

Santa Monica Arts Parents Association
Annual Meeting
November 30, 2010

Attending: Elizabeth Gelfand Stearns (Choir); Patti Braun (President, SMAPA); Charles Dobeck (Band); Cathy Davies (Orchestra); Doreen Gelfand (Orchestra); Helen Weary (Band); Cyndy Turnage (Theatre); Patricia Payró-Freeman (Theatre); Janis Gabbert (VAPA DAC); Maria Leon-Vazquez (Orchestra); Amy Kivnick (Choir); Alex Novakovich (Choir); Nick Mead (Choir/Theatre); Jennifer Polhemus (Choir/Orchestra/Theatre); Judith Schefke (Choir/Marching Band/SymWin); Alisa Facchini Stewart (Band); Mimi Winship (Band); Nancy Kane (Jazz Band)

Agenda:

- Welcome/Introductions
 - SMAPA Overview/2009-2010 Review
 - SMAPA Financials
 - Monthly reporting process
 - Rainy Day Fund
 - 510 c (3) IRS filing
 - Election of New Officers
 - New Business/Announcements
1. The meeting was called to order by Patti Braun, outgoing SMAPA President.
 2. Patti provided an review of SMAPA's activities to date:
 - Officers were elected for 2009-10.
 - Treasurers and officers from each member organization received training from Freddi Leavitt, a CPA who works primarily with non-profit organizations.
 - Taxes were filed for 2008, and an extension was filed for 2009.
 - A procedural manual was created to use going forward, detailing financial procedures to be followed by SMAPA and all its member organizations.
 - The Rainy Day Fund was disbursed, according to the percentages previously determined by Neil Hofland.
 3. Patti explained that the purpose of SMAPA is to exercise financial oversight of the member organizations in order to protect the organizations and their nonprofit status.
 4. Elizabeth Stearns reported on SMAPA financial matters.
 - She referred everyone to SMAPA's Bylaws for more detailed information.
 - She also reiterated that SMAPA exists to protect the nonprofit status for the four organizations SMAPA serves, and to ensure that all the organizations are in compliance with laws, tax filing requirements, etc.
 - Elizabeth explained the monthly reporting process. The treasurers of each group are also members of the SMAPA Board. Each month, the SMAPA Treasurer receives the bank statement for each organization. She reviews the statement to be sure that expenditures are in line with the rules for nonprofit organizations.

- She then makes and files a copy of the statement and gives the original to each organization's treasurer.
- Alex Novakovich asked about the review process. Doreen Gelfand clarified that each organization's treasurer continues to handle funds and expenditures for the organization. The SMAPA Treasurer's review is just to ensure compliance with the laws that apply to nonprofit organizations.
 - Elizabeth explained that SMAPA is legally required to have a reporting structure in order to file its taxes.
5. Patti Braun described the statement review process. She has been reviewing the statements this year until a new treasurer is elected.
- Statements come to the SMAPA P.O. Box. (The cost of maintaining the box is shared among the four organizations.)
 - She looks for anything that would be a red flag in terms of nonprofit laws. If she sees an expenditure that she has a question about, she asks the organization's treasurer about it. If the expenditure falls within nonprofit guidelines, the statement is simply passed on to the treasurer.
 - Elizabeth asked if there had been any problem expenditures. Patti replied that there had been a couple of questions, but after checking with the organizations, it was clear that the expenditures were appropriate, so there were no problems.
 - Alex asked about checks and balances.
 - Helen Weary explained that the manual we got from the CPA includes procedures for checks and balances. For example, organizations are required to get three bids for large purchases.
 - Cyndy Turnage explained that according to the procedures, any organization expenditure over \$2500 requires 2 signatures and the approval of the organization's board. Any organization expenditure over \$5000 requires 2 signatures and the approval of the SMAPA board.
 - Helen reiterated that the review is to maintain the organization's nonprofit status, not to judge the organization's expenditures.
 - Patti explained that SMAPA didn't have a treasurer this year, but we will have one this year. The SMAPA Treasurer will work with the organizations' treasurers to get information in a standardized form for the purposes of filing tax returns.
6. Elizabeth said that the SMAPA Board has discussed creating a website that would make it possible for organizations to get access to information. Information such as the SMAPA Bylaws and SMAPA financial procedures manual could be made available on that site.
7. In response to a question about middle school involvement in SMAPA, Elizabeth explained that in the past the Santa Monica Band Parents Association (SMBPA) included the middle schools as well as Malibu High School. SMPBA originally started as a Marching Band booster group, and gradually added the other groups. Eventually, the middle schools and Malibu High School split off and established their own nonprofit entities so that now SMAPA includes only the four organizations at Santa Monica High School.
8. Elizabeth explained that SMAPA's goal is transparency. All the member organizations have total control over their money. Reporting is necessary only to maintain compliance with laws covering nonprofit organizations.

9. Elizabeth explained the disbursement of the Rainy Day Fund. The fund was originally fed by weekly bingo nights. The governance of each week's bingo night rotated among the SMBPA organizations, and each organization kept that night's proceeds. Eventually, all the proceeds were put in a Rainy Day Fund and invested. Many group members didn't know about the fund because it wasn't reported on a regular basis. When the fund came to light, there were many questions about it and a decision was made to disburse the funds to the organizations. Neil Hofland, who had been in control of the fund for many years, figured out the percentage of the funds due to each group. His percentages were accepted and the fund – which was valued at \$330,643 at the time of disbursement – was split among the SMBPA member organizations. The Rainy Day Fund was then dissolved, except that a small amount of money was left in the account to cover the costs of hiring an accountant and filing a tax return. (The organizations' percentages didn't add up to 100%, so the remaining approximately 2% of the funds were set aside for this purpose.)
10. Doreen Gelfand discussed the filing of SMAPA's 501(c)(3) tax returns.
- She explained that tax returns for 501(c)(3) corporations have become very complicated, so we will need to hire an accountant to prepare them.
 - Doreen will receive each organization's monthly statements and meet with SMAPA's accountant to see what's needed. She will then produce one consolidated statement that the CPA can use to file the tax return.
 - Expenses for filing the return will be paid from SMAPA's bank account.
 - Each member organization will contribute to SMAPA's administrative expenses, according to a formula based on the number of students participating in each organization. SMAPA Board members surveyed the organization's directors and arrived at the following percentages:
 - Orchestra (272 students) = 35%
 - Band (262 students) = 35%
 - Choir (175 students) = 20%
 - Theatre (75 students) = 10%
- The amount needed for administrative expenses (which will include tax filing, banking fees, etc.) is expected to be between \$3000-5000 per year. After this first year, the Board will have a better idea of the actual expenses involved.
11. Patti pointed out that SMAPA Board is made up of at least one representative from each organization, and that those representatives will be reporting to their groups. Elizabeth, referring to the earlier question of checks and balances, pointed out that each organization's treasurer is also a member of the SMAPA Board, which meets quarterly.
12. Alex Novakovich asked whether there had been any government agencies had raised problems with compliance in the past. Helen and Elizabeth answered that there hadn't been any problems. Patti explained that government agencies have been cracking down on nonprofits, and that the SMMUSD also had concerns about the way finances were being handled.
13. Helen Weary mentioned that SMAPA and all its organizations need to be aware that they are not allowed to charge "fees" to participate in programs.

14. Nick Mead asked who decides what is spent in each organization. Patti answered that each organization's steering committee, in collaboration with its director, makes those decisions. She also pointed out that the school district only pays for the teacher and the classroom. The organization's fundraising pays for all the other expenses for its programs.

15. Patti introduced the proposed slate of officers for this year:

- President: Elizabeth Gelfand Stearns (Choir)
- Vice President: Helen Weary (Band)
- Secretary: Cyndy Turnage (Theatre)
- Treasurer: Doreen Gelfand (Orchestra)

Patricia Payró-Freeman moved to accept the slate. The motion was seconded by Jennifer Polhemus. The slate was elected by a unanimous voice vote.

16. Cyndy Turnage submitted the SMAPA Board minutes from the 9-23-10 meeting for approval. Cyndy said she would send copies of the minutes to each organization's representative. Elizabeth suggested it would be a good idea to also post minutes on a SMAPA website, if one is created.

A question was raised asking why the Rainy Day Fund amount mentioned in the Board minutes is different than the amounts that were actually disbursed. Elizabeth explained that the amount discussed at the September Board meeting was the current amount, but by the time the money was disbursed, there was actually more in the account.

Helen made a motion to ratify the Board minutes. Doreen seconded the motion. The minutes were ratified by a unanimous voice vote.

17. Elizabeth asked if there were any announcements or new business to discuss.

- Patti announced that Lincoln Middle School and John Adams Middle School have established drama programs, partially funded by the Santa Monica Education Foundation. The programs will feed into the Santa Monica High School theatre program and will work with Darryl Hovis and use Samohi students as mentors.
- Patricia announced performance dates for the Samohi Theatre's production of "A Midsummer Night's Dream."

18. Elizabeth closed the meeting by thanking everyone for coming.