

WiLS Board/Finance Committee Joint Meeting
January 16, 2020

Board Members, in attendance:

Martha Berninger, DPI
Peg Billing, Tomahawk School District
Barbara Brattin, Kenosha Public Library/Library System
Joe Davies, Burlington Public Library
Nathan Dowd, Edgewood College
Kris McCoy, Mineral Point School District
Stef Morrill, WiLS (ex officio)

Steve Platteter, Arrowhead Library System
Jane Roisum, Fox Valley Technical College
Tasha Saecker, Appleton Public Library
Teresa Voss, Verona Area School District
Paul Waelchli, UW-Whitewater
Heather Winter, Milwaukee Art Museum

Additional Finance Committee members in attendance:

Ryan Ackerman, Lesleigh Lutrell, Sharon Nellis

Board Members, absent:

Kristin Vogel, St Norbert College

Additional Finance Committee members, absent:

Dan Reed

WiLS Staff, in attendance:

Melody Clark, Andi Coffin, Emily Pfothenauer, Rebecca Rosenstiel, Lisa Marten, Tom Klement

Call to order; Changes/additions to the agenda

Chair T. Saecker called the meeting to order at 1:30PM. There were no changes or additions to the agenda.

Introductions

The group did roll call introductions.

Presentation and discussion of investments

K. Pomarnke provided an update on our investments with First Business Bank. He reviewed a powerpoint presentation provided to the Board.

2019 had uncharacteristic bond performance because interest rates went down, which caused values to go up. 2020 is not expected to have as high of a return, due to uncertainties that come with election years. Markets tend to do okay in election years but do well the following year. In 2020, there is also expected to be growth in the economy, though not robust. Domestic equity markets are starting to look a little more expensive. Growth in 2020 probably won't come from the earnings side.

A question was asked concerning the definition of "moderate". According to First Business Bank, moderate means that a portfolio is about 50/50 between higher and lower risk investments, though other providers may define "moderate" differently. The current board investment policy doesn't not have a defined allocation for "moderate", but there is a policy maintained by First Business Bank that breaks down the fixed income cash and equities.

Review of investment policy statement

S. Morrill shared the history of the investment policy statement. It was created in 2009 and should be reviewed annually. However, we haven't reviewed it since its creation. She apologized for this oversight. The policy was shared with K. Pomarnke ahead of the meeting and he felt that it reflected our current practice. Changes, then, may be based on wording or practices we feel we need to change. The group discussed.

A question was posed concerning the inclusion of "moderate risk" as well as a risk statement within the policy. It was concluded that both of these are satisfactorily covered within the policy already.

Regarding the Spending and Liquidity Policy, it was suggested that the board explicitly approve that it is the appropriate amount of protection that is wanted. Further updates to the investment policy statement as a whole should be approved by the board.

The group discussed updating the language of the review of the policy to state that it will be reaffirmed/reapproved by both the finance committee and the board on an annual basis. This will be included in the policy.

The question was posed as to who makes the decision whether CDs are invested or liquidated. It was agreed upon at a previous board meeting but never added to the policy that T. Klement and S. Morrill have the authority to manage the investment and/or liquidation of CDs. This will be added in to the current policy.

The board discussed the phrase "socially responsible vehicles" within the general investments policy. The board agreed to update this with "in line with the vision and mission of the organization".

It was suggested that there be a defined amount to have in equities, or at least a cap for how much there could be. T. Klement confirmed that most not-for-profits that he works with stay around 60%, with some having a cap at 65%. The board agreed unanimously to include a statement of "no more than 70% equity".

The four things to update/change in the policy were summarized:

1. Review and approval
2. Add language about reinvesting: when reinvestments come due, and who can take care of it
3. Add "in line with mission and values" to the "socially responsible" piece
4. Add a statement about no more than 70% equity.

S. Morrill will make the changes suggested and will send to the Board and Finance Committee for approval via Basecamp.

Presentation of, discussion of, and possible action on 2018/19 audit

M. Feller presented information from the 2018/19 audit.

Many thanks were given to the WiLS staff for assisting with the audit process. M. Feller discussed what the basic premise of an audit is. Results of the audit are that the financial statements are presented fairly and there are no significant changes that need to be made for the statements to "follow the rules". Nothing was found that needs to be modified. There were a few expenses that trickled forward from previous years, around \$22,000, but he assured the group that this is nothing to be alarmed by. There were no matters of management issues to discuss. 2% of funds go to administration, which is not unreasonable considering the nature of the structure of WiLS, and is consistent with previous years.

Recommendations (for WiLS):

- Strengthening the language and documentation concerning employee vacations (review and approval process).

Recommendations (for all clients):

- Keep an accounting and procedures manual
- Continue to keep up with cyber security

- Note the recently issued accounting standards, though there is nothing that will impact our current operations.

The bottom line is a net surplus for the year of \$56,000.

Regarding the recommendation for strengthening documentation on employee vacations, S. Morrill suggested that a new process is something that the new director can work through.

S. Platteter moved approval of the audit. T. Voss seconded. Motion approved unanimously.

Current year financial report

T. Klement provided an update on the current year finances through September 2019.

He reviewed the balance sheet. Our assets are mostly cash, due to the nature of needing to pay vendor bills at any particular time, and we are currently working with First Business Bank to maximize earnings on cash. The OCLC deposit account allows us to get more interest than other cash vehicles, though that percentage is going down so it may be worth looking in to moving that money back in to our own tools. The Gale deposit account is so that we can use the credit card for payments. Gale is scaling back on accepting credit card payments but does allow us to use the credit card to fill a deposit account. The CapOne unused charges asset account includes payments sent to CapOne that are then voided for any reason. The voided amount remains on this account to be used for any future CapOne payment.

We continue to have strong reserves. There is enough room for more initiatives like what's been done with Ideas to Action. The Close of Business amount was set when the WiLS staff was much smaller, so it is suggested that Board may want to add more money to the fund. The board agreed to have this added to the spring meeting's agenda.

He then reviewed a year-to-dat budget with actuals. First quarter profit and loss is on pace with last year's 1st quarter. Cooperative purchasing is a little short, but that could be because of timing with billing customers. We will be keeping a close eye on these. Expenses are on-target with the budget.

Discussion & possible action: Ideas to Action Fund amount & reconstitution/population of the committee.

E. Pfothenauer presented the information on the Ideas to Action program. In 2018, 17 project proposals were received, and 6 projects were funded. In 2019, 12 project proposals were received, and 7 projects were funded. She proposed that for 2020, \$25,000 be used to fund the program.

It was asked if we knew the reason why there were fewer applications in 2019. It is unsure. There was a shorter time frame for submission, the time of year may be busy, or it could be something else. The application process was unchanged from 2018. It was suggested that WiLS consider hosting a short Q&A webinar to help those who want to apply. It was also suggested that previous participants promote the program more.

Further discussion resulted in a proposal that this program remain funded at \$30,000.

S. Nellis moved that we use \$30,000 of reserves to fund the program in 2020. S. Platteter seconded. Motion approved unanimously.

Volunteers for the 2020 committee are: Joe Davies, Steve Platteter, and Lesleigh Lutrell

S. Morrill, E. Pfothenauer, and N. Dowd left the meeting at this time.

Discussion: Director hiring process

M. Clark walked the group through the document they received about the hiring process.

Discussion and action: Retaining current director as contract employee for financial reviews in interim period

Because S. Morrill will be leaving on 2/28 and the new director will likely not be on board until mid-April, there is a gap. The structure of WiLS – with the Strategy Group and the Staff Development Group – will allow for smooth running of the day-to-day of the organization. However, the director does a lot of financial review (reviewing invoices, prepping things for the treasurer, reviewing monthly financials, etc.) that would pile up during this transition and it seems counter-productive for staff to take on this work. S. Morrill is suggesting that she still leave employment with WiLS on 2/28 but remain the “director” on a contract basis strictly for the purpose of doing the financial review tasks until a new director is hired. It would be approximately 10-12 hours of work per month.

The group discussed and were fully supportive of this idea.

T. Voss moved to retain S. Morrill as a contract employee until a new director is on board for up to 12 hours of work per month. P. Waelchli seconded. Motion approved unanimously.

Motion to adjourn was made by S. Platteter and seconded by T. Voss. Motion approved unanimously. Motion was adjourned at 2:57 PM.