LNC Executive Committee Conference Call Minutes

To: Libertarian National Committee
From: Bob Sullentrup
CC: Joe Seehusen
Date: 4/28/2004
Re: Conference Call April 28, 2004

Attendance
Dialing in to the conference call were: Ken Bisson, Mike Dixon, Mark Nelson, Mark Cenci, Geoff Neale, Bob Sullentrup, Mark Hinkle, Bill Redpath, Steve Trinward, Fred Childress, Lee Wrights.

Audit Committee Report
Mark Nelson and Geoff Neale began the discussion by fielding questions regarding two items. The first concerned New Hampshire's final UMP payment, a matter apparently fumbled after their exit 16 months ago from the program. The group agreed to recognize the obligation, enlist staff's and New Hampshire's help in identifying the residual liability or settlement amount, and settling the matter quickly.

The other question involved UMP accruals mentioned on page 5 of the management letter of the audit. The question stemmed from a misunderstanding and was resolved quickly.

Meanwhile, our auditors Frye & Wolcott are almost complete with their work, but await word on how we are choosing to handle deferred assets for life memberships. A fundamental recommendation of the auditors is for us to recognize revenue for memberships on an accrual basis as a means of matching expenses with revenue streams.

In other words, a membership that extends for 12 months will have the membership amount posted to a deferred revenue account. Proceeds from that membership will be depleted over the year at the rate of 1/12th per month.

This becomes more problematic for life memberships owing to the uncertainty of life expectancies. Different estimates stem from different assumptions regarding the average lifetime to use, say 20 years, in recognizing the duration of life memberships. The cumulative effect of these accruals is likely to have a profound effect on the Libertarian Party balance sheet, if not operational decisions.

Another complication is the dates on which individuals became life members. Start dates can only be estimated for 2/3rds of life members. Some individuals became life members in name only and
contributed either no money or contributed to specific initiatives such as ballot access which are complete and can no longer be accrued.

Further, members who contribute $100 should have their contributions partitioned into a $25 membership fee and a $75 donation. Accounting for such split transactions will not be possible until Raiser’s Edge is fully implemented.

Rather than providing estimates now only to change them later, the group agreed to defer producing such estimates and implementing other policies until Raiser’s Edge is implemented. The final numbers are likely to have a big impact on the Libertarian Party balance sheet, perhaps reducing the current net position from ($200k) to ($900k).

As a result, the auditors are likely to attach a “qualification letter” to the audit noting the pending item and its impact. However, this letter is likely in any case in as much as the estimates are expected to have a significant bearing on the financial statements that emerge after restatement to reflect the accrual methodology.

The LNC plans to recognize the shortcomings, reaffirm its commitment to GAAP, appreciate the substantial progress that it has made in the last 12 months, and note that through Raiser’s Edge and other measures it is implementing, is working to put matters back on track.

An immediate action item is to obtain the qualification letter from the auditors to include in the convention packet. Mark Nelson will make the phone calls to accelerate that the following morning.

**Action Item: Mark Nelson, Audit Committee**

**Convention Floor Rules**

Geoff Neale asked the group if it had any objection to the convention committee decreeing that no candidate materials be placed on the walls inside the convention hall. Candidate materials in the convention hall would need to be “attached to a person” (hats, pins, stickers, etc.) or distributed as brochures and handouts. There will be ample wall space outside the convention hall for posters.

This was to avoid a pre-convention “stampede” for prime wall space in the convention hall which at recent state conventions has included even the area behind the podium.

There were no objections.

**Presidential Candidate Criteria for Convention Debate and Press Kit**

George Getz is assembling press kits for the media, including C-SPAN which will be covering the convention. The kits feature candidate bios, pictures, position statements and other materials.

One candidate submitted a photo wearing a Confederate tie with a Confederate flag in the background. Geoff instructed George to request a different picture of the candidate in order for it to be included in the press kit. Ordinarily this might be a task left to the candidates themselves. George produces it to meet an expectation of the media and because it has simply been prior practice. Accordingly, we are under no obligation to include a candidate photo unless we “like it”.

In a related matter, Geoff asked if anyone objected to a prospective Convention Committee’s decree that only “serious” candidates be included in the presidential debates. A serious candidate is one who has raised $5000 and who is willing to wear a suit and tie (or appropriate equivalent attire for any female candidates) during the debates. This is to forestall another appearance on C-SPAN by a presidential candidate who in 2000 addressed the convention in a t-shirt.

The presidential debates are not part of the business sessions of the convention and are not covered in the Bylaws. Accordingly, they are not under the purview of the LNC.
No one objected to either of these actions.

**Next Meeting**
The next meeting of the LNC is scheduled for May 27, 1:00pm in Atlanta.