

Approved June 18, 2019

**Lexington Arts and Crafts Society, Inc.**

**MINUTES**

**Board of Directors Meeting**

**April 23, 2019**

**Directors Present:**

Lauri Hugentobler  
Susan St. Maurice  
Peter Bain  
Wayne Davis  
Peter Kelley

Matthew Siegal  
Jenny Pyle  
Bruce Neumann  
Nancy Cornelius

Louise Hara  
Mireille Gart  
Rachel Rosenblum  
Lee Webster

**Directors Absent:**

Todd Carey

Katina Leodas

**Guild Observers**

Wilda Ward – Decorative Arts  
Alison Lauriat - Ceramics

Cassandra Goldwater - Metalworking  
Susan McFarlane - Painters

Maria Meyer – Needle Arts

Unless otherwise defined in the text of any Vote, all capitalized terms have the meanings as defined in the Bylaws of the Corporation, as adopted March 23, 2019.

President of the Society Wayne Davis called the meeting to order at 1:05 pm.

**1. Minutes of previous meeting**

Upon motion by Louise Hara, second by Rachel Rosenblum, it was moved that the minutes of the March 23, 2019 Board of Directors meeting be accepted as presented, subject to a grammatical change that Bruce Neumann will submit to the Clerk, Terumi Irizawa.

Adopted 13 - 0

**2. Recent history presentation & discussion**

Wayne reviewed the recent history of LexArt, found in Attachment 3 of the pre-meeting information package. The presentation was intended to provide background and context for Directors generally and specifically for the strategic planning session at next month's board meeting.

Treasurer Peter Bain presented the recent financial history (Attachment 3, pages 7- 12). Projected results for FY 2018-2019 (June 1-May 31) are \$190,000 in revenues *versus* expenses of \$170,000. The four major sources of income are class revenue, membership, sales, and unrestricted donations. In response to questions from Directors, the following points were noted:

The excess of revenue over current operating expenses is carried in the primary checking account. There is no special designation, such as putting leftover money into a repair and renovation or other type of reserve fund.

Not shown on the balance sheet is \$250,000 held in an account at the Boston Foundation for the benefit of LexArt. This fund was established by an anonymous donor. LexArt receives the income annually (approximately \$10,000).

The land at 130 Waltham Street is carried on the Balance Sheet at \$9,387, which is presumably original cost. There is no current estimate of the market value of the land. It is difficult to estimate because of the easement that runs through the parking lot and a buyer would be unable to build anything over that.

Louise Hara presented information on recent capital upgrades and long-term maintenance (*e.g.* new water boilers and roof) and noted plans for the front landscape and signage project is to be completed this summer. (Attachment 3, page 13). She stated that a more in-depth report would be presented at the May board meeting.

## **2. Board legal framework, roles, & responsibilities presentation & discussion**

Wayne Davis gave a presentation entitled “Board Member Orientation” as contained in Attachment 4. The presentation reviewed the legal roles and responsibilities of non-profit boards, offered best practice recommendations, and discussed how these general principles apply to LexArt.

Susan McFarlane suggested giving a workshop on how to run effective meetings for all committee chairs. Wayne has some material that could be used for that workshop

## **3. Executive Committee report; update on whistleblower protection policy**

Wayne provided a summary of the recent Executive Committee meetings. (See Attachment 5). The activities include preparing for the next few board meetings, supporting the organization of the initial council of guild chairs meetings, and approving a sale to be held by the Needle Arts Guild on November 2 and 3. Among the committee’s decisions were a recommendation to engage Juna Financial to provide Bookkeeping Services.

Wayne noted that when the Directors adopted the Whistleblower Protection Policy at the March 23, 2019 meeting, Todd Carey had asked Wayne to review any relevant Massachusetts state law and report back to the Board. Wayne stated that he had researched the issue and found that Massachusetts law related to private organizations such as LexArt was generally consistent with practices in other states and that he had found nothing that indicated a need to revise the policy as had been adopted.

#### **4. Treasurer's Report**

Peter provided the Treasurer's Report found in Attachment 6. He stated that Spreadsheet #1 (page 2) is the Income Statement and explained that it:

- Contains net figures from sales (*i.e.*, net income to Society following payout to artists, rather than gross sales revenue)
- Revenue from Fall Fair was ~\$21K
- Projected revenue from Classes is estimated to be ~ \$47K

Peter stated that we are projected to end the year with net cash flow (income minus operating and capital expenses) of \$19,630.

Spreadsheet #2 is the detailed Profit and Loss Statement through March 31, 2019. He noted that gross sales revenue is included in the Income line items, with associated artists' payout shown in Expenses. Holiday Market Place ("HMP") generated \$82K in revenue of which \$60K was distributed to consignors, leaving net revenue to LexArt of \$22K. Louise Hara noted that the net indirect and opportunity costs of HMP (advertising, staff time, lost revenue from inability to hold classes in Plummer Studio) have previously been estimated to be approximately \$20,000, so from that perspective HMP should not be seen as profitable to the Society. She observed, however, that the primary purpose of HMP has traditionally been to provide a venue for member artists to sell.

Peter stated that the Fall Fair is intended as a fundraiser for the Society, with artists donating the works for sales. Net revenues were ~\$21K, after paying expenses of ~\$2K. There has been discussion on the timing of Fall Fair (being so close to HMP) and whether to hold it at all. For 2019, the Fall Fair has been moved to early October.

Spreadsheet #3 is the Balance Sheet. This spreadsheet reflects the information on the Society bank accounts, guild bank accounts, CD's and restricted funds. Peter noted that the Society doesn't have an investment policy or general strategy on investing the funds from the CD's. It would be helpful to engage the expertise of the board members on how to invest.

#### **5. Bookkeeper hiring recommendation**

On behalf of the Executive Committee, Terumi Irizawa presented the recommendation to contract with Juna Financial to provide bookkeeping, as outlined in Attachments 5 and 7. The proposal is that Juna provide regular book-keeping services for LexArt starting on June 1, 2019. Implementation will start on April 29, 2019, with LexArt continuing to perform its own bookkeeping from April 29-May 31. Juna had proposed optional levels of service. The Executive Committee recommends Option C, at a rate of \$1,200 per month. This option is the most economical and requires LexArt to continue to calculate instructor payments and consignor payouts from the major sales and gallery shows. The implementation will cost \$2,500 and includes conversion from a Quick Books file to Quick Books Online. In addition, all of the various systems (bill paying, payroll, 1099 tracking, among others) will be set up. Terumi

noted that additional project work, such as revision of the chart of accounts will likely be advisable in the future, but that the Executive Committee felt it important to focus first on the transition.

Jenny Pyle suggested a reference check with smaller companies who receive similar services be completed prior to formalizing an engagement to ensure that Juna provides responsive and high-quality service.

Upon motion by Matthew Siegal, second by Jenny Pyle, it was

**VOTED:** That the Board of Directors hereby approve the engagement of Juna Financial Solutions, LLC, on the terms and conditions as described as Option C in the Engagement Letter dated April 9, 2019 attached hereto as **Attachment 7**, subject to the prior completion by the Executive Committee of a satisfactory reference check on Juna Financial's performance in providing services to similar small businesses or organizations.

Adopted 13 - 0

## **6. Committees report and discussion**

Wayne outlined the committee structure, to be reviewed in preparation for the strategy discussion in May, at the next board meeting. Louise presented the committee descriptions that Vice President Katina Leodas had prepared. (Attachment 8).

The Primary Board Committees (board members only, per Bylaws) are:

1. Executive - complete
2. Investments
3. Governance

The proposed Standing Committees are:

1. Building
2. Membership, Marketing, and Outreach
3. Development
4. Gallery, Shows and Events
5. Education

Bruce asked whether the Gallery, Shows and Events Committee would run the shows (for example. Guild shows) or provide oversight. Louise stated that the Committee would provide oversight but that committee members may also participate as a member of the *ad hoc* sale or gallery show committee.

In discussion, board members observed that it has been a challenge to staff Society committees in the recent past. There was some discussion on managing both the Fall Fair and

HMP from the one committee. There should be some definition on the amount of work required and time commitment (how many meetings) as a member of the committee

Wayne asked the board members and observers to re-read the committee descriptions and to let him know to which committee(s) they wish to be appointed. He stated that Katina Leodas would lead the effort to recruit additional members for each of the committees.

Matthew asked about the mechanism for decision making on the committees. The committees will have autonomy to make decisions, some of which may need to be approved and ratified by the board at a future meeting. Cassandra added that there should be a business plan that drives the activities of each of the committees. Wayne replied that this will be discussed at the May board meeting. Susan asked about the size of the committees. Wayne said that is to be decided

## **7. Banking Authorizations**

Wayne presented the banking resolutions found in Attachment 9. He noted that in the past LexArt did not appear to have any policy requiring dual signatures for expenditures exceeding a certain level, but that he and the Executive Committee recommended that such a limit be set at \$10,000. He stated that banks will not enforce a requirement for dual signatures on a check; however the resolutions do require dual signatures as part of the internal approval process.

Upon motion by Bruce Neumann, second by Matthew Siegal, it was

**VOTED:** That the President or Treasurer are authorized to establish one or more deposit and/or checking accounts in the name and on behalf of the Corporation with such banks or other financial institutions as the President or Treasurer shall determine from time to time in his or her discretion and to authorize the President or Treasurer to draw upon the funds deposited from time to time in such accounts, provided that the prior written approval of any two of the President, Vice President, or Treasurer shall be required for amounts drawn in excess of \$10,000 (ten thousand dollars).

**VOTED:** That the President or Treasurer are authorized to establish one or more deposit and/or checking accounts in the name and on behalf of the Corporation and each of its Guilds with such banks or other financial institutions as the President or Treasurer shall determine from time to time in his or her discretion and to authorize the Treasurer of each respective Guild, as designated in the Schedule of Guild Treasurers attached hereto as **Exhibit B**, to draw upon the funds deposited from time to time in such accounts, and to authorize such successor Guild Treasurers as the President shall determine from time to time, in his or her discretion, to draw upon the funds deposited from time to time in such accounts, provided that the prior written approval of the then Guild Chair and

either the President or Treasurer shall be required for amounts in excess of \$10,000 (ten thousand dollars), as provided above.

**VOTED:** To approve and adopt the standard banking resolutions prescribed by any bank or financial institution in connection with the immediately preceding votes as though set forth in full herein, and to attach such standard resolutions hereto.

Adopted 13-0

### **8. Miscellaneous**

Wayne asked that the Directors approve the General Authorization for the officers to implement the various votes taken during the meeting. Upon motion by Bruce Neumann, second by Matthew Siegal, it was

**VOTED:** That, the President, Treasurer and Clerk of the Corporation be, and each of them acting singly hereby is, authorized and directed, in the name and on behalf of the Corporation, to execute and deliver any and all certificates, agreements and other documents, take any and all steps and do any and all things which any such officer may deem necessary or advisable in order to effectuate the purposes of each and all of the foregoing votes.

Adopted 13-0

Wayne reminded the Directors that the next meeting will be focused on strategic planning and will be held Tuesday May 14, 2019, at Nancy Cornelius's house in Carlisle from 8:30 am – 1 pm.

Wayne will distribute the Conflict of Interest forms and asked that each Director sign and return the forms.

Adjourned 4:00 pm

Respectfully submitted  
Terumi Irizawa  
Clerk of the Corporation