

Finance Committee Meeting Minutes – August 17th, 2010

-Individual and Group Commitments are italicized and in bold

-Recommendations from the Committee to the Board of Directors are in bold

In Attendance

Mel Reslor

Sun Lee and Azure

Bob Crow

Rolk Semprebon

Erin Brand

Paula Small

Debbie Rabidue

Louis Sowa

Kurt Lauer

Meeting starts at 6:20pm

Check-in/intro

Review July Meeting Minutes

Approved July minutes.

Update on Strategic Planning

The strategic planning work group had a conference call with PARC today. They were the group that the workgroup selected after receiving request for proposals. Their conference call today was regarding budget. PARC's budget is below \$20,000. This item will now go to the board.

June Financial Statements Review

Membership revenue is still slightly over budget in June, same as May. July will be interesting, Andrew did a direct mail in July and it seems to be successful.

Development income is behind the aggressive budget we set. \$20,000 of the \$33,000 we are behind in revenue is development under budget. Events are behind, as well. We will still come out netting higher than last year. Underwriting remains about \$9,000 behind budget.

Our total expenses are about \$15,000 below budget.

Insurance is over budget, D & O rate increased as did workmen's comp. Engineering equipment purchases are up, we needed to update emergency remote notification from transmitter (approx. \$6,000). Professional services are up, billed \$4,800 on investigation into harassment claim. Bank card fees are over budget. Volunteer and development expenses are under budget.

We budgeted a deficit of \$79,000 for FY10, at the end of June we are running a deficit of about \$24,000. The actual deficit on YTD is \$55,247, \$24,000 is only for the month of June.

Additional Note - At the beginning of August, we moved \$80,000 from BOTC money market account to our KeyBank money market to cover our operating expenses.

July Financial Statements Review
Tabled until next finance meeting.

Updated FY 2011 Operating/Auxiliary Budget Recommendations to Board Discussion

Revenues:

Membership revenue – Andrew wants to budget \$525,000, \$25,000 less than FY10 budget. Staff has reached agreement on this figure.

Development revenue – Sun wants to have a \$25,000 budget, staff agrees. This is a more realistic figure than the \$50,000 from last year.

Underwriting – Justin feels a slow down and wants to drop his budget to \$55,000 for FY11

Events and co-sponsorships – \$20,000, \$500 more than FY10. Book and Record sale is a drop from \$8,000 FY10, to \$6,000 FY11.

We are looking at a decrease of \$63,000 in overall revenue from FY10(\$726,000) to FY11 (\$662,000).

Side note: We need to overhaul our chart of accounts to simplify monthly reports. It would still be possible to pull up more detailed reports because of the coding in the accounting software.

Debbie will see what grants we received in '06 and '07 that made our revenues increase.

Debbie is going to check with Anthony Petchel to get his opinion on budgeting for bank interest.

Debbie will update the FY10 projected budget.

Sun will ask Andrew why he wants to decrease the EFT revenue from FY10 to FY11. Sun will go over each line item of membership revenue and report back to finance.

Expenses:

Salaries and Payroll Taxes - \$42,000 for station manager position remains in place to provide a salary cushion. Erin Y. is working on an internal staff survey to gauge staffing levels.

Health Benefits – At a 15% increase from last year, once Debbie gets the rates from Kaiser she will be able to adjust this accurately

Professional Services – Finance committee recommends increasing the legal fees line item to \$10,000 (our deductible on D&O insurance)

Utilities – projected 5% increase to \$29,400

Insurance – an increase due to D&O and industry percentage increase of 3-5%

Newswire Service – FY11 budget of \$6,000 reflects that savings we have had in FY10.

Training – Nothing in the budget so far with no concrete proposals. John is interested in an HD2/HD3 training, about \$1,500. Ani wants to look into some volunteer training for conflict resolution. If the staff goes to collective management structure, training would be needed. Staff wants to tie the training for collective management into the strategic planning proposal.

Bankcard fees and Bank Service Fees – The preliminary budget was based on our spending at KeyBank. This item would change if the finance recommendation of using SwipeNow is implemented. If we do nothing, it would stay at this figure. We would also save money on our bank service fees if we switch to BOTC.

Development Expenses – Sun may increase this line item from \$5,000 to \$6,500 to \$7,000. He is looking at promotional items that would not be premiums, but more of an outreach opportunity, such as designing a t-shirt, hat, poster, etc. Right now the development expenses is budgeted at 20% of development revenue, this could increase to 25 or 30%. Sun is going to research how much something like this would cost.

FY2011 looking at a \$71,000 deficit on the operating budget.

Debbie proposes a budget retreat between a mixture of board and staff. Erin will bring this to the board meeting and ask when a good date for board, staff and finance members can have a budget retreat in the next three weeks.

Bank Accounts and Debit/Credit Card Provider Comparison Update

Merchant Cards- Mel checked references for a few of the providers. FFUSA and SwipeNow both have good references. Month to month and a multi-year agreement are options for SwipeNow.

Bob and Rolf both support the idea of starting with SwipeNow on a month to month, if we like it, we can sign a multi-year agreement and lock in certain rates.

Debbie says we would need to bring Roger Leigh in if we switch services so that the web services are coordinated.

Erin asks if we sign up with one of these merchants, can we then do monthly deductions from credit cards?

Debbie says no, the rate for a monthly deduction is regulated by Visa, MasterCard, American Express, not by these vendors.

Debbie wants two questions answered before signing up with a new card merchant.

- 1) Integration with website software, is it something Roger could do?
- 2) Look at the way they deposit into our bank account, does it get batched or does it trickle in? It's hard to reconcile if it is split up.

Mel suggests the finance committee pick top three for merchants and upon further questioning we will make a decision. Finance committee votes for merchant options in this order:

#1 choice – SwipeNow

#2 choice – Bank of the Cascades (BOTC), Is there a month to month option, or only a 3-year agreement

#3 choice - KeyBank

Mel will set up an appointment with SwipeNow. Debbie and Mel will meet with them. Debbie will contact Roger Leigh and see what questions he would have for SwipeNow.

Sun notes that the next pledge drive starts October 1st so we need to have something in place by then.

Bank Checking Account – Our banking fees are more expensive because we process EFT's, but we generate over \$19,000 a month and it keeps growing.

Sun asks why we wouldn't want to change to BOTC. Debbie says location is an issue, not as close as KeyBank, but they have a courier service that is free. They also have an electronic deposit option.

The other issue to look at further is that we have a \$50,000 line of credit at KeyBank, which we wouldn't have at a new bank. Debbie and Mel point out that \$50,000 only covers 3 weeks of operating costs, so it may not be much of an issue. The banking industry is no longer doing business lines of credit. Rolf asks if the BOTC will overdraft sweep from checking to money market?

Finance committee discusses how it would be better to switch to a local bank. Debbie wants good customer service and ease of banking. Debbie would prefer all of our deposits go into one account, now they go into two.

Debbie estimates we could save up to \$2,000 a year if we change banking and merchant services, as long as they work with KBOO.

Finance committee chooses the following options for bank checking account

#1 choice – BOTC

#2 choice KeyBank

Debbie will contact BOTC about an automatic sweep.

July Action Items/Commitments Update

Debbie got an invoice from John about the server, but hasn't opened the email yet.

Sun reports that staff has discussed budgeting for a manager as a "just in case", though staff is not leaning towards having a manager, but using that money to increase other staff hours.

Paula reports that Albina Banks ACH fees were not competitive. They did have good customer service.

Further Update re: Pacifica Project

Paula is working with Pacifica to get more data from their last fiscal year. She has been talking to KPFA and learning about their drives and fundraising. Their staffing is changing and still have no station manager at four

of their five stations.

Paula wants to create a spreadsheet for comparisons. She wanted more complete information on their staff salaries and budget. KPFA gets CPB funding of \$30,000 a month.

Mel will provide numbers about KPFK for the minutes. KPFK is starting a one week drive today that has a goal of \$250,000. Their June drive was a month long and had a goal of \$900,000 and they made \$700,000. Their fulfillment rate tops out at 80%, ours is around 90%.

KPFK has 33 staff, mostly full-time. Their annual budget is over \$3million. Pacifica is commercial and underwriting free.

Meeting ends at 9:36pm

September Finance Meeting: Tuesday, September 21st