

TEXAS FOLK MUSIC FOUNDATION
Board Meeting Minutes - Conference Call
November 8, 2010

Board Members Present: Michael D'Eath, Jon Charles, Stan Berkefelt, Larry West, Bill Stacy, Thomas Chapmond, Theresa Tod

Board Members Absent: Adams Kirkpatrick, Lloyd Maines

Others Present: Syd Franz, Charlie Land

Michael convened the meeting at 5:35 p.m.

The financial report was circulated to the Board on October 27. Larry responded to some questions raised by Thomas in writing, prior to the meeting. The report shows \$43,405 in revenues over expenses, and \$62,438 total in capital expenses, for a net deficit of about \$19,000 for the year to date.

Larry said that depreciation and amortization (non-cash item) have not been booked; we have \$13,343 that could be reflected, but he suggests that we just catch up on that in the 4th quarter, for final financials.

Most transactions are cash, since we're on a cash basis. But to show a true picture for Sept, we have a \$5,000 commitment for a charity donation related to the Indigo Girls performance, and \$2,400 in an unpaid bill. Reporting on credit card spending is revised. We accrue the credit card income and expenditures as they occur; that created a significant apparent increase in obligations. We put quite a few expenses on the credit card (including utilities, maintenance, new constructions), which also accumulate miles. We use a credit card because of cash-flow needs. Jon asked if there was an approval process; Larry said there is an internal process, in which expenses are approved by Dalis or Charlie. Charlie uses one of the cards for material purchases. Thomas said credit card purchases don't require board approval as long as they're within the budget. Larry said there should be internal oversight and monitoring to ensure that we don't get over our heads into debt. Syd said that normally bills are paid before any interest is owed, although tracking is sometimes a challenge in October. The interest is budgeted under "fees"- it was agreed that the fees need to be showed on the balance sheet.

We've received around \$3500 in donations; the amount for donations was budgeted arbitrarily to balance the budget. It was front-loaded; if further donations are brought in during the year they will reduce the negative variance.

Off-season rentals (storage & rental etc.) yields a positive balance. Most of the revenue is from RV storage. The campground doesn't bring in much rental; utilities charges basically off-set the revenue. We should continue to visit the issue of whether or not people should be allowed to continue living there when work isn't being done. However, it was pointed out that that there will be utilities costs even if there are no volunteers. Nancy Lee, Office space, etc. would have to be broken out separately to be able to sort out the cost of utilities to support volunteers; the question is rather complex, but it can be sorted out because there are separate meters. Michael postponed addressing this till a later meeting.

Ticket sales income exceeds the budget by \$22,000. Jon and Syd haven't yet done an analysis to break this out. Campground revenues are also over budget at \$13,000 – no doubt due to being more strict on

stake fees; also Syd made sure people paid storage fees for campers left on site, which wasn't done in the past.

Revenues for beer were on budget, but expenses were higher than budgeted. Overall concessions revenues are over budget \$8,000, with expenses over by \$6,000. Syd said beer was more expensive this year; and also, we didn't get a donation from one of the beer vendors, that we had in the past. (Charlie said it's possible they were just waiting for an invoice (for \$1,500); Syd will send a bill.) Also, with more volunteers buying beer, it is reasonable for both the revenues and expenses to increase.

Fest expenses are \$12,000 below budget. When the budget was made, all of the bank reconciliations had not been made. Comparing 2010 to 2009 on bank fees, we paid \$18,000 in 2009 and it was reduced to \$17,000 in 2010. We had to pay at a "non-qualified rate" which is 2% higher; Syd will advocate for reduced rates, and no per diem charge; Larry has access to advice and an alternative.

The budget for "Festival Rights" asset was an arbitrary number; it's a standard approach, to assign a fair value of purchased assets and assumed liabilities and the price paid. It was determined to have a life of 15 years; per Larry a knowledgeable person will consider this item a positive.

The Change in AR (accounts receivable) and Changes in Cash statements are some new methods to reflect current cash status. On Friday we had around \$46,000 in unrestricted cash, and around \$60,000 in liabilities. These are obviously always changing, but cash flow continues to be tight.

Michael said our educational process is intended to ensure that we have a handle on our bottom line, so we can make smart decisions in planning and authorizing unanticipated expenses.

The 990 report has been sent; Theresa has a copy for the official records. We paid Lee Anderson \$500, half of her normal fee for completing this report. She also met with us to offer her expertise on a number of matters; she's a recent and strong festival supporter.

Thomas moved, Jon seconded to adjourn, at 6:15 p.m.; the motion passed.

-Minutes submitted by Theresa Tod, Secretary