

Minutes for the regular National Finance Committee meeting December 12, 2017.

Meeting convened at 8:38 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Ken Aaron, Sam Agarwal (CFO), Nick Arena, Chris Cory, Bill Crosier, Nick Economidis, Sabrina Jacobs, R. Paul Martin (Secretary), Mansoor Sabbagh, Nancy Sorden, Alex Steinberg (Chair), also attending were Christine Blosdale, interim General Manager of KPFK, and Barry Brooks, Business Manager of KPFK.

Agenda:

1. Roll Call - 2 minutes
2. Approval of minutes - 5 minutes
3. CFO report 10 minutes
 - A. questions 5 minutes
4. Discussion of Budgets 60 minutes
5. New business - 15 minutes
6. Adjourn - 10:00 PM EST

Motion: (Mansoor Sabbagh) "To adopt the agenda." (Passed without objection as amended)

The Committee discussed the motion.

Amendment: (R. Paul Martin) "To add 5 minutes to the CFO report for questions as '3A.'" (Passed without objection)

The committee discussed the amendment.

Approval of minutes 8:45 PM (ET)

Motion: (R. Paul Martin) "To approve the public session minutes for the November 14, 2017, meeting." (Passed without objection)

CFO report 8:46 PM (ET)

The CFO told the committee that the options for payments of the ESRT judgement are not very clear, Pacifica is pursuing a loan. He said that a broker firm is taking the necessary steps. The CFO said that he is not sure how it will progress and of the feasibility of the loan. He said that the National Office now has to switch its attention to preparing for the FY16 audit. He said that the National Office had been preparing for bankruptcy, now they have to switch back to routine business. He said that for the last 10 days or so they've been looking at statements from stations. He said that the National Office Staff is now completely busy on that. He said that he will send out a detailed report to the PNB and NFC.

The CFO said that the National Office has gotten notice that their requested extension for completion of the FY16 audit had been rejected by the Attorney General's Office, they have been given to

February 10, 2018, to get it done, but the audit has not started yet. The CFO said that it looks impossible to meet that deadline; he will request another extension, but he said that it's not looking good. The CFO said that the recent on-air fund raiser for the National Office had resulted in about \$60,000 collected. He said that they plan to use that money to hire a contractor for the purpose of getting the FY16 audit done, he said that it takes three to four weeks to bring someone in and have them be effective on the job, he said that he hopes that by January they can get someone in to get a special focus on this. He said that when the audit starts there isn't a minute to spare to meet other demands. He said they are just replacing a person they lost in June not increasing the National Office's head count. He said that he would make a special request to the PNB for more resources. He said that there are two additional audits going on: pension audits for FY15 and FY16, and an audit for the 401k. He said that these audits are proving to be very complicated, with Union agreements and retirement time, and it's hard to figure it out. He said that no in-house person can do this. He said that he was providing a detailed report to the PNB and NFC so all members are fully informed, he noted that these are confidential matters, and we can't deal with them in open session.

Questions 8:52 PM (ET)

The committee discussed the CFO report. In answer to a question the CFO said that the National Office had asked for an extension on the FY16 audit to May 2018, the audit was due last March, and that the IRS Form 990s had been filed on an estimated basis and they will have to file again. He said that some stations have been quite deficient in getting their schedules done for the FY16 audit. In answer to a question the CFO said that if we don't get an extension and don't meet the February 14, 2018, deadline for the FY16 audit either the California Franchise Tax Board or the California Department of Justice, which is the Attorney General's office, could revoke Pacifica's not-for-profit status. There was a discussion of the hiring of someone to help with the audit.

Point of Order: (Mansoor Sabbagh) "Call for the orders of the day." 9:02 PM (ET)

Motion: (Mansoor Sabbagh) to extend the time for this item by five minutes." (Passed without objection) 9:02 PM (ET)

The committee continued to discuss the CFO's report. In answer to a question the CFO said that WBAI needs to do a lot of work to improve its accounting and reporting. He said that he's sent a contractor to New York to collect good information for the audits and the FY18 budgets. He said that he couldn't give a firm date for when the draft WBAI FY18 budget would be available from the National Office, but that maybe it would be ready in a week or so.

Point of Order: (Mansoor Sabbagh) Call for the orders of the day. 9:10 PM (ET)

Discussion of Budgets 9:10 PM (ET)

KPFF 9:10 PM (ET)

The KPFF Treasurer said that he had sent out the adjustments that the CFO had requested to the previous draft KPFF FY18 budget proposal. He said that the adjustments had resulted in about a \$69,000 better Net Income. Additionally, the KPFF Union contract has a seniority increment thing that caps at \$300 per month, and that had been fixed in this draft budget. To compensate for that cost they

found that board operators were being put into the draft budget at too many hours, so estimates were lowered. They have scrapped the hiring of a Volunteer Coordinator and saved about \$50,000 there; that compensated for the seniority bonuses. He said that in FY17 the KPFK General Manager terminated some Staff and cut salaries of some Staff, this went to arbitration and KPFK lost and had to rehire people; therefore the payroll in FY17 is not reflective of the FY18 payroll. KPFK didn't hire more staff it's that Staff are being paid back and their hours are being increased. He said that the previous General Manager and interim Executive Director had hired someone on a contract despite the hiring freeze, that's a burden of over \$100,000 and there's no way out of that expense. He said that the current General Manager has come up with a plan to increase the income. They are looking at increased revenue of 15% to 20% over last year. He said that the interim General Manager would be raising the ratio of revenue from premiums to cost of premiums to 12:1.

The KPFK interim General Manager said that she's been the interim General Manager for nine months, she had been under the impression that the job was supposed to be for a few weeks. She said that she was pleased with how the station has turned around, and with the energy and mood now. She said that the station's last long on-air fund raiser in October had a goal of \$600,000 or \$650,000 and they surpassed that goal and raised over \$750,000. She said that the massive wild fires had devastated the signal area and that listeners had been displaced by them. She noted that the previous interim General Manager had hired the contract worker even though the position was not in the FY17 budget. She noted that some workers had been hired back and they make a difference to the station.

The committee discussed the KPFK draft FY18 budget proposal. The CFO noted that some personnel expenses had increased while others had decreased and he questioned that. The KPFK interim General Manager said that she would get together with the CFO to go over things. There was a discussion of the current draft KPFK FY18 budget not following the template from the National Office. It was requested that the draft KPFK FY18 budget be submitted using that template.

Point of Order: (Alex Steinberg) "Call for the orders of the day." 10:01 PM (ET)

Motion: (Mansoor Sabbagh) "To extend the time for this item by five minutes." (Passed without objection) 10:01 PM (ET)

The committee continued discussing the draft KPFK FY18 budget proposal.

Motion: (Mansoor Sabbagh) "To adjourn" (Passed without objection) 10:06 PM (ET)

Adjourned 10:06 PM (ET)

Submitted by R. Paul Martin, Secretary.