

MONHEGAN HISTORICAL & CULTURAL MUSEUM ASSOCIATION, INC.
COMBINED: ANNUAL MEETINGS OF TRUSTEES (37th) & MEMBERS (36th)
AUGUST 20, 2020
1:00PM to 2:30PM
Via Zoom

DRAFT MINUTES
(Pending approval)

In attendance:

- **Officers:** President, Edward Deci; Vice President & Secretary, Susan Bateson; Treasurer, Elena Henry
- **Trustees:** Dan Broeckelmann, Lauren Gastón, Peter Nelson, James O’Gorman, Earle Shettleworth, and Sarah Webb
- **Staff:** Co-Director and Chief Curator, Jennifer Pye; Co-Director and Director of the Fitzgerald Legacy, Robert Stahl
- **Invited Guests, Trustee Candidates:** Adam Blumenthal, Will Coleman, Mary Kordak, Mandy Metrano, Jessica Nicoll
- **Members electing to join by Zoom:** Margot Sullivan, Steve Fuller, Bob and Penny Smith, Clare Durst, Steve and Theresa Carvalho, Susan Anderson, Nancy Wickens
- **Non-member attendees:** Deborah A. Smith, one of the museum’s two Peer Reviewers through the American Association of Museums (AAM) Museum Assessment Program (MAP) Organizational Assessment process
- **Absent Trustees:** None.

President Ed Deci called the meeting to order at 1:00pm and welcomed members to the meeting.

Reports

President: Ed Deci

Good afternoon to all of you wherever you are. I am in my home on Monhegan Island, and I wish all of you could be on Monhegan too so we could have an in-person meeting and you could enjoy the island we all love. But, of course, I understand the situation, and I am grateful that we are able to be together by Zoom. Thank you for your participation, and I hope that in future years we will all be able to be together again on the island.

Leadership Change: As some of you already know, subsequent to last year’s annual trustees meeting the museum had a change in leadership. As of October 1st, 2019, I retired from the museum directorship after 36 years in that position. The executive committee appointed Jennifer Pye and Robert Stahl as co-directors. Bob’s position is for a two-year period, through October 1st, 2021. At that point, Jenn will become the sole director for an unspecified amount of time. Bob has done a superb job as the associate director of the museum and director of the Fitzgerald Legacy, and Jenn has done a superb job as the chief curator. The two-year period that we are now in, with co-directors, has many agendas, but among them is to examine the relation between the museum and the Legacy, the latter of which is, of course, a part of the museum.

The Pandemic: At the time of the change, I remained president of the board of trustees. The president position is an elected position for one-year periods, which can last for multiple years.

Jenn and Bob began their new positions very effectively and smoothly, and then in mid-March, as we all know, the pandemic hit. I am very pleased to report that the new co-directors did an outstanding job of dealing with that situation, as they will describe for you shortly. I am particularly happy that they were able to make the significant changes while maintaining our full staff.

The Wyeth Challenge: In January 2018, the Wyeth Foundation, created by Jamie and Phyllis Wyeth made a challenge to the Monhegan Museum. They said that if the museum raised one million dollars by December 2020, they would match that million dollars. I am very happy to report that, thanks to many of you, we did raise the million dollars, and further, we raised it in two years rather than the three years that we were allowed by the challenge. In addition, Linda Bean has also pledged a one-million-dollar donation to be paid by the end of 2020.

The Sullivan House: Anne Marie Sullivan's grandfather, Dan Stevens, was the Monhegan Lightkeeper early in the twentieth century. Ann Marie, who was one of the first trustees of our museum, had a family home on Monhegan throughout most of her life, and she spent many of her summers on the island. Sadly, Anne Marie passed away recently, but she left her Monhegan home, which is just off Fish Beach, to the Monhegan Museum. The museum board of trustees, in time, will have the agenda of deciding how to use the home.

The Bellows Gift: In 1914, Monhegan celebrated the tercentenary of Captain John Smith's arrival on the island. As part of the celebration, Monhegan had its first formal art exhibition, and George Bellows was one of the artists in that exhibition. He showed two portraits: one of Julie Hudson and one of Jackie Hudson when they were children. The portrait of Julie is in the Metropolitan Museum of Art's permanent collection, and I am very excited to tell you that the portrait of Jackie, who was one of the founders of the Monhegan Museum and who cut the ribbon when we opened the new galleries in the assistant keeper's house, is now owned by the Monhegan Museum, having just been gifted to us by Stephen Fuller and Susan Bateson. It is a truly fabulous gift. Shortly after we received it, I got a message from Michael Kearny, who is Bellows's grandson and has been to Monhegan. The message said, "the entire Bellows family joins me in a hearty congratulations." I know we are all extremely grateful to Susan and Steve for this truly generous and amazing gift.

Co-Directors: Jenn Pye and Bob Stahl

Jenn and Bob recapped the highlights contained in the Directors' Report; please see attached for a comprehensive report from Lighthouse Hill and the Fitzgerald Legacy.

Financials: Elena Henry

For my report, I refer everyone to the three Financial Reports sent to Trustees in advance of the meeting:

- Balance Sheet as of July 31, 2020
- Profit & Loss Statement as of August 10

- 2020 Operating Budget vs. Actuals as of August 5

For those members joining our meeting by Zoom today, please send Jenn an email if you would like copies of these reports to review after the meeting. We are happy to send them to you.

I'd like to open by acknowledging the people who contribute to these reports:

- First and foremost, my predecessor as Treasurer, Bob, for handing off to me a well-managed set of books and records
- Tara Hire, our Operations Manager, who does most of the data input into QuickBooks Online and Salesforce, as well as handling expense processing and bill payments
- Jenn for overseeing the process and ensuring appropriate recording by accounts
- Jenn and Bob for developing and managing the budget
- Susan for overseeing the fundraising necessary to fund operations, as well as donor acknowledgments and records – and for being my co-reviewer of financial reports
- Ed for his long history of cultivating friends of the museum
- Kali Tomlin McCarthy of MTA Accounting for serving as our accountant and reconciling accounts monthly
- And Cribstone Capital Management for managing our various investment accounts

As this is my first report as Treasurer of the Monhegan Museum to our members, I want to say that I have been very impressed museum's records and the processes in place for a non-profit of this size. Records are carefully monitored and accurate. There is good fiscal oversight; the appropriate controls are in place. Data is recorded and regularly reviewed in a timely manner. Investments are professionally managed in a risk-sensitive manner. More importantly, the financials are strong, which I will describe in a moment.

I appreciate the opportunity to volunteer for and support such a sound organization. The Monhegan Museum community-at-large should be very proud.

Let me now share some noteworthy highlights from these financial reports:

The Balance Sheet is strong. Apart from cash readily at hand in our local bank accounts to pay bills, the museum has \$3.6 million in investments at Cribstone, from which we withdraw a very conservative amount quarterly to help fund our operations and pay our staff. Of the \$3.6 million, about \$2,000,000 are funds that are not required by the donor to be invested, but are invested because the museum has chosen to treat these funds as long-term resources. This decision to preserve spendable money for long-term needs shows the Monhegan Museum's commitment to making responsible decisions for long-term sustainability. Another similar choice is the spending policy, which has a goal to spend about 3% of invested assets, which is very low compared to most non-profits. This past spring the Investment Policy was reviewed and updated to clarify objectives and responsibilities, and I'd like to thank Susan, Bob, Jenn, and our investment advisors at Cribstone for their work on this process.

Despite a disappointing first quarter and market volatility and uncertainty in 2020, the combined performance return for all of our accounts at Cribstone is 6.13% year-to-date. These results are better than our benchmark. 2019 return was 15.85%, and our net return over the previous three years has been 5.37%. The investment accounts are managed relatively conservatively, as most small non-profit organizations should.

The museum has minimal liabilities and little deferred maintenance on its buildings, most of which are quite old. This is a very impressive for any non-profit, and especially in these challenging financial times.

Moving on to the Profit & Loss Statement and the Operating Budget, I'd first like to explain the difference between these two reports. The Operating budget includes the ongoing revenues and expenses related to running the museum. The Operating Budget shows the plan for the fiscal year, and tells us if we're bringing in enough income to pay all of our expenses, which we ARE, even in the face of the pandemic. I will leave it to Susan to discuss fundraising results. The bottom line is that we are managing our spending; we continue to be able to keep up on the maintenance of our buildings; and we remain "in the black" by approximately \$40K through early August – which means we have a bit of cushion to see us through to the end of the year and a long winter.

The Profit & Loss Statement includes everything in the Operating budget, and also includes all other financial activities for the museum's full financial picture. Additional items in the Profit and Loss Statement include restricted non-operating grants – such as the final payment from the Wyeth Foundation toward their \$1 million pledge for endowment, as well as funds given specifically to purchase paintings – such as those from Susan Bateson and Steve Fuller and Remak Ramsay. It also includes investment account earnings, losses and fees that are not part of the operating budget.

Therefore, the Net Income showing on the Profit & Loss Statement of approximately \$462K can be misleading since \$400K of that was Wyeth money that went directly into endowment and \$33K is earnings in our investment accounts.

I would like to give special recognition to Jenn Pye for her budget work this year. Jenn, with support and data from Tara and Kali, was able for the first time build out the detailed Operating Budget so the museum could have an appropriate system to establish goals and to measure operating results. Susan will elaborate further; but at the beginning of the pandemic, Jenn was able to quickly take advantage of opportunities for new financial resources to replace lost revenues. She was the first colleague I know of to successfully apply for the PPP loan, along with several other successful CARES Act grants and from other sources that supported art museums during the pandemic.

I would also like to thank Susan and Bob, who have been very helpful and supportive during the year, and especially for how they stepped in to help me this spring when I needed assistance myself with the responsibilities of the Treasurer's role.

I will be happy to take any questions at other sections of the meeting, but let me now turn the meeting over to Susan for the resource development report.

Resource Development: Susan Bateson

Thank you Elena. Good afternoon to everyone. I am pleased so many of you could join us today via Zoom. As part of the pre-meeting package of materials, I included a table detailing the fundraising results for our 2020 Membership Year. You may recall that our typical membership year runs from October 1 of the prior year (in this case, 2019) to September 30 of the current year, when the museum closes its annual season for membership purposes. Therefore, careful readers of the table will note that the membership year does NOT equate to our fiscal year for financial reporting purposes, which corresponds to the normal January 1 to December 31 calendar year.

As an additional complication, you'll note that this report indicates we now have a special TWO-year membership arrangement going for 2020 and 2021 because we anticipated fewer visitors this year due to the pandemic. Anyone becoming a member in 2020 will have continuing membership privileges through our 2021 season.

Our annual spring mailing went out the week before COVID-related closures and stay-at-home orders started going into effect. We braced ourselves for a tough year from a fundraising perspective, as Jenn and Bob took charge of exhibit changes and managing expenses, and Jenn sought grants help cover ongoing operations. Together with our dedicated and steadfast donors and supporters, we are making it through better than we anticipated.

The report compares fundraising results for the last four years, from 2017 to 2020. 2017 is the year we introduced our very successful Circle of Friends program to further encourage donations at and above \$250. Of course, EVERY donation of ANY amount matters and helps fund our operations; larger gifts simply help us cover more expenses.

Perhaps the most telling line in the table is the one I highlighted in yellow, as it shows the tally of donations BEFORE restricted grants – i.e., money received for specific purposes such as endowment in the case of the Wyeth Foundation, specific programs such as the Paycheck Protection Program, or to purchase works of art, as happened this summer. That line also excludes income from events and programs, for which there will be none this year.

As you can see, results thus far in 2020 are slightly ahead of the full season tally for 2017. Both 2018 and 2019 should be viewed as “outlier” years for a couple of reasons:

- In 2018, we celebrated the museum's 50th anniversary – with a magnificent exhibit and a beautiful and comprehensive hardback catalogue that included essays written by Ed, Bob, Jenn, Emily, and Board members Jim O’Gorman and Earle Shettleworth. We also had a full summer of special on-island programs and events. Visitation was high, as were membership purchases and donations.
- In 2019, membership donations were significantly skewed by two large payments toward a pledge made by Linda Bean. If we were to take those two payments out, the total for the 2019 membership year are in the same range as 2018 – roughly \$325K vs. \$350K.

During this same four-year period, outgoing Board member Sarah Webb and now Tara Hire, Operations Manager, and I have worked together to improve and streamline the processes for soliciting donations, recording and acknowledging donations, and monitoring and reporting fundraising results. Tara and I are very happy with how things are running now – with most of the credit going to Tara, who is very diligent and accurate. The fact that we are no longer relying as heavily on volunteers for this crucial work is a tremendous achievement.

Annually, we set our goal for donations to ensure we can achieve at least break-even on our budgeted expenses. If we are so fortunate as to do even better – as we are this year – then, we are able to go into the following year with a bit of a cushion and, in some years, to put some of the money into long-term investments to help sustain us in future years.

I want to close by crediting Ed, Bob and Jenn for their long track-record (well before my appointment to the Board) of carefully managing expenses, while continuing to cultivate community members and friends, like all of you, willing to support the museum. That foundation, together with the success of fundraising in the last four years, enabled us – at the start of the pandemic and closures – to take comfort that we could weather the storm and retain our excellent staff. That is no small feat and I am proud to be associated with this strappy, resilient, and forward-thinking arts-and-history organization.

Governance Report and Actions

The Trustees voted to elect the following Officers to one-year terms, with no term limits: Edward Deci, President; Susan Bateson, Vice President and Secretary; Treasurer, Elena Henry

The Trustees voted to elect the following five new Trustees to three-year terms, with a maximum of two consecutive terms: Adam Blumenthal, Will Coleman, Mary Kordak, Mandy Metrano, and Jessica Nicoll

Thanks and appreciation were expressed to the two Outgoing Board Trustees who have now completed their two, 3-year terms: Peter Nelson and Sarah Webb

Additional remarks by Ed directed to the Board Members:

I am very excited to be working with this board of trustees. We will be meeting every quarter. If possible, our annual meeting in August will be on Monhegan, and the other three meetings will be by zoom. I look forward to your engaging with us to promote the growth and well being of the museum. Different ones of you may choose to engage in different types of activities that help the museum, which is great. You can choose how you wish to help.

Of course, one important thing that trustees of virtually all not-for-profit organizations do is play some role in fund-raising. In part that is necessary because the museum needs funds to operate, but I would like to say a bit more about that. I believe it is important that each trustee make a financial contribution during the year. Of course, different people are able to give different amounts, and that is just fine. It could be, \$25 if that is what one can afford. The reason that this is so important is that when we approach foundations, philanthropists, or government agencies for

grants or gifts, they are likely to ask whether all of our trustees contribute. They will not ask for amounts, but they do care about whether or not each trustee is a financial contributor.

Another important aspect of fundraising is planned-giving. There are some people who will agree to name a not-for-profit in their estates, and that can be quite helpful for the museum over the long term. You might think of people you know who would consider putting the museum in their wills.

I know that some of you are employed by non-profits, which may cause a conflict of interest for you, so of course you would not engage in fund-raising activities for the museum if that is in conflict with your employer. But you might do things such as giving lectures, or concerts that raise some funds without being in conflict with your employer. Simply stated, it is important for all of us to think about fund raising. I am not intending to do any pressuring of you, I just want to have you think about some ways that you might make some contributions.

I thank you very much for giving this consideration.

Concluding Remarks

The Trustees and Members in attendance voted to approve the Minutes from August 15, 2019 35th Annual Meeting of Members. The Trustees in attendance voted to approve the Minutes from June 22, 2020 Trustees Meeting.

Susan noted the dates included on the agenda, asking all Trustees to note them on their calendars:

- Quarterly conference calls by Zoom will be scheduled for November 19, 2020, February 18, 2021, and May 20, 2021 – all starting at 1pm.
- Opening Reception for 2021 Season: Sunday, July 4, 2021, 4pm
- On-Island Members and Board Meetings: Thursday, August 19, 2021, 1 to 3:00pm
- Committee meetings to be done telephonically on a schedule matched to priorities and activities

Notes Taken During Meeting

Action items:

- Zoom proved be a good system to enable remote Board Trustees and members to participate in the meeting via online technology. Will continue to use to increase participation and engagement.
- Jenn to post all reports and materials for today's meeting to enable access by all members.
- Jenn to discuss salary increases and/or bonuses and/or increased hours with Executive Committee; any recommendations will then be sent on to full Board for electronic vote.
- Bob Smith asked the Board to consider a donation to MISCA, noting that the Library and some businesses had done so. Matter was referred to Executive Committee.
- Bob Smith again asked Board to consider branding the museum: "MM ... AH!" Elena affirmed that, as part of the MAP process, the museum would be looking at its name and how it is used.

Adjourned at 2:30pm.

Meeting materials sent in advance and incorporated into these minutes:

1. Minutes of August 15, 2019 Members Meeting
2. Minutes of the June 22, 2020 Trustees Meeting
3. Financial Reports
 - a. Balance Sheet as of 7/31/2020
 - b. Profit and Loss Statement through 8/10/2020
 - c. Annual Budget vs. Year-to-Date Actuals through 8/05/2020
4. 2020 Season Museum Fundraising Results (through July 31)
5. Publicity Report from Kristen Levesque, our PR Consultant (through early August)
6. PREVIOUSLY SENT on 7/21/2020: Resumes of our five Trustee Candidates
7. Directors' Report
8. Store Report Merged