Finance Audit Committee Minutes
Thursday, Jan 23, 2025 10 AM via Zoom

Present: Lynda Grande, Committee Chair; Beth Sullivan, Board Chair, David Cates, Karen Reiff, Tim Wilson
Excused: Carol Bradley
Staff: Jill Baker, Executive Director, Jon Clarenbach, Fiscal Operations Director

Chairperson Lynda Grande called the meeting to order at 10 am. A quorum was present.

<u>Discussions:</u>
October 31, 2024 Financial Statements: Lynda asked Jill and Jon to provide an overview of October 31, 2024 End of FY24 Financial Reports including Budget to Actual, Balance Sheet and Profit & Loss reports. There remains a significant amount of carry forward funds to spend in FY25, more than originally projected. Staff answered questions from the committee. Lynda called the question. David Cates made a motion to approve the October 31, 2024 Financial Statements as presented. Tim Wilson seconded the motion which carried unanimously.

December 31, 2024 Financial Statements: Lynda asked Jill and Jon to provide an overview of December 31, 2024 Financial Reports including Budget to Actual, Balance Sheet and Profit & Loss reports. Overall, there are fewer expenses in the first two months of the fiscal year. Staff answered questions from the committee. Lynda called the question. David Cates made the motion to approve the December 31, 2024 Financial Statements as presented. Tim Wilson seconded the motion which carried unanimously.

Proposed Budget Revisions FY25: Jill presented her recommendations for spending the additional carry forward funds in FY25. She recommends increasing funding for programs including re-grants, Montana Conversations, and Big Sky Reads. Staff answered questions from the committee. Lynda called the question. David Cates made the motion to approve the FY25 Budget Revisions as presented. Tim Wilson seconded the motion which carried unanimously.

FY24 Auditor Update: Jill and Jon updated the committee of the resignation of HM’s auditor, and the search for a new firm to complete the FY24 audit. Following Nathan Saravalli’s resignation from JCCS, we were informed on December 2, 2024 that the firm no longer has the capacity to serve HM’s auditing needs. Upon learning this, Jon and Jill reached out to colleagues to identify 12 different accounting firms across the NW and Rocky Mountains. We received 3 responses from firms who would be able to serve

HM's needs for FY24. Jon spoke with Harris CPA and Pinion Accounting over the phone received their pricing at the end of their introductory calls. Their pricing was:

Harris CPA $26,500
Pinion Accounting $55-60,000

On December 12th, Jon and Jill met with Keegan Witt with Carver, Florek & James CPA to learn more about what his firm would be able to offer HM. They determined that Carver, Florek and James CPA would be the best fit to move forward with for the FY24 audit. Most of Keegan Witt's work is with nonprofits, and the majority are single audits as required for HM due to the significant level of federal funding through the NEH. Additionally, his office is in Missoula so he can provide in person support as needed. And, last but certainly not least, they are the most affordable at $19,000 for the audit and $2,400 to file HM's 990. In 2024, we paid JCCS $19,125 for the FY23 audit and 990 filing, so we are within our budgeted amount.

Because of the short notice from JCCS, and immediate need to get started on our audit, Jill asked Beth to sign a one-year letter of engagement with Carver, Florek & James CPA. HM will send out an RFP midyear for FY25 to determine a more long-term solution including the option to stay with Carver, Florek & James if the finance committee determines that is the best option for HM.

HM Financial Policies and Procedures manual updates: Lynda and Jodi Todd, former staff accountant at HM, identified updates to the Financial Policies and Procedures manual last spring before Jodi's resignation. Based on their recommendations, Jon made changes to the manual which also include compliance with the updated CFR 200 grant guidelines, and reflect current practices including weekly check writing and NEH grant drawdowns to improve cash flow. Additionally, the manual now includes a goal of working towards at least 3-6 months of unrestricted reserve funds to prepare for any potential gaps in funding. Jill also recommended having a board member added as a check signer in addition to staff. Jon and Jill answered questions from the committee. Lynda called the question. David Cates moved to approve the updates to the Financial Policies and Procedures manual. Tim Wilson seconded the motion which carried unanimously.

Scheduling FY25 Meetings: The committee scheduled meetings for the upcoming year. Jill will send out calendar invitations for the following dates:

- Wednesday, April 30th, 2025 at 10 am: Review March 31st Financial Statements
- Wednesday, May 7th at 10 am: FY24 Audit Review
- Wednesday, August 27th at 10 am: July 31, 2025 Financial Statements and FY26 Budget Review

Lynda thanked committee members for their time and adjourned the meeting at 11:24 am. JB