

Meeting notes
KBOO Foundation Finance Committee
March 22, 2018
4:30 in the back room

Present:

MacRae Bogdanov (Finance Coordinator), Delphine Criscenzo (Station Manager), Ruban Lawrence (Board Treasurer), Eugene Bradley, Marc Anderson, Dan Shramek

Facilitator: MacRae Bogdanov

Note taker: Dan Shramek

Proposed Development budget additions

Development Director Becky Meiers presented a request for additional development-related budget items for consideration in the current fiscal year during the mid-year budget review process. MacRae and Del discussed that staff budget adjustment ideas and suggestions will be considered in the coming weeks during the mid-year budget review process, but that we will not be specifically requesting or incorporating departmental budgets as part of the process this year.

Monthly financial reports

MacRae reviewed the Profit and Loss Budget Overview, Balance Sheet, and Current Cash Position reports (all through February 28, 2018). Excluding in-kind contributions, **YTD revenues** through February were \$20,428 behind budget, or about 5.5%. As discussed, much of this shortfall was due to the Winter Drive not meeting expectations and underwriting revenues that are down significantly from last year. We exceeded our Kickstarter fundraising goal of \$20,000 in March, and this revenue will start coming in soon. MacRae and Del discussed that the actual YTD underwriting revenue has been much lower than expected due to shifting personnel priorities, and that the underwriting revenue target will be adjusted downward during the mid-budget review process.

Excluding in-kind, **YTD expenses** through February were \$29,573 under budget. However, we discussed that there were several expense items (such as CPB restricted expenses, insurance, dues, printing & copying, and bankcard fees) that were under budget through February, but that the difference for these items will be spent by the end of the year. We discussed that it is important to consider these timing issues when reviewing the financials, and to factor them into how we are doing compared to budget. When these timing issues are assumed paid according to budget, YTD operating expenses appear to be slightly more than \$4,000 under budget, or about 1.0%.

Dan suggested that it would be helpful to add a note in the monthly Profit and Loss Budget Overview to account for the dollar amount of expenses with timing issues, and how this may potentially affect the net ordinary income if we assume these timing variances would be eventually be paid by the end of the year. Del and MacRae agreed that this addition would be helpful.

Excluding in-kind and restricted items, and factoring in timing issues regarding expenses, it appears that a net operating loss is likely for the year unless significant adjustments are made. Del discussed that it does not appear likely that we will be able to bring in enough additional membership and

underwriting revenue during the remaining part of the fiscal year to make up for the shortfall, especially considering that we will need to revise the expected underwriting revenue downward during the mid-year budget review. MacRae and Del explained that they would be talking with staff in the coming weeks to explore ways to trim expenses for the remaining part of the year, and factor these ideas into the mid-year review process and recommendations to the board.

MacRae reviewed the current cash position, and the committee discussed the circumstances that would justify a recommendation to the board for the release of some Operating Reserves to improve day-to-day liquidity in the short term. MacRae and Del will discuss how much unrestricted cash may be needed to fund day-to-day operations for the coming months.

The committee discussed the desire to move all restricted cash into a separate account for clarity and transparency. MacRae said that one option would be to hold the restricted cash in a savings account at our new credit union, Point West.

Mid-year budget review

MacRae distributed the current draft of the mid-year budget, including suggested adjustments such as a reduced underwriting revenue target. The current draft shows an operating deficit of \$32,099 for the fiscal year, due to lower expected revenue and slightly higher expected expenses. The committee will review the draft and discuss potential adjustments at the April committee meeting.

Foundation asks updates

Del reviewed the status of current grant opportunities. We are submitting a letter of intent (LOI) due April 18th to the Meyer Memorial Trust for a capacity building grant. We will likely hear back in May whether we will be invited to submit a full proposal; if successful, would get funding in early fall. We are also applying to the National Endowment of the Humanities (NEH) in early May for a multi-year grant to upgrade our equipment.

Potential bequests updates

The Steve Engel and Marla Davis bequests are still tied up in the courts. MacRae and Del think there is a very good chance of getting the bequests, but they do not know the timing. Gene remarked that we cannot count on this money being available as part of the mid-year budget review process.

Operating Reserve discussion

Del suggested that we should consider changing the terminology of Operating Reserves to “savings” to help people understand that it is meant to be considered a cash cushion to help KBOO through unexpected budget shortfalls. Dan discussed the fact that the Operating Reserve policy states that board needs to authorize any withdrawals from the Operating Reserve, and that the reserves “...shall be used for emergencies, and may not be spent without Board approval.” He suggested that the committee consider reviewing the Operating Reserve policy and potentially revising the policy to clarify how we define the reserve, how we calculate the target amount, under what circumstances the reserves would be released, and how the reserve should be paid back, among other things.

Gene suggested we consider ways to regularly add a revenue goal during the budgeting process to build an operating surplus and improve cash flow and liquidity.

New credit union

MacRae and Del discussed the new banking relationship with Point West Credit Union, and the fact that we could open a new savings account there to hold any restricted cash.

50th Anniversary update

Del said that they are working on major donor parties for May and June, and that one would likely be at the Oregon Historical Society.

Meeting adjourned

5:30pm