



EDC COB <edc.cob@edcgov.us>

RE: #33 19-1601 Amending the Budget

1 message

Sue Taylor <sue-taylor@comcast.net>

Sun, Nov 17, 2019 at 8:35 PM

Reply-To: Sue Taylor <sue-taylor@comcast.net>

To: Clerk of the Board <edc.cob@edcgov.us>, Shiva Frentzen <bostwo@edcgov.us>, John Hidahl <bosone@edcgov.us>, Sue Novasel <bosfive@edcgov.us>, "Parlin, Lori" <bosfour@edcgov.us>, Brian Veerkamp <bosthree@edcgov.us>

Supervisors,

I ask that you reject the request for a contribution of \$65,000 for the Arts Council. The Council's new administration does not have a performance record, aside from being able to acquire grants through collaboration with the City and the County, to justify receiving such large amounts of taxpayer funds. There are other long standing organizations that are much more worthy of public funded contributions.

With a little research I've included a link below which should give the county concern regarding the activities of the current executive director of the Arts Council.

<https://www.pasadenastarnews.com/2015/11/06/pasadena-arts-council-finds-400k-was-misused-by-organization/>

Pasadena Arts Council finds \$400K was misused by organization

The Pasadena Arts Council used more than \$400,000 in funds it holds for small arts organizations for its own general expenses without the member organizations' knowledge or permission, the nonprofit said this week.

The admission came after the organization's board of trustees conducted a forensic audit into its finances and discovered a "misallocation" of funds. The group has since replaced all of the missing money through donations and loan guarantees by Pasadena arts philanthropists, interim Executive Director Robert Crouch said.

Immediately before the board commissioned the audit, during a process of increased financial scrutiny, the Arts Council's longtime Executive Director Terry LeMoncheck resigned and moved to the Sierra Nevada foothills, members and staff of the organization said.

LeMoncheck, who was executive director for 13 years, did not immediately return calls for comment.

Unauthorized transfers

In addition to generally supporting arts and artists in Pasadena, the Arts Council serves as a fiscal sponsor for more than 100 small arts organizations in the community through its EMERGE program.

Under the program, the council manages the finances of the smaller organizations — holding all the funds raised by the member groups and cutting checks to cover their expenses when needed.

The EMERGE funds are kept in their own account, apart from the Arts Council's general fund, and are supposed to be used exclusively for the expenses of the EMERGE groups.

However, through the audit, it was discovered that more than \$400,000 was transferred to the general fund since 2011.

The board does not suspect any funds were embezzled or misappropriated for personal use, Crouch said. "I can't say 100 percent, but the preliminary audit doesn't show any evidence of any criminal activity," he said.

Instead, it appears the funds were used to cover general fund expenses. That fund pays for staff salaries, rent and other operational costs. It also helped fund the council's AxS Festival, a two-week celebration of art and science.

"We can't parse out what funds were used for what particular expenses; it just all came from the general fund," Crouch said.

Despite the transfer of funds, the EMERGE groups have had access to their funds and all of the checks they've requested were paid as requested, he said.

"We have been able to honor our commitments to artists throughout this entire ordeal," Crouch said.

Consulting legal advisers

While Crouch couldn't provide precise details on how the funds were transferred without the board's knowledge, citing legal concerns, he did say the transfers were made online and only the executive director had online access to the accounts.

As the Arts Council has been growing quickly in recent years, the board decided late last year it should implement better accounting controls, Crouch said.

In the middle of that process, LeMoncheck resigned, effective June 30. About a week after her departure the board became aware of the unauthorized transfers.

LeMoncheck is now the executive director of the El Dorado Arts Council in Placerville, about 40 miles east of Sacramento in the Sierra Nevada foothills.

Crouch said no one at the Arts Council has been in contact with LeMoncheck since she left Pasadena.

"We are consulting legal advisers and evaluating options," he said.

Funds replaced

Crouch said the Arts Council has secured loan guarantees and donations from board members and Pasadena philanthropists to replace the missing \$400,000.

The guarantees are all from individuals, not from banks, he said.

And, he said, the organization is fiscally sound, despite its earlier reliance on the EMERGE funds.

“We are pulling back on some expenses at the Arts Council to make sure our operating expenses are in line with our legitimate income,” he said.

The board also has implemented better accounting practices, Crouch said. The board treasurer now has full access to the organization’s bank accounts and the executive director can no longer transfer money between accounts without the board’s written permission, he said.

“We want to make sure this never happens again,” Crouch said. “The biggest concern is maintaining the trust of our artists and the community, who have been very generous in supporting the council,” he said. “We have to make sure the public doesn’t lose trust in us. If that happens, the artists we support would feel this more than anybody.”

Artist Abira Ali said she’ll still trust the Arts Council to manage the funds of the Wisdom Arts Laboratory, an EMERGE program that hosts art classes and free community events for children and teachers.

“They are going to do everything they can to make sure we stabilize and work together to get through this,” she said. “So many people are out there every day doing what we can to bring arts to the community. I’m sorry this happened, the arts are so fragile. But this is such an important organization to so many people. We’re bigger than this problem. We can solve it.”

Staff writer Larry Wilson contributed to this story. Full disclosure: Wilson’s organization, LitFest Pasadena, is a member of the Pasadena Arts Council.

Thank you for your consideration,
Sue Taylor