

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 ten months ended July 31, 2022

DATE: August 18, 2022

The purpose of this memo is to provide an overview of the financial results for the first ten months of FY2022 including the forecast for FY2022.

1. **Financial results** for the ten months ended July 31, 2022.
2. **Updated FY2022 forecast** versus the FY2022 Budget.
3. **DRAFT FY2023 Budget**
4. **Mayor's Office FY2023 Proposed Budget and Approval Schedule**

The attachments provide further details as follows:

- **Attachment A** - Condensed Statements of Activity FY2022 and Draft Budget FY2023
- **Attachment B** - Schedule of Mayor's Office FY2023 Budget Approval Process
- **Attachment C** - Schedule of Art in Public Places Projects
- **Attachment D** - Memo regarding Proposed Financial Audit Timeline

Ten months ended July 31, 2022:

- A. **Total Revenue** was \$4,945,291 versus a budget of \$4,998,837 or \$53,545 lower than budget. This is primarily due to the following:
1. The CARES Act funds which are lower than budget by \$36,722 and those funds were reallocated back to the City.
 2. The NEA grant revenue is lower by \$20,000 as the funds have not yet been requested. The funds have been approved and we expect to request them by December.
- B. **Total Program Expenses** were \$3,448,282 versus a budget of \$3,425,395 or \$22,886 higher than budget. This is primarily due to the following:
1. Higher than budgeted expense for Capital Grants which were paid in July but the 4th tranche was budgeted to be paid in August.
 2. Expenses for the CARES Act reimbursement of \$6,022 lower than budget due to reimbursement of payroll expenses that are reflected in payroll expense.
 3. The NEA grant has not been realized as of July.
 4. Higher than budgeted expenses for Art in Public Places related to projects to date offset by lower than budgeted expense for other programs.

FOR FINANCE COMMITTEE AND BOARD OF DIRECTORS USE ONLY

- C. **Total Operating Expenses** were \$600,363 versus a budget of \$706,463 or \$106,099 lower than budget. This is primarily due to lower than budgeted payroll expenses due to delay in filling open positions as well as lower operations expenses offset by higher contract services and facilities/equipment expenses.
- D. **Net Operating Income** was \$896,646 versus a budget of \$866,979 or \$29,668 higher than budget.
- E. **Net Income** was \$910,856 versus a budget of \$867,129 or \$43,728 higher 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 July 31, 2022 was \$374,035.

Forecast FY2022 versus Budget FY2022:

- G. **Total Revenue** is forecasted as \$5,472,060 versus a budget of \$5,212,512 or \$259,548 higher than budget. This is primarily due to Art in Public Places revenue net of other program revenue which is higher than budget due to several newly contracted projects expected to complete in FY2022. See Attachment C for details.
- H. **Total Program Expenses** are forecasted as \$4,632,413 versus a budget of \$4,301,005 or \$331,407 higher than budget. This is primarily due to the expenses related to the Art in Public Places projects.
- I. **Total Operating Expenses** are forecasted as \$770,737 versus a budget of \$856,044 or \$85,307 lower than budget. This is primarily due to the following:
 - 1. Payroll expenses which are forecasted as \$112,165 lower than budget due to delay in filling open positions.
 - 2. All other expenses net to \$26,858 higher than budget primarily due to contracted services offset by operations.
- J. **Net Operating Income** is forecasted as \$68,911 versus a budget of \$55,463 or \$13,448 higher than budget.
- K. **Net income** is forecasted to be \$83,121 versus a budget of \$55,613 or \$27,508 higher than budget.

DRAFT Budget FY2023 versus Forecast FY2022:

- L. **Total Revenue** is budgeted as \$7,430,160 versus the FY2022 forecast of \$5,472,060 or \$1,958,099 higher than FY2022. This is due to a 34% increase in grant funding from the City of Jacksonville, an increase in State funding from the Department of Art and Culture as well as an increase in Art in Public Places revenue and revenue from other programs. The increase is slightly offset by CARES Act revenue that is not budgeted to recur in FY2023. See Attachment C for details of the Art in Public Places projects.
- M. **Total Program Expenses** are budgeted as \$6,349,981 versus the FY2022 forecast of \$4,632,413 or \$1,717,569 higher than FY2022. This is primarily due to the increase in CSGP regrants as well as expenses related to the Art in Public Places projects and other programs.
- N. **Total Operating Expenses** are budgeted as \$1,015,441 versus the FY2022 forecast of \$770,737 or \$244,704 higher than FY2022. This is primarily due to the following:

FOR FINANCE COMMITTEE AND BOARD OF DIRECTORS USE ONLY

1. Payroll expenses which are budgeted for all eight staff positions plus salary increases.
 2. Contract Services related to accounting, IT, marketing, legal and project manager services
 3. All other expenses net to \$12,003 higher than FY2022.
- O. **Net Operating Income** is budgeted as \$64,738 versus the FY2022 forecasted results of \$68,911.
- P. **Net income** is budgeted as \$64,810 versus the FY2022 forecasted results of \$83,121 which included a rebate of \$14,138 for rent in FY2021.

Cultural Council of Greater Jacksonville
Condensed Statement of Activity - Financial Report July 31, 2022

	Ten months ended July 31, 2022		FY2022		Forecast vs Budget	FY2023	
	Actual	Budget	Actual vs Budget	Forecast FY2022	Full Year Budget	FY2023 DRAFT Budget	FY2023 Higher (Lower) than FY2022
Revenue							
City of Jacksonville							
CSGP Regrant	\$ 3,353,773	\$ 3,353,773	\$ -	\$ 3,353,773	\$ 3,353,773	\$ 4,493,342	\$ 1,139,569
CCGJ Administrative	523,421	523,421	-	523,421	523,421	701,273	177,852
Art in Public Places (APP) Salary	55,385	55,385	-	55,385	55,385	55,385	-
City CARES Grant	741,351	778,073	(36,722)	741,351	778,073		(741,351)
State Funds							
Department of Art and Culture	57,665	57,665	-	95,165	76,887	150,000	54,835
NEA Grant		20,000	(20,000)		20,000	20,000	20,000
License Plates	15,534	11,020	4,514	18,214	12,860	14,314	(3,900)
Total Government Funds	4,747,129	4,799,337	(52,208)	4,787,309	4,820,399	5,434,314	647,005
Programs:							
Art in Public Places	183,860	37,500	146,360	670,449	155,114	1,781,868	1,111,419
Board Dues	12,000	12,000	-	12,000	12,000	12,000	-
Other Programs	2,303	150,000	(147,697)	2,303	225,000	201,978	199,675
Total Programs	198,163	199,500	(1,337)	684,751	392,114	1,995,846	1,311,095
Total Revenue	4,945,291	4,998,837	(53,545)	5,472,060	5,212,512	7,430,160	1,958,099
Program Expenses:							
Cultural Service Grant Program	2,577,830	2,515,330	(62,500)	3,353,086	3,353,773	4,493,342	1,140,256
City CARES Grant	733,978	740,000	6,022	733,978	740,000		(733,978)
NEA Regrant		17,500	17,500		17,500	17,500	17,500
Art in Public Places	129,625	75,833	(53,791)	538,499	91,000	1,542,296	1,003,797
Other Programs	6,849	76,733	(69,884)	6,849	98,733	296,843	289,995
Total Program Expenses	3,448,282	3,425,395	(22,886)	4,632,413	4,301,005	6,349,981	1,717,569
Revenue less Program Expenses	1,497,010	1,573,441	(76,431)	839,648	911,507	1,080,178	240,530
Operating Expenses:							
Contract Services	140,135	114,921	(25,214)	196,046	133,948	235,721	39,675
Facilities and Equipment	31,343	24,908	(6,435)	37,500	30,090	38,312	812
Operations	22,204	49,226	27,022	24,655	59,654	23,877	(778)
Insurance and Interest Expense	7,416	7,467	51	8,867	8,960	8,867	-
Payroll	395,354	507,438	112,084	497,224	609,389	690,249	193,025
Travel and Meetings	3,623	2,000	(1,623)	5,507	13,500	14,476	8,969
Board Expenses	288	503	215	938	503	3,938	3,000
Total Operating Expenses	600,363	706,463	106,099	770,737	856,044	1,015,441	244,704
Net Operating Income	896,646	866,979	29,668	68,911	55,463	64,738	(4,173)
Other: Interest income plus rent rebate from FY2021	14,210	150	14,060	14,210	150	72	(14,138)
Net Income	\$ 910,856	\$ 867,129	\$ 43,728	\$ 83,121	\$ 55,613	\$ 64,810	\$ (18,311)
Unrestricted Cash Balance per Books at July 2022	\$ 374,035						

Cultural Council of Greater Jacksonville

Normal Budget Process for FY2022 – 2023

- | | |
|---|-----------------|
| • Approval of CSG and APP Budget by the Finance Committee | Completed |
| • Submission of Budget for CSG and APP to the Mayor's Office- | Completed |
| • Approval, FY22/23 Budget, MBRC | Completed |
| • Mayor Presents Budget to City Council | Completed |
| • City Council Finance Committee Hearing | Completed |
| • City Council Approves Budget | TBD late August |
| • Notification of Budget Approval | October |

**Cultural Council of Greater Jacksonville
FY2023 Proposed Budget with the City of Jacksonville**

		FY2023	
	FY2022 Funding	CCGJ Budget Request June 16	Mayors 's proposal and City Council Finance Committee Approval August 11
<u>Cultural Service Grant Program</u>			
Administrative Expenses	\$523,418	\$675,000	\$701,273
Operating Regrants	3,103,773	3,825,000	3,993,352
Capital Regrants	250,000	500,000	500,000
Total Regrants	3,353,773	4,325,000	4,493,352
Total Cultural Service Grant Program	\$3,877,191	\$5,000,000	\$5,194,625
Art in Public Places			
Administration			
Employee Compensation	\$55,385	\$228,474	\$55,385
Operating Expenses		50,000	
Total Administrative Expenses	\$55,385	\$278,474	\$55,385

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	\$ 2,860	\$ 1,541	\$ 1,319				\$ 2,860	\$ 1,541	\$ 1,319	-	-	-
		2023	756,948	681,254	75,695							605,559	545,003	60,556
			\$ 759,808	\$ 682,795	\$ 77,014				\$ 2,860	\$ 1,541	\$ 1,319	\$ 605,559	\$ 545,003	\$ 60,556
Private Art Projects: Jessie Ball duPont Fund-Lift Every Voice & Sing Park "Calling It Done" Filipino Mural FIS DDR8 Mandated Public Art JTA Revolving Art Loan by Artists Program Artworks Represented Big V- REI project (3) Jiguars Performance Center Mandated Public Art Needs Jessie Ball duPont Fund-Augusta Savage Harp Subtotal	Johnson Brothers Monumental Bronze & Stone Monument	2023	\$ 300,000	\$ 242,450	\$ 57,550	\$60,500	\$60,500	\$-	\$164,500	\$121,338	\$ 43,163	\$ 75,000	\$ 60,613	\$ 14,388
		2022	6,500	5,450	1,050				6,500	5,450	1,050	-	-	-
	Wall of the Jessie Building	2023	450,000	382,500	67,500				406,000	345,100	60,900	44,000	37,400	6,600
		2023	135,882	80,678	55,205				90,588	53,785	36,803	45,294	26,893	18,401
	1 Project / 44 Artists with 77 Artworks Represented	2023	1,765	1,500	265							1,765	1,500	265
		2023	649,750	565,000	84,750							649,750	565,000	84,750
	(1) Major Interior Public	2024	1,200,000	1,020,000	180,000							360,000	306,000	54,000
			\$2,743,897	\$2,297,578	\$446,319	\$60,500	\$60,500	\$-	\$667,588	\$525,672	\$141,916	\$1,175,809	\$ 997,405	\$178,404
			\$3,503,705	\$2,980,372	\$523,333	\$60,500	\$60,500	\$-	\$670,448	\$527,214	\$143,234	\$1,781,367	\$1,542,408	\$238,960

FOR FINANCE COMMITTEE AND BOARD OF DIRECTORS USE ONLY

MEMORANDUM

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

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

RE: Proposed Annual Financial Audit and Special Audit Timeline

DATE: August 18, 2022

The purpose of this memo is to provide a proposed timeline regarding the annual financial audit and the special audit for FY2022. Please note we intend to start the audit process early and we are following all financial best practices as noted in the previous year audit engagement.

Annual Financial Audit Proposed Timeline:

1. **August** – Begin audit planning with our independent audit firm, Abare, Kresge and Associates. This is the third year engagement with us.
2. **September** - Finalize and sign the Engagement Letter with the audit firm.
3. **October/November** - The audit work to be started with sharing of requested files.
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** – Internal staff review of the first draft of the Audit Report with Nan Kreamer and the senior management of the Cultural Council.
6. **January 13** - The Finance Committee will review and recommend the Audit Report to the full Board. Draft Audit Report to be provided a full week prior to this meeting.
7. **January 19** - Board of Directors will receive the final report for their review, approval and vote
8. File the approved Final Audit Report by **January 27, 2023** with the City of Jacksonville.

CARES Act Special Audit Proposed Timeline:

1. Include in audit planning and schedules per above
2. Dates and audit timetable to be determined and confirmed with the City.