

## Finance Committee: Retreat to review the FY2013 budget at mid-year

Tuesday, May 7, 2013

Present: Rolf Semperebon, Andrew Geller, Debbie Rabidue, Paula Small, Kurt Lauer, Lynn Fitch

The Finance Committee review the income statement accounts and actual for October 2012 through April 2013. Debbie put in most of the projections for income & expense for May through Sept 2013.

Board Led Fundraising: Paula estimates that the upcoming Board sponsored event, Breakfast with the BOO, will net \$1,500. Lynn comes to the retreat and adds additional information: The event will be called "Fruit, Nuts & Flakes; Breakfast with the BOO". Paula feels the Board needs guidance and leadership from Lynn on this event in order for it to have success. Paula and Lynn agree that the event could raise \$5,000 at a cost of no higher than \$500. The net will be realized as a 50-50 split on income for Board Led and Events/Co-sponsorship. Deb will create a tracking code in accounting for this event.

Paula will ask that each Board member solicit 25 individual donations between now and the end of the fiscal year. This is to help make up for the large variance in actual income to what was budgeted. Current projections show that Board fundraising will fall short of budget by over \$5,000.

Membership: Andrew will work on fine tuning the membership income projections and will get those to Debbie so she can update the worksheet. Summer appeal letter will go out in June, and Lynn is putting that together. Debbie's shows a projected income of \$30,000 from the summer letter. Andrew has also sent out the spring drive/unpaid pledges notices. The spring drive is projected to exceed the budget by \$5,600.

"Contributions (major donor)", is projected to fall way below budget by \$16,000. This was an increase budget for FY2013 that was to be driven by the Development Director for major donor campaigns. "Direct Mail" has exceeded budget expectations and is projected to be \$40,000 over budget. This will help make up for the shortages in major contributions and special events. Overall, the Membership income line items are projected to be \$41,000 over budget at fiscal year end, pending Andrew's final projected numbers.

Development/Special Events: The Finance Committee has concerns that we do not have the internal capacity to raise \$50,000 on business partnership, the \$14k on unrestricted grants, and the over \$100k on summer. Lynn feels that there will be a couple of individual summer birthday events that may net \$4,500. Due to the internal infrastructure conflicts, adequate attention and resources will not be able to be spent on planning on any real income from special events and KBOO's 45<sup>th</sup> birthday. Andrew and Lynn will put on an 'on-air non-membership drive'; Ideas are that this would be a full day On-Air fundraising that is promoting winter in the summer and projected to net \$49,000. 'South of the Equator' Winter drive

Used car donations remain strong and steady. Promotional Material; KBOO 45 vinyl records are being purchased and sold, and anticipate a net of \$6,000 to \$8,000. We also have about 100 of the 'That T-Shirt' that will be sold at the Blues Fest. FC projects that we might net \$1,200. Overall, income from

Development/Special Events is projected to be under budget \$92,000. Related expenses will be cut to offset this short-fall.

Underwriting: Underwriting income has been stronger than budgeted and is anticipated to perform better than budgeted by \$10,000 at fiscal year end.

Projected income at fiscal year end, based on actual income through April, is anticipated to be \$40,000 under budget. Expenses will need to be cut in order to obtain the required balanced budget.

The Finance Committee built in the budget a payroll contingency of \$18,500 that was to be used for staffing restructuring and pay increases. The Finance Committee is removing the budget for the payroll contingency since the budgeted revenue is not likely to happen due to a lack of internal capacity to support the fundraising efforts at this time. The overall employee costs are budgeted to remain in effect at the current rates/budget through the end of the fiscal year due to income restrictions.

It is projected that Contract Labor will be over budget by \$6,000 in order to support the engineering department and to assure that KBOO remains FCC compliant.

We will be getting a two month credit on the transmitter rental through Stonehenge for the months of July & August. This is in exchange for KBOO using the backup signal for 12 hours so that another station can use the signal for their FCC tests. A contract agreement has been signed and we will save about \$8,400.

Due to the decrease in anticipated income, the Finance Committee recommends the following cuts to the FY2013 budgeted expenses:

Computers to be cut by \$5,300 Office Supplies cut by \$1,500 Music Library cut by \$500 Postage cut by \$4,600 extra (misc) development expenses to be cut by \$2,900 Misc expenses cut by \$500. These cuts along with removing the payroll contingency will bring us back to a balanced budget for FY2013.

Debbie will update the budget projection worksheet each month for the Finance Committee to monitor the actual and projections for year end, as part of the normal fiscal budgeting process. It will be extremely important that the FC and the Board consider what to do in the event that summer activities do not bring in the \$50,000 or more in anticipated income. Lynn suggests that we look at temporary 50-50 split on cost on health insurance with the employees. Debbie calculates this to be a monthly savings of \$2,100 and it may not be enough on a short notice to cushion the deficit very much.

### **Homework:**

Andrew: Calculate membership projects as of March 31<sup>st</sup>, and then again as of June 30<sup>th</sup> and give to Debbie so the worksheet can be updated.

Paula: Talk with Board members about possibly reaching out to 25 individuals for donations of any size. Let Debbie know of any Board commitment so she can update the worksheet. Get budget retreat date set up with the Board for July.

Debbie: Keep worksheet updated with actuals and projections each month for FC. = to review.

**Finance Committee recommendations to the Board:**

The finance committee requests that the Board of Directors review the FY2013 Budget Projection worksheet, and recommends to the Board the cut to expenses as indicated in the worksheet. These expense cuts include removing any money allocated as a payroll contingency for staff restructuring and wage increases. Reminder: the payroll contingency was dependant on budgeted income being realized, which is not expected to happen at this time.

The finance committee recommends that the Board and management consider what steps to take in a worst case scenario if the projected events income of \$50,000 cannot be realized. Where can we cut an additional \$50,000 in order to not drain the cash from the bank? If the deficit is funded by the cash surplus, we will be left with half of the surplus going into FY2014.

The finance committee urges the Board to reach the Board Led fundraising budget goal of \$12,000.

The finance committee would like to request a budget retreat with the Board in the month of July to review FY2013 budget performance and to begin work on the FY2014 budget figures.