

## Finance Committee notes from the budget retreats:

Fundraising: Andrew describes the nature of removing the segregation between Memberships and Development and emphasizes that those departments along with Underwriting are the Fundraising team. Income sources will move around from what has been traditional in order to support a new fundraising strategy

- The FC acknowledges the new revenue sources in the budget for Local Business Campaign, unrestricted grants and the substantial increase in special event income and Contribution (major donors). Some concerns of success in reaching the budgeted goals with removing the income from the winter drive was expressed.
- The FC is supportive of the increase to Promotional Advertising expense. Fundraising expenses are still being fleshed out.
- FC acknowledges the FY12 projection to exceed budgeted income and the \$5,000 increase to the FY13 for underwriting.
- From the Board at the budget retreat:
  - Hadrian likes the layout of the fundraising plan in the budget, but feels that it may be too conservative. Wants Development Committee to discuss a plan.
  - Judy has concerns of meeting the new income goals and would like follow up from Finance on the money raised from the marketing launched at the BluesFest. Paula and Debbie have concerns on achieving some of the income goals as well.
  - Marc notes that we don't have any real history to base the development income on.
- FC discussed Board Led Fundraising and that the budget most likely will not be reached thus adding \$4,500 to the FY12 deficit. The FC suggests a \$12,000 budget for FY13 which is \$1,000 per Board member to fundraise.
  - Hadrian and Judy are unsure about the higher budget because it was not successful in FY12 with a smaller budget. Hadrian mentions that some directors have never done an ask and are not confident or comfortable doing it. Kate mentions that the Board training being funded by the MMT grant should teach the directors how to fundraise and give the Board motivation. Andrew notes that this is only \$100 a month for each director. Debbie notes that if the Board can raise the \$12,000 then they have matched the amount of the Board training portion of the MMT grant.
- FC discusses employee costs. The health insurance has been raised by 15% pending the actual rates that we will get in September. The FC wants to be able to address the pay scale and see how much additional income is needed to fund an increase to the wage scale. Andrew suggests that the Board direct an open hire for a full time Program Director to be placed by Oct. 1<sup>st</sup>. Program changes to increase listenership are poorly needed if fundraising is going to be able to bring in the money needed to operate the station.
- Debbie discusses the large increase to the Professional Services budget. Increased \$3,500 for CPA, Paula suggests a 2<sup>nd</sup> controllership procedure to maintain strong and healthy internal controls in finance on the years we do the review. And having one controllership procedure during audit years. Next audit will be on the FY13 books. Increased \$5,000 to Legal expenses to cover additional costs to renew the 90.7 FM license next year.
- Insurance cost will increase since we have to get a new insurance carrier for the D&O/Employment Practices insurance. The current carrier will not renew the KB00 policy in October due to excessive claim activity. The broker suggested budgeting high for the new coverage. The budget will be adjusted once we get quote from a new carrier.
  - Andrew suggests to the Board that the Board Led Fundraising is a good way for the Directors to give back to the budget to fund the D&O insurance.
- FC looks at the increased cost for bankcard and bank charges. Debbie has based the budget on the expense item to the membership revenue in order to get percentages to budget.
  - Judy/Kate asks why it is so high. Debbie explains what pushes the costs to credit card fees and bank service charges. Increased donations through the website has been pushing upward pretty steady. In December there was an all time high for year-end giving using the website. We pay an item fee plus a % of the charge for each transaction. The bank service fees are driven by the quantity of EFTs we have monthly. Andrew estimates about 1,300 transactions a month. Debbie explains we pay a per item fee. (We then get a credit to the service fee based on the balance in our checking account. The balance in the money market account does not factor in)

**The Finance Committee requests from the Development Committee and fundraising team, a development plan for FY13 income and expenses that can have numbers matched to it that support the budget.**

**The Finance Committee requests the Personnel/Governance Committee to conduct a non-profit market wage assessment study that the Finance Committee can review.** (Hadrian says this is somewhere in policy that the P/G Comm is supposed to do this?)

**The Finance Committee recommends to the Board of Directors:**

- To request from the Personnel/Governance Committee to supply a copy of the currently approved job description for the Program Director position and that the Board direct an open hire for a full time Program Director to begin immediately.
- The FC has reviewed the finalized Reviewed financial statements for FY11 as prepared and presented by Kern & Thompson, LLC. The FC recommends that the Directors review the final financial statements and approve the 990 form to be filed.
- The FC recommends a balanced budget for FY13 and will be working towards a draft budget with no deficit.