

KBOO Board Meeting
September 17, 2018

As there was no August meeting, this meeting took its place.
The regular September meeting will be September 24th.

Meeting opened at 6:15 without a quorum.

Board Members Present: Danielle, Ruban, John, and Katmeow on phone. Shaheed arrived at 6:34.

Staff Present: Zale, MacRae showed up at 6:46.

Community Members Present: Eugene Bradley and Dan Shramek

Eugene reported on the 50th anniversary and reported great success.

Report Attached:

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Summary
KBOO 50th Anniversary Celebration

Activities-

Oregon Historical Society Exhibit
January-July 2018

Website: 50yearsofkboo,fm

KBOO Stories Project
Currently over 40 interviews recorded with KBOO people from all our decades

KBOO special programming
Special nights of on-air specials celebrating genres, collectives, and long-time KBOO programmers

KBOO Block Party and Homecoming

Funding

KBOO 50th Anniversary staff and volunteers raised \$100,475.

Oregon Cultural Trust granted KBOO \$30,000
KBOO major donors and friends donated \$70,000+

Expenses for all events: \$52,173

KBOO 50th Anniversary Committee pledged:

to raise funds to pay for all events,

to raise funds to contribute to the KBOO Operating Reserves

to raise funds to make a contribution to start a Capital fund for KBOO Radio.

To conclude the 50th year celebrations, the KBOO 50th Anniversary restricted account will transfer

\$24,151 to KBOO Operating Reserves

\$24,151 to KBOO Capital Fund.

Thanks

The 50th Anniversary Committee thanks all the staff, volunteers and friends of KBOO for the work that made this celebration-year a reality.

Special thanks to:

Monica Beemer
Delphine Criscenzo
Becky Meier
MacRae Bogdanov
Erin Yanke
Dawn Smallman
Ani Haines
Tom Hood

Submitted
Eugene Bradley/
for the KBOO 50th Anniversary Steering Committee

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The Executive Committee reported that they took action to remove Kipp as a check signer and elected Danielle and Ruban as additional check signers as of September 17, 2018 until new board is elected.

Dan Shramek and Eugene Bradley of Finance Committee presented an introduction to the budget.

Report Attached:

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KBOO FY2019 Budget Overview

Executive Summary

Due to lower-than-expected revenues in the 2017-18 fiscal year (FY2018) and an unstable staffing situation heading into the new fiscal year, we are conservatively budgeting an operating deficit for the 2018-19 fiscal year (FY2019) and are **requesting a one-time transfer of funds from the Operating Reserves** to:

- cover the expected FY2019 core operating deficit, and
- invest in new strategies to support revenue growth in the new fiscal year

While we expect an operating deficit in FY2019 that is smaller than FY2018, we will continue to explore ways to increase revenue and decrease expenses in the new year. We believe that the increased liquidity from the Operating Reserves to fund core operations and new activities to support revenue growth, combined with a stabilized staff in the new year, will put KBOO back on track towards sustainability in FY2019.

FY2019 budget highlights

- Projected core operating deficit \$
22,453
- Additional expenses for activities to support revenue growth \$
19,830
- **Total budgeted FY2019 deficit** **\$**
42,283

- Operating Revenue
 - Budgeted FY2019 operating revenue of \$799,686
 - Does not include Restricted or In-Kind revenues
 - Slightly higher than FY2018 revenues
 - Promising Underwriting revenues and momentum
 - Increasing revenue from Sustaining Membership

- FY2019 focus on increasing Renewal, Direct Mail and Grant revenues
- Operating Expenses
 - Budgeted FY2019 core operating expenses of \$822,139
 - Does not include Restricted or In-Kind expenses
 - Lower than expected FY2018 expenses
 - Slightly lower expected salary and benefits expenses than FY2018
 - Additional FY2019 investments in activities supporting revenue growth \$ 20,130

Proposal

- **Move \$42,283 from the Operating Reserves to cover the expected FY2019 operating deficit, and invest in activities to support revenue growth**
 - \$22,453 to cover budgeted core operating deficit in FY2019
 - \$19,830 to invest in activities to support revenue growth (see handout for more detail)

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The budget will be voted on September 24th.

Board went into closed session for personnel discussion at 7:17 pm.

Board went back into open session at 7:44.

Board Adjourned 7:45.

Respectfully Submitted,
John Shuck

Cultivate Our Community: Budget Package 2019

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Summary

[This section is high-level quotes from Delphine’s detailed write-up which will help you quickly understand the general financial state of KBOO today. Please ensure you read Delphine’s full write-up under the section “Station Manager’s Detailed Budget Analysis”]

It appears that over the last 5 years or so, there has been some unexpected expenses the station has had to cover outside of budgeted needs. Furthermore, these extra costs at times made us incur more expenses, like with our new website. No plan was made by management to grow our revenue or to decrease our expenses to cover these new costs. 2017-18 was also plagued with personnel issues which tremendously impacted the capacity of the underwriting and membership departments to meet our budgeted revenue goals.

We cannot continue to grow our expenses without a plan for growing our revenue and we must invest in creating a long term plan for facing crisis and stabilizing our budget.

The revenue operating team has a plan to raise revenue and grow member satisfaction and increase our member base. The plan will take place over the next three years and we hope will increase our members by 5%.

Total Additional Funding Requested for FY 2019

Because the last few years have been rough with budgets fluctuating greatly, we are presenting to you a balanced budget this year. However, this is a very slim budget that will only get us to operate the radio and try to raise the revenue that we have predicated in this budget.

To grow our membership however, we need to invest in our community, ***therefore, we are coming to you with a proposal for a one-time transfer from the reserve.***

The package will include only Fundraising expenses that will help tremendously with our goal to increase our membership.

The fundraising expenses will ensure we have the right amount of money to send mailings, and truly show appreciation to our members. This strategy will increase our member numbers and therefore the revenue we make from our members.

The total amount being asked for is \$18,980.00, broken down into these two sections:

- **Required Fundraising Expenses: \$11,304.00**
- **Funds Requested for Investing in Revenue Growth: \$7,676.00**

The following sections break down the two buckets of dollars above.

Required Fundraising Expenses

The expenses outlined in this section are what management has indicated are *required* expenses needed to keep the station running on our current budget.

The grand total of these REQUIRED expenses is \$11,304.00.

Grant Writing:

Grant writing	5,000.00	Mission critical.
Sub Total:	5000.00	

Graphic design:

Postcard Design (Internat'l Women's Day)	300.00	Want to have for stewardship focus
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Postcard Design (Remote Season)	300.00	Need to have for stewardship focus.
Monthly Member Stewardship Item	300.00	Need to have for stewardship focus.
Postcard Design (MLK Remote)	300.00	Want to have for stewardship focus
Postcard Design (Volunteer Week)	300.00	Want to have for stewardship focus
Postcard Design (EOY)	300.00	Need to have for stewardship focus.
Sub Total:	1800.00	

Printing:

Postcards	1,750.00	This is based on all stewardship postcards. Depending on how that budget remains intact in other line items, this will change.
Sub Total:	1,750.00	

Postage:

Postcards	900.00	Postage for above postcards.
Sub Total:	900.00	

Promotional expenses:

Display Supplies (for tabling)	500.00	Table banner, document holders, etc.
Bumper Stickers	229.00	Mission-Critical. 9-17-18 Notes: Total was 3,000 but putting 2,771 back into budget per Finance Committee.
Misc Marketing Collateral	500.00	Need to have. For posters, quartersheets.
Constant Contact	475.00	Mission-Critical
Live Broadcast Banner	150.00	Need to have. We need to indicate when we're broadcasting live in a more visual way.
Sub Total:	1,854.00	

Grand Total of REQUIRED expenses: 11,304.00

Funds Requested for Investing in Revenue Growth

Investing further in the needs below would greatly increase the possibility of increasing our revenue and our member satisfaction and keep our numbers growing steadily.

The grand total of requested GROWTH INVESTMENT FUNDS: \$7,676.00.

Promotional advertising:

Print Ads	1,976.00	Mission critical. I attribute a drop in unsolicited to a lack of print advertisement in FY18. 9-17-18 Notes: Total is 2,400 but put 424.00 back into the budget per Finance Committee and put 2,680 back into the budget from required expenses above.
Outdoor Ads	3,000.00	Need to have - this will increase unsolicited, listenership, and membership in accordance with the strategic plan
Sub Total:	4,976.00	

Development fundraising:

Major Donor Cultivation Expenses	1,500.00	Mission critical. This accounts for the purchase of gifts and cultivation meetings.
MGI printing materials	200.00	Separate line item for cards, printing, etc.
Event Planner Stipend	1,000.00	Want to have, for support in event planning for fundraising
	0.00	
Sub Total:	2,700.00	

Grand total of requested GROWTH INVESTMENT FUNDS: \$7,676.00

Additional Revenue Generation Proposals

Proposal 1: Split Remaining 50th Anniversary Funds between Reserves and Capital

Through the 50th anniversary campaign we raised \$98,440. We spent \$51,926. We have a few bills still outstanding (probably \$500). **We have \$48,302 remaining.** The recommendation of the 50th Anniversary Fundraising Committee is to contribute 50% to the reserves, and 50% to capital.

Proposal 2: Trip to Cuba Fundraising project

Delphine is talking to Charles Bittner who has organized fundraising trips to Cuba for The Nation in 2015- 17. One of our volunteers from the Old Mole has been on the trip and has connected

us with Charles. Charles would plan a one week trip to Cuba for KBOO members. We would markup the price he charges per person and keep the difference (estimate of \$1000 per person). Charles usually takes 35 people on each trip.

The cost to KBOO would be none, except for promoting the opportunity. This would be a Spring trip.

Delphine is investigating this option. She is thinking about moving forward. If we do but this amount is not in our revenue budget, the amount raised would be used towards the extra fundraising needs and a staff COLA bonus and then towards a 4th month operating reserves.

Station Manager's Detailed Budget Analysis

It appears that over the last 5 years or so, there has been some unexpected expenses the station has had to cover outside of budgeted needs (ie. new website extra cost, going over on production 3 project, unexpected legal fees,... you can ask Mac for a detailed 5 years analysis if you'd like) and though the board approved us borrowing from the reserve to cover these costs and we always made a plan to pay the amount back, it has not always happened.

Furthermore, these extra costs at times made us incur more expenses, like with our new website. Not only did we spend more money than we had originally budgeted on the website, but the new site in turn grew our expenses and the resources we need to spend towards maintaining it. No plan was made by management to grow our revenue or to decrease our expenses to cover these new costs. No long term plan was made either to protect our investment either. Our website was hacked this year. **We had received grant funding for the creation of the new website from Meyer in the amount of \$10k but the website cost us \$50k in the end.**

The station also took on a new fundraising project in 2017-18 for the 50th anniversary which impacted the time and fundraising capacity of the revenue operating team. It did give us a glimpse at what a fleshed out major donor program could accomplish for KBOO and we will continue to grow these efforts but all of the money we raised (close to \$100k) is restricted for celebrations and growing our operating reserve and capital budget.

Finally, 2017-18 was plagued with personnel issues which tremendously impacted the capacity of the underwriting and membership departments to meet our budgeted revenue goals. The development director and the station manager spent a significant amount of time on fundraising activities usually done by other departments therefore lowering the energy available to raise more from grants, major donation and matches. **We had \$23k in HR legal fees last year and went over budget \$12k even after increasing this in our budget re-do. We now have a service called HR Answers added to our new budget which we hope will alleviate problems.**

We cannot continue to grow our expenses without a plan for growing our revenue and we must invest in creating a long term plan for facing crisis and stabilizing our budget. The revenue operating team has a plan to raise revenue and grow member satisfaction and increase our member base. The plan will take place over the next three years and we hope will increase our members by 5%.

To do that we are changing the focus of the membership department from heavy drive organizing to heavy member cultivation. Right now we only ask people for money on the air during drives or with our silent drive letter. We need to focus on customer satisfaction (sending thank you gifts on time, responding to requests in a timely fashion), but we also need to learn about our donors so we can make them feel special and we need to be in contact with them for other reasons then to ask them for money.

With changing the Membership director position to an Advancement director position we are making the commitment to that sharp change in focus in the department.

This change will also strengthen our database, the data we currently have there and the process we use for adding more data. We currently waste a lot of money sending mail to people whose information is not correct in our database or has duplicates. This must stop!

Here is what the change means for the membership and development departments:

- We will develop and follow strong data entry guidelines
- We will clean up our database
- We will make a long term plan for researching how to get a better database
- We will be sending members posts cards to thank them and promote our remotes and special programming
- We will develop a mailing rotation to make sure new members can become sustaining and sustaining can increase their donation every so often, and we will thank them!
- We will collect as much information as we can on members to be able to surprise them and let them know we care about them and they are special
- We will collect as much information about how much it cost KBOO to raise money through our membership drives

In other words, this year, we want to implement:

- A renewal mail strategy to ensure everyone who has donated gets a letter to donate again within a year
- A postcard strategy to inform our donor of cool things KBOO does that are not asking for money
- A cultivation and data hygiene strategy to ensure we have the right info about our members
- The formulation of a long term plan for changing our database and growing our membership

We anticipate these outcomes:

- Saving on postage and printing
- Increased member satisfaction
- Increased member sustaining contributions
- Shorter drive period with a focus on acquiring new members
- Increased membership numbers
- Larger major donor pool to support KBOO's special projects
- More capacity (time and resources) for our staff to do more/different work
- The creation of a sustaining membership model that can forever grow our membership
- Reducing the amount we invest to raise every dollar

Furthermore, this year, we will start implementing a by task time keeping program for us to be able to understand better the amount of staff time spent on certain tasks and fundraising in particular. Studies show that we should invest about .23 cent for each dollar we raise. According to Becky's research as part of her non-profit fundraising certificate program with WADO, that KBOO currently spends an average of .46 cents for every dollar we raise. This is double what it should be but this number is not the most accurate because we do not know yet how much time staff spend on membership drives for example. For the 50th anniversary campaign, MacRae estimates that staff spent at least \$5k in staff time towards the project, but we did not budget for that adequately before entering the project and allocate funds raised through the project towards staff time for fundraising, accounting and programming needs.

