

## **Finance Committee meeting: 11-20-2012**

Attendance:

Debbie Rabidue, Erin Brand, Rolf Semprebon, Kurt Lauer, Paula Small, Alex Roberts, Matthew Bristow

Guest: Paychex HR Services: Mitchell Blake

### **Check In**

**Paychex HR Services:** Mitchell explains what is included with the monthly fees for the HR services. This would replace our current price structure for payroll and 401(k). Set up fees are \$1500. For an additional \$500 a month they would include HR services:

Employee handbook with company policies and full state, federal and local law compliance language.. The handbook is updated quarterly as needed to keep it compliant.

Review and input on job descriptions and employee FSLA classifications.

Employee Assistance Program and S125 with FSA elections. Employee benefit program, unemployment and WComp administration.

Management and staff training in a hiring/firing, safety, OSHA, etc....

The Finance Committee does not have an official recommendation for the Board, but is impressed with and sees the need for HR professional support.

**Internal Controls (Alex):** Alex hands out monthly Internal Controls report and check list. He explains the procedures he uses for reviewing and verifying deposit activity to the check logs and to the bank statements online. He explains other internal cash control procedures such as payroll review, checking the online bank activity for disbursements and verifying authorized bills to checks written.

**Financial Statements (Debbie):** The Finance Committee reviews the FY12, September financial reports. (Financial summary is at end of minutes). The Finance Committee discusses keeping an eye on development income streams and looking at the amount of the Board designated operating reserve and what financial reserves should be budgeted for a disaster preparedness plan.

Erin: *KBOO Operating Reserve Fund*

*My understanding is that this fund was established to provide financial security in the event of a major disaster or engineering meltdown at the station. Finance Committee is in the process of evaluating*

*whether the current \$200,000 (plus interest gained) is adequate. Here are some additional thoughts on the matter:*

- *This fund may be used in the time between an emergency situation (ie. Extreme equipment failure) and an insurance claim being made and money recouped. Is this fund adequate in this scenario given what we are insured for and the time it takes for insurance money to come our way?*
- *KBOO Disaster Plan, do we have a basic idea of what needs to happen in the event of major damage to the station? What staff are necessary during this time? What equipment? Do we have access to a generator and fuel? What size generator would KBOO need to run for a day, a week, etc.? Other things to consider for staff and volunteer needs; food, transportation, portable toilets.*
- *Beyond damage to the station itself, what is KBOO's role in a major citywide or regional disaster? What would it look like for KBOO to provide information and resources to our listeners and web patrons during/after a major flood, earthquake, etc.? What are the absolute essentials for staff and engineering equipment? How far would \$200,000 go?*

There will be no finance meeting in December.

### **Commitments and assignments:**

- **Finance Committee will work on researching what extra costs would be incurred in the event of a natural disaster (such as generators, etc). Debbie will see if the staff has a disaster preparedness plan.**
- **Matt will work on reviewing the 3 month operating reserve amounts based on historical numbers. Debbie will send Matt historical financial material for analysis.**
- **Debbie will send Kurt and the FC a report on full time and FTE numbers for as many of the past years as she can locate. FC would like to look at the change in FTE and how many used to operate the station.**

## **Financial Summary: September 2012**

Debbie Rabidue

### Balance Sheet Highlights

- Available fund balance is \$282,027 of which \$200,000 is the operating reserve, which is pretty close to what the cash in the bank was at this time last year. Budget cuts for FY12 and decreased spending in engineering have helped to stabilize the cash reserves.
- The OCF Endowment balance is \$198,511. Market activity continues to fluctuate up and down, but overall the endowment is showing better strength by almost \$12,000 compared to this time last year.
- Accounts Receivable is low and represents current collectibles. The Accounts Payable consists of bills due at the end of September that was paid in early October. \$253 in the over 90 column represents stale dated checks that were voided at fiscal year end. New checks will be written for these in FY13.
- The Balance Sheet remains healthy with no significant short or long term liabilities. Although our fixed assets are greatly depreciated. The Grant Receivable reflects the money that the Pendleton (KBLU) group still owes us for expenses we paid out on the construction permit/license.

## Income Statement Highlights

### Income

- **Membership** income was close to last year at this time. This fiscal year, membership income is about \$7,400 over what was budgeted. The Fall Sweepstakes was cancelled. Membership revenue will be reconciled as part of the fiscal year end prep, so the item amounts will change, but the overall revenue should be the same.
- **Events and Development** income was \$20,000 under budget for FY12.
- **Underwriting and Advertising** revenue is close budget, and almost \$8,000 more than last year at this time.
- **SCA Contract** income was not budgeted for FY12, but we received \$6,400 which helps to make up for some of the other income that was under budget.
- **Board Led Fundraising** was below budget expectations by \$4,200 and will add to the deficit.

### Expenses

- **Employee expenses** are under budget.
- **Professional Services** was over budget by \$8,500. This was largely due to over spending on legal services:

\$2,602.55	Legal: General FCC
\$8,931.48	Legal: FCC regarding Chehalis frequency
\$1,160.90	Legal: General employment- Staff
\$4,057.52	Legal: Employment - Board or Pers. Com
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\$16,752.45	Total

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- **Engineering Expenses** are under budget by \$5,600 due to cost controls on repairs.
- **Postage** was under budget by almost \$10,000.
- **Development/Promotional Expenses** were under budget by \$5,400.
- **Bankcard/Bank fees** were over budget, but this is due mainly to having increased credit card payments during the membership drives, increased monthly EFTs and a substantial increase in online giving in December. Bankcard fees were budgeted at around 1.15% of membership income and the actual cost is running at 1.4% of membership revenue.

## Operating Bottom Line

- Revenues are over budget by \$7,400, but almost \$30,000 less than FY11. This is mainly due to development/events not meeting budget, the loss of one subcarrier lease, and the PTFP/NTIA grant we received in FY11. Expenses were under budget by \$18,000, and down by \$73,000 from FY11. Major areas of decreased spending for this FY compared to FY11, are in budget cuts to employee expenses and we spent \$20,000 in FY11 for the development of the Strategic Plan. We currently have an operating deficit of \$11,000 which is better than budget by just under \$4,000 and better than last year by \$44,000. The Board could have eliminated the FY12 deficit if the Board would have been able to meet the fundraising goal and would not spent extra money in legal services. The FY12 budget cuts to employee costs are the main reason for the large difference on the deficit for FY12 compared to FY11 and previous years.

Upcoming financial information:

- KBOO received a restricted grant of \$25,000 from Meyer Memorial Trust. This will fund Board Training and Policy Development in FY13. The expenses will go in to next fiscal year. This will not affect the bottom line since the income will have matching expenses that were not budgeted.

Note: Numbers in the highlight summary have been rounded for ease of the reader; refer to financial statements for actuals