

Report of the Finance Committee
Art Stream Board of Directors Meeting November 15, 2021

Committee Members: Molly Myers, Chair
Lisa Gaffney
Jonathan Tepper

The finance committee engaged a consultant to perform a financial and accounting management review of Art Stream. The objective was twofold:

- Identify opportunities to strengthen the financial and accounting functions to better support management and future growth.
- Identify evidence that the proposed hiring of an additional accounting staff is justified at an annual salary of \$50,000.

The review is intended to aid management and the board of directors in making financial decisions that ensure the success of Art Stream.

The scope of the review consisted of:

- Financial Statement Preparation – the board was not receiving timely and accurate financial statements.
- Internal Controls
- Accounting Policies and Procedures Handbook
- Accounting Software
- Database applications for donations, tuition, and ticket sales

The consultant met with Lynn Taylor Moore to review current accounting policies and procedures. Lynn identified significant challenges due to Art Stream's growth, specifically in the areas of:

- Staffing
- Program Management
- Transaction Volume
- Staff Training
- System integration

Consultant's Conclusion:

1. The Board is not receiving timely and accurate financial statements because there are inefficiencies in entering and updating the various databases.
2. Financial statements have not been formatted correctly
3. Internal Controls/Accounting Policies and Procedures needs to be updated and followed

4. Transition to cloud-based software
5. Database applications for donations, tuition, and ticket sales – staff needs more training to better utilize the functions of the applications which in turn will save many hours of staff time. There is a lot of redundancy in processing transactions.

Consultant's Recommendations

Art Stream should invest the time and resources to integrate the applications already in use and upgrade to QuickBooks online. This can be accomplished by hiring a consultant to perform the integration and train the staff.

Once the integration, training and upgrade is completed. Lynn will be able to focus on preparing financial statements and other higher level accounting functions.

The accounting policies and procedures handbooks should be updated and approved by the organization's audit firm. The revised and updated handbook should address internal controls as well.

The Board Finance Committee concurs with the consultant's conclusions and recommendations.

Some preliminary discussions have been held and work has been performed to further explore the recommendations. The Executive Director in conjunction with the Finance Committee should proceed with a plan to implement the recommendations.