

Finance Audit Committee Meeting

April 30, 2025, via Zoom

Committee Members: Lynda Grande, Committee Chair; Beth Sullivan, Board Chair, Carol Bradley, David Cates, Karen Reiff, Tim Wilson

Staff: Jill Baker, Executive Director

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

Financial Statements, April 28, 2025: The Balance Sheet and Profit and Loss Reports were presented to the committee, highlighting the current cash on hand. On April 28th, HM received an unrestricted gift of \$100,000 from Susan O'Connor. Ms. O'Connor is a trustee of the Engelhard Foundation, which has funded the Democracy Project since its inception at Humanities Montana. This brings the checking and savings balance to \$252,943.65. The Grants Receivable line item totaling \$202,197.22 was the balance of the NEH grant in eGMS before it was terminated and does not include the recently approved funding passed by Congress through a Continuing Resolution on March 14th. Jill also noted that the endowment funds are not available to cash out. With Ms. O'Connor's gift, HM is in a better cash position than it was a month ago. The Profit and Loss Report shows that HM's expenses have been drastically reduced since April 2, 2025, with payroll being the largest remaining expense. Lynda called the question. David Cates made a motion to approve the April 28, 2025 Financial Statements. Tim Wilson seconded, and the motion passed unanimously.

FY24 Audit Update: Jill shared with the committee that the auditor reached out to her in mid- April, after HM received its termination letter from the NEH, to discuss how HM plans to address a "Going Concern" in the audit due to the recent federal funding cut. The auditor informed her that to avoid their recommendation to dissolve, HM needed to demonstrate that the organization would still be in existence in twelve months and provide a list of actions taken to address the termination of the grant. As a result, Jill and Jon have developed two twelve-month budget scenarios for the finance committee to consider and approve to address the "Going Concern" in the audit. Once a revised budget is approved by the committee, it will be shared with the auditor so that they can complete their report.

Operational Cost Reductions:

Program Cancellations: Due to the termination of the NEH GOS grant, HM paused all federally funded programming effective April 3, 2025, including Montana Conversations and Speakers in the Schools, as well as new applications for subawards including Community Project Grants, Film/Video grants, Mini-grants and Public Humanities Fellowships until funding is restored.

Staff Layoffs: Unfortunately, further downsizing of the organization is unavoidable due to the termination of the NEH GOS grant. HM is no longer able to sustain the NEH funded positions of Fiscal Operations Director, Programs Director, Grants and Evaluation Director, and Development and Communications Associate. Layoffs will be effective June 2, 2025, to offer staff time to wrap up and archive their work. The positions of Executive Director and Program Manager, who is responsible for running the Democracy Project program, will remain. Jill proposed a Cost Reduction Plan, including staff layoffs, to board chair Beth Sullivan on April 21, 2025 which was approved. Staff were given notice on April 23, 2025.

FY25 Contingency Budgets:

Currently, the most feasible plan for moving forward without NEH funding is to continue with the privately funded Democracy Project program. The Engelhard Foundation is committed to continuing the program once the organization is financially stable. In addition to Ms. O'Connor's generous gift, on April 29, 2025, HM received notification that the Mellon Foundation approved a general operating grant to the Federation of State Humanities Councils to re-distribute \$200,000 to each humanities council with a matching grant opportunity of up to \$50,000. These gifts stabilize the organization financially and allow HM to avoid hiatus or dissolution. Unfortunately, it is not enough to reverse staff layoffs and fully run programs again. HM remains \$500,000 short of its FY25 projected revenue.

The 12 month "Democracy Project" budget was presented to the committee for review and approval as a place to start to finish out FY25. Jill answered questions about the work that she and Jenny would be responsible for moving forward. Lynda Grande requested that \$15,000 be added to the budget for grantmaking, specifically Mini-Grants and Big Sky Reads rural book club stipends through the end of FY25. David Cates made the motion, Karen seconded, the motion carried unanimously. Lynda then called the question to approve the "Democracy Project" budget as amended. David Cates made the motion, Tim Wilson seconded. The motion passed with Carol Bradley abstaining.

Meeting adjourned at 10:50 am. JB