

Ann Cole Statement for Commencement of MCPB Board Meeting July 6, 2009

Board Purpose:

This Board of Directors is responsible for the financial health and well being of KZYX&Z – our agenda tonight is to approve a budget for fiscal 2009-2010 which began July 1, 2009.

Budget Timing:

Normally we would have approved a budget before the end of the prior fiscal year, but similar to the State of California and thousands companies and nonprofit organizations across the country, we have been struggling with how to approved a balanced budget which keeps the station operating under a level of revenue that is realistic to expect during the worst financial crisis this country has seen since the great depression. Unlike the state, we can't just offer IOUs or raise taxes to try to balance our budget, we must make painful and difficult cuts to our expenses.

Background on Current Situation:

The budget for fiscal year 2008-2009 which just ended June 30th with a deficit, was approved by the board in April 2008, prior to the departure of our former General Manager Belinda Rawlins. At the time of the budget approval, the extent of the current economic downturn was not predicted by anyone. The lightning fires had not yet happened. The revenue amounts and fundraising targets then approved were very optimistic.

John Coate was hired by the Board in August 2008, shortly after the lightening complex fires of summer 2008 had occurred. At the time John was hired the former General Manager had already moved to the east coast and was doing the job from a remote location for a couple of months. Also when John Coate was hired, we were already

facing a projected revenue shortfall for the year, in part due to a drop-off in contributions during the season of the fires, when the community focused its charitable efforts on firefighters and others. We also had problems collecting everything that had been pledged in our spring 2008 pledge drive, which was interrupted by controversy over Measure B that spilled over into our operations. So by the time John got his arms around the situation: there was a stack of bills to be paid; there were an unprecedented number of staff members employed full time at the station; there was a loss of fundraising push during the search process for a new General Manager; the economic climate was rapidly turning downward; and costs of running the station were on the rise. John Coate took this all into stride and has been doing a great job of navigating the difficult situation he inherited.

During the Fall 2008 and Spring 2009 pledge drives, the board worked with John and the staff to try to make the financial realities of the station more transparent for the listeners – we pitched a lot about the fact that we were facing a budget shortfall, that the costs of running the station had gone up, and we laid out the cost of keeping the station’s doors open on an annual, daily and even an hour by hour basis. We asked for people to seriously consider increasing their membership amounts; we pleaded for new members. We considered, but did not significantly raise the goal of each of the two pledge drives because the economy was turning so sour at the time and we did not think it was possible to make a significantly higher goal for pledge drive to address our entire financial shortfall.

We thought our “ace in the hole” might be some of our historical “angels” who had quietly supported the station with large contributions. We have been blessed with a few such people, including a few who have written checks of \$10,000 over the years. The board hoped that with a strong push with major donors, we would make up the difference. At the end of the year many board members conducted wide-ranging phone campaigns to existing donors that had given \$1,000 or more to the station, as well as to a list of potential donors gathered from extensive research in the KZYYX community. Most of these people were unfortunately also feeling the economic downturn because their

portfolios were hit hard by the economy. At one point this spring we had high hopes of getting a contribution in excess of \$100,000 from a personal foundation established by a very wealthy but very private landowner in Anderson Valley. With the Board's support, John Coate and David Hopmann worked behind the scenes for weeks trying to bring in this contribution. But at the end of the process, the foundation told us "not right now." Our best hope of getting increased help from our donor angels didn't pan out to the extent we hoped. Even now, as the wheels of the economy are beginning to turn, with a few exceptions we are still not seeing very many large contributions because everyone -- even the relatively affluent who helped us in the past -- is still financially pressed.

This board fully accepts that is the board's responsibility to raise money from the community. We do need fundraising help. So if anyone here with a proven track record in fundraising wants to help, please let us know.

Decision Process for 2009-2010 Budget:

The station's finances and a General Manager's report are presented at each board meeting and at the annual meeting of the members. At numerous previous board meetings and at the annual membership meeting the public has had opportunity to hear reports from our general manager about the perilous financial situation of the station. Our board meetings and the annual meeting are open to the public and notice is given by reasonable means. I've been on the board since May 2008 and have never seen more than three members at a board meeting. At quite a few of these meetings, the people from the public who did show up only stayed to make a comment at the beginning of the meeting, and then left before the actual business meeting got under way.

John Coate recently presented a letter to the community stating the shortfall in the 2009 budget and setting forth his plans for balancing the budget in 2010 and beyond. This statement was read on the air and posted on the website. The board was given the opportunity to informally review a draft of the statement before it was aired. There was nothing in the statement for the Board to vote on, as all of the decisions reflected in the

statement were within John's discretion and authority as General Manager. That said, I believe it's fair to say that no Board member raised any objection to John's proposed course of action. It is the board's job tonight to formally approve by vote the budget as now proposed. A copy of the budget is here as a handout and is posted on the website. The board is painfully aware that the proposed budget includes the elimination of the morning news host position and many cuts to paid programming and other items. The proposed cuts are very difficult and yet it is necessary for the station to reduce expenses, pay off its debt and recapitalize for the future. This is all being considered with the intent to keep the station running and viable for the long term. John Coate will lay out the budget in more detail.

We have been out and about in the community. We know from talking with many people that opinions vary widely about what we ought to do to balance the budget. We are comforted that many loyal station members and supporters tell us they know we have very difficult decisions to make, they trust us to do what we have to do to keep the station viable during these extraordinarily difficult economic times. We welcome your input tonight . AND we will take into account the totality of the views expressed to us, not just those of the people here tonight. That is our job. That is what we were elected to do. So any decision we make as a board tonight at our business meeting will not be based simply on a straw poll of people in the audience, but on our review of all input and our best professional judgment.

This board meeting will not be a debate – we have a long standing policy of not engaging in debate at our board meetings. We are here to listen and we will listen carefully. We placed ground rules on the chairs for how the meeting will be conducted. During Public Input, current members of KZYX will be called upon first.

Despite the difficult budget choices before us, I want to say that we are not losing the station – our job is to keep the station running – it is a treasure, and it is not going away!