

KBOO Finance Committee Meeting
Tuesday, May 17, 2011 - 6 PM
(approved June 21st, 2011)

Present: Rolf Semperbon, Kurt Lauer, Andrew Geller, Rabia Yeaman, Alex Roberts, Bob Crow, Paula Small, Mel Reslor

Excused Absences: Erin Brand, Debbie Rabidue, Sun Lee

Check-in/intro

- There was a general check-in & also an introduction around the table. The Finance Committee welcomed Rolf back from tax season duty. This was Alex's third Finance Committee meeting; he will be a Finance Committee member at June's meeting.

Approve April Meeting Minutes

- The Finance Committee members present approved the April minutes.

April 2011 Financial Statements Review

- Mel helped the Finance Committee review the financial statements. Debbie's highlights summary was a great assistance also, in navigating the movement of inflows & outflows.

Financial Summary: April 2011

Debbie Rabidue

Balance Sheet Highlights

- Available fund balance is \$304,974 of which \$200,000 is the operating reserve.
- The liability balance consists of Accounts Payable paid in April and the Capital Campaign money that will be allocated to FY10 revenue during year end prep.

Income Statement Highlights

Income

- Membership income is \$44,000 over budget.
 - The Fall pledge drive was close to budget and the Winter pledge drive and Renewals are over budget by \$29,000. The Spring Sweepstakes was replaced with a Spring direct mail appeal. Memberships and Finance have reconciled the membership revenue accounts as of the end of March.
- Overall, Membership revenue is higher than this time last year, an increase of over \$13,000. The Spring Drive was close to budget. We'll be able to see that effect on the May financials.
- Events and Development income is \$13,000 under budget. We should see if Development can report on upcoming event & program projections.
- Underwriting and Advertising revenue is under budget by \$4,000, but is close to last year at this period.

- SCA Rental income is under budget by \$2,000. This trend is likely to continue as the subcarrier stations are having difficulty funding their stations. We can anticipate a drop in revenue by as much as \$8,000 under the budgeted amount for FY11.

Expenses

Employee expenses are under budget by \$5,000. Mostly due to lower pay and no benefits in the Engineering department since February.

- Broadcast Equipment Maintenance/Equipment Purchases (not auxiliary) is \$4,300 over budget. The main expenses that caused the variance were the repair to the tower A/C unit and the tower emergency remote notification system. Two large expenditures that were unplanned.
- Premiums will be over budget for the fiscal year. Andrew says that he will go over budget in Premiums but will stay under budget on Postage and Printing costs. Finance should continue to monitor these expenses.
- Printing & Postage is \$9,000 under budget.

Operating Bottom Line

- Revenues are over budget by \$25,000, due to Membership income.. Expenses are under budget by \$13,000, and operating spending is down by almost \$20,000 from this time last year. We currently have an operating deficit of \$4,800, \$38,000 better than we budgeted for the end of April. We budgeted for a \$48,000 operating deficit for the fiscal year.
-

Auxiliary Spending

- **Auxiliary** spending is \$33,867 fiscal YTD, this brings the net to a \$38,724 deficit for management purposes, fiscal YTD. Major AUX spending is \$16,000 on strategic planning and , \$30,000 on broadcast/engineering improvements and repairs. The engineering auxiliary spending is being paid by the Capital Campaign funds from FY09 and a matching grant of \$10,000.

Mid-Year Budget Review

- Discussions ensued over various line items, as the Finance Committee reviewed and considered the mid-year budget & budget projections for FY11.

- From the various discussions around the table, the Finance Committee had a few questions of clarification for Debbie/Mel. Andrew mentioned that last year, Debbie included a budget narrative to the Board that detailed line items, which was helpful. Paula made a note to ask Debbie about the budget narrative.

[FC Chair Note: I asked Debbie the questions posed at the Finance Committee & included the answers below, along with any updates.]

1. Where was the "Underwriting Commission" line?

Debbie & the FC agreed to move the line to properly record & present the line items (salary/wages & commission). Debbie maintained footnotes on the financials about the change, but said it was now absorbed in the "Salaries - Wages" line item of the P & L. The commission is on the "Staff Salary Budget Worksheet".

2. What's the difference between "Program Purchases" & "Record/CD Purchases"? Andrew mentioned those line items were detailed in the budget narrative.

Debbie confirmed that the line items were included in the budget narrative. "Record/CD Purchases" are for programs that air & the music library. She included the following details for the FY11 "Program Purchases" totaling \$5,900:

Pacifica - 4,000.00 (May be able to get hardship discount)

FAIR - Counterspin - 250.00

INN World Report - (FY09 \$750) - 750.00

IMEMC (Palestine Today) FY10 - \$900.00

3. "T-Shirt Sales" or "Promotional Sales"? There was a question about a t-shirt being sold at an event & the allocation of that income.

Debbie explained that currently, in that scenario, the income is allocated to "Promotional Sales". However, "when the T-Shirts are bought [the purchase] gets posted to "Premiums" and not "Cost of promotional sales". This is because most of the T-Shirts are given away as Thank You Gifts during pledge drives. In order to allocate the cost correctly we would have to start keeping a premiums inventory, and allocate the costs of the items that would be going to the Blues Fest for sale (for example)."

Debbie noted that this allocation (allowing for historical tracking/accountability as well) was discussed a couple of year ago with Andrew. She also noted that this method was one she'd still suggest, acknowledging that it would take cooperation (between the departments involved) and paperwork.

4. What do "web hosting/developing expenses" include? Are those different than "Contract Services"?

Debbie answered that "The Web Master (Roger) is in 'Contract Services'. Web Streaming has its own expense in the "Computer" item. This is one of those things that needs to be changed. The COA is old and out dated, not to mention messy. This is on my project list to do. Web needs its own department code and items like the Web Stream or hosting need to be expensed there. The Web didn't really exist until a few years ago when Marc D was hired. The COA has not been updated to reflect the Web department or direct expenses as it should. 'Web Development' had a budget a couple of years ago, but there has been no plans or planned expenses in a couple of years. So it has a zero budget."

5. The Finance Committee examined "Contract Services" totaling \$9,600 & discussed possibly adjusting the expenses included in that line item. What expenses are currently recorded there?

Debbie explained that the details are on the "Staff Salary Budget Worksheet". They are:

Live Remote Engineer (\$100 per day) - \$1,200

Monthly/Quarterly Flyers/Program Editor - \$2,400

Web Contractor (Web Master) - \$6,000

6. Does the Finance Dept. have an inventory list that Rabia/Alex could use for an IT audit? They volunteered for that project.

Per Debbie, there was an inventory project begun under the previous Chief Engineer, to include serial numbers and equipment within the KBOO building. Debbie suggested that the volunteers coordinate with Tom, the interim Chief Engineer, as he may need volunteers to help with that project. The project would include serial numbers, descriptions & locations. She asked Mel to follow-up with Tom & thinks any help to assist Tom with the project would be awesome.

7. What is the status of the Council Crest Tower renewal?

-- Update per Chris Merrick, KBOO's Program Director, the Council Crest Tower was renewed.

8. Paula mentioned that the Strategic Plan under consideration included training for Board, staff & volunteers, however there is not an amount in the budget for staff/Board training.

Debbie explained that the only training item budgeted was "Volunteer Training" at \$2,500, but it most likely had projects earmarked by the Volunteer Coordinator. Debbie would follow-up to see if it would be spent by FY11 year-end.

She cautioned that any spending before Sept. 30th would cause an increase to the existing deficit. In that case, it would most likely be allocated to the Auxiliary Budget. However, Debbie is going to urge staff, Board and the Finance Committee to discontinue using the Auxiliary Budget. For training that begins in FY12, the expenses could be allocated to the operating budget.

Debbie also offered the historical purpose of the Auxiliary Budget. The budget used to include a "net surplus" and the Auxiliary Budget was created to plan the spending of that surplus. However, this will be our 5th year of deficits and there is no longer a surplus to spend.

9. The Finance Committee wanted to know from Tom if removing the SCA sidebands would improve the main signal's quality/reach.

Per Tom, the elimination of the sub-carriers would not improve the quality/reach of the main signal.

10. The Finance Committee briefly looked at staff salaries, but agreed on a reviewing those more next month. How many employees will there be (in anticipation of a return from sabbatical)?

Debbie attached the approved Staff Salary budget, which included the return of an employee on sabbatical, but did not include any increases/decreases in Engineering and Web.

Update: The Board approved an increase through the FY11 year-end in the Web dept., while there was also a change in the Chief Engineer role from full-time to part-time.

11. There was a "low" deficit reflected on the April financials, but some Finance Committee members noted that even after Spring Membership Drive anticipated funds, there was a large deficit reflected at fiscal year-end. Why?

Debbie replied that "We usually run a low deficit until after the Spring pledge drive. Historically, the

months of July, August & September are high spending months with much less revenue coming in. So when looking at the projection and the current small deficit, we need to figure that the spending each month will be close to what it has been, around \$50k to \$60k a month and revenue decreasing to around \$30k to \$40k per month. Usually I look at expecting a \$25,000 deficit each month during the summer. It's been the trend for a long time, unless someone comes up with a super fundraising plan for the summer!"

June OCF Presentation Discussion

- Mel explained that Valarie Rundquist would be available at next month's meeting to discuss our endowment fund, as well as "planned giving". The Finance Committee agreed that it would be beneficial to have Valarie present. Mel suggested that she could speak at the beginning of the meeting.

Update: Valarie Rundquist will be at the June 21st meeting to speak at 6:15 pm.

Finance Computer Update

- Per Mel, the Finance Dept. computer was plugging along. There was a discussion about the need for an IT audit of hardware & software. Kurt mentioned that the Membership Dept. computer was the 2nd slowest in the building. Andrew countered that the computer "does what it's supposed to do". Rabia & Alex volunteered to work together on a basic audit, as they have computer experience. They would coordinate with staff and possibly the Finance Dept. for an inventory list (incl. serial numbers).

June's Meeting was set for Tuesday, June 21st at 6 pm at KBOO.

Meeting Adjourned