

Finance Committee Minutes
January 18th, 2011
(minutes approved February 22nd, 2011)
Commitments are italicized.

In Attendance
Mel Reslor
Debbie Rabidue
Sun Lee
Azure
Erin Brand
Paula Small
Rolf Semprebon
Kurt Lauer
Bob Crow
Nia Lewis

Meeting starts at 6:10pm

Check-in/intro

Approve November Meeting Minutes
November minutes are approved.

Fiscal Year 2010 Year-End Financial Statements Review

Debbie will send summary for inclusion in the Finance minutes and for Erin to pass on to the rest of the Board.(Below)

Financial Summary for 4th Quarter 2010

Debbie Rabidue

Balance Sheet Highlights

- At the end of the FY, the liquid cash balance is \$375,000 of which \$200,000 is the operating reserve.
- Endowment has increased by \$6,000 from 1 year ago. We've taken \$9,556 out as endowment distributions. Overall the endowment gained over \$15,000 over the last 12 months.

Income Statement Highlights

Income

- Membership income is \$\$11,000 under budget.
- Events and Development income is \$40,000 under budget. This was the first year for a Development department, so the revenue budget was a guess and ended up being a little too aggressive. However, this revenue source is up over \$16,000 from last fiscal YTD, so we have been able to have success with an additional income source.[\[1\]](#)
- Book & Record Sale was under budget by \$2,400. Promotional Sales were over budget by \$2,100, due mostly to the new t-shirt logo and high sales at the Blues Fest.
- Underwriting and Advertising revenue is \$14,000 under budget[\[2\]](#), and \$3,400 down from last year.

- SCA Contract income is below budget due to renegotiating the FM Korea at a 35% discount.
- Interest income is declining due to the bank yield % decreasing each month.

Expenses

- Employee expenses were under budget \$14,000.
- Newswire service is \$9,000 under budget with using AFP³. We expect to add a local use agreement this fiscal year.
- Equipment Purchases & Broadcast Equipment Maintenance went \$7,000 over budget due to an unexpected remote monitor equipment failure at the transmitter.
- Printing and Postage is currently under budget by \$8,900.
- Bankcard fees & Bank Service Charges are up \$8,700 from last year. We changed our main banking to another bank in October 2010, and we changed our credit card processor in January 2011. These switches should help us lower the costs.

Operating Bottom Line

- Revenues are under budget by \$66,000, and down by \$99,000 from last year. Membership revenue was down \$89,000 from last year and Interest was down \$9,000. Expenses are under budget by \$13,000, and down by \$66,000 from last year. We currently have an operating deficit of \$52,000, largely due to unexpected legal expenses and no Spring Sweeps that we budgeted \$16,000 for.

Auxiliary Spending

- **Auxiliary** spending adds \$56,000 to the deficit, bringing the net to a \$117,000 deficit for management purposes, fiscal YTD. Major AUX spending was \$28,000 on the lawsuit, \$7,000 on the server and \$11,000 on broadcast/engineering improvements and repairs.

Note: The year-end work still needs to be finished. We deferred \$24,000 of revenue in FY09 from the Capital Campaign, and spent \$11,000 of that in FY10 on the Tie Line. I will move \$11,000 into Development revenue. Most, if not all, of the \$11,000 we spent were for asset acquisition. So that \$11,000 will show up on the Balance Sheet as an asset, thus lowering our deficit to around \$

Should we stop taking the endowment distributions and let it gain a higher yield by staying with OCF.

KBOO will need to file an extension for our Federal 990. If Mark Eklund isn't able to do this Rolf has offered to. Mark is interested in doing a less labor intensive audit and switching to an annual review. Mel's next finance research project is looking into the positives and negatives of an audit vs. a review and getting quotes for these.

Discussion re: KBOO Employee Retirement Contribution for Calendar Year 2010

The Board needs to make a decision about whether or not we will make a retirement contribution for

staff. Not all staff is eligible for retirement contributions. The policy about retirement was updated in 2009, it is policy #26 'Employee Benefits'.

Paula recaps previous Board discussions about a Staff Bonus, which the board did not vote to approve.

Kurt would like to see a cost of living increase for staff wages so that the bonus and retirement aren't trying to make up a difference.

Sun feels that staff would appreciate a cost of living increase but would say no to it in light of the large deficit.

If the Board does not approve retirement dispersal, it will be the first time since 2002.

Bob says the cost of living increase sounds the most rational.

Finance recommends the Board not make retirement dispersals for 2010.

Finance will be undertaking a project to research and make recommendations regarding cost of living adjustments for staff for FY2011, definitely for FY2012. Input will be solicited from Board and Staff on this project.

Discussion re: FM Korea & SCA Rental

FM Korea is having trouble making payments. They currently pay \$875, but will stop paying in February, thus increasing our deficit.

Review Financial Analysis of the Web Coordinator Position

In summary, the staff would like the Board to fundraise any increase in the Web Coordinator salary. Staff is a bit uncomfortable with paying full salary for a $\frac{3}{4}$ time position, though some support $\frac{3}{4}$ time for $\frac{3}{4}$ pay. Staff would like to see a plan from the Board about how to raise the money for this position and a new work plan. Staff also discussed the need to do a new open hire if the position changes.

Staff idea is to have $\frac{3}{4}$ pay at $\frac{3}{4}$ time until the mid-year review and then assess what has been accomplished in the web department and revisit if we would like to keep it at $\frac{3}{4}$ time.

Erin supports having the Board fundraise for the position, \$10,000 would be enough to increase to $\frac{3}{4}$ pay. She also sees having a better, more usable website as a way to generate more listeners and donations.

Bob asks about outsourcing web maintenance. Discussion about how having someone in house is necessary to train staff, programmers and volunteers on how to use the site.

Finance recommends temporarily increasing the Web Coordinator position to $\frac{3}{4}$ pay for 30 hours a week for 90 days. After 90 days the position at $\frac{3}{4}$ time will be reviewed along with the Mid-Year Review to assess what has been accomplished.

The Board will need to clarify how a work plan and a review will happen, as well as a plan for fundraising for this position and other future projects that increase the quality of what KBOO has to offer.

Debbie also wants to remind everyone that this is an opportunity to remind everyone about our depleting cash balances.

From Staff Meeting

Our live remote equipment is currently insured off-site but not in transit. To insure it for a full year is \$191.

KBOO has been looking into accident insurance for volunteers would be similar to Worker's Comp. for employees. The cost for a year is \$350 for up to 100 volunteers at any one event or time.

Debbie will ask if the amount would increase if a lesser of number of volunteers at any one event would decrease the premium.

1st Quarter FY 2011 Financial Statements Review

Debbie will send financial summary to include in the minutes.(Below)

Financial Summary for 1st Quarter FY2011

Debbie Rabidue

Balance Sheet Highlights

- Available fund balance is \$413,000 of which \$200,000 is the operating reserve.
- The liability balance consists of Accounts Payable paid in January and the Capital Campaign money that will be allocated to FY10 revenue during year end prep.
- We moved our main banking to BOTC in October, and moved the credit card processing to another merchant in January. So there were transfers of funds from KeyBank into BOTC. We are holding a \$10,000 balance at Key Bank for the time being. Finance will need to discuss the option of closing the Key Bank accounts.

Income Statement Highlights

Income

- Membership income is \$33,000 over budget. This is mainly from successful direct mail programs. The Fall Pledge was at budget.
- Events and Development income is close to budget.
- Underwriting and Advertising revenue is close to budget.
- SCA Contract income: to be discussed

Expenses

- Employee expenses are under budget due to upcoming step increases that will bring wages back to budget.
- Premiums appear to be over budget, but is not. The annual budget for Premiums is \$9,500.
- Bankcard fees & Bank Service Charges should start seeing savings as we changed banks and merchant providers.

Operating Bottom Line

- Revenues are over budget by \$33,000, mainly due to Memberships. Expenses are under budget by \$12,000, and down by \$18,000 from last year. We currently have an operating surplus of \$55,000.

Auxiliary Spending

- **Auxiliary** spending was \$32,000 in the 1st Qtr of FY11, bringing the net to a \$19,000 surplus for management purposes, fiscal YTD. Major AUX spending is \$9,500 on strategic planning and , \$15,000 on broadcast/engineering improvements and repairs.

Debbie will research what to do with the KeyBank account, the potential \$50,000 line of credit, and how to eliminate merchant fees.

Future Finance topic to discuss if we want to keep collecting the OCF endowment distributions.

Discussion re: Treasurer's Report

Debbie and Mel will discuss further Mel handling all deposits and credit card transactions, and free up Debbie to work on other projects.

Brief Discussion about February Meeting

Meeting ends at 9:28pm

Next Finance Meeting will be February 15th, 6pm at KBOO

[1] Development & Event Income is \$29,490 and the Development & Event Expenses are \$4,600, with a net of \$24,890 FYTD.

[2] This includes \$2,900 in unexpected Guide Advertising. We budgeted for the Guide to quit publishing as of October, but we will not make any changes until February.