

MEETING NOTES
Asian Art Commission
Budget & Finance Committee
Monday, February 8, 2021, 2:30 – 4:00 pm
via Zoom

Present: Asian Art Commission Budget & Finance Committee
Ken Wilcox, Chair
Edwin L. Berkowitz
Anthony Sun

Absent: None

Also Participating: Fred M. Levin
Jay Xu
Sara Lee
Minfang Gao
Calen McEldowney
Nada Perrone
Laura Hathhorn

Committee Chair Ken Wilcox convened the meeting at 2:35 p.m., a quorum present.

Minutes from the November 17, 2020 Commission Budget & Finance meeting were approved.

Mr. Wilcox introduced the two main agenda items for the day: (i) an informational review of the city budget development process, and (ii) review of the unaudited six month financial results. He introduced CFO Sara Lee who presented and guided discussion.

City Budget Development. Ms. Lee noted the timing of the Budget & Finance Committee meeting was to be able to review the budget development process in advance of the Commission Executive Committee meeting that would take place later that afternoon to consider approval of the proposed budget required to be submitted to the Mayor's Budget Office on February 22.

Ms. Lee gave a detailed summation of the FY22 and FY23 general fund budget process and budget proposed for submission. She noted the City was projecting an approximate \$653 million shortfall over the next two years. She said the City had requested all departments reduce their general fund budget by approximately 7.5%. which would translate to approximately \$685,000 out of a \$10 million budget. Ms. Lee noted the request was based off of numbers submitted in June 2020 for FY22 (already 5% lower than FY21; FY21 was 10% lower than FY20) but that practically speaking it was not a 7.5% reduction but a 12.5% reduction in comparison to the current fiscal year. She noted the City had also asked for an additional 2.5% for contingency purposes. She and the committee discussed the City's general and capital funds and options for reductions. Director of Security Calen McEldowney was on hand to field questions regarding security staffing concerns. As a related aside, Ms. Lee noted a discussion at the previous committee meeting about a 2013 City Internal Audit finding regarding non-alignment of city and museum procedures related to submission of admissions revenues. She reported the city and museum were working to revise the administrative code and to officially close the 2013 internal audit.

FY 2021 Unaudited 6 Months YTD Financial Results

Ms. Lee noted in summary, that after six months, operating revenues were 56% of budget and operating expenses were at 44%. She reminded the committee that the FY21 operating budget had a \$3 million deficit that was to be bridged by one-time reserves. She reported a projection that operating revenues would meet and exceed budget by \$3 million so that use of reserves in 2021 might not be needed. Ms. Lee's six-month report detailed operating performance – revenue and expenses, contributed and earned income, revenue forecast, operating expenses – Foundation and City, cash balance, investment collateral account and loan reserve fund, endowment fund and For All Campaign receivables. The committee suggested the museum monitor closely how other city departments handle budget cuts in order to possibly follow their lead.

Endowment

A provision in the museum's Endowment Policy is for the Budget & Finance Committee to review the policy annually. The committee's annual review concluded no changes were necessary. In addition, the committee approved staff's recommendation to move an approximate \$2.3 million from the endowment to the board reserves as a result of the endowment reconciliation.

Meeting adjourned at 3:20