Board of Director's Minutes

May 8, 2018

APPROVED

Present: Tom Leonardi, Dan Joseph, Robert Jones, Rob Davidson, Jim McCollough, Guillermo Mash, Bill Nichols

Absent: Carrie Welch,

Staff: Rick Anderson, Grant Parks, Ray Laager

Guests: Paul O'Rourke-Babb

1. Meeting Opening:
   1.1 Call to Order/Welcome: The meeting was called to order by Tom at 6:05 P.M.
   1.2 May 8 agenda entered as written.
   1.3 Amend/Approve Minutes: Motion by Bill to approve the April 17, 2018 minutes as written. Second by Rob. Unanimous.

2. Announcements/Reports:
   2.1 Announcements:
      Ray: League of Women's Voters will meet May 9 at Marsh Junior High.
      Grant: San Jay just observed his 20th anniversary with the station!
      Paul: The show “We Shall Not Be Moved” made $600.

      Regarding CAB, Paul said members including himself are Bobby Jones, Anna Kastner, Washington Quezada and possibly Alexa Benson-Valavinos. They will meet once a year in person and other times electronically which satisfies the CPB requirement. The Board approved Paul has the head of the committee to give him the ability to represent the station. An explanation of Cab's requirements and function has been given to CAB members by Paul. He will provide reports to the Board. Paul's phone number is 321-9646.

   2.2 Staff Reports:
      2.3.1 General Manager, Rick:

      420 show was OK and made a few hundred dollars.
      Plaza Palooza went very well.

      Upcoming Events: Hello Summer 2 with Mumbo Jumbo and Nina Gerber and Chris Webster, May 11, End of Normal. Moon Alice, May 20; Poor Man's Whiskey, May 25.

      Pledge Drive Recap: Thank you gifts going out. T-shirts are on back order. Internships are going well.

      Neilsen fall ratings show we are doing fine. Approximately 15,000 listeners per week, 650-700 per hour.
2.3.2 Office Manager Report, Grant

Pledge Drive has brought in $40,000 so far. Including EFT monthly amounts the grant total is close to $58,000.

Regarding Archives, Grant has resorted to manually uploading the audio due to software issues. It's cutting out 18 minutes of programming, no idea why, and also does not start the recording at the beginning of the program. This is very laborious and time consuming. He has connected with Radio Free America so our archives will be on their website as well. It also provides on-site streaming.

Radio Paradise continues to be problematic. Bill can't get into our servers. Logic has been working on it but getting solved at a very slow rate. Grant believes it is due to old software on their end. Work on the core issue will be continued but work arounds are also being looked into. There are other options to Radio Paradise but it sounds good plus it also provides free streaming.

Tom asked if there is consideration for replacing Radio Paradise with our own shows. Rick said if we had our own automation system it is totally possible and a good idea. He has one in mind and it will probably require some extra equipment and licenses.

No event analysis this month.

2.3.3 Underwriting Report, Ray:

This report includes all Underwriting activity for April 2018, involving 23 contracts: 15 renewals of existing accounts and 8 new or returning accounts; totaling $10,267.00. Underwriting activity for April 2017 was $9,186.00. April 2018 saw an increase of 11%. Trade, Sponsorship and House accounts are not included in the monthly totals.

During April I continued to solicit Thank You Gifts for the Spring Pledge Drive. Receipts for all Thank You Gifts I collected have been submitted to the office for book keeping. I also organized and implemented the 5th Annual Plaza Palooza in the Chico City Plaza. This event highlights our Underwriters, Non-Profits and Community Organizations with 21 booths participating. Thank you to Steve O’Bryon for donating the PA service and Grant Parks aka DJ PhG for providing entertainment. The event was well attended and quite successful.

**Trades Accounts**

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cartridge World</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Harrison, Daily, Wright</td>
<td>$2,400.00</td>
</tr>
<tr>
<td>I.D. International</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Mt. Shasta Spring Water</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Famous Blue Peace House</td>
<td>$2,800.00</td>
</tr>
<tr>
<td>Chico Guild</td>
<td>$600.00</td>
</tr>
<tr>
<td>Paradise Audio</td>
<td>$600.00</td>
</tr>
<tr>
<td>Chico Velo</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Chico Chai</td>
<td>$250.00</td>
</tr>
<tr>
<td>Chico Women’s Club</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Chico News &amp; Review</td>
<td>$5,712.00</td>
</tr>
<tr>
<td>The Printed Image</td>
<td>$5,400.00</td>
</tr>
<tr>
<td>BCAC.tv</td>
<td>$1,200.00</td>
</tr>
<tr>
<td>Chico Chamber of Commerce</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Paradise Guild</td>
<td>$600.00</td>
</tr>
<tr>
<td>Center for the Arts / Worldfest</td>
<td>$2,000.00</td>
</tr>
<tr>
<td>Has Beans</td>
<td>$300.00</td>
</tr>
<tr>
<td>Total</td>
<td>$27,662.00</td>
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**Sponsorship** – Center for the Arts / Worldfest $1,500
April Underwriters

Short Term Contracts – Uncle Dad’s Art Collective $50, Norton Buffalo Hall / Ian Case & Berkeley Hart $100, The Dungeon $100 - Total $350

3 Month Contracts – Gale Vineyards $234 – Total $243


Trades (not included in the monthly total) – Chico Chai – Total $250

New & Returning Underwriters – Feather River Recreation & Parks District $960, Elements Yoga $480, Uncle Dad’s Art Collective $50, Norton Buffalo Hall / Ian Case & Berkeley Hart $100, The Dungeon $100 – Total $1,690

Meetings & Events

4/05/18 BNI Meeting
4/12/18 BNI Meeting
4/19/18 BNI and Leadership Meeting
4/26/18 BNI Meeting and Plaza Palooza.

2.4 Treasurer Report, Jim:

Data through the end of March is discussed in this report. In general, total income remains under budget for this fiscal year. Expenses are exceeding current income. As discussed at the last meeting the current KZFR budget does not allow for resolution of the issue with grant funding and the current probation. The budget process for the next fiscal year must accommodate an increase in the income and a decrease in expenses to maintain Grant Funding. An alternative plan to exclude Grant funding would require a significant reduction in expenses. Various current business practices are jeopardizing the continued operation of KZFR.

a. KZF Balance Sheet FY17-18 Jul to Mar Report: Total Liabilities and Equity is $108,880.62 compared to $126,290.29 for the report last month. Net Income is -$28,436.74 compared to Net Income of -$13,648.36 last month. As of yesterday, the bookkeeper stated March 2018 was not reconciled. Minor issues require resolution. Minor number changes to reports will occur after reconciliation unless other issues or lack of data entry were not disclosed. When March is reconciled, reports will be re-run and reviewed. Significant change will be reported.


<table>
<thead>
<tr>
<th>Actual Income: $187,389.13 (Grant Funding is not posted.)</th>
<th>$216,473.03</th>
</tr>
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<tbody>
<tr>
<td>Actual Expenses: -$ 29,083.90</td>
<td>-------------</td>
</tr>
<tr>
<td>Budget Income: $256,622.98 (This includes Grant Funding.)</td>
<td>$227,856.24</td>
</tr>
<tr>
<td>Budget Expenses:                                     $ 28,766.74</td>
<td></td>
</tr>
<tr>
<td>Budget Net Income:                                   $ 29,104.24</td>
<td></td>
</tr>
<tr>
<td>Actual Net Income:                                    -$ 28,436.74</td>
<td></td>
</tr>
<tr>
<td>Actual shortage:                                      -$ 57,540.98</td>
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As of yesterday, the grant funding is still not posted. Last month, according to the bookkeeper, the first payment for $50,274 was being processed and was supposedly on it's way to the station. If Grant Funding were included, Actual Income would be positive. The loss of Grant Funding will be detrimental to the current function of KZFR business.

c. The current KZFR Open Invoice Report shows an outstanding balance of $8,192.64 compared to $7,408.98 last month. The total of the invoices overdue is as of May 7, 2018. Issues do not appear to be addressed from month to month. Issues include: a) accounts
are being given the discount for being paid up front yet the account is months past due; b) accounts are past due for hundreds of days with no apparent action taken; c) invoices are missing; and d) there is no reconciliation of accounts past due compared to advertising still being provided on air. Operational resolution of this business situation is required.
d. The KZFR Fiscal Year 2017-2018 Budget (attachment d) is provided along with the Probation letter from CPB (attachment e). Total Income budgeted is $317,976 for the year with a Net Income of $14,971 after budgeted expenses are subtracted. The current budget includes the $72,500 grant funding. That means local fund raising is only planned at $245,476. According to what has been stated by KZFR Staff and what is indicated in the probation letter, local fund raising should be at least $300,000 to qualify for grant money. Currently we are not planning to raise that amount. Action to increase Income is required.
e. Four reports for P&L by Fundraiser Class are provided as attachments f through i. Attachment f is for the period Jan to Mar inclusive. Attachments g, h, and i are for the individual months Jan, Feb and Mar. Event Expenses are in general are greater than Event Income. However, tracking of Event Income and Expenses does not appear consistent as income and/or expense data can be entered long after the completion of the Event. Cash is not documented correctly in the QuickBooks accounting system by Event. In some cases that can be the only income and as can be seen some Events have zero income. In addition, in general cash accounting by Event is not being documented by two signatures before and after the Event. It is of note that off book payments are being made out of the cash income at Events. That should stop. There is no evidence that Events are planned with a budget for income and expenses. Even if there were, there is no system for tracking event income and expense in the current financial system. A manual system is being used but it is not traceable to the Quickbooks accounting system and is therefore not audited.

Recommendations:
a. KZFR Staff and Board of Directors improve budget process and plan to fund raise at least $300,000 per year in order to qualify for Grant Funding. The current year budget has a planned shortfall of about $55,000 ($245,476 current plan versus $300,000 required plan). The next year budget process should start as soon as possible. An alternative plan could exclude Grant Funding. That plan would require significant reduction of costs for current business operation of the station.
b. KZFR Staff and Board of Directors develop more fund-raising opportunities for KZFR to meet income shortfall and increase the Net Equity. Probation ending and continued grant funding is dependent on increasing local fund raising.
c. KZFR Staff resolve past due Open Invoices as soon as possible.
d. KZFR Staff resolve Event Income/Expense tracking and include cash accounting in QuickBooks. Document cash received through a consistent double signature process. Stop off book payments. KZFR Board of Directors review how Events are planned and authorized. Events are currently losing money for KZFR. Event expenses are rising with no indication of a plan to stop the loss. Lack of cash income documentation in Quickbooks by Event is compounding the situation.
e. KZFR Staff report status Quickbooks data entry person to determine if it is cost effective.
f. All KZFR Board of Directors provide individual frequent participation at Fund Raising Events to help Staff with supporting Events.

2.5 Committee Reports:

2.5.1 Fundraising Committee: Tabled until June. Ideas for fundraising: Steve O'Bryan has a bike event in mind per Jim. Dan is working on a Joe Craven CD Release Party at the Norton Buffalo Hall.

3. Matters for Discussion:

3.1 CPB Harassment Training. Can be scheduled now through October. To be revisited.

3.2 Board Openings: Members have been reaching out to possible candidates.

3.3 Fundraising Efforts: See 2.5.1

3.4 Grant Writing Efforts: Guillermo has information on a journalism grant and will meet with Rick to work on the deadline.

3.5 Donating Birthdays: In place per Guillermo

3.6 Day of the Week for Board Meetings: Members agree to continue meeting the second Tuesday of each month.
4. Action Items:

4.1: Matrix and Programming Changes by General Managers: In reference to action item at April meeting giving the General Manager authority to change the matrix without Board approval, a revisit was initiated by Tom. Members discussed at length the pros and cons of giving that authority. Public affairs programming was a particular focus. It was agreed by members to not change the policy and therefore no further action was taken at this time. A revisit in the future is likely.

DISCUSSION/ACTION ITEMS FOR JUNE MEETING:

Fundraising Committee Report
Board Candidates

The meeting adjourned at 7:51 P.M.

Next meeting Tuesday June 12, 6:00 P.M. in the KZFR Conference Room.

Submitted by Olivia duMosch