

Meeting notes
KBOO Foundation Finance Committee

January 17, 2019

4:30pm at KBOO

Present:

MacRae Bogdanov (Finance Coordinator), Reuben Deumling (Board Treasurer), Gene Bradley, Marc Anderson, Dan Shramek

Facilitator: Reuben Deumling

Note taker: Dan Shramek

Monthly financial reports

MacRae reviewed the December financial reports, including the “Profit & Loss” and “Current Cash Position” reports. There was a slight operating profit for December, which resulted in a positive monthly variance of \$4,889 compared to budget. The Q1 2019 (October through December) operating loss of \$4,957 was less than the budgeted operating loss, resulting in a positive Q1 variance of \$15,968. The Q1 operating loss represents 2.4% of Q1 operating revenue (less in-kind revenue). We discussed that several higher-than-expected expenses going forward (such as legal fees), and several timing issues regarding expenses, will affect operating results.

We discussed that Q1 Underwriting revenues were significantly lower than anticipated, mainly due to staff turnover, and that we should probably reset our expectations for the annual revenue from this department.

While we do not have the final numbers yet, it appears that we were close to reaching our fundraising goal for the Winter Membership Drive that took place in December. The total fundraising revenue included contributions from Membership, Direct Mail and Development revenues, and the collaboration with GiveGuide to handle much of the contribution processing during the drive seems to have been successful. Most of the revenue from the GiveGuide collaboration will come in during January and February. We discussed the fees that GiveGuide charged for the contribution processing; while MacRae did not have the specific amount, she will share the amount with us at the next committee meeting. We noted that the lower-than-expected Bankcard Fees expense item for Q1 will be offset somewhat by the fees we are paying to GiveGuide.

Gene asked whether GiveGuide donors automatically become KBOO members, regardless of the amount contributed. He noted that basic annual KBOO membership continues to be \$40. MacRae will find out how GiveGuide contributors to the Winter Membership Drive are entered into our database, and whether they are classified as members.

Because of uncertainty with certain revenue streams such as Underwriting, and with the uncertain timing of hiring and onboarding key staff, we are recommending reducing or delaying certain operating expenses. MacRae noted that she has found true savings of \$5,300 compared to budget so far, and is hopeful to find more in the coming weeks. Dan suggested that we review the promotional advertising and promotional expenses (including bumper stickers) from the “Cultivate Our Community” budget package and consider reducing or delaying them.

Gene noted the importance of the upcoming Spring Membership Drive fundraising to our FY19 operating revenue goals, especially in light of reduced revenues from other areas, and suggested that KBOO consider recruiting some seasoned volunteers to help with the planning and organizing of the drive. This could include planning for special programming and premiums that would be enticing incentives for donors.

Dan asked MacRae about the December expenses of \$3,024 from the restricted Capital Fund, which are not included in the operating expenses. She did not have the specifics on hand of how the money was spent, but later we learned that the spending was for a technology upgrade and renovations to a bathroom.

We discussed the importance of understanding the intended uses of the Capital Fund, developing a clear process for accessing the fund, reporting transfers to and from the fund, and how these processes integrate with other KBOO financial policies. We will add the development of a Capital Fund policy to our committee work plan.

The committee would also like to review the current KBOO Capital Budget, and a prioritized 3-year IT, Equipment and Facility plan to help with long-term budget planning. These documents will help guide the prioritized spending from the Capital Fund in the future. Gene noted that having a prioritized capital budget would be valuable when speaking with major donors, many of whom prefer to contribute for specific KBOO projects.

We agreed that renaming the description on the “Current Cash Report” to Capital Fund would help with clarity. MacRae said that she would make this change.

Actions:

- ***MacRae will determine the amount of the GiveGuide processing fee and bring to the next meeting***
- ***MacRae will research whether all GiveGuide contributors are classified as KBOO members***
- ***MacRae will determine what kind of capital budget and/or 3-year IT, Equipment and Facility plan we have, which will help us continue our discussion***
- ***Gene will add the development of a Capital Fund policy to our committee work plan***
- ***MacRae will change the name of the restricted account to “Capital Fund” in the Current Cash Report***

Check signing & KBOO “Check Signing and Limit” Policy

We are updating the Point West operating checking account to add new authorized signers and remove the names of people who should no longer be authorized. After discussion, we decided not to include the Board Treasurer as an authorized check signer. As Gene noted, the Treasurer should be in an oversight role; it would be prudent to ensure a separation of authority regarding signing the checks and comparing checks with invoices and receipts, for example.

The committee voted to add four authorized signers to the Point West operating checking account:

- Erin Yanke, Program Director
- Board President, Ruban Lawrence
- Board Vice-President, Danielle Parks

- Station Manager (when hired)

MacRae noted that she needs to have a copy of the November board meeting minutes signed by the Board Secretary that reflects the board approval of authorized signers. She will bring this document to the bank when changing the authorized check signers.

MacRae distributed a proposed revision to the KBOO **“Check Signing and Limit”** policy that would update the limit above which expenditures must be approved by the Board of Directors. Currently, the policy specifies that expenditures over \$1,000 must be approved by the board; the revised policy would increase the limit to \$3,000, which would align with the current KBOO **“Spending Authority Outside Budget”** policy.

After discussion, the committee agreed that we should also add language to the policy that would specify the authorized signers for KBOO checking accounts (as discussed above), and change the language to read **“checking accounts”** (plural) in case we have multiple checking accounts in the future.

The committee approved the changes to the policy as discussed. MacRae will update the language in the policy proposal, and we will recommend the revised policy to the board at an upcoming board meeting. Reuben will discuss with Ruban L. regarding whether the board will have time to review the policy recommendation at the January meeting.

Actions:

- ***MacRae will revise the “Check Signing and Limit” policy language based on our discussions***
- ***Reuben will determine the appropriate time to recommend the updated policy to the board***
- ***Reuben will send the signed November board minutes to MacRae***

Finance 101 training for board

Gene and Dan have volunteered to meet with the board for a **“Finance 101”** training in the coming months. After discussion with Reuben regarding the full board agenda for the next couple of months, we suggested that the March 25th board meeting would be the target date for the training. Reuben will discuss the proposed date with Ruban L. and confirm.

FY19 Work Plan & Finance Committee report for board

Prior to the meeting, Dan sent out an updated draft of a monthly one-page Finance Committee report that we plan on distributing to board members for review prior to each board meeting. The report will contain a concise summary of monthly financial results, current liquidity, and current Finance Committee proposals and recommendations. We will have Reuben distribute the January report at the January 28th board meeting.

Gene distributed an updated FY19 Work Plan, and noted that we are already on track regarding several of the items. We will continue reviewing the work plan draft and discuss more in the February meeting.

Operating Reserves policy

Dan reviewed the primary goals of updating the Operating Reserve policy, including:

- Adding more clarity regarding the purpose and intended uses of the fund
- Defining how and when to calculate the target minimum fund balance
- Defining a clear process for proposing the use of the funds
- Defining the process for addressing shortfalls between the actual fund balance and the target minimum balance
- Adding more clarity regarding management, reporting, and governance of the fund

Dan, Gene and Marc have been developing a draft of the updated policy, and will send it out to the committee for review and comment along with additional questions to consider. We will plan to have the final policy draft distributed and ready for discussion at the February committee meeting. When we have agreed on the policy language, we will recommend the updated policy to the board for review.

Marc suggested, and the committee agreed, that Reuben introduce and distribute the current updated policy draft at the January 28th board meeting to give the board time to review it before the final draft is submitted to them.

Actions:

- ***Dan will distribute the Operating Reserve policy draft with supporting documents to the committee for review and comment***
- ***Reuben will distribute the Operating Reserve policy draft to the board at the January 28th board meeting***

Three Proposal policy

MacRae introduced a new policy for consideration called the “Three Proposal Policy.” This new policy would require KBOO to solicit proposals from at least three different suppliers (i.e. vendors and contractors) before making a capital purchase, change in vendor, or new contract hire. We discussed adding language to specify that the decision criteria for choosing a supplier would include reliability, cost-effectiveness, and degree of social responsibility. MacRae will revise the policy proposal based on our discussion, and we will discuss it further at the next meeting.

Actions:

- ***MacRae will revise the “Three Proposal” policy language based on our discussions and distribute to the committee for review***

Meeting adjourned - 5:50pm

The Finance Committee will hold their next monthly meeting at KBOO on **Thursday, February 21st** at 4:30pm.