



Finance Meeting

September 18th, 2024

Zoom

Call to Order: 1:03 PM

Attendance:

John Laflin, Mike Tavlin, Ginna Claussen, Andy Martz, Ed Schulenberg, Krystal Siebrandt, Angelina Cuning, Kass Mounce, Parker Dushan

Welcome:

Angelina opened the meeting by outlining the agenda and referencing the relevant materials she had distributed beforehand.

Budget Proposal Discussion:

Angelina informed the Finance Committee that she and the other directors had proposed the option of hiring a fundraiser instead of rehiring for the president position to the Executive Committee a week prior. However, she noted that the Executive Committee still intends to move forward with the search for a president.

Angelina began by reviewing the budget that Wendy had planned to propose prior to her departure. Displaying Wendy's proposed budget, Angelina highlighted the discrepancies between those figures and the organization's actual annual income, demonstrating that Wendy's proposal was not feasible. She then explained that, following Wendy's departure, the directors had made approximately \$100k in cuts to the budget, targeting various areas, including the country club membership.

Angelina presented a potential budget that proposed hiring a fundraiser instead of rehiring for the president position. She noted that throughout the year, the primary focus would be on addressing the budget deficit and working towards a positive financial position. Angelina also shared an alternative budget that included rehiring for the president position. She hopes this coming year the Foundation can solve the negative budget issue.

Since Karli was unable to attend, Angelina read aloud points that Karli had asked her to convey on her behalf. Karli suggested including the president position in the budget to ensure that funds are available

should the board decide to rehire for the role. Ginna inquired about the current staff size, and Angelina confirmed that there are 11 employees. Mike then asked how many months of the proposed budget accounted for the potential president's salary.

Angelina responded that the situation is still uncertain, but the current budget includes the president's salary for all 12 months. She added that she is unsure of the Executive Committee's exact plans, so it's unclear whether any funds will be allocated toward recruiting a new president or not.

Percentage Change Discussion:

Angelina emphasized the necessity of making a decision regarding a potential percentage change from 6% to either 8%, 10%, or none at all.

Ginna inquired whether Spark generates revenue for the Foundation. Angelina noted that it only brought in \$17,000 last year, which is insufficient for it to be considered effective at this time. She emphasized that her primary goal is to eliminate the negative budget, as the organization cannot sustain its current financial situation much longer. This prompted Ed to request that Angelina review each line of the budget to provide the committee with a clearer understanding of the associated fees. Kass then proceeded to discuss the breakdown of the fees that contribute to the budget.

A discussion was held regarding the 23/24 year-to-date figures. Andy inquired about the challenges of increasing the percentage as well as efforts to secure more donations. Angelina explained that this concern was one reason for proposing the hiring of another fundraiser instead of a new president at this time. She then gave Kass the floor, and Kass provided an overview of the efforts made by her and Josh to increase donations. Kass noted that the development team is generally hesitant to support an increase in percentage due to past issues with customer service, which raises concerns about implementing such a change at this time.

There was a discussion around what typical percentages are for similar organizations, how that would impact the team, and the potential discussions that might need to happen with donors with that change. Kass said that her and Josh are responsible for managing conversations with donors and will navigate those discussions as needed. Angelina noted that despite receiving large donations, the current 6% results in only a small portion of the total donation being allocated to the Foundation relative to the effort put in for an unrestricted gift that comes in at 100% allocated to Inspiring Dreams.

Angelina emphasized that part of the annual plan proposed to the Executive Committee focused on streamlining the Foundation's processes to enhance their effectiveness. She specifically highlighted the importance of improving fund management practices.

Angelina and Kass provided examples of the mismanagement of funds and scholarships, emphasizing the need for cleanup in these areas. Ginna inquired about how these responsibilities are divided among the staff to ensure proper execution. Kass explained that since Wendy's departure, she and Angelina have assumed a majority of the president's responsibilities and are addressing unresolved issues. Ginna also asked if there is an annual follow-up with donors to request

yearly gifts. Kass confirmed that the Foundation has approximately 47,000 contacts in its database and that they follow up with donors as frequently as possible.

Mike remarked that the current workload since Wendy's departure does not appear sustainable in the long term. Kass concurred, acknowledging that while the volume of work is indeed unsustainable, it is essential to address these issues now to ensure a clear focus for the Foundation moving forward.

Angelina also agreed that the current workload is not sustainable. She proposed the establishment of a sustainability workgroup composed of business and finance professionals dedicated to transitioning the Foundation from its current position to a more sustainable future.

Angelina highlighted that a challenging aspect of the organization is the lack of a singular model for foundations supporting K-12 school districts. She stated that research will be conducted on other foundations to explore their organization, management, and structural approaches.

John expressed his support for the sustainability workgroup but suggested that it should be put on hold until there is less uncertainty surrounding issues such as the president position and other related topics. He also agreed with the idea of budgeting for a president. Regarding the proposed percentage increase, John remarked that while a 10% increase seems excessive given the current situation, an increase to 8% from the current 6% is a reasonable approach at this time.

Mike noted that, since it could take up to six months to hire a president, it might be prudent to allocate only six months' worth of the president's salary in the budget. Ginna expressed her belief that a nationwide search for the next president may not be necessary. Mike supported Ginna's perspective, stating that the idea seems misaligned with the current needs of the organization.

Angelina remarked that she hopes a recommendation for the percentage change could be reached in today's meeting. Karli texted Angelina to indicate her preference for a change to 8%. Ginna agreed, noting that a 10% increase would be excessive. Ed raised a concern about whether it is advisable to implement a percentage change at this time, given the numerous changes already underway. Kass responded that, from a fundraising perspective, she would have no issue communicating to donors that the Foundation takes 8%. She believes that as the Foundation strengthens its relationship with LPS and the community, it can secure more gifts for Inspiring Dreams.

Ed stated that if Kass was comfortable with the proposed percentage change, then he would be as well. Angelina then asked Mike and Andy for their opinions on the percentage increase. Mike conveyed his support for moving to 8% but disagreed with an increase to 10%. Andy acknowledged the benefits of a change, suggesting that a 9% increase could also be viable. Ginna expressed her appreciation for the staff's perseverance and conveyed her excitement to see them work through the challenges in pursuit of improving the Foundation.

Angelina noted that the changes discussed could be incorporated into the proposed budget, and she offered to send it back to the Finance Committee via email for review before submitting it to the Executive Committee for approval. She also asked if the committee would like to see all the materials she provided again prior to the budget proposal being sent to the Executive Committee. Ginna

responded that she would like to review the materials again.

Angelina inquired if anyone was interested in participating in the sustainability committee. Ginna communicated her interest in joining. Andy also indicated his interest and mentioned that he would like to set up a meeting with Angelina and Kass to gather more information about the Foundation.

Ed requested that Angelina make the necessary modifications to the budget and send them through Karli to the Finance Committee for approval before submitting it to the Board/Executive Committee. Angelina agreed to this plan and thanked everyone for their participation in the meeting.

Adjourn:

Angelina adjourned the meeting at 2:28pm.