

Finance Committee Minutes  
January 24, 2013

Present for the IPR Finance Committee were IPR Director Steve Firman, IPR Directors Warren Madden and Doug West by phone, Roger Nearmyer, Bob Holtzbauer and Molly McWilson from Cremers, Holtzbauer & Nearmyer, P.C., and IPR staff Mary Grace Herrington and Kelly Edmister.

*Audit Discussion*

Nearmyer lead the presentation and discussion of the IPR draft audit report noting that an unqualified opinion will be issued. Nearmyer pointed out significant items in the FY12 IPR audit related to the acquisition of stations and establishment of the IPR Operating Endowment. Nearmyer recommended further review in conjunction with the three radio station audits, each with unqualified opinions, and that he would be available for any follow up questions. Otherwise, Nearmyer indicated there were no significant findings and that IPR had made significant progress in developing a mature finance and accounting department with appropriate internal controls. Edmister will email the station audits to the Committee for review. It was agreed that February 15<sup>th</sup> was a reasonable deadline to complete the audit review, gather signatures and upload the required Annual Financial Reports (“AFR”) to the Corporation for Public Broadcasting (“CPB”) website. Although an extension from CPB will be requested, this is routine and federal appropriations are not in jeopardy. Herrington noted that Director Madden, as Secretary/Treasurer, will sign the management representation letter for the IPR audit.

*IRS Form 990 Discussion*

Edmister reported that the 2011 IRS Form 990 will be completed and ready for review by the Auditors once Schedule B information is received. Schedule B identifies donors giving amounts greater than \$5,000. Herrington noted she had reviewed the gift report from the Membership department and had found errors. Herrington believes the report will be complete and the 990 ready for Committee review within a few days. Herrington noted the final 2011 IRS Form 990 will be shared with the Board of Directors and posted to the IPR website along with Independent Audits, EEO Reports and Annual Reports. This information can be found at <http://iowapublicradio.org/about-ipr/>.

*FY13 Proposed Reforecast*

Edmister presented month-end December financials including a reforecast of FY13 budget with an estimated deficit of \$540,000. Herrington indicated three primary reasons for the shortfall – 1) \$500,000 was included in the Major Gifts revenue line by mistake; the value is correct but cash payments on the Friends operating endowment should not be reflected in operating revenue; 2) \$250,000 was included in the Major Gifts revenue line based on the hire of a Chief Development Officer; the search was failed in August; and 3) a vacancy in Underwriting resulted in a lag in achieving goal.

Edmister reviewed account balances and opportunities to draw on cash reserves. IPR, as the enterprise manager, will draw funds from one station to pay the expenses of another station. The Auditors noted we have precedent in that this was the process used to secure funding for the acquisition of stations in Des Moines in 2011. The Auditors cautioned maintaining draws be used for general operating purposes. Committee agreed on the approach.