

## **KBOO Foundation Finance Committee**

April 12, 2018 meeting notes

Location: 4:30pm in the back room

Present: MacRae Bogdanov (Finance Coordinator), Delphine Criscenzo (Station Manager), Eugene Bradley, Marc Anderson, Dan Shramek

Facilitator: Marc Anderson

Note taker: Dan Shramek

MacRae reviewed the latest adjustments to the working mid-year budget draft, which reflected recent discussions with Del and staff. The Events Committee has decided to not hold the Book and Record Sale this year because of the timing of the 50<sup>th</sup> Anniversary Block Party. The sale was budgeted to net \$3,500; the effect of removing the sale proceeds from the budget is a higher projected deficit of \$35,599 for the fiscal year.

She also reviewed the audited 2017 Statement of Financial Position and Statement of Activities financial statement drafts that were recently completed, as well as a three-year analysis she assembled of unrestricted and restricted income and expenses compared to original budgets. The committee will review these documents and continue the discussion in the next meeting.

MacRae noted that the Steven Engel bequest funds of \$91,694.26 have been deposited, and we hope to receive and book the Marla Davis bequest funds of approximately \$70,000 in April as well. We discussed the fact that the Engel bequest has a restriction that the funds be used for general operating expenses and not salary or benefits. MacRae noted that her main concern right now is that we address the potential operating deficit, and suggested that we consider using some of the funds from the Engel bequest to offset non-salary operating expenses this year.

Gene brought up a number of concerns regarding the expected revenues for the remainder of the year as projected in the mid-year budget draft. We discussed the budgeted Underwriting revenue, which has been tentatively revised down from \$75,600 in the original budget to \$56,000 for the year in the current mid-year budget draft. Del gave an update on the progress Kasianni (volunteer) is making on the underwriting. She is currently focused on reviewing existing underwriting contracts and uncovering potential accounts receivable from existing clients that have not been billed yet for underwriting spots they have received. Del clarified that Kasianni is not working on finding new business, and that they hope to hire a staff member focused on underwriting by June.

Gene noted that Underwriting revenue was \$47,164 last year, and that even the reduced \$56,000 target might be too much to reasonably expect this year considering the circumstances. The committee agreed that Del and MacRae should reconsider the \$56,000 target for underwriting this year, and consider revising it downward in the mid-year budget.

Gene also compared last year's spring and fall membership drive revenue to the projected amounts for this year. He noted that we are projecting higher amounts for both drives this year, and wondered if this is realistic. Del indicated that the staff feels more prepared for this drive than for previous ones,

and she is enthused about having Sun Lee assisting in the Membership Department. She also felt that the 50<sup>th</sup> Anniversary marketing campaign would increase awareness and help the membership drive this spring.

Marc noted that some KBOO members are still upset about not receiving promised premiums from past drives, and wondered whether this will have an impact on the success of upcoming drives.

Dan asked about the \$25,000 budgeted for Major Donations revenue this year, and whether this was realistic considering the asks we have made of major donors in the previous months for the 50<sup>th</sup> Anniversary and Kickstarter fundraisers. Del thought that a lower target for Major Donations might be more realistic; she will discuss this goal with Development Director Becky Meiers and potentially revise the target for the mid-year budget.

We also discussed some operating expense items that might affect the deficit. Regarding legal expenses, which are higher than expected, Del noted that we have recently gained a pro bono HR advisor. She added that this should help keep additional legal expenses low for the rest of the fiscal year.

Gene asked whether Sun's \$2,500 fee for membership services is included in the current mid-year budget review, and MacRae noted that it has not been reflected yet. She will revise the mid-year budget to include this expense.

Del suggested that the expenses for the Fuzzy Boo van expenses might be higher than budgeted, and that we consider recommending eliminating this expense. The committee agreed, and Gene suggested that we consider holding a contest to give it away. Del thought this was a great idea, and will discuss this with staff.

After discussing these potentially lower than expected revenues, the committee agreed that we should be prepared for a potentially larger operating deficit than the current estimate of \$35,599. Del and MacRae will continue to revise the mid-year revenue and expense projections for the next Finance Committee meeting.

Gene discussed the Operating Reserves, and what a reasonable goal might be to cover three months worth of operating expenses. Excluding in-kind and CPB expenses, he estimated a goal of \$226,415, which is about \$36,000 more than we currently have set aside in the Reserves.

Dan discussed our plan to have a separate account to hold all restricted income, and suggested that we move the entire amounts of the Engel and Davis bequests to a separate fund. The combined total of the bequests would exceed the amount of restricted cash obligations we have, and we could revisit how to use any remaining surplus after evaluate the success of the spring membership drive. We discussed our goal of keeping enough in this separate account to cover any restricted cash obligations.

Gene suggested that we also keep an additional bank account that would hold an operating surplus to utilize for cash flow fluctuations throughout the year.

**The Finance Committee will have their scheduled monthly meeting on Thursday, April 19<sup>th</sup> at 4:30 at Cider Riot (807 NE Couch).**