



# DEATH & TAXES

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Board Meeting Minutes: Tuesday, April 18, 2006  
7:30pm at Yerba Buena Center for the Arts in San Francisco, CA

## **Board Members:**

Present (in-person): *Allen Spore, Marcia Tanner, Diane Shields, Beth Lisick, Sarah Lockhart, Sue Mark, Peter E. V. Allen, Ray Beldner, Maria Porges.*

Present (via web-conference): *Stephan Jost, Heidi Zuckerman Jacobson.*

Absent: *Carol Ladewig, Matthew Jackson, Lisa Melandri, Cheryl Meeker, Richard Lee (attorney)*

Quorum present? *Yes.*

Others Present: *Chief Executive Officer, Isabel Reichert, Chief Financial Officer, Sean Fletcher, Videographers, Alan Tollefson & Whitney Deatherage.*

## **Proceedings:**

Meeting called to order at 7:45pm by CFO, Sean Fletcher

### *Introductions*

All present board members re-introduced themselves for the purpose of reacquainting one another since their original introduction was in December.

### *President's Summary*

Board President, Allen Spore, opened the meeting with a summary of his experiences on the board thus far. He thanked board members who had contributed to making the piece successful. He indicated that "the artists may have taken on more work than they originally expected," but he also said that most of the "foundation" work was now in-place.

Spore listed the goals of the corporation as follows: 1) Explore the intersection of life and art and push the boundaries of what is possible with this project. 2) Find a means of producing financial gain through the project. 3) Create a body of work that will provide a serious and interesting comment on being an artist in contemporary society.

Allen talked about two concerns he had when he started on the board: 1) the "financial loss" and the real impact this could have on the lives of Isabel and Sean. 2) board liability for some of the things that were being discussed.

To address the first, he said 'Isabel and Sean are prepared for a certain amount of financial loss as a result of the project that is the equivalent of what they would normally spend on art over the course of a year.' Hearing Sean and Isabel say this made him feel better about this concern.



To address the second, he said the lawyer made him feel better about this concern, and a document is in the works that should alleviate any liability.

Allen had three questions for the executives that he would like answered throughout the course of the meeting: What's the most important thing you've learned in the first three months of this project? What's the single biggest challenge facing the company in the next quarter? How can the board best support Sean and Isabel in the future?

### **Executive's Summary**

#### *Finances*

Allen Spore, as part of this discussion, explained the outcome of a conversation held in February with Thomas Andres CPA. Spore explained that Sean and Isabel have contracted the corporation Death & Taxes, Inc. to make their lives more profitable. Death & Taxes, Inc. earns a fee for providing this service and hires Sean and Isabel to do the work.

Company CFO, Sean Fletcher, began the financial review by indicating that the couple's net worth had increased by 1.3% during the first quarter, partly due to the fact that they earned more income than they spent during the quarter. He explained ways in which the company had earned some additional "unexpected" income as follows: They gave a lecture at a local arts college, CCA, which earned them a \$100 stipend. They also earned \$24 from board member, Stephan Jost, who funded their daughter's "tooth fairy" money on the condition it be counted as "corporate income."

Fletcher also outlined some "unanticipated expenses": Isabel's computer, a broken window, and a parking ticket. He also cautioned that the second quarter may pose challenges, as Isabel will not work through the entire quarter, and therefore her income will stop.

Fletcher illustrated with charts and graphs the areas of the family's balance sheet that had either increased or decreased during the first quarter. He noted that the value of the house equaled the value assessed for tax purposes, and not the fair market value of the property.

Throughout the remainder of the talk, Fletcher showed where areas in the family budget were either "over" or "under" what was outlined in the original board meeting in December. Specific areas of overspending were as follows: Groceries, Property Taxes, Travel, and commercial debt reduction were the most significant. The property tax expense is a semi-annual expense, and Fletcher indicated that this would even out by the end of the year. The Travel expense is the direct result of sending Isabel and Lucy to Germany for an exhibition. Part of this cost, he explained, will be reimbursed shortly. The grocery expense is something the company will continue to address in the coming weeks.

The board expressed concern that while the cash flow had been positive for the quarter, the couple had committed no money to savings. Spore asked how this budget item would be prioritized. Fletcher answered that the board should decide the answer to this question. He indicated that part of the hesitation to commit the current bank balance toward "savings" is a concern about cash-flow in the summer without Isabel's income.



Spore wants “forward looking” financial data to help the board make decisions. The consensus was that a board subcommittee on finances would be helpful to complete this task.

Marcia Tanner asked, “Who owns shares of the company?” Fletcher answered that currently Reichert and Fletcher are the sole shareholders of the company. If the company turns out profitable, they are considering transferring ownership of some of their shares to the board.

#### *Communications and board relations*

Isabel Reichert began her talk by saying that she felt good about the choice of board members selected to help with the project. She made specific references to areas where board members had been extremely helpful in making something happen. She thanked Allen Spore for attending meetings with professional advisors. She thanked Sarah Lockhart for helping set up the financial software. She thanked Marcia Tanner (and Allen Spore) for contributing writing samples for the quarterly report. She also thanked Tanner for helping with edits on Press Releases. She thanked Heidi for adding contacts to our marketing list. She thanked Stephan for the money contributed to the “tooth fairy” fund. She thanked Sue Mark and Maria Porges for watching Lucy while the executives wrote press releases and entered data into the financial software. She thanked Beth Lisick for suggestions on cutting costs. Finally, she thanked the videographers, Alan Tollefson and Whitney Deatherage.

In the future, Reichert said we need to reach out more for suggestions and recommendations for raising additional revenue for the company. She suggested grant applications and other art-related events that may raise additional money are helpful, and asked board members to forward information to us when they see it.

Reichert explained that one of her students wrote an on-line voting tool so that board members can quickly vote on approving expenses. She also urged board members to sign up for the email list to improve electronic communication.

#### *Quarterly Report*

Reichert showed a mocked-up copy of the quarterly report and briefly described the contents. Highlights included a description of the cover, the “letter to the shareholders” by Allen Spore, a list of every expense during the first quarter, the “Financial Highlights” written by Sean Fletcher, an article by Marcia Tanner called “Art in America”, a conversation with UC Berkeley Hass School of Business professor Raymond Miles, and an article by independent curator, David Spalding, currently residing in China.

There was a debate over how many editions of the quarterly report should be produced. The board was in favor of making the quality very high and the quantity very low. The debate was whether or not the piece would serve more as a marketing piece or a collectible work of art. Heidi Zuckerman Jacobson asked about the foremost intention of producing a “mass quantity” of the reports. Fletcher answered that it was originally marketing, but the discussion was making him think more about redefining these intentions.



Ray Beldner expressed his concern that the cost should be higher. He suggested making/selling fewer copies for a higher profit. Spore concurred and suggested making 10 copies and selling them for \$500 each arguing that if we sold one we would make more than if we sold ten copies at \$20 each.

Spore also suggested adding more documentation certifying Death & Taxes, Inc. as a “real” corporation. Sarah Lockhart, the board’s treasurer, suggested using “form SS4 which is the application for a tax identification number.”

Diane Shields advised trying both a high quality/high cost version and a lower cost version for the first edition of the report.

Stephan Jost suggested investigating the bookbinding department at Mills College for a cost effective way to bind the books with the help of students. Ray Beldner said that Trillium Press may be inclined to help with the publication of the book. He said that he lives “down the street” from Trillium and would facilitate a meeting with them. He also offered to take a \*.pdf file to Trillium and talk with his contact there. Heidi Zuckerman Jacobson asked about a small-press at CCA that might be also helpful, but nobody present was certain if such a press existed.

Spore closed the conversation by stating his opposition to selling any copies of the book under-value. Marcia Tanner said that Trillium’s copies of Sandow Birk’s books sold for \$3,500 each (leather bound with 20 lithographs) and a reduced copy was created by Chronicle books that sold for \$25 each. She indicated that the lower cost version of the book did not dilute the value of the higher cost version of the book.

#### *Other salable products created by the company*

Reichert outlined that the company intended to sell signed coffee cans and time cards on the website for additional revenue.

#### *Priorities in the second quarter*

Fletcher said an intern had become a priority for the second quarter. The administrative burden of sending press releases, entering data into financial software, and organizing paperwork was more than they anticipated. He feels that help from an intern would be very beneficial.

He also said that formalizing the board’s subcommittees would ease some of the routine workload and allow the artists to focus more on “art”.

#### *Allen Spore’s questions*

The board president repeated the three questions posed at the beginning of the meeting. What’s the most important thing that Fletcher and Reichert have learned through the project? What’s the most pressing issue facing the company in the second quarter? How can the board help?

Reichert said that she learned about many different things in the first quarter. For example, how corporations are structured, the legal aspects of what the project entails, the way the American tax system operates. She also indicated that the volume of knowledge involved in these areas was



greater than she anticipated and she expressed some frustration with the move away from the more traditional creative process typically associated with art.

Fletcher restated Reichert's comments by saying that the two had done several works together that walked the line between art and life. However, he said, it had never been more difficult to identify the line. One example he gave was the drafting of employment contracts where he felt the document was completely functional, but also completely absurd.

When Tanner said that she felt absurdity was part of the piece, Fletcher said he didn't want the piece to move too far toward humor. He said that he wanted to avoid having the project become a punchline and would prefer for the piece to "last longer".

In general, the biggest area of learning has been in juggling time; time spent doing the administrative job of running the life/art corporation and time spent actually living.

Maria Porges, the company's Vice President, said that this part of the piece was very interesting to her because it's metaphoric for the lives of all artists. "We've all" she said, "had the experience of having taking on one job too many."

Spore wanted to know if the two executives saw the amount of administrative effort subsiding in the second quarter. The answer was "yes" and that the company had, through building the foundation, reached a milestone where the two artists could focus more on "art."

#### *Description of subcommittees*

Allen Spore, president, first outlined each subcommittee and what it is designed to do, as follows: The Executive Subcommittee is designed to address issues that need immediate attention. Allen Spore, in his role as president, will chair this committee.

The Finance Subcommittee is designed to assist with collecting financial data and assembling reports -- and review those reports before they are disseminated to the board. The focus is to make the financial reporting more efficient. Sarah Lockhart, in her role as Treasurer, will chair this subcommittee.

The Business Development Subcommittee is designed to come up with ideas that can create additional income for the company. For example, Allen said that the conversation about the report could have happened in the Business Development Subcommittee and they could have come to the board with an outcome. Maria Porges, in her role as Vice President, will chair this committee.

The Marketing Subcommittee is designed to get the information out into the public. Peter E. V. Allen, in his role as Secretary, will chair this committee.

Initial recommendations for placing people in subcommittees were as follows:

Sarah Lockhart, Diane Shields, Stephan Jost, Beth Lisick, and Ray Beldner are on the Finance Subcommittee. Maria Porges, Allen Spore, Carol Ladewig, Cheryl Meeker, and Sue Mark are on the



Business Development Subcommittee. Peter Allen, Heidi Zuckerman Jacobson, Lisa Melandri, Marcia Tanner, and Matthew Jackson are on the Marketing Subcommittee.

Sue Mark asked if Sean and Isabel would be on any committees. The answer was “yes” they would attend and participate in all subcommittees.

Marcia Tanner asked how many meetings and how long they would last. Allen believes that they will be relatively short and designed to initiate projects more than to work on projects.

Ray Beldner said that he did not want to be on the Finance Subcommittee. The board decided to move Allen Spore to the Finance Subcommittee and Ray Beldner to the Business Development Subcommittee.

Beth Lisick offered to come to the Death & Taxes, Inc. headquarters and help plan meals and trim expenses. She also said that The Fruitguys, a fresh fruit delivery service for bay area businesses, will be delivering a “donated” box of fresh fruit to headquarters sometime in the next few weeks. She wants the finance subcommittee to start right away.

The staff will forward the names of all subcommittee members to the chairs of the subcommittees. The chairs are responsible for initiating meetings.

Peter E.V. Allen, board secretary, asked if the Marketing Subcommittee had anything to meet about until after the Business Development Subcommittee meets. Fletcher expressed a need for help in developing a press-kit and asked that the first Marketing Subcommittee Meeting be about that (and not to wait).

#### *Extending the Project*

The board unanimously approved tabling the conversation about extending the length of the project to the next board meeting.

#### *Question and Answer*

Ray Beldner had missed the first meeting and had a couple of questions pertaining to board responsibilities. He asked if all present board members had submitted biographies, and Reichert said she used the bio from Ray’s website. Beldner also asked if he was supposed to contribute money, and was told that this was a private corporation and not a non-profit, so there were not financial commitments from the board. (In fact, indicated Marcia Tanner, private boards are typically paid for their time.)

#### **Adjournment**

Heidi Zuckerman Jacobson motioned to adjourn the meeting. It was unanimously approved. The meeting was adjourned at 8:58pm PST.