA program totaling \$231,107
- I. **Total Operating Expenses** are budgeted as \$1,136,774 versus FY2022 of \$763,587 or \$373,188 higher than FY2022. This is primarily due to the following:
 - 1. Payroll expenses which are budgeted to increase by \$263,095. The budget includes nine full-time staff members and pay increases between 5% and 12% to match inflation and get closer to the benchmark for each position.
 - 2. Contract services are higher than FY2022 by \$103,774 primarily due to marketing, legal services and project manager services.
- J. **Net Operating Income** is budgeted as \$55,793 versus FY2022 results of \$11,669 or \$44,124 higher than FY2022.
- K. **Net income** is budgeted as \$55,865 versus FY2022 results of \$26,125 which included a rebate of \$14,138 for rent in FY2021.

Cultural Council of Greater Jacksonville
Condensed Statement of Activity - Financial Report September 30, 2022

	FY2022			FY2023	
	Unaudited Full Year FY2022	Full Year Budget	Forecast vs Budget	FY2023 DRAFT Budget	FY2023 Higher (Lower) than FY2022
Revenue					
City of Jacksonville					
CSGP Regrant	\$ 3,102,990	\$ 3,103,773	\$ (783)	\$ 3,993,342	\$ 890,352
CSGP Capital Regrant	250,000	250,000	-	500,000	250,000
CCGJ Administrative	523,421	523,421	-	701,273	177,852
Art in Public Places (APP) Salary	55,385	55,385	-	55,385	-
City CARES Grant	741,351	778,073	(36,722)		(741,351)
State Funds					
Department of Art and Culture	95,165	76,887	18,278	150,000	54,835
NEA Grant		20,000	(20,000)	20,000	20,000
License Plates	18,014	12,860	5,154	14,314	(3,700)
Total Government Funds	4,786,326	4,820,399	(34,072)	5,434,314	647,988
Programs:					
Art in Public Places	324,449	155,114	169,335	1,582,365	1,257,916
Board Dues	6,000	12,000	(6,000)	12,000	6,000
Other Programs	2,840	225,000	(222,160)	201,978	199,138
Total Programs	333,289	392,114	(58,825)	1,796,343	1,463,054
Total Revenue	5,119,615	5,212,512	(92,897)	7,230,657	2,111,042
Program Expenses:					
Cultural Service Operating Regrants	3,102,990	3,103,773	783	3,993,342	890,352
CSGP Capital Regrants	250,000	250,000	-	500,000	250,000
City CARES Grant	733,978	740,000	6,022		(733,978)
NEA Regrant		17,500	17,500	17,500	17,500
Art in Public Places	235,143	91,000	(144,143)	1,291,393	1,056,250
Other Programs	22,247	98,733	76,485	235,854	213,607
Total Program Expenses	4,344,359	4,301,005	(43,353)	6,038,089	1,693,731
Revenue less Program Expenses	775,256	911,507	(136,251)	1,192,567	417,311
Operating Expenses:					
Contract Services	184,592	133,948	(50,644)	288,366	103,774
Facilities and Equipment	47,455	30,090	(17,365)	43,817	(3,638)
Operations	30,523	59,654	29,131	29,673	(850)
Insurance and Interest Expense	8,807	8,960	153	8,844	37
Payroll	484,565	609,389	124,824	747,660	263,095
Travel and Meetings	7,644	14,003	6,359	18,414	10,770
Board Expenses			-		-
Total Operating Expenses	763,587	856,044	92,457	1,136,774	373,188
Net Operating Income	11,669	55,463	(43,794)	55,793	44,124
Other: Interest income plus rent rebate from FY2021	14,456	150	14,306	72	(14,384)
Net Income	\$ 26,125	\$ 55,613	\$ (29,488)	\$ 55,865	\$ 29,740

Unrestricted Cash Balance per Books at September 2 \$ 455,000

The Cultural Council of Greater Jacksonville, Inc.
 Schedule of AIPP projects and fiscal year expected results

Client	Description	Expected Completion	Total			FY2021			FY2022			FY2023		
			Revenue	Expense	Profit	Revenue	Expense	Profit	Revenue	Expense	Profit	Revenue	Expense	Profit
Public Art Projects: City Council Chambers JAX Courthouse Subtotal	Artwork in offices	2022	\$ 2,850	\$ 1,541	\$ 1,319				\$ 2,860	\$ 1,541	\$ 1,319			
		2023	756,948	681,254	75,695									
			\$ 759,808	\$ 682,795	\$ 77,014				\$ 2,860	\$ 1,541	\$ 1,319			\$ 60,556
Private Art Projects: Jessie Ball duPont Fund-Lift Every Voice & Johnson Brothers Monumental Sing Park "Calling It Done"	Wall of the Jessie Building	2023	\$ 300,000	\$ 242,450	\$ 57,550	\$60,500	\$60,500	\$-	\$164,500	\$121,450	\$ 43,163			\$ 75,000
		2022	6,500	5,450	1,050				6,500	5,450	1,050			
FIS DDRB Mandated Public Art	Three (3) Major Exterior Public A	2023	450,000	382,500	67,500				60,000	51,000	9,000			390,000
JTA Revolving Art Loan by Artists Program Artworks Represented	1 Project / 44 Artists with 77 Artworks Represented	2023	135,882	80,678	55,205				90,588	53,785	36,803			45,294
Big V - REI project	2 Murals at Towncenter	2023	1,765	1,500	265									1,755
(3) Jaguars Performance Center Mandated Public Art Needs	Three (3) Major Exterior, Four (4) Secondary Exterior & One (1) Major Interior Public	2023	649,750	565,000	84,750									649,750
Jessie Ball duPont Fund-Augusta Savage Harp Subtotal		2024	1,200,000	1,020,000	180,000									360,000
			\$2,743,897	\$2,297,578	\$446,319	\$60,500	\$60,500	\$-	\$321,588	\$231,685	\$ 90,016			\$1,521,809
			\$3,503,705	\$2,980,372	\$523,333	\$60,500	\$60,500	\$-	\$324,448	\$233,226	\$ 91,334			\$1,582,355
														\$1,291,393
														\$230,304
														\$290,860

FOR FINANCE COMMITTEE AND BOARD OF DIRECTORS USE ONLY

Cultural Council of Greater Jacksonville, Inc.

Annual Financial Audit and CARES Act Single Audit Planned Timeline

1. **August** – Begin audit planning with our independent audit firm, Abare, Kresge and Associates. This is the third year engagement with us. COMPLETED
2. **August** - Finalize and sign the Engagement Letter with the audit firm. COMPLETED
3. **August - November** - The audit work to be started with sharing of requested files. IN PROCESS
4. **November** – Request will be sent from auditors for all Board members as well as Executive Director to complete the Related Party Questionnaire. Such questionnaires need to be completed by early **December** and returned directly to the auditors.
5. **December 13** – Internal staff review of the first draft of the Audit Report with Nan Kreamer and the senior management of the Cultural Council.
6. **January 6** – Draft Audit Report to be submitted to the Finance Committee
7. **January 13** - The Finance Committee will review and recommend the Audit Report to the full Board.
8. **January 19** - Board of Directors will receive the final report for their review, approval and vote.
9. File the approved Final Audit Report by **January 27, 2023** with the City of Jacksonville.

Additional steps for the CARES Act Single Audit:

- Once the Audit is completed, certain information will need to be entered into the portal for the Federal Audit Clearing House within **30** days. This may be done by the auditors.