

FY12 Budget Narrative
Debbie Rabidue, Finance Coordinator
Revised - 9/24/11 - Approved by the Board of Directors 9/26/11

| Budget Item | Increase or (decrease) on the FY12 Budget compared to FY11 Budget | Proposed Budget Highlights | Notes or Comments: |
|-------------|---|----------------------------|-----------------------|
|-------------|---|----------------------------|-----------------------|

Income:

| | | | | |
|----|-------------------------------|----------|---|--|
| | Board Led Fundraising | 5,400 | New budget items. \$6000 revenue and \$600 expense | BoD to finalize amount |
| 1) | Memberships: | 20,000 | Membership revenue is being increased by \$20,000 and is based off of budgeting flat to the FY11 actual revenue. | |
| 2) | Development: | (5,000) | Development revenue has been decreased and based off of FY11 projected revenue | Finance Committee has requested a Development revenue plan |
| 3) | Events/Co-sponsorship | (3,400) | Events & Cost of events (net) has been decreased based off of FY11 projected revenue | |
| 4) | Book & Record Sale | (900) | Book & Record sale (net) decreased due to less public interest in used books/records | |
| 5) | Promotional Sales | 1,000 | Promotional sales increased due to interest in new t-shirt designs & activity at tabling | |
| 6) | Underwriting: | (5,000) | Decreased based on FY11 projected actuals and historical trend | |
| 7) | Allow. for Bad Debt | 500 | CPA suggests budgeting for uncollectible debt | |
| 8) | SCA Contracts | (25,500) | SCA rental contracts have decreased substantially in FY11 and budgeted at zero on the FY12 budget. SCA may be discontinued due to lack of viable revenue source | |
| 9) | Interest Income | (1,600) | Interest Income is projected to decrease due to less cash in the bank & low bank yields that are not projected to increase until mid-year 2012 | Confirmed with Anthony Petchel - BOTC |

Budgeted Income (14,500) Budgeted income is **\$646,450** a decrease of (\$14,500) from the

FY12 Budget Narrative
Debbie Rabidue, Finance Coordinator
Revised - 9/24/11 - Approved by the Board of Directors 9/26/11

Note: The Auxiliary Budget has been eliminated starting in FY12. All expenses will now be included with Expenses:

| | | | | |
|-----|---|----------|--|--|
| 1) | Staff Compensation: (Wages/Taxes) | (34,102) | 9.43% decrease in staff salary/tax in order to keep the overall deficit at \$15,000. Finance Committee recommends a lump dollar amount of \$327,000 to be allocated to salary & Taxes. Staffing/hours cuts to be decided by the Board. Each month that employee cuts are not decided upon it will add \$2900 to the budgeted deficit. Increased hours for Admin. Asst. and Finance Assist. (internal cash controls) were approved by the Board through 9/30/11. With the absence of a manager, if we want to continue doing this until a staff/management structure is in place, we will need the Board to approve an extension. | Finance Committee recommends that the actual employee costs are reviewed by the mid-year budget review. Needs Board action on interim positions: BoD extended funding until 11-30-11 |
| 2) | Fringe (Health Ins) | (5,266) | <i>Decrease is contingent upon 1 half time staff cutting hours to 15 per week and becoming uneligible for benefits. A contingency amount has been built in to cover 1 month of benefits in order to give the Board and management time to approve the staffing budget.</i> | Needs Board review |
| 3) | Retirement: | 0 | No budget has been set for KBOO contribution in to the retirement plan. Policy was changed in order to allow for expense reduction in deficit years. The Board has to make an annual decision if retirement will be funded, this is done at beginning of the calendar year. | Requires Board action after Dec. 2011 calendar year end |
| 4) | Professional Services: | (2,100) | Increase in CPA/accounting costs due to the retirement of Mark Eklund & removed cost of newsletter. The cost can potentially go down by \$4,000 if the bylaw changes to allow for an annual review instead of an audit | Accounting fees lowered due to passing of bylaw for CPA Review |
| 5) | Contract Services | 5,900 | The job description for Chief Engineer may need to be looked at. This position used to cover IT. Added \$8400 to the budget for IT contract services & removed amount paid for newsletter. | Needs Action: Personnel/Staff/Board |
| 6) | Transmitter Space Rental: | 4,620 | Stonehenge Tower contract increased in late FY11. New lease rate will be good for 3 years | |
| 7) | Utilities and Telephone | 1,400 | Allowance for 3% increase to utilities costs | |
| 8) | Insurance | 1,140 | Added Volunteer Accident Insurance, increased coverage limitations for remote equipment, plus slight increase in D&O/Employment Practices | |
| 9) | Engineering Items | 500 | Budget is based on average of 3 year actual cost. | Finance Committee recommends extra budget for computer upgrades |
| 10) | Building Maintenance | (500) | | |

FY12 Budget Narrative
Debbie Rabidue, Finance Coordinator
Revised - 9/24/11 - Approved by the Board of Directors 9/26/11

| | | | | |
|-------------------------|-------------------------|-----------------|--|--|
| 11) | Telephone/DSL | (900) | Budget based on actuals for FY11. Includes local, long distance, transmitter, engineer cell & DSL. Decrease in DSL (live remote), increase in engineer cell costs & decrease in local-long distance due to telephone contract renewal. | |
| 12) | Programming Supplies | 500 | Increased to reflect current spending trends for increase in programming supplies for volunteers. | |
| 13) | Record & CD Purchases | (1,000) | Decreased from \$2000 to \$1000. Record & CD purchase expense is for adding content to the music library | |
| 14) | Newswire Service | (6,000) | Program department is going to eliminate the Newsire service with AFP, and obtain news content on their own for FY12. | |
| 15) | Program Purchases | (1,750) | Decrease due to eliminating some program purchases. Keeping Pacifica for Democracy Now & FAIR. | |
| 16) | Printing - Postage | (9,200) | Membership dept. will be looking at ways to decrease the printing & postage costs. Subtracted an additional \$2500 that was budgeted for the quarterly newsletter | |
| 17) | Promotional Advertising | 6,000 | Promotional replacement for the quarterly member newsletter. Board may look at adding a budget for promotional advertising | |
| 18) | Development Expense | (1,600) | Decrease in expense is due to decrease in projected Development revenue | |
| 19) | Premiums | (2,500) | | |
| 20) | Publications | 400 | | |
| 21) | Training: | (2,500) | Budget may be added for Staff, Board and Volunteer training per Strategic Plan schedule for FY12 | |
| 22) | Volunteer Expenses | (500) | Volunteer expenses decreased to reflect current spending trend. | |
| 23) | Web Development | 1,000 | Software upgrades for web coordinator's computer in order to manage the website | |
| | | (1,250) | Less \$300 in engineer travel & increase on translator rent @ Corvallis & \$1,000 decrease in Office Supplies | |
| Budgeted Expense | | | Budgeted operating expense is \$661,421, a decrease | |
| FY12 variance to | | (47,708) | of \$33,208 from the FY11 budget. | |

Operating Budgeted Deficit: Decreased budgeted operational deficit will be dependant on cuts to employee costs. If no cuts are made the projected deficit will be over \$50,000 (or half of the cash surplus left in the bank)

(14,971)

of FY12: Revised 9/24/11

\$308,000