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## BOARD OF DIRECTORS COMMITTEE REPORT

MEETING DATE: **MARCH 23, 2023** ITEM: **8F(ii)**

SUBJECT: **Financial Monitoring and Audit Committee**

DATE: March 17, 2023

FROM: Directors Kovacevich and Bagneris

PRESENTATION BY: Directors Kovacevich and Bagneris

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### ***Purpose:***

*This committee monitors the organization's financial position and ensures financial controls are in place.*

### ***Focus:***

- *Monthly financial oversight*
- *Annual budget review*
- *Annual audit process*
- *Participate in the scoring process for key RFPs, including for Carnival Services*

### ***Special Projects:***

- 2022 financial audit

## **SUMMARY OF COMMITTEE MEETING**

The committee met on 3/17/23 to review the February 2023 financial reports:

- Revenue for the month of February 2023 was \$886K and was favorable to budget by \$249K, mainly due to facility rental revenue from events that were not budgeted, related event revenue from parking, and Ticketmaster commission from concert tickets already sold for the 2023 season. Operating expenses for the month of February were \$1.87M and were favorable to budget by \$280K.
- For the YTD period ending February 28, 2023, net proceeds are \$528K favorable to budget, and cash and cash equivalents are \$69.9M.

The committee also reviewed the Department 25 (Equestrian Center) financial report for the period ending February 28, 2023. Revenue for the month was \$124,306 which was \$6,884 favorable to budget. Expenses were \$215,531, favorable to budget by \$14,241. (It should be noted that expenses for the month did not include the cost of dedicated overnight security staff which is \$9,168 YTD.) Net losses were \$91,225 compared to a budgeted loss of \$112,350.

A representative from Lance Sol & Lunghard, our financial auditors, briefed the committee on the launch of the 2022 audit process which will kick-off in April.

Staff informed the Board that the single audit required from the Shuttered Venue Operators Grant was completed with one noted corrective action due to submitting the audit after the deadline. This was a \$4.88M SBA grant which we applied for during the pandemic due to the Pacific Amphitheatre closure in 2020.

The Board was briefed by staff on the list of past due amounts which will be brought before the Board at the March meeting under a separate agenda item for approval to write-off (*Agenda Item 8A*).

CEO Richards received a call from our contact at Citizens Business Bank addressing questions or concerns we might have regarding recent news of bank failures. The representative assured CEO Richards that the bank is very stable and provided a written report detailing the bank's reserves which was shared with the committee. Staff shared an overview of OCFEC's deposit and investment accounts. As of March 15, 3% of OCFEC's cash is in various accounts with Citizens Business Bank. These accounts are used for day-to-day operations and payroll. The remaining 97% is with the State's Local Area Investment Fund (LAIF). LAIF comprises approximately 13.5% of the State's Pooled Money Investment Account (PMIA), managed by the State Treasurer, which also includes the State's general fund and reserves. LAIF's stated goal is capital preservation, liquidity and yield.

#### **Follow-up**

- The next meeting of the Financial Monitoring and Audit Committee is 4/21/2023.