

Finance Committee Minutes
March 22, 2011 (Approved April 19, 2011)
Commitments are italicized

In Attendance

Mel Reslor
Sun Lee
Paula Small
Erin Brand
Bob Crow
Nia Lewis
Azure

Absent
Debbie Rabidue

Meetings starts at 6:15pm

Check-in/intro

Approve February Meeting Minutes
February minutes approved.

January 2011 Financial Statements Review

Financial Summary: January 2011

Debbie Rabidue

Balance Sheet Highlights

- Available fund balance is \$347,000 of which \$200,000 is the operating reserve.
- The endowment added \$12,593 in funds in December. We received a distribution of \$4,703 as well. The net increase in the endowment for the 4th quarter of 2010 was \$7,890.
- The liability balance consists of Accounts Payable paid in February and the Capital Campaign money that will be allocated to FY10 revenue during year end prep.
- We are holding a \$24,000 balance at Key Bank for the time being. The Finance department is in the process of closing the two Key Bank accounts. The two merchant accounts (credit card processing) have been closed at Key Bank.

Income Statement Highlights

Income

- Membership income is \$22,000 over budget.
 - Membership revenue was reconciled between the Finance and Memberships departments, through January 31st.
 - The Fall pledge drive was at budget. Winter pledge drive money is still coming in and we can tell more on the February Income Statement on how the drive preformed against the budget..
- Events and Development income is \$2,800 under budget.

- Underwriting and Advertising revenue is close to budget.

Expenses

- Employee expenses are under budget due to upcoming step increases that will bring wages back to budget.
- Broadcast Equipment Maintenance is \$5,000 over budget. I will need to get with Engineering and find out why the costs are high this early in the year. I will report back to Finance on my findings.
- Premiums appear to be over budget, but should even out. The annual budget for Premiums is \$9,500.
- Postage is \$3,600 under budget.
- Bankcard fees & Bank Service Charges should start seeing savings as soon as we close the Key Bank accounts. We are spending close to \$100 a month on service fees, and were paying an additional \$70 to \$100 a month on the merchant accounts.

Operating Bottom Line

- Revenues are over budget by \$19,000, due to Membership income. Expenses are under budget by \$7,500, and spending is down by \$7,000 from this time last year. We currently have an operating surplus of \$31,000, \$27,000 better than we budgeted for the end of January. We budgeted for a \$48,000 operating deficit. We are still too early in the fiscal year to get a good feel on where we may end up at fiscal year end.

Auxiliary Spending

- **Auxiliary** spending is \$27,000 fiscal YTD, this brings the net to a \$4,700 surplus for management purposes, fiscal YTD. Major AUX spending is \$11,000 on strategic planning and , \$15,000 on broadcast/engineering improvements and repairs.

February 2011 Financial Statements Review

Financial Summary: February 2011

Debbie Rabidue

Balance Sheet Highlights

- Available fund balance is \$338,000 of which \$200,000 is the operating reserve.
- The endowment added \$12,593 in funds in December. We received a distribution of \$4,703 as well. The net increase in the endowment for the 4th quarter of 2010 was \$7,890. The Fund Balance report has been updated with the OCF quarterly statement as of Dec. 31st 2010.
- The liability balance consists of Accounts Payable paid in March and the Capital Campaign money that will be allocated to FY10 revenue during year end prep.
- We are holding a \$24,000 balance at Key Bank for the time being. The Finance department is in the process of closing the two Key Bank accounts. The two merchant accounts (credit card processing) have been closed at Key Bank. All of the direct deposit donations have been changed to now deposit to the BOTC checking account.

Income Statement Highlights

Income

- Membership income is \$42,000 over budget.
 - The Fall pledge drive was at budget and the Winter pledge drive is over budget by \$11,000. Memberships and Finance will reconcile the membership revenue accounts at the end of March.
- Overall, Membership revenue is higher than this time last year by \$6,500. Memberships appears to be maintaining a flat level.
- Events and Development income is \$6,300 under budget.
- Underwriting and Advertising revenue remains close to budget.

Expenses

- Professional Services went over budget with \$8,000 in legal services that were paid in February.
- Broadcast Equipment Maintenance/Equipment Purchases (not auxiliary) is \$5,900 over budget. There is a delay on researching the costs with the termination in Engineering. I will need to get with the Interim Engineering Staff and find out why the costs are. I will report back to Finance on my findings.
- 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 \$7,000 under budget.
- Bankcard fees & Bank Service Charges are \$1,900 over budget. I will research why there is a huge variance from the budget.

Operating Bottom Line

- Revenues are over budget by \$34,000, due to Membership income increase. Expenses are under budget by \$2,900, and spending is down by \$8,000 from this time last year. We currently have an operating surplus of \$22,000, \$31,000 better than we budgeted for the end of February. We budgeted for a \$48,000 operating deficit for the fiscal year.
-

Auxiliary Spending

- **Auxiliary** spending is \$27,000 fiscal YTD, this brings the net to a \$5,700 deficit for management purposes, fiscal YTD. Major AUX spending is \$11,000 on strategic planning and , \$15,000 on broadcast/engineering improvements and repairs.

Engineering Position

Sun gives updates from today's staff meeting. Staff wants to hire a temp. engineer at part time (20

hours/week) with benefits. KBOO has signed a contract with Mark Viccaro for IT needs. One idea from the contractor is that we could get a student to help with computer needs and Mark could mentor them.

Paula is concerned about how long engineering would be an interim position and also that the employee keeps track of comp. time with it being only 20 hours a week.

KBOO will be doing multiple hires in the future; Finance Coordinator, Engineer, IT, Development Director.

Discussion about planning for replacement of engineering equipment, building/station repairs, major expenses so that costs can be foreseen.

When doing the FY2012 budget departments may want to do aggressive budgeting for major expenses(especially engineering equipment)

FY10 Audit/Year-End Update

FY 2009 Audit is not done, taxes are completed, though.

Mel hands out information with Audit, Review and Form 990 quotes from CPAs.

Mel has checked references for Kern & Thompson LLC and they have given favorable quotes. References were all very good. Mel and Debbie attended a seminar given by Kris Oliviera about audits.

Paula mentions that Mark Eklund was the person that counted our ballots from the annual election, we will need to find a replacement.

Nominating Committee will need to find someone else to count the ballots for our annual elections.

Bob wants to make sure we have done our due diligence in researching and recommending an independent CPA.

Finance Committee recommends that the Board retain the services of Kern & Thompson LLC to complete our FY09, FY10 audits, Form 990s and our future audits and/or reviews.

Finance Department (maybe with help from Sun) will put together a thank you card/gift for Mark Eklund.

Finance Department Work Plan and Update

The Finance Department update will be forwarded to the Board.

Finance Department: Debbie Rabidue

Transition work plan: Mel and I have been working on training in the daily operations in the finance department. Mel has now taken over the responsibility of preparing the bank deposits and getting them in the bank. He is also taking on the A/P tasks; gathering the bills, getting the proper authorizations, entering the bills into the accounting system, running checks, getting signatures and mailing out the payments. We remain under budget for the total finance hours and have room for the increase in hours for Mel. I am working on updating the Finance desk manual that I wrote 3 years ago and will use Mel's help. It's a little out of date as many changes have occurred in the credit card processing, banking, employee benefits, and so on. This will be an ongoing project over the next couple of months.

Credit card processing; We have closed the Merchant accounts at Key Bank (credit card processing). We have tested the new credit card processing and everything is running fine. The new credit card processing is working well with the website for donation payments. We will be saving a little money each month now.

Banks and safe deposit box: Mel is continuing to work on getting the 2 Key Bank accounts closed. He is also working on closing the safe deposit box at Key Bank and opening one at Bank of the Cascades where we now have our main banking.

Needs Finance Committee recommendation and will need to be an Action Item on the upcoming Board meeting. We need approval to spend up to an additional \$10,000 for the year end audit with a new CPA. We most likely will spend much less, but have not elected the CPA that will replace Mark Eklund yet.

Audit costs: Mel is continuing to work on researching a new CPA firm to perform our annual accounting audit and filing of the 990 and CT12, as Mark Eklund will be retiring. Mel, Erin Brand and I have met with one CPA firm. Mel has met with two and has obtained a few additional estimates. We are getting estimates that are ranging from \$9,000 up to \$20,000. We were paying around \$4,000 for Mark's services. We will need the Board to approve an additional \$5,000 to \$10,000 to be spent on the audit for FY10 since it does not look like Mark will be able to take on one last year for us. The quality of the year end prep work will be a factor in helping to drive the audit costs down. Geffen Mesher lowered their estimate by \$4,000 after looking at the year-end prep package that I did previously. Geffen Mesher is one of the highest in cost. Finance Committee will tease out the costs and bring it to the Board for a decision. (Thank you Mel for your attentive and hard work on the CPAs and the costs for audit and review. Mark filed an extension on the 990/CT12. The file date is May 15th. We will file another extension since we will need more time to prepare with a new CPA. The new file date will be Sept. 15th.

Mel and Debbie attended an event at NAO (TACS) on Newer Audit Standards: Higher Costs, More Findings, an information sharing and CPA presentation on how to help lower audit costs.

Annual election ballots: Mark Eklund has also said that he will most likely not be doing the ballot counting for this upcoming Board election. He has suggested an intern(s) from a local accounting school that he has used to help him in the past.

Upcoming Mid-Year Budget Review Process

Debbie is open to feedback for what the Board or Finance wants to see in the Mid-Year Budget process.

Mel suggests a detail on Engineering and IT expenses for the past few years, including examples of what falls under 'computer', 'equipment purchases', 'broadcast equipment maintenance', etc.

Safety Deposit Box Update

Finance has talked with Anthony about opening a safety deposit box at BOTC. It will be \$55 a year, plus \$5 a key.

Finance recommends getting at least two keys to the safety deposit box.

Mel will make copies of any of the paperwork in the safety deposit box and give papers to the Board.

Finance Coordinator Position

Discussion about when a job posting and hiring committee would be formed. How many hours would a new Finance coordinator have?

Finance Committee would want to keep a separate position for internal controls.

Next month Finance will make recommendations to the Board about a future Finance hire, what the position would entail and how many hours the position would be.

Meeting ends at 8:05pm

Next Finance Meeting will be April 19th, 2011 at 6pm

