

The Iowa Public Radio Board, Inc. Finance Committee met on July 3, 2013, at 1350 Beardshear Hall, Iowa State University, Ames, Iowa. Present for the meeting were Directors Steve Firman, Warren Madden and Doug West and Interim Executive Director Kelly Edmister.

The meeting was called to order at 1:05 p.m.

Agenda

Director Firman moved and Director Madden seconded approval of the agenda. Motion approved.

Minutes

Director Madden moved and Director Firman seconded approval of the January 24, 2013 minutes as presented. Motion approved.

FY14 Budget

Edmister presented the first publication of the FY14 budget. Version 1 of the FY14 budget recognizes an overall loss of \$901,000. Edmister explained that Version 1 was a first draft with many estimates that had not been reviewed yet.

Edmister reviewed Version 2 of the FY14 budget outlining the changes made from Version 1. Revenue changes include increases to both Membership and Underwriting revenue. Director West inquired as to whether the change in Underwriting revenue was due to increasing rates. Edmister responded that a new rate card has been implemented; however, the primary adjustment is due to adjusting revenue estimates by account executive considering the impact of the Insights Series. Expense changes include earlier start dates for the Executive Director, Executive Assistant and Director of Development and adjustments to the fringe benefit rates used. Additional expenses totaling \$51,000 were added in the review process including \$36,000 for credit card fees. Non-operating revenue/expense changes include adjustments for equipment purchases and investment earnings. With these changes, the FY14 operating budget reflects an overall loss of \$1.0 million and an overall cash loss of \$500,000.

Edmister reviewed Version 3 of the FY14 budget which reflects cutting operating expenses to the bare minimum while continuing day-to-day operations. Version 3 reflects an overall net loss of \$942,000. The Committee agreed that Version 3 should be the focus of their attention.

Director West suggested adding a Major Gifts revenue goal for the new Executive Director noting that it needs to be realistic. Director Madden commented that it will take time for the new Executive Director to build relationships with major donors, so even after they are hired there will not be an immediate influx of major giving dollars. Director West recommended adding \$150,000 to the Major Gifts revenue line in light of hiring a new Executive Director. The Committee agreed with this recommendation.

Edmister reviewed the Corporation for Public Broadcasting (CPB) revenue line noting that the figures presented were consistent with estimates provided by the CPB. Edmister noted concern that these amounts were in excess of the most recent CPB grants received. In light of this, Edmister indicated that the Rural Service Grant amounts of approximately \$45,000 which have been received in the past had not been included in the FY14 budget. Director West recommended adding the \$45,000 to the FY14 budget and the Committee agreed.

Edmister reviewed the Friends of KHKE/KUNI Operating Endowment, which had previously been established as a \$1 million major gift. Based on recent conversations with the Friends, it is anticipated the remainder due (\$500,000) will be cancelled and the Friends will instead pay a monthly amount of approximately \$14,000 (\$168,000 annual) for the next three years. The Committee agreed that the \$168,000 should be included in the FY14 budget.

After reviewing the revenue line items, the Committee reviewed the operating expenses and the following changes were approved:

- News – delaying the Des Moines Reporter start date to March 1, saving three months' salary and benefits, and an adjustment to the NPR programming fees based on actual figures;
- Membership – cutting DEI membership to be consistent with other departments;
- Underwriting – no expense decrease, but a further review of prospecting and considering realigning portions of the Major Gifts Development Officer position (the position, though filled, was never fully developed);
- Communications – cuts in advertising/campaigns;
- Engineering Services – eliminate monitoring of K-stations and delay tower painting;
- Broadcast Operations – consider a change in monitoring frequencies based on FCC requirements (would be a later impact to the budget, not part of the prepared FY14 budget);
- Traffic – software agreement reduced as a one-time deduction; and
- Non-Operating Expense – Equipment – \$70,000 is designated as cost to repair/improve the Perry signal, which provides Classical music to Ames.

Director Madden noted that these adjustments do not close the funding gap and that eventually a review of positions will be necessary. Edmister provided a review of current positions outlining possible eliminations. Based on the few positions that were identified, the issues involved with each and current staff morale, the Committee agreed that this would be tabled until further review.

Edmister confirmed that a Version 4 of the FY14 budget would be prepared incorporating the decisions made by the Committee. This version will be distributed via e-mail to the Finance Committee prior to distribution to the Board. Edmister also indicated that she would work with the Board of Regents' office to determine the correct procedure for presenting a budget with a deficit.

Friends of KHKE/KUNI Operating Endowment

Edmister confirmed that once draft agreement language is approved by the auditors and attorneys it will be ready for approval by the IPR Board of Directors and the Friends of KHKE/KUNI.

Brokerage Account

Edmister noted that after working through the process of setting up a new brokerage account with TradeKing, which was approved at the June 24, 2013 Board meeting, it was discovered that there would be a fee to open the account. Because of this, establishing a brokerage account with Scottrade is preferred. The Committee agreed with this decision and indicated that Edmister could continue this process with the Board approving at their August 22, 2013 meeting.

The meeting was adjourned at 2:43 p.m.