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Subject: 2014-2015 Budget Proposal
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To: Members of the Board of Directors

Subj: ATOS Budget Committee Report to Board

Date: June 13, 2014

The Budget Committee started working on the current budget proposal after the February 9, 2014 mid-year meeting of the Board of Directors. Work was started then since we felt that at that point we would have a fairly good representation of how the current fiscal year was shaping up. It was obvious that the deficit expected in the approved budget was going to be far higher than anticipated. Because of this, the committee discussed several possible avenues that would reduce the budget in the most equitable

manner. It was decided upon a 20% across the board reduction in all expense categories that were not covered by contracts or known expense figures. At that time a letter was sent to all board members and officers outlining the situation and asking for their opinion. Six responded with comments (a seventh response was received yesterday).

The deficit for the 2013-2014 fiscal is projected to be in the neighborhood of \$165,000....more than double the anticipated deficit of \$80,000. How did this happen? This occurred as a result of overestimating donations and increasing expenditures. Regardless of the cause, the effect is an unacceptable deficit of monumental proportions. A few projections: at our current rate of spending: Our unrestricted fund of approximately \$576,000 will be exhausted in just a little over three years...and that is with \$45,000 in budgeted donation revenue factored into the budget proposal. Obviously we hope for far greater donations but we relied on that happening in the current fiscal year and it did not happen, hence a good portion of the problem. Other additions to the expense column contributed to the remaining portion of the deficit not covered in the donation column.

It is imperative that we develop new revenue sources and certainly the easiest is to increase membership. Twenty new or returning members will increase our

revenue by \$1,000. Membership has been falling in recent years and we not only need to stem the downward trend but we need to increase membership dramatically. Remember that every 20 members equals \$1,000 of revenue. We need to look for new revenue sources to ensure the long term viability of the organization.

To get back to this year's proposal, the budget committee proposes:

- All departments/divisions will take a 20% across the board reduction. The individual departments/divisions may decide how best to implement the cuts
- All salaries, with the exception of those on a two year contract (Theatre Organ designer, University of Oklahoma Archive Graduate Assistants) will be reduced by the same amount.
- Board members and officers will be reimbursed for 80% of their annual board meeting costs including both travel and housing costs.
- Staff will be invited to the annual board meeting on an individual basis but we recommend that staff present a detailed report of their activities that will preclude their attendance at the board meeting. If possible they should be available for a telephone conference call from the board room on the designated board meeting day as part of their contractual obligations.

We realize that the proposed budget is going to cause innumerable difficulties and issues but our current spending practices must be curtailed or ATOS will be in serious financial trouble in just a few years. We certainly welcome your input as to alternative methods of cutting expenses and increasing revenue.

Please see the attached 2014-2015 Budget Proposal. There are five columns: Column "A" lists budget areas. Column "B" shows the approved 2013-2014 budget that we are currently running under. Column "C" is an extrapolation of how the current fiscal year will end. Column "D" shows the proposed 2014-2015 budget. Column "E" contains a few additional comments. Due to the current fiscal year ending July 31 and the Summer Youth Adventure (SYA) actually occurring in the 2014-2015 fiscal year, the SYA figures are split between the two fiscal years. The revenue was collected or budgeted during the current fiscal year but the expenses occur in the next fiscal year. Because of this we have added some comments in Column E to explain the deficit figures for the two years.

We appreciate your thoughtful consideration of this proposal.

Respectfully submitted,

John Ledwon, chair

Bill Coale

Jack Moelmann

Russ Shaner