



325 Soquel Avenue
Santa Cruz, CA 95062

BOARD OF DIRECTORS
Finance Committee Meeting
September 17, 2018
10:30 A.M.
Offices of the Corporation

AGENDA

1. Attendance

(Chair) Joe Hall, Keith Gudger, Tom Manheim, Maitreya Maziarz

2. Oral Communications

Any person may address the Committee during its Oral Communications period. All Oral Communications must be directed to an item not listed on today's Consent or Regular Agenda, and must be within the jurisdiction of the Committee.

3. Consideration of Late Additions to the Agenda; additions and deletions to the Regular Agenda.

REGULAR AGENDA

4. Consider Approval of June 2018 Financial Reports *

5. Consider Approval of July 2018 Financial Reports *

6. Discussion of Employee Bonus Guidelines *

7. Adjournment.

Any person may address the Board Committee during its Public Comment period. Each presentation will be limited to three minutes and individuals may speak only once during Public Comment. A maximum of five minutes will be set aside for this period at this meeting. If the period runs beyond five minutes, the Board may, at its discretion, allow time at the end of the meeting for additional public comment. All comments must be directed to an item NOT listed on today's agenda and must be within the subject matter jurisdiction of the Board. Preference will be given to individuals who did not speak at the previous Board meeting. All speakers must address the entire Board and will not be permitted to engage in dialogue. Speakers are requested to sign the sheet designated for that purpose so that their names may accurately be reflected in the minutes of the meeting. Regular Agenda Items: Members of the public may speak on any item on the agenda. Each presentation will be limited to three minutes. The maximum time devoted to public input on any item will be determined by the Chair.

*** Material Included in Packet**

Community Television of Santa Cruz County
Operating Profit Loss Budget Performance
June
2018

	Annual Budget 2017-18	June 2018	June Year to Date	% of Annual Budget	Amount Remaining
4300 · OPERATING REVENUE					
4101 · County BOS Meetings	21,000.00	1,627.50	26,582.50	127%	-5,582.50
4103 · City of Capitola Gov. Meetings	10,000.00	884.00	7,369.50	74%	2,630.50
4104 · SCMTD Meetings	1,600.00	374.00	2,786.00	174%	-1,186.00
4106 · City of Santa Cruz Gov. Mtg.	33,000.00	1,860.00	29,062.50	88%	3,937.50
4108 · SCCRTC Meetings	2,400.00	493.00	2,875.50	120%	-475.50
4109 · SCWD Government Meetings	4,800.00	476.00	5,399.00	112%	-599.00
4110 · Memberships	7,500.00	0.00	0.00	0%	7,500.00
4120 · Facility & Equipment Use	150,000.00	12,900.03	133,632.74	89%	16,367.26
4121 · SLVWD Meetings	7,600.00	306.00	4,281.00	56%	3,319.00
4122 · PVUSD	6,100.00	680.00	5,962.50	98%	137.50
4130 · Classes	6,000.00	8.00	720.81	12%	5,279.19
4165 · Donations	500.00	50.00	905.00	181%	-405.00
4180 · Interest Earned	300.00	98.52	1,016.65	339%	-716.65
4185 · Misc. Income	0.00	0.00	193.00		-193.00
4190 · Gain/Loss on Sale of Assets	0.00	0.00	56.00		-56.00
4200 · Production Services	8,000.00	462.00	7,619.00	95%	381.00
Total 4300 · OPERATING REVENUE	258,800.00	20,219.05	228,461.70	88%	30,338.30
TOTAL INCOME	258,800.00	20,219.05	228,461.70	88%	30,338.30
6000 · OPERATING EXPENSES					
6100 · Advertising	12,000.00	8,854.98	11,659.97	97%	340.03
6200 · Bad Debts	0.00	1,950.00	1,950.00		-1,950.00
6300 · Bank Charges	1,600.00	239.95	2,839.21	177%	-1,239.21
6600 · Dues & Subscriptions	1,500.00	70.00	1,154.05	77%	345.95
7100 · Office Supplies	700.00	0.00	580.41	83%	119.59
7200 · Postage/Freight	500.00	114.98	348.90	70%	151.10
7205 · Printing	1,000.00	0.00	78.44	8%	921.56
7401 · Facility Supplies	3,000.00	178.43	1,781.86	59%	1,218.14
7640 · Licenses/Fees/Misc. Taxes	1,000.00	42.00	147.00	15%	853.00
7700 · Telephone/Telecommunications/Internet	9,000.00	356.93	4,883.24	54%	4,116.76
Total 6000 - Operating Expenses	30,300.00	11,807.27	25,423.08	84%	4,876.92
6800 · Contracted Services					
6900 · Contract Services-Audit Services	14,500.00	0.00	1,395.00	10%	13,105.00
7001 · Contract Services-Production Support	3,000.00	0.00	0.00	0%	1,605.00
7007 · Contract Services-CMAP	33,000.00	5,760.00	36,410.00	110%	-3,410.00
7010 · Contract Services-Consulting	10,000.00	2,205.00	3,435.00	34%	6,565.00
7110 · Contract Services-Legal	6,000.00	32.00	3,097.30	52%	2,902.70
7910 · Contract Services-Equipment Technicians	6,000.00	0.00	0.00	0%	6,000.00
Total 6800 · Contracted Services	72,500.00	7,997.00	44,337.30	61%	28,162.70
7000 · Staff Development & Fundraising					
7405 · Training/conferences	2,000.00	-122.51	1,534.92	77%	465.08
7800 · Travel/Meals	1,538.00	29.97	61.30	4%	1,476.70
8600 · Special Events Expense	3,000.00	0.00	0.00	0%	3,000.00
Total 7000 · Staff Development & Fundraising	6,538.00	-92.54	1,596.22	24%	4,941.78

Community Television of Santa Cruz County
Operating Profit Loss Budget Performance
June
2018

	Annual Budget 2017-18	June 2018	June Year to Date	% of Annual Budget	Amount Remaining
7500 · Operating Salaries & Benefits					
7530 · Salaries - Coworking Community Coordinator	33,000.00	3,743.96	33,682.33	102%	-682.33
7535 · Salaries - Accountant	15,450.00	920.31	12,131.40	79%	3,318.60
7542 · Salaries - Media Services Coordinator	48,500.00	3,733.74	48,927.47	101%	-427.47
7585 · Salaries - Government Technicians	13,000.00	2,201.30	18,487.28	142%	-5,487.28
7589 · Salaries - Extra Help Trainers, Technicians	10,000.00	53.10	2,440.54	24%	7,559.46
7621 · Payroll Taxes	11,000.00	869.24	11,665.53	106%	-665.53
7635 · Workers Comp	2,012.00	462.00	2,201.01	109%	-189.01
7630 · Health/Dental/Vision	12,000.00	959.86	11,241.02	94%	758.98
7632 · Severance/Vacation Payouts	4,500.00	0.00	720.00	16%	3,780.00
Total 7500 · Operating Salaries & Benefits	149,462.00	12,943.51	141,496.58	95%	7,965.42
TOTAL EXPENSES	258,800.00	32,655.24	212,853.18	82%	45,946.82
NET INCOME/LOSS	0.00	-12,436.19	15,608.52	6.0%	

Community Television of Santa Cruz County
Capital Profit Loss Budget Performance
June
2018

	Annual Budget 2017-18	June 2018	June Year to Date	% of Annual Budget	Amount Remaining
4000 · CAPITAL REVENUE					
4100 · County PEG Fees	500,000.00	125,000.00	500,000.00	100%	0.00
4106 · County PEG Fees	100,000.00	0.00	100,000.00	100%	0.00
TOTAL INCOME	600,000.00	125,000.00	600,000.00	100%	0.00
5000 · CAPITAL EXPENDITURES					
5100 · Facility					
7400 · Facility Lease	192,000.00	14,998.03	182,935.40	95%	9,064.60
6701 · Facility /Equip. Insurance	9,294.00	924.72	11,284.20	121%	-1,990.20
7058 · Leasehold Improvements /Capital	0.00	-3,844.14	12,967.86		-12,967.86
7300 · Facilities & Equipment Rental	1,000.00	38.29	458.48	46%	541.52
Total 5100 · Facility	202,294.00	12,116.90	207,645.94	103%	-5,351.94
5200 · Equipment					
6650 · Interest on Leased Equip	0.00	31.42	566.13		-566.13
7215 · Copy Machine Lease	5,000.00	201.31	4,845.30	97%	154.70
7051 · Equipment Repair	10,000.00	0.00	0.00	0%	10,000.00
7056 · Equipment - Depreciated	367,046.00	2,507.00	159,851.44	44%	338,860.28
7057 · Equipment - Non Depreciated	15,000.00	1,012.89	28,185.72	188%	-13,185.72
Total 5200 · Equipment	397,046.00	3,752.62	193,448.59	49%	203,597.41
5300 · Media Licensing					
7059 · Music Library	660.00	54.98	659.98	100%	0.02
Total 5300 · Media Licensing	660.00	54.98	659.98	100%	0.02
Total 5000 · CAPITAL EXPENDITURES	600,000.00	15,924.50	401,754.51	67%	198,245.49
NET INCOME/LOSS	0.00	109,075.50	198,245.49		

Community Television of Santa Cruz County

BALANCE SHEET

As of June 30, 2018

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1010 Checking-SCCCU	2,215.38
1015 PayPal Checking-SCCCU	3,685.69
1020 Savings-SCCCU	36,551.51
1021 Petty Cash Fund	141.89
1070 CD 12 month Cert SCCC	48,140.16
1075 Checking - Lighthouse Bank	812,298.66
1080 Savings - Lighthouse Bank	502.96
1099 Cash Box	0.00
Total Bank Accounts	\$903,536.25
Accounts Receivable	
1114 Temp A/R	0.00
1115 Accounts Receivable	3,660.50
1116 Grants Receivable	0.00
Total Accounts Receivable	\$3,660.50
Other Current Assets	
1117 A/R - Temp. Restricted	0.00
1125 County Reserve Acct. Restricted	0.00
1200 Prepaid Insurance	
1201 Health	0.00
1202 Accident	0.00
1203 Crime Coverage	0.00
1206 Workers Comp Deposit	892.25
1209 Liability / D&O (SLIP)	0.00
1210 Property Liability (SPIP)	0.00
Total 1200 Prepaid Insurance	892.25
1260 Prepaid Expenses	21,930.00
1300 PFG Common Stock	4,931.00
1400 Undeposited Funds	306.00
Total Other Current Assets	\$28,059.25
Total Current Assets	\$935,256.00
Fixed Assets	
1600 Production Equipment	776,969.81
1700 Accum Depr-Production Equipment	-493,235.15
Total 1600 Production Equipment	283,734.66
1620 Office Furniture/Equipment	99,615.17
1720 Accum Depr-Furniture/Equipment	-83,663.58
Total 1620 Office Furniture/Equipment	15,951.59
1625 Leasehold Improvement	188,719.87
1725 Accum Depr-Leasehold Improv.	-114,773.76
Total 1625 Leasehold Improvement	73,946.11

	TOTAL
1670 Broadcasting Equipment	28,933.89
Total Fixed Assets	\$402,566.25
TOTAL ASSETS	\$1,337,822.25
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	7,452.47
Total Accounts Payable	\$7,452.47
Other Current Liabilities	
2110 Sales Tax Payable	0.00
2111 Sales Tax (Manual entry)	0.00
2140 Accrued Vacation	3,249.28
24000 Payroll Liabilities	1,034.98
CA PIT / SDI	119.48
CA SUI / ETT	-469.24
Federal Taxes (941/944)	1,972.57
Total 24000 Payroll Liabilities	2,657.79
Board of Equalization Payable	0.00
Direct Deposit Payable	0.00
Total Other Current Liabilities	\$5,907.07
Total Current Liabilities	\$13,359.54
Long-Term Liabilities	
2400 Businees Equipment Loan 33736	7,948.48
Total Long-Term Liabilities	\$7,948.48
Total Liabilities	\$21,308.02
Equity	
3000 Opening Bal Equity	0.00
3015 Net Assets-Temp Restricted	0.00
3900 Retained Earnings	648,807.83
3905 Retained Earnings - Capital Reserves	453,852.31
Net Revenue	213,854.09
Total Equity	\$1,316,514.23
TOTAL LIABILITIES AND EQUITY	\$1,337,822.25

Community Television of Santa Cruz County
Operating Profit Loss Budget Performance
July
2018

	Annual Budget 2018-19	July 2018	July Year to Date	% of Annual Budget	Amount Remaining
4300 · OPERATING REVENUE					
4101 · County BOS Meetings	28,000.00	4,960.00	4,960.00	18%	23,040.00
4103 · City of Capitola Gov. Meetings	7,000.00	714.00	714.00	10%	6,286.00
4104 · SCMTD Meetings	2,500.00	306.00	306.00	12%	2,194.00
4106 · City of Santa Cruz Gov. Mtg.	33,000.00	4,983.25	4,983.25	15%	28,016.75
4108 · SCCRTC Meetings	2,500.00	510.00	510.00	20%	1,990.00
4109 · SCWD Government Meetings	5,200.00	374.00	374.00	7%	4,826.00
4110 · Memberships	0.00	0.00	0.00		0.00
4120 · Facility & Equipment Use	126,000.00	13,971.47	13,971.47	11%	112,028.53
4121 · SLVWD Meetings	6,000.00	272.00	272.00	5%	5,728.00
4122 · PVUSD	5,700.00	612.00	612.00	11%	5,088.00
4130 · Classes	1,000.00	8.00	8.00	1%	992.00
4165 · Donations	500.00	50.00	50.00	10%	450.00
4180 · Interest Earned	0.00	105.86	105.86		-105.86
4185 · Misc. Income	1,000.00	52.00	52.00		948.00
4190 · Gain/Loss on Sale of Assets	0.00	0.00	0.00		0.00
4200 · Production Services	6,000.00	750.00	750.00	13%	5,250.00
4250 · Closed Captioning	59,000.00	0.00	0.00		59,000.00
4260 · Equipment Service	5,000.00	0.00	0.00		5,000.00
Total 4300 · OPERATING REVENUE	288,400.00	27,668.58	27,668.58	10%	260,731.42
TOTAL INCOME	288,400.00	27,668.58	27,668.58	10%	260,731.42
6000 · OPERATING EXPENSES					
6100 · Advertising	12,000.00	977.00	977.00	8%	11,023.00
6300 · Bank Charges	3,000.00	194.01	194.01	6%	2,805.99
6600 · Dues & Subscriptions	1,500.00	70.00	70.00	5%	1,430.00
7100 · Office Supplies	700.00	224.51	224.51	32%	475.49
7200 · Postage/Freight	500.00	20.00	20.00	4%	480.00
7205 · Printing	1,000.00	0.00	0.00	0%	1,000.00
7401 · Facility Supplies	3,000.00	138.53	138.53	5%	2,861.47
7640 · Licenses/Fees/Misc. Taxes	250.00	0.00	0.00	0%	250.00
7700 · Telephone/Telecommunications/Internet	5,000.00	356.97	356.97	7%	4,643.03
Total 6000 - Operating Expenses	26,950.00	1,981.02	1,981.02	7%	24,968.98
6800 · Contracted Services					
6900 · Contract Services-Audit Services	14,500.00	0.00	0.00	0%	14,500.00
7001 · Contract Services-Production Support	3,000.00	0.00	0.00	0%	3,000.00
7007 · Contract Services-CMAP	34,560.00	2,880.00	2,880.00	8%	31,680.00
7010 · Contract Services-Consulting	9,000.00	0.00	0.00	0%	9,000.00
7110 · Contract Services-Legal	5,900.00	0.00	0.00	0%	5,900.00
7910 · Contract Services-Equipment Technicians	6,000.00	0.00	0.00	0%	6,000.00
7920 · Contract Services-Captioning	21,000.00	0.00	0.00	0%	21,000.00
Total 6800 · Contracted Services	93,960.00	2,880.00	2,880.00	3%	91,080.00
7000 · Staff Development & Fundraising					
7405 · Training/conferences	2,000.00	313.98	313.98	16%	1,686.02
7800 · Travel/Meals	1,538.00	0.00	0.00	0%	1,538.00
8600 · Special Events Expense	3,850.00	0.00	0.00	0%	3,850.00
Total 7000 · Staff Development & Fundraising	7,388.00	313.98	313.98	4%	7,074.02

Community Television of Santa Cruz County
Operating Profit Loss Budget Performance
July
2018

	Annual Budget 2018-19	July 2018	July Year to Date	% of Annual Budget	Amount Remaining
7500 · Operating Salaries & Benefits					
7530 · Salaries - Coworking Community Coordinator	34,000.00	2,722.21	2,722.21	8%	31,277.79
7535 · Salaries - Accountant	15,900.00	471.23	471.23	3%	15,428.77
7542 · Salaries - Media Services Coordinator	50,000.00	4,153.58	4,153.58	8%	45,846.42
7585 · Salaries - Government Technicians	19,690.00	397.41	397.41	2%	19,292.59
7589 · Salaries - Extra Help Trainers, Technicians	10,000.00	354.19	354.19	4%	9,645.81
7621 · Payroll Taxes	12,000.00	651.84	651.84	5%	11,348.16
7635 · Workers Comp	2,012.00	268.17	268.17	13%	1,743.83
7630 · Health/Dental/Vision	12,000.00	959.86	959.86	8%	11,040.14
7632 · Severance/Vacation Payouts	4,500.00	0.00	0.00	0%	4,500.00
Total 7500 · Operating Salaries & Benefits	160,102.00	9,978.49	9,978.49	6%	150,123.51
TOTAL EXPENSES	288,400.00	15,153.49	15,153.49	5%	273,246.51
NET INCOME/LOSS	0.00	12,515.09	12,515.09	4.3%	

Community Television of Santa Cruz County
Capital Profit Loss Budget Performance
July
2018

	Annual Budget 2018-19	July 2018	July Year to Date	% of Annual Budget	Amount Remaining
4000 · CAPITAL REVENUE					
4100 · County PEG Fees	500,000.00	0.00	0.00	0%	500,000.00
4106 · County PEG Fees	100,000.00	0.00	0.00	0%	100,000.00
TOTAL INCOME	600,000.00	0.00	0.00	0%	600,000.00
5000 · CAPITAL EXPENDITURES					
5100 · Facility					
7400 · Facility Lease	239,124.00	15,383.03	15,383.03	6%	223,740.97
6701 · Facility /Equip. Insurance	9,300.00	776.60	776.60	8%	8,523.40
7058 · Leasehold Improvements /Capital	30,000.00	250.00	250.00		29,750.00
7300 · Facilities & Equipment Rental	1,000.00	38.29	38.29	4%	961.71
Total 5100 · Facility	279,424.00	16,447.92	16,447.92	6%	262,976.08
5200 · Equipment					
6650 · Interest on Leased Equip	0.00	27.44	27.44		-27.44
7215 · Copy Machine Lease	5,000.00	210.28	210.28	4%	4,789.72
7051 · Equipment Repair	5,000.00	0.00	0.00	0%	5,000.00
7056 · Equipment - Depreciated	140,596.00	995.00	995.00	1%	140,596.00
7057 · Equipment - Non Depreciated	15,000.00	1,974.64	1,974.64	13%	11,792.64
7060 · Equipment Grant Program - Depreciated	100,000.00	0.00	0.00	0%	100,000.00
7061 · Equipment Leases	50,000.00	0.00	0.00	0%	49,945.00
7062 · SWAS	4,320.00	0.00	0.00	0%	4,320.00
Total 5200 · Equipment	319,916.00	3,207.36	3,207.36	1%	316,708.64
5300 · Media Licensing					
7059 · Music Library	660.00	55.00	55.00	8%	605.00
Total 5300 · Media Licensing	660.00	55.00	55.00	8%	605.00
Total 5000 · CAPITAL EXPENDITURES	600,000.00	19,710.28	19,710.28	3%	580,289.72
NET INCOME/LOSS	0.00	-19,710.28	-19,710.28		

Community Television of Santa Cruz County

BALANCE SHEET

As of July 31, 2018

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1010 Checking-SCCCU	1,316.01
1015 PayPal Checking-SCCCU	3,685.69
1020 Savings-SCCCU	36,552.13
1021 Petty Cash Fund	113.16
1070 CD 12 month Cert SCCC	48,140.98
1075 Checking - Lighthouse Bank	792,430.81
1080 Savings - Lighthouse Bank	503.07
1099 Cash Box	0.00
Total Bank Accounts	\$882,741.85
Accounts Receivable	
1114 Temp A/R	0.00
1115 Accounts Receivable	13,272.75
1116 Grants Receivable	0.00
Total Accounts Receivable	\$13,272.75
Other Current Assets	
1117 A/R - Temp. Restricted	0.00
1125 County Reserve Acct. Restricted	0.00
1200 Prepaid Insurance	
1201 Health	0.00
1202 Accident	0.00
1203 Crime Coverage	0.00
1206 Workers Comp Deposit	624.08
1209 Liability / D&O (SLIP)	0.00
1210 Property Liability (SPIP)	5,640.05
Total 1200 Prepaid Insurance	6,264.13
1260 Prepaid Expenses	22,475.00
1300 PFG Common Stock	4,931.00
1400 Undeposited Funds	0.00
Total Other Current Assets	\$33,670.13
Total Current Assets	\$929,684.73
Fixed Assets	
1600 Production Equipment	776,969.81
1700 Accum Depr-Production Equipment	-493,235.15
Total 1600 Production Equipment	283,734.66
1620 Office Furniture/Equipment	99,615.17
1720 Accum Depr-Furniture/Equipment	-83,663.58
Total 1620 Office Furniture/Equipment	15,951.59
1625 Leasehold Improvement	188,719.87
1725 Accum Depr-Leasehold Improv.	-114,773.76
Total 1625 Leasehold Improvement	73,946.11

	TOTAL
1670 Broadcasting Equipment	28,933.89
Total Fixed Assets	\$402,566.25
TOTAL ASSETS	\$1,332,250.98
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 Accounts Payable	10,587.47
Total Accounts Payable	\$10,587.47
Other Current Liabilities	
2110 Sales Tax Payable	0.00
2111 Sales Tax (Manual entry)	0.00
2140 Accrued Vacation	3,249.28
24000 Payroll Liabilities	1,034.98
CA PIT / SDI	155.66
CA SUI / ETT	-899.07
Federal Taxes (941/944)	1,719.07
Total 24000 Payroll Liabilities	2,010.64
Board of Equalization Payable	0.00
Direct Deposit Payable	0.00
Total Other Current Liabilities	\$5,259.92
Total Current Liabilities	\$15,847.39
Long-Term Liabilities	
2400 Businees Equipment Loan 33736	7,084.55
Total Long-Term Liabilities	\$7,084.55
Total Liabilities	\$22,931.94
Equity	
3000 Opening Bal Equity	0.00
3015 Net Assets-Temp Restricted	0.00
3900 Retained Earnings	862,661.92
3905 Retained Earnings - Capital Reserves	453,852.31
Net Revenue	-7,195.19
Total Equity	\$1,309,319.04
TOTAL LIABILITIES AND EQUITY	\$1,332,250.98

Background of Employee Compensation / Bonus Rulings

In its [General Information Letter 2002-0021 \(Jan. 9, 2002\)](#), the IRS synthesized 40 years of considerations regarding reasonable compensation in 501(c)(3) organizations. An Information Letter is issued by the National Office of the IRS to set forth a "well-established interpretation or principle of tax law ... without applying it to a specific set of facts." See [Rev. Proc. 2006-1, 2006-1 I.R.B. 1, § 2.04](#). The IRS has also used the following list of factors in internal training materials. See [CPE Text 2000 at 26 \(Sept. 1, 1999\)](#).

A 501(c) tax-exempt organization may award a bonus to an employee if the employee's total compensation package:

1. Is established by an independent board of directors or by an independent compensation committee;
2. Is reasonable in terms of the employee's specialty and geographic locale;
3. The result of arms' length bargaining;
4. Includes a ceiling or reasonable maximum;
5. Does not have the potential to reduce the charitable services or benefits the organization would otherwise provide;
6. Takes into account measures of the employee's performance;
7. Keeps the organization within budget without charging more for services;
8. Does not transform the principal activity of the organization into a joint venture between it and the employee;
9. Is not merely a device to distribute all or a portion of the organization's profits to persons who are in control of the organization;
10. Serves a real and discernable business purpose of the exempt organization;
11. Does not result in abuse or unwarranted benefits; and
12. Rewards the employee based on services the employee actually performs.