

MCPB Treasurer's Report

January 9, 2017

Fiscal Status

We are half way into our fiscal year, and as you can see in the Income Statement as of November 30th we have a net income over expenses of \$55,643.40. This is about a \$100,000.00 turnaround from the approximately \$45,000.00 loss we were showing at the last Board meeting. This is explained primarily because we generated income from both the Fall Pledge Drive and received the bulk of our Corporation for Public Broadcasting (CPB) funds (\$91,818.00).

Our line of credit remains with an outstanding balance of \$71,339.48, and we have \$82,439.20 in aged payables, which are primarily fees due to NPR, PRI, and the Department of Forestry (our tower rentals). We currently have \$94,243.53 in our bank account. Jeff will be making a decision about paying off some of that debt very soon. It's a matter of allocating cash resources, and I think he has needed to get his feet on the ground before making that decision, which I also think speaks well of his solid, fiscally conservative approach to managing the station.

We've also brought ourselves more current with aged payables. Both the line of credit and aged payables fluctuate during the year, and we typically make large payments to both when we get infusions of cash from pledge drives and the CPB grant. It is part of the GM's responsibilities to manage these, with Treasurer oversight. I am satisfied that it is being managed properly. We have an excellent financial team in Jeff Parker, Dan McDonnell (our bookkeeper), and Finance Committee member Bob Bushansky.

Budget Revision

As I said at the last meeting, we need to do a 6-month budget revision. The Finance Committee met on Friday, December 30th and voted unanimously to recommend the attached budget revision to the Board, which you will be voting on a little later.

Highlights of the changes:

1. Revenue projections have been reduced by \$30,000.00, primarily due to the lack of a one to two-day August drive, and not being able to make up that fundraising in the Fall Pledge Drive. This revised revenue projection does include a fundraising initiative from Jeff Parker, and he will tell you about that in his report.
2. Expenses: Due to that projected revenue shortfall, we had to make some tough choices to bring the planned expenses in line, and in doing this work we had to account for costs thus far that required raising some expense projections.
 - a. Banking charges were higher than projected, primarily due to having to use and keep the line of credit at a high level.
 - b. We've reduced the equipment line item, in large part because we needed to, and we are agreed that we can make due with existing equipment. Perhaps obviously, we do need to upgrade some of our equipment, and I think we'll have to make that commitment next year.
 - c. Meals and Lodging is largely a matter of trades, and we'll just have to limit those for the rest of the year.
 - d. Office supplies have run higher in the first six months than planned.
 - e. We're going to have to keep our postage costs lower, which might mean limiting mailings.

- f. We're cutting professional services, and most of this is reducing our budget for our Radio engineering consultant, Brian Henry.
- g. Programming fees increased substantially, and this is primarily due to under budgeting the NPR satellite interconnect fee, and a Capital Public Radio underwriting trade that is now accounted for on both the revenue and expense sides. We get some of our news content from them.
- h. Our staffing costs are going to be lower than projected. A significant portion of that is due to the fact that we had Diane Hering budgeted in membership, and when she took over as interim general manager her salary was transferred to that line item, and we did not really replace her in membership. There have also been some other savings in other areas of our part-time staffing.
- i. Our phone and internet charges have been higher due primarily to the requiring service from two providers in order to make sure we have both office internet (computers – member database, email, web accessibility, programs we download via web, etc.) and tie-line connectivity to our satellite studios.
- j. We have typically carried a line item for depreciation of our equipment and assets. The idea with such depreciation is that you bank that money for the day when you will need to replace aging equipment, something we have not done at all in recent memory. This is not a cash line item, and our auditor told us that we need not have it in the budget, particularly since we won't be putting that money aside anyway. The elimination of this item in our budget was needed in order to balance revenues and expenses. Going forward, we do need to do some careful and committed planning to upgrade and replace some of our aging infrastructure, but that's not going to happen this year.

Final Comments

In November I told you that the federal government was potentially going to raise its minimum salary requirement for overtime exempt employee positions, of which we have three: General Manager, Business Development Director, and Operations Director. That was supposed to go into effect December 1st, but a judge issued an injunction, and it didn't happen. This has saved us some staffing costs.

We continue to operate hand-to-mouth, as we have for many years. In the future, I'd like to be able to establish some cash reserves, bring us more current in paying our large bills (like NPR), and budget for infrastructure improvements. It is my intention to begin the budgeting process for the next fiscal year in March. In that process, we intend to at least begin to lay out in rough form a 2-year & 3-year budget plan as well.

Despite our hand-to-mouth existence, our members continue to support us with their financial pledges, providing 55% of our revenues in this revised budget. It would significantly improve our financial position if we could increase our membership levels, which have remained pretty flat for many years. I think that should be a focus of this Board as we move ahead.

There is a fair amount of uncertainty about what will happen to federal funding under the Trump administration. The Republican Congress has been reducing the CPB funding for years, and it is probable that trend will continue, and it is even possible that this funding could eventually be eliminated. Small stations like ours all over the country are beginning to make plans for that possibility, and I think we should as well.

Mendocino County Public Broadcasting

MCPB Proposed FY2017 Budget Revision

	Approved FY2017 Budget	Proposed FY2017 Revision	Notes
REVENUES			
Member Donations	\$358,000.00	\$316,004.00	
Fundraising	\$22,500.00	\$22,500.00	
Underwriting	\$90,000.00	\$95,000.00	
CPB Community Service Grant (CSG)	\$124,000.00	\$120,996.00	
Other Grants	\$5,000.00	\$15,000.00	
Total Revenues	\$599,500.00	\$569,500.00	\$30,000.00 decrease
EXPENSES			
Advertising/Promotion	\$2,650.00	\$2,650.00	
Banking Charges	\$8,950.00	\$10,670.00	Increase \$1720
Board of Directors Expenses	\$150.00	\$150.00	
Dues and Subscriptions	\$34,202.00	\$34,202.00	
Equipment	\$2,400.00	\$1,400.00	Cut \$1,000
Equipment Rental	\$3,100.00	\$3,100.00	
Fundraising	\$4,700.00	\$4,700.00	
Insurance	\$11,500.00	\$11,500.00	
Licenses and Permits	\$105.00	\$105.00	
Meals and Lodging	\$5,500.00	\$4,230.00	Cut \$1,270
Office Supplies	\$1,500.00	\$2,520.00	Increase \$1020
Postage and Delivery	\$10,500.00	\$9,500.00	Cut \$1,000
Premiums/Incentives/Gifts	\$4,000.00	\$4,000.00	
Printing	\$3,000.00	\$3,300.00	Increase \$300
Professional Services	\$16,620.00	\$13,920.00	Cut \$2,700
Programming Fees	\$47,612.00	\$58,512.00	Increase \$10,900
Repairs & Maintenance	\$500.00	\$500.00	
Staffing - Direct Costs	\$306,860.00	\$281,090.00	Cut \$25,770
Staffing - Benefits	\$15,656.00	\$15,656.00	
Staffing - Indirect Costs	\$26,275.00	\$26,975.00	Increase \$700
Studio Rent	\$20,124.00	\$20,124.00	
Transmitter Rent	\$16,848.00	\$16,848.00	
Taxes	\$1,500.00	\$1,500.00	
Telephone & Internet	\$23,280.00	\$29,380.00	Increase \$6,100
Travel Expenses	\$2,800.00	\$2,800.00	
Utilities	\$7,500.00	\$7,500.00	
Depreciation	\$19,000.00	\$0.00	Auditor approved Cut
Old Debt	\$2,668.00	\$2,668.00	
	\$599,500.00	\$569,500.00	

Mendocino County Public Broadcasting
Income Statement
For the Five Months Ending November 30, 2016

Revenues		
Donations	\$	153,992.77
Fundraising		6,262.44
Underwriting		21,331.92
CPB Grant		91,818.00
Other Grants		<u>7,000.00</u>
 Total Revenues		 280,405.13
 Expenses		
Advertising/Promotion		1,305.33
Bank Charges		4,180.32
Dues & Subscriptions		15,002.07
Equipment		159.92
Equipment Rental		1,257.95
Fundraising Expenses		2,174.54
Insurance		4,884.64
Meals & Lodging		2,247.76
Office Supplies		2,305.29
Postage and Delivery		1,613.00
Premiums/Incentive Gifts		1,459.82
Printing		1,216.82
Professional Services		1,729.15
Programming Fees		22,777.30
Repairs & Maintenance		159.00
Staffing - Direct Costs		115,534.14
Staffing - Benefits		4,791.37
Staffing - Indirect Costs		12,773.86
Studio Rent		15,491.00
Taxes		(25.00)
Telephone & Internet		10,567.90
Travel Expenses		189.35
Utilities		<u>2,966.20</u>
 Total Expenses		 <u>224,761.73</u>
 Net Income	 \$	 <u><u>55,643.40</u></u>

Mendocino County Public Broadcasting		
Balance Sheet		
November 30, 2016		
ASSETS		
Current Assets		
KZYX Checking	\$ 94,765.18	
Pledges Receivable	82,930.69	
Underwriting Receivable	7,286.37	
Allowance- Uncollectable Accts	(2,890.00)	
Prepaid Expenses	33,753.92	
Prepaid Trades	11,740.00	
Prepaid Insurance	4,854.18	
Total Current Assets		232,440.34
Property and Equipment		
Broadcast Equipment	282,277.29	
Leasehold Improvements	34,765.33	
Library of Recorded Material	119,897.89	
Office Equipment Over 3K	5,811.85	
Station License	2,239.00	
Accumulated Amortization	(799.93)	
Accumulated Depreciation	(355,438.87)	
Total Property and Equipment		88,752.56
Other Assets		
Deposits	1,548.86	
Total Other Assets		1,548.86
Total Assets		\$ 322,741.76
LIABILITIES AND CAPITAL		
Current Liabilities		
Accounts Payable	\$ 99,218.02	
SBMC Line of Credit	71,339.48	
Accrued Employee Benefits	5,874.47	
Unearned Underwriting	6,188.77	
Unearned Underwriting Trades	11,740.00	
Total Current Liabilities		194,360.74
Total Long-Term Liabilities		0.00
Total Liabilities		194,360.74
Capital		
Retained Earnings	72,737.62	
Net Income	55,643.40	
Total Capital		128,381.02
Total Liabilities & Capital		\$ 322,741.76