



**Minutes of
Lexington Arts and Crafts Society, Inc.
Board of Directors Meeting
January 25th, 2022
3:30 PM**

The January 25th Board of Directors Meeting of the Lexington Arts and meeting was called to order at 3:32 pm, conducted via videoconference, and chaired by Wayne Davis, Chair of the Board.

The following board members were in attendance: Wayne Davis, Peter Bain, Casandra Goldwater, Molly Nye, Louis Hara, Rachel Rosenblum, Christine Gamota, Jennifer Bergantino, Lauri Hugentobler, Nicole Mordecai, Peter Demuth, Diane Gordon, Matthew Siegal, Alison Lauriat, Nancy Cornelius, Mike Lawson, Jessie Chen.

The following Guild Observers and administrators were in attendance: Carolyn Reckman (Woodworkers), Wilda Ward (Decorative Arts), Steve Goldstein (Photographers), Terumi Irizawa, Susan McFarlane (Painters), Alison Lauriat (Ceramics), Shirley King, Chase Jones.

The meeting began with Carolyn Reckman, as the Chair of the Council of Guild Chairs, asking for clarification on her voting rights with the board. Peter Demuth consulted the bylaws and confirmed that the Chair of Council of Guild Chairs is a member of the Board, ex officio, and a full voting member of the Board of Directors.

1. Approval of Minutes. (PMM p. 2-8) Rachel Rosenblum moved that the minutes of the October 19th, 2021 meeting be adopted. Seconded by Matthew Siegal. Thereafter, it was:

VOTED: That the Board of Directors hereby approve, with amendment, the minutes of the Board of Directors Meeting of Members held October 19th, 2021.

The motion was adopted unanimously.

2. Development Committee Report (PMM p. 15)

Wayne Davis reported that the major donor campaign has been very successful and has resulted in several multi-thousand donations. The most exciting news is a \$350,000 donation from the Peter Lambertus Foundation (this follows a \$100,000 gift from last year). He stressed how the Lambertus Foundation beliefs align with the LexArt mission and gave examples of how LexArt could use the money. Wayne cautioned that LexArt cannot count on continued donations of this size year after year as we consider how to spend the money and that we must

step up efforts to diversify our donation sources. Aside from the Lambertus gift, LexArt has met the budget of \$100,000 in contributions, with several months of fundraising left in the fiscal year.

4. Executive Director Report (PMM p. 9-11)

Matthew Siegal reported that the Education program is going well despite delays and cancelations from Omicron. The HMP was very successful with \$86,000 in gross sales. He shared that membership has grown to 257, exceeding the budget for 20% growth (240) this year. He noted that this growth is from mostly brand new and young members. Matthew has hired an Education Coordinator, Hanna Wolfe, who starts on Monday. He then reviewed the next set of Gallery shows and noted they speak to LexArts's expanded mission.

Regarding use of the Lambertus gift, he stated that he wants to be conservative but also has some immediate spending requests. These include several building repairs and a groundwater drainage study. There are also several programming expenses he would like to take on (scholarships, community based gallery programing, etc.) as well as LexRAP tuition forgiveness. The cost of the building and programming expenses totals \$41,090. In future months he wants to update the capital management policy, simplify our financial accounts, and update IT infrastructure.

Carolynn Reckman wanted assurance that the \$7000 matching grant from the state to assess the needs of building is prioritized. Matthew noted it was in the budget.

Jenn Bergantino reminded board of the marketing hire discussed last meeting and the need to complete LexArt's strategic planning. Matthew responded he expects to budget a marketing position next fiscal year and reiterated his desire to have a strong Gallery and Education program in place before a big marketing push. This was followed by a long discussion about leaning into the momentum of LexArt's recent successes.

5. Treasurer Report (PMM p. 12-14)

Mike Lawson described several parts of his report; 2nd quarter financials, end of year financials, and associated comments. He relayed that the Finance Committee met recently to update the Cash and Investment Policy because it is inadequate to manage long term funds (such as extra monies from the Lambertus gift). That committee is also initiating a Capital Planning project, which will purposely set aside money to fund ongoing building repairs.

Lastly, Mike put forth a new budget which adds \$67,000 of Mass Cultural Council grants and Matthew's spending requests.

Mike Lawson moved that the following resolutions be adopted. Seconded by Peter Bain. Thereafter, it was;

VOTED: That the already completed and proposed Gallery/Building/Repair and Maintenance projects outlined in the Director's Report, including additional spending of \$28,690 above those previously approved, are authorized and approved.

VOTED: That the already completed and proposed expenditures for scholarships and general and administrative expenses outlined in the Director's Report, resulting in additional spending of \$12,400 during fiscal year 2021-22, and an additional \$7500 for high school scholarships during fiscal year 2022-23, are authorized and approved.

VOTED: That the Fiscal year 2021-22 budget, previously adopted by the Board of Directors as of May 14, 2021, be amended as shown in the table below.

The motion was adopted unanimously.

Rachel Rosenblum moved that the Treasurer's Report be accepted. Second by Louise Hara. Thereafter, it was;

VOTED: That the Treasurer's Report is accepted and approved.

The motion was adopted unanimously.

6. Nominating and Governance Committee Report (PMM p. 16-17)

Wayne Davis reviewed that a number of board members have resigned recently and how he would like to fill at least one vacancy during this meeting.

Carolyn Reckman moved that Cassandra Goldwater join the board. Seconded by Rachel Rosenblum. Thereafter, it was;

VOTED: That Cassandra Goldwater be appointed to the Board to fill the vacancy created by the resignation of Katina Leodas, effective immediately with a term expiring as of the 2022 Annual Meeting.

The motion was adopted unanimously.

Wayne explained that with the departure of Katina Leodas, because the board had no Vice Chair appointment, we are currently without a Chair of the Board.

Molly Nye moved that Wayne take a new term as Chair of the Board. Rachel Rosenblum seconded. Thereafter, it was;

VOTED: That Wayne Davis be elected as Chair of the Board, effective immediately.

The motion was adopted unanimously.

The board discussed the need to reconstitute the Executive Committee due to recent changes. Molly Nye moved that the Executive Committee be reconstituted. Rachel Rosenblum seconded. Thereafter, it was;

VOTED: That the Executive Committee consist of the following members: Matthew Siegal, Wayne Davis, Peter Demuth, Lauri Hugentobler, Michael Lawson, and Cassandra Goldwater.

The motion was adopted unanimously.

5. GENERAL AUTHORIZATION

Rachel Rosenblum moved that the officers of the board be authorized to act on behalf of LexArt. Molly Nye seconded. Thereafter, it was;

VOTED: That, the Primary Officers 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.

The motion was adopted unanimously.

Wayne reviewed future board meeting dates and his desire to meet in person next time. He also strongly encouraged board members to attend gallery receptions to raise the level of engagement with our community.

4:30 Adjourn



Board of Directors Meeting

January 25, 2022

Agenda and Documents



Lexington Arts and Crafts Society, Inc.
Board Meeting
January 25, 2022

- Who:** Board of Directors; Guild Board Observers
- When:** January 25, 2022
3:30-5:30 pm
- Location:** Via Zoom Video Conference. [LINK](#). Meeting ID: 872 6578 6436. Passcode: 4598xt
- Contact:** Chase Jones (781.862.9696)
- Please Bring:** Documents distributed electronically
- Purposes:** Hear and discuss reports from Executive Director, Treasurer, Development Committee, and Nominating Committee. Consider and vote on revisions to the FY 21-22 budget. Elect chair of the board to fill vacancy. Appoint new board member and executive committee members.
- Agenda:**
- [3:15] Early log-in. Check connections and socialize
 - 3:30 Welcome and Overview (Wayne Davis)
 - 3:35 Review and approve minutes of October 19, 2021 Meeting
 - 3:40 Development Committee Report and Discussion (Wayne Davis)
 - 3:55 Executive Director's Report and Discussion (Matthew Siegal)
 - 4:15 Treasurer's Report and Discussion (Michael Lawson)
Votes on budget revisions
 - 4:45 Nominating and Governance Committee Report and Discussion (Wayne Davis)
Votes on Board chair, new board member, executive committee membership
 - 5:00 Calendar Review – upcoming meetings and important dates
Reserved time
 - 5:30 End Meeting

Proposed Resolutions

LEXINGTON ARTS AND CRAFTS SOCIETY, INC.
Proposed Votes of the Board of Directors
January 25, 2022 Meeting

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.

1. APPROVAL OF MINUTES

VOTED: That the minutes of the October 19, 2021 meeting be approved [as presented *or* as amended].

2. ACCEPTANCE OF TREASURER'S REPORT

VOTED: That the Treasurer's Report is accepted and approved.

3. SPENDING AUTHORIZATIONS; BUDGET REVISIONS

VOTED: That the already completed and proposed Gallery/Building/Repair and Maintenance projects outlined in the Director's Report, including additional spending of \$28,690 above those previously approved, are authorized and approved.

VOTED: That the already completed and proposed expenditures for scholarships and general and administrative expenses outlined in the Director's Report, resulting in additional spending of \$12,400 during fiscal year 2021-22, and an additional \$7500 for high school scholarships during fiscal year 2022-23, are authorized and approved.

VOTED: That the Fiscal year 2021-22 budget, previously adopted by the Board of Directors as of May 14, 2021, be amended as shown in the table below.

Lexington Arts and Crafts Society				
	Original	Revised		
	2021-2022	2021-2022		
	Budget	Budget		
Income				Difference
Classes				
In house	\$ 62,088.50	\$ 62,088.50	\$	-
On line				
Total Class/Workshop Income	\$ 62,088.50	\$ 62,088.50	\$	-
Contributions				
Mass Cultural Council		\$ 67,000.00	\$	67,000.00
Unrestricted	\$ 100,000.00	\$ 100,000.00	\$	-
Total Contributions	\$ 100,000.00	\$ 167,000.00	\$	67,000.00
Gallery/Show Sales				
Commitment fee				
On line	\$ 5,400.00	\$ 5,400.00	\$	-
Gallery / Event Sales	\$ 47,100.00	\$ 47,100.00	\$	-
Total Gallery/Show Sales	\$ 52,500.00	\$ 52,500.00	\$	-
Membership				
Society Dues	\$ 79,492.08	\$ 79,492.08	\$	-
Total Membership	\$ 79,492.08	\$ 79,492.08	\$	-
Rental / Misc	\$ 1,500.00	\$ 1,500.00	\$	-
Total Income	\$ 295,580.58	\$ 362,580.58	\$	67,000.00
Expenses				
Total Building & Grounds	\$ 45,800.00	\$ 74,490.00	\$	28,690.00
Total General & Admin	\$ 56,045.20	\$ 56,045.20	\$	-
Total Payroll	\$ 159,106.70	\$ 175,646.70	\$	16,540.00
Programmatic Additions		\$ 12,400.00	\$	12,400.00
MCC Match		\$ 7,000.00	\$	7,000.00
Total Professional Services	\$ 56,895.00	\$ 60,145.00	\$	3,250.00
Total Utilities	\$ 20,820.00	\$ 20,820.00	\$	-
Total Expenses	\$ 338,666.90	\$ 406,546.90	\$	67,880.00
Net Operating Income	\$ (43,086.32)	\$ (43,966.32)	\$	(880.00)

4. CHANGES TO BOARD AND OFFICERS

VOTED: That Cassandra Goldwater be appointed to the Board to fill the vacancy created by the resignation of Katina Leodas, effective immediately with a term expiring as of the 2022 Annual Meeting.

VOTED: That Wayne Davis be elected as Chair of the Board, effective immediately.

VOTED: That the Executive Committee consist of the following members: Matthew Siegal, Wayne Davis, Peter Demuth, Lauri Hugentobler, and Cassandra Goldwater.

5. GENERAL AUTHORIZATION

VOTED: That, the Primary Officers 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.



**Minutes of
Lexington Arts and Crafts Society, Inc.
Board of Directors Meeting
October 19th, 2021
3:00 PM**

NOTE: Document attachments not included with the draft minutes will be filed with the record minutes once approved.

Capitalized terms shall have the meanings as defined in the Bylaws of the Corporation as adopted May 16, 2021.

The October 19th Board of Directors Meeting of the Lexington Arts and meeting was called to order at 3:00 pm, conducted via videoconference, and chaired by Katina Leodas, Chair of the Board.

The following board members were in attendance: Molly Nye, Peter Bain, Louise Hara, Christina Gamota, Wayne Davis, Jennifer Bergantino, Matthew Siegal, Katina Leodas, Michael Lawson, Nancy Cornelius, Leslie Sargis, Diane Gordon, Rachel Rosenblum, Peter Demuth, Laurie Hugentobler, Nicole Mordecai.

The following Guild Observers and administrators were in attendance: Carolyn Reckman (Woodworkers), Steve Goldstein (Photographers), Wilda Ward (Decorative Arts), Susan McFarland (Painters), Casandra Goldwater (Metalworkers), Alison Lauriat (Ceramics), Shirley King, Chase Jones

1. Approval of Minutes. (PMM p. 2-8) Rachel Rosenblum moved that the minutes of the August 17th, 2021 meeting be adopted. Seconded by Peter Bain. It was noted that Cassandra Goldwater should be added to the attendees. Thereafter, it was:

VOTED: That the Board of Directors hereby approve, with amendment, the minutes of the Board of Directors Meeting of Members held August 17th, 2021.

The motion was adopted unanimously.

2. Treasurer's Report (PMM p. 8)

Mike Lawson reported that the P&L statement now includes the budget and that performance against budget analysis will become more accurate as the year progresses due to the Society's uneven disbursement of income and expenses. He heard from several Guild Treasurers that

they were having trouble accessing their TD accounts online and offered to get statements himself for those Treasurers.

Katina asked about membership income and Mike reported that we were at 80% per budget. LexArt had dipped to around 185 members in June but have had a steady increase since then. LexArt is halfway towards the budget target of 20% increase over last year. Mike remarked that he is satisfied with progress towards all revenue targets but has apprehension over the HMP sales revenues with Covid ongoing and a thin inventory due to low membership. Discussion over HMP inventory indicated that there will be more than enough product.

4. Executive Director Report (PMM p. 16-23)

Matthew began by highlighting the critical need to increase membership to sustain the Society financially, to fulfill LexArt's mission as an inclusive community arts organization, and to be a viable object of philanthropic support.

To increase membership, he asked for approval to spend up to \$60,000 (annual basis) for:

- a) 1/2 time (20 hrs/wk) Education Coordinator
- b) (4) Studio Managers (6 hrs per week)

The Studio Managers will support an "open-membership" model - where anyone, with no restrictions, can join the a Guild. Studio Managers were proposed for the Woodworking, Weavers, Metalworkers, and Ceramics Guilds to provide supervision and mentorship to new members. He acknowledged that it was a difficult request considering the projected \$43,000 deficit project for the year.

Discussion focused the need for metrics to gauge the success of these roles. Talk also centered on the idea that both roles seem to be very passive; rounding out class offerings, introducing new members to shops. It was agreed that LexArt needs to actively pull in new members with a concerted public relations campaign.

In response, Matthew said he prefers to hold back on the PR position for the moment. He said that there was a waiting list for membership in some guilds, and new members have been steadily joining. He also said that that class schedules supported by guild volunteers is not giving us a full and balanced curriculum. The Education Coordinator and Studio Managers are needed to create a "good product" for potential members, and he wants a good product in place when he begins a PR push for the Society.

Diane Gordon wanted job descriptions and success metrics before she supports the initiative.

Mike Lawson moved, with a second by Wayne Davis,

VOTED: that the Executive Director be authorized to to make the hire of a part time Education Coordinator and, up to 4, part time Studio Managers with a total expected fully loaded personnel cost not to exceed \$60,000 annually.

All board members approved, except Diane Gordon who opposed.

Wayne Davis and Katina Leodas then reintroduced Matthew's request to have responsibility to use all space within LexArt to the betterment of the Society, regardless of historical use by

guilds. Katina made the point that this was a very different way of thinking about the space and represented a major change for the better for LexArt, there was no further discussion.

Peter Bain moved and Mike Lawson seconded that;

VOTED: The board confirms the Executive Committee's decision that responsibility and authority for decisions about space allocation and usage rests with the Executive Director. And endorses the proposed approach that all space in the facility be treated as common and shared with usage determined based on what benefits the overall organization as well as the public. That it be flexible and responsive the needs and opportunity and that the commonly understood basis of these decisions is to drive creativity innovation growth and sense of shared purpose.

The motion was adopted unanimously.

Lastly, Matthew asked the board to endorse an "open membership" policy (includes guild membership) to the organization. He would like the authority to decide who and when a person can become a guild member to rest with the Executive Director and not the guilds. Matthew also noted that this type of model will require a rigorous code of conduct to ensure respectful treatment of each other, equipment, and the facility.

Rachel Rosenblum moved, seconded by Wayne Davis, that

VOTED: The board confirms the Executive Committee's decision that responsibility and authority for decision about who can become a member and when rests with the Executive Director and endorses the proposed approach that any category of artist, from beginner to master craftsman, may join.

The motion was adopted unanimously.

After a brief discussion over redundancy, it was agreed that a vote should be taken on the general endorsement of the Executive Director's report and the initiatives outlined within.

Peter Demuth moved, and Mike Lawson seconded that

VOTED: the Board accepts the Executive Director's report and endorse the general direction of change and growth outlined within.

The motion was adopted unanimously.

Wayne Davis reviewed the need for all Board members, Guild Chairs, Guild Treasurers to sign their annual Conflict of Interest forms (PMM p. 11).

4:30 Adjourn

Executive Director's Report

Matthew Siegal
January 21, 2022

Happy and hopeful new year everyone. There is plenty of good news to share and a great deal to be encouraged about. I look forward to an upbeat meeting.

While Omicron has kept some people away, forced us back to zoom meetings and events, and dented earned revenue from our studio instruction program, we should be heartened by strong mid-year financials, year-end giving, membership numbers and holiday sales. We finished the calendar year with healthy sales at Holiday Marketplace. Gross sales were \$86,694, \$6,648 more than 2019, our last pre-covid year. Membership, dipping as low as 186, summer 2021, is up to 255, and has grown by much more than the twenty percent targeted, with four months left in the fiscal year. Even more encouraging, many of these new members are new to the organization and not returning members who dropped off in 2020 due to Covid. The changes we are implementing are attracting new members! We are also attracting healthier giving. Year-end gifts have been extremely strong, with a number of long-time members stepping up, and a truly inspirational gift from the Peter and Ann Lambertus Family Foundation.

We have hired an Education Coordinator as discussed and approved at the October board meeting. Hannah Wolfe will start January 26th. She holds a master's degree in educational psychology, and brings an enormous amount of experience for such a young candidate. The list of arts organizations she has worked with is impressive, including the Fort Point Arts Community, the Mosesian Center for the Arts, the Munroe Center for the Arts and the deCordova Sculpture Park and Museum. A graduate of Lexington High School, we are thrilled to have Hannah join us.

Gallery update

A glimpse of our upcoming gallery programs, provides a good sense of our expanded mission of community service and collaboration, and why we are generating excitement in the community and enthusiasm amongst our members.

- Currently showing (through Jan. 30) is *Exploring the World of Fibers*, a textile invitational exhibit hosted by our Weaving and Fiber Arts Guild. Guild members and other textile artists from throughout New England were invited to participate in an exhibit juried by Beth McLoughlin, artistic director, and chief curator at the Fuller Museum of Craft.
- This will be followed by our first ever exhibit celebrating Black History month. In collaboration with the Lexington Historical Society and LexSeeHer, we are presenting *Free and Not a Slave: The Legacy of Margaret Tulip*, the compelling story of an 18th century freed slave who was re-enslaved by a Lexington resident and went to court to win back her freedom.
- Next exhibit on the schedule is our annual high school show featuring work from area high schools. In tandem with the exhibit, we hope to be able to announce an expanded high school scholarship program to provide modest awards to graduating seniors pursuing education and careers in the arts.
- *Still Making Art* (working title) will feature the work of LexArt nonagenarians, celebrating the lives and contributions of our 90+ year-old members and showcasing their lifetimes of work.
- *Natural Visions: A Celebration for Earth Month* will be a juried invitational exhibit conceived by members of our painting and photography guilds, celebrating the earth and its natural beauty,

and touching on issues of conservation. We hope to have a broad offering of associated programming.

Given the success of our year-end fundraising, leading to a relatively healthy and stable mid-range financial outlook, I would like to recommend and seek the board’s permission to make a small number of unbudgeted expenditures in support of our mission, upkeep of our facility and capacity building.

Repair/replacement/capital expenditures for balance of fiscal year

Out of a sense of caution, we had held off proceeding with certain budgeted repair and maintenance items. With the strong results from HMP and fundraising, we wish to move forward with those projects as well as some other high priority items that we had previously cut from the budget. The projects in both categories are shown in the table below. I will ask for authorization to add \$41,090 to the budget to cover the full list below.

Gallery/Building / R&M expense Items	Previously-budgeted	New authorization
Hot water heater and sink – located in woodshop	\$4,000	
Double sinks in Fiber Art studio		\$3,500
Gutter and downspout work	\$1,300	
Ceramics entrance roof		\$2,000
Northside drainage engineering study		\$15,000
Utility room window replacement		\$2,000
Light replacement in entrance hall - completed		\$260
Repair of light fixture box on front lawn - completed		\$50
Additional outlets Metals studio - completed		\$450
20 foot storage container - completed		\$5,430
TOTAL	\$5,300	\$28,690

Mission driven programmatic additions for balance of fiscal year

As our development committee met with potential donors this fall, they emphasized our need to invest in certain areas. The donors responded. We’d like to begin with some immediate new expenditures in those areas, listed below.

Line Item	New authorization
Scholarships: High School Scholarship program – existing 3 school program (\$3,250) was omitted from this year’s budget. Will be including in next years budget an expansion of the program to 5 schools and modestly larger awards @ \$7,500 total	\$3,250
Scholarships: Need-based studio instruction tuition forgiveness	\$2,400
Gen. & Admin: Community based gallery program (1) - \$2,500	\$2,500
TOTAL	\$12,400

I would also like to share, that in addition to the identified asks outlined above, and as a result of our financial position enabling us to more confidently engage in longer-term planning, the Executive and

Finance Committees will be looking at a number of areas of operation with the goal of bringing recommendations to the full board. These include:

- Capital Planning – repair, replacement, and investment in the facility, as well as the overall organization
- Investment Policy – looking at longer term and moderately higher risk investments
- Consolidation, simplification, and growth in IT infrastructure – the organic growth and in-house management of our systems has led to undue complexity and cost.
- Simplification of our financial structure and management – practice and policy, such as use of outside bookkeeping service, separate guild bank accounts with rotating signing authority, and overall bookkeeping practices, has similarly led to undue complexity and especially cost. Use of an outside auditor the past two years has focused attention in these areas.

I would like to invite board members who may have interest or expertise in these areas to participate in these discussions. Please reach out if you are interested.

We will be looking to engage board members in broader ranging discussions about possible mid and longer-term use of the Lambertus gift and will work to determine the best mechanisms to do so.

Treasurer's Report

FROM: Michael Lawson, Treasurer

DATE: January 20, 2022

This Treasurer's report contains four parts: 1) the balances in our various accounts for both the Society and the Guilds as of December 31, 2021, 2) financial information for the 2nd quarter of the fiscal year (ending November 30, 2021), including major account balances, as well as summary remarks regarding the consolidated profit and loss statement against the budget approved by the board, 3) a revised budget based on the board-approved hiring, proposed additional repair/replacement/capital expenses, proposed mission driven programmatic additions, and an increase in fees from our accounting firm, and 4) the reconvening of the Society's Finance Committee.

Account Balances as of December 31, 2021

- Society Cash and CDs in various accounts: \$ 857,283.37
- Restricted assets: \$ 196,710.53
- Guild Balances: checking, savings & CDs \$ 95,875.10

The significant increase in the balance of the Society's cash position is due to two factors: 1) strong development results and 2) a successful holiday sale with gross revenues of \$86,694.

I have attached a copy of December's financial statement.

Second Quarter Financial Position

Account Balances as of November 30, 2021

- Society Cash and CDs in various accounts: \$ 396,688.22
- Restricted assets: \$ 196,710.38
- Guild Balances: checking, savings & CDs \$ 94,470.10

Profit and Loss Against Budget

Attached to this report are the financial statement for the 2nd quarter of the fiscal year. In addition to the profit and loss statement, the financial statements include: 1) a balance sheet, 2) gallery/show ledger, 3) class and workshop ledger, 4) profit and loss statement by month, 5) year-to-date profit and loss comparison with 2020, and 6) a cash flow statement.

Very little useful information could be gleaned from the first quarter's profit and loss statement, more can be learned for this quarter's report. First, on the expense side, everything appears pretty much on track with the bottom expense line showing us slightly below budget.

The income side does have some very positive information, most notably membership – we have nearly surpassed our *annual* goal! Further, donations and grants have also exceeded our goal and, this too is very encouraging.

Overall, I'm pleased with the 2nd quarter numbers. I have attached a copy of the 2nd quarter financial statements.

Revised Budget

I have attached to this report a revised budget reflecting the additional staff (education coordinator and shop stewards) approved by the board and additionally, the proposals contained in the Executive Directors report for repairs, etc. and the mission driven programs. Specifically: 1) payroll expense was increased by \$23,198 to fund the education coordinator and shop stewards for the remainder of the fiscal year. The annualized expense would be \$42,096, 2) \$12,400 has been added to support new programs, 3) \$28,690 has been added for repair/replacements/capital expenses.

In addition, we have been awarded and expect to receive this fiscal year two grants from the Mass Cultural Council, one for \$60,000 and another for \$7,000; the later requires a \$7,000 matching expenditure from the Society. Hence, I have added \$67,000 to Contributions in the budget and a \$7,000 expense for the required match.

I have attached a spreadsheet which shows the original budget, the proposed new budget and which highlights the differences. In making all of these changes, our previous budget deficit is virtually eliminated.

Finance Committee

Finally, I want to report that I have reconvened the Society's Finance Committee. The topics at our first meeting, held on January 20th, were revisiting the Society's *Cash and Investment Management Policy* and five-year capital planning. I have attached a copy of the current policy to this report. What you will learn from reading the policy is that it is essentially only a cash management policy and does not really address investments. At future meetings of the Finance Committee, we will amend the current policy and will bring a revised policy to the board for its approval.

The results of our development efforts (discussed in the Development Committee Report) put us in a very strong financial position going forward. While some of this money will be used for short-term initiatives, and to off-set any deficit that might occur, the use of the remaining funds will be a subject for discussion at a future board meeting. To help with that discussion, the Finance Committee will also discuss the creation of a five-year capital plan, the consequence of which will be to add a line item to the annual budget for capital improvements. Investments in our physical and operating infrastructure to build long-term capacity.

Proposed Budget Revisions

Lexington Arts and Crafts Society				
	Original	Revised		
	2021-2022	2021-2022		
	Budget	Budget		
Income			Difference	
Classes				
In house	\$ 62,088.50	\$ 62,088.50	\$	-
On line				
Total Class/Workshop Income	<u>\$ 62,088.50</u>	<u>\$ 62,088.50</u>	\$	-
Contributions				
Mass Cultural Council		\$ 67,000.00	\$	67,000.00
Unrestricted	\$ 100,000.00	\$ 100,000.00	\$	-
Total Contributions	<u>\$ 100,000.00</u>	<u>\$ 167,000.00</u>	\$	<u>67,000.00</u>
Gallery/Show Sales				
Commitment fee				
On line	\$ 5,400.00	\$ 5,400.00	\$	-
Gallery / Event Sales	\$ 47,100.00	\$ 47,100.00	\$	-
Total Gallery/Show Sales	<u>\$ 52,500.00</u>	<u>\$ 52,500.00</u>	\$	-
Membership				
Society Dues	\$ 79,492.08	\$ 79,492.08	\$	-
Total Membership	<u>\$ 79,492.08</u>	<u>\$ 79,492.08</u>	\$	-
Rental / Misc	\$ 1,500.00	\$ 1,500.00	\$	-
Total Income	<u>\$ 295,580.58</u>	<u>\$ 362,580.58</u>	\$	<u>67,000.00</u>
Expenses				
Total Building & Grounds	\$ 45,800.00	\$ 74,490.00	\$	28,690.00
Total General & Admin	\$ 56,045.20	\$ 56,045.20	\$	-
Total Payroll	\$ 159,106.70	\$ 175,646.70	\$	16,540.00
Programmatic Additions		\$ 12,400.00	\$	12,400.00
MCC Match		\$ 7,000.00	\$	7,000.00
Total Professional Services	\$ 56,895.00	\$ 60,145.00	\$	3,250.00
Total Utilities	\$ 20,820.00	\$ 20,820.00	\$	-
Total Expenses	<u>\$ 338,666.90</u>	<u>\$ 406,546.90</u>	\$	<u>67,880.00</u>
Net Operating Income	<u>\$ (43,086.32)</u>	<u>\$ (43,966.32)</u>	\$	<u>(880.00)</u>

Notes:

1. Mass Cultural Council Grants totaling \$67,000, to be received this fiscal year have been added.
2. A total of \$28,690 has been added to the budget to reflect proposed repairs, etc.
3. Payroll expense were increased for the education coordinator and shop stewards. This amount is for the remainder of the fiscal year and includes payroll taxes. Annualized, the amount is \$42,096.
4. \$12,440 has been added to the budget to support proposed new initiatives.
5. \$7,000 has been added as a required match of a Mass Cultural Council Grant.
6. \$3,250 has been added to reflect the increase in Juna's accounting fees. Annualized the increased amount to \$7,800.

Development Committee Report

Committee Members: Wayne Davis (chair); Christina Gamota, Molly Nye, Alison Lauriat, Jasmine Lipman, Matthew Siegal (ex-officio).

We have ended the calendar year quite strongly. Development “events” tend to bunch towards year-end but are usually the fruit of months of effort. Such is the case for LexArt this year.

Since our last report in October, the Development Committee has launched the Major Donor Program. This will be an ongoing effort to develop relationships with current and potential supporters of LexArt who may have the means and inclination to make substantial contributions on an ongoing basis.

Simultaneously, we pursued our annual appeal, with direct first-class mailing to 2,015 recipients and email to our list of over 3,000. We also submitted two grant applications.

The results are encouraging. Through January 18, 2022, we have received or have been awarded:

Grants & Contributions, FY 21-22	
Restricted Contributions (gallery)	\$1,600
Unrestricted Contributions	\$449,520
Grants	\$82,468
Total	\$533,589

Please note that these numbers do not line up precisely with the Treasurer’s Report, since they include some donations received since December 31 and the expected receipt of certain grant funds that have been awarded but not yet received.

These totals compare with the \$100,000 line item for contributions in the budget we adopted in May.

The grants include \$10,000 from the Community Endowment of Lexington (a fund of the Foundation for Metrowest) to support a marketing study and competitive analysis, which was awarded in December. Previously announced grants were from the Massachusetts Charitable Mechanics Association for the purchase of new tools and from the Mass Cultural Council (\$60,000 in support of the new lift, bathroom, and COVID HVAC enhancements, and \$7,000 to support a facilities planning study).

These strong results present LexArt with two critical, inter-related, but good-to-have challenges. The first is how to use the money wisely. The second is how to maintain and strengthen our development efforts over the long-term. One good year of fundraising does not make a sustainable financial model for the organization, and there are no guarantees of repeat success on this scale. In the months ahead, the Development Committee looks forward to working on this second challenge and welcomes the input of other board members and Society members.

Nominating and Governance Committee

January 20, 2022

Wayne Davis (Chair), Peter Demuth, Molly Nye, Alison Lauriat, Matthew Siegal (ex-officio)

Since the last board meeting in October, three members of the Board submitted their resignations: Victoria Nessen, Katina Leodas, and Leslie Sturgis, each for personal reasons.

Since Katina was Chair of the Board and the position of Vice Chair is vacant, the Committee met soon after receiving Katina's resignation to determine a successor Chair. The Committee recommended to the Executive Committee (which has delegated authority to act) that Wayne Davis be appointed as Interim Chair to serve through the next Board meeting, at which time the Board could elect a Chair to serve the remainder of the term through the end of this fiscal year (May). The Executive Committee adopted that recommendation and appointed Wayne as Interim Director effective January 1.

The Nominating Committee held further discussions in December and January and wishes to share the following recommendations and comments with the full Board.

1. **Recommendation: Appointment of Cassandra Goldwater to Board and to Executive Committee.** With three members, including one officer departing, the Committee recommends that at least one of the vacancies be filled at this time, ideally with someone who could "hit the ground running." Cassandra Goldwater is already well-known to many of you, as she has been attending board meetings as the Metalworkers' Guild observer. She is a past President of the Society, pursues her creativity in multiple artistic mediums, participates with several guilds, and has been an active volunteer in many different LexArt operations. Her professional background is in marketing. She understands and supports the strategic changes LexArt has been pursuing, and both the Nominating and Executive Committees believe she can add immediate help on the Executive Committee with minimal ramp-up time.
2. **Recommendation: Election of Wayne Davis as Chair through May 2022.** At this time, we think continuity of leadership is important.
3. **Comment: Resignations.** Three resignations in a relatively brief period prompts the question: Is there cause for concern? Each was occasioned by distinct personal reasons. Victoria had encountered scheduling difficulties that prevented her from engaging the way she had hoped. Leslie had not found a match between her skills and interests and LexArt's needs. Katina had, as she stated in her note to the Board, only accepted the appointment as chair reluctantly. Having devoted huge amounts of time and energy to the organization in the past 3 years, she felt that the time had come for her to step off the board and continue supporting LexArt in other ways.

In reviewing this, the Committee does believe there is a common thread with respect to Victoria and Leslie, who joined the board in May 2020 and May 2021, respectively. Whenever a new member joins a non-profit board, and especially when that person does not have deep prior history with the organization, it's always important that attention be paid to integrating the new

member and ensuring that she or he finds where and how they can contribute meaningfully. For the new members who joined in 2020 and 2021, we were clearly deficient in those efforts.

The Committee believes that it should be the primary responsibility of the board chair to ensure that *all* board members are fully engaged and contributing in ways that are personally meaningful to them, paying special attention to those new to the board.

4. **Comment: Board Officer Succession.** Wayne Davis reluctantly agreed to step in again as board chair, both to ensure continuity and because we had no obvious alternative candidates on the horizon. However, some turnover in this position is prudent and Wayne wants to scale back his LexArt commitments. The Committee will be actively looking for possible candidates for the Chair and Vice Chair roles to be filled following the next Annual Meeting in May. Ideally, the Vice Chair role comes with the expectation (but not guarantee) that she or he would succeed as Chair a couple years later.

The Committee invites both suggestions and expressions of interest from board members, observers, and Society members as to appropriate officers for the board to elect in May.

5. **Comment: Filling Board Vacancies.** The Nominating Committee has begun its annual tasks of searching for new members to nominate to the board and meeting with current members with terms expiring to discuss their interests in continuing or stepping down. Again, we invite your suggestions of potential candidates. In particular, this year we would like to add an individual with education administration experience and an active, professional artist. As always, other personal and professional expertise relevant to our operations is also welcome. Please contact any of the members of the committee with your suggestions.