

Minutes for the regular National Finance Committee meeting March 12, 2019.

Meeting convened at 8:44 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Ken Aaron, Nick Arena, Chris Cory (Chair), Joseph Davis, William Heerwagen, R. Paul Martin (Secretary), P.K. McCary, Mansoor Sabbagh, also attending was Pacifica Foundation Executive Director Maxie C. Jackson III.

Agenda:

1. Approve Agenda
2. Minutes approval (5 minutes)
3. Report from the Executive Director (10 minutes)
4. Budget Overdraft Maximum Amount (if motion to take from the table passes) (20 minutes)
5. Consideration of draft FY19 budgets
 - A. KPFT (30 minutes)
 - B. WPFW (30 minutes)
6. New Business
7. Adjourn no later than 10:30 PM (ET)

Motion: (Chris Cory) “To approve the agenda.” (Passed without objection)

The Committee discussed the motion.

Amendment: (Ken Aaron) “To add ‘C. KPFK (30 minutes)’ to ‘Consideration of draft FY19 budgets.’” (Fails 1 for, 4 against, 1 abstention)

The committee discussed the amendment.

Minutes approval 8:54 PM (ET)

Motion: (Chris Cory) “To approve the minutes of the February 12, 2019, meeting.” (Passed without objection)

Report from the Executive Director 8:55 PM (ET)

The Executive Director told the NFC that Central Services payments have not been received, and that three of the five Pacifica stations are not current, he said that about \$225,000 of Central Services payments is outstanding to the National Office; he said that notices about this have gone out from the National Office. He said that not one station made its goal in the Winter on-air fund raisers, and that the Greater Public Organization would help to deal with that. He said that in a cost cutting measure Pacifica is ending its lease of the KU band which very few affiliates were

using, and this should save Pacifica about \$3,000 a month. He said that they are closing the National Office in Berkeley which should save about \$6,000 a month in rent. He said that the National Office was making sure that there are no problems with ending the lease.

The Executive Director said that the LSB election costs were \$154,644.52 or more. He said that paper ballot votes cost \$37.11 each, 13,000 of those were sent out with only 1,000 returned, E-ballots cost \$2.75 each, 29,000 of those were sent out and 4,681 were returned. He said there would be a recommendation to go entirely to E-balloting for Pacifica elections.

The Executive Director told the NFC that he'd met with *Democracy Now!* in New York and they are forgiving what they say is \$2,361,828 owed to *Democracy Now!* by Pacifica; *Democracy Now!* will continue to pitch on-air for the stations and a new contract will be negotiated.

The Committee discussed the report. The Executive Director said that he did not believe that Pacifica and *Democracy Now!* currently have a contract.

Budget Overdraft Maximum Amount 9:21 PM (ET)

The maker of the motion which had previously been tabled told the committee that the PNB had passed a similar motion which supersedes this one.

Motion: (Joseph Davis) "To take the motion from the table." (Fails 1 for, 4 against)

Consideration of draft FY19 budgets 9:26 PM (ET)

KPFT - The KPFT Director did not have access to the draft FY19 budget spreadsheet at the time of the meeting and the KPFT Treasurer was not on the call yet. The committee discussed what details of the draft FY19 budget members had. It was noted that KPFT appeared to be projecting a FY19 surplus of \$6,916. There were questions about how many days KPFT projected to spend pitching and how many FTEs KPFT had. Regarding the spreadsheet itself it was noted that the Salaries spreadsheet was formatted for dates, not plain numbers or currency and the Assumptions spreadsheet looked like it needed to be filled in.

The KPFT Treasurer arrived and presented the KPFT draft FY19 budget to the committee. She said that the main point is that the budgets of last two two years were under \$1,000,000. She told the committee that they had lowered the cash in part of the budget that shows their sustainability, which included not just on-air fund raisers but other things that bring in funding based on research and their attention to it. She said that the KPFT draft FY19 budget now also includes \$5,000 to help pay off the loan to the National Office. She said that they have gone bare bones, and it's a reasonable budget for station of their size that needs to grow. She said that the summary she'd sent to the committee shows revenues as well as expenses. She said it's based on what they know to be real and is based on recommendations from the current General Manager and Business Manager. She said that they'd worked almost eight months to get this budget and it's already showing sustainability based on recent numbers.

The Committee discussed the report. There was a question regarding the FY18 bottom line. The

KPFT Treasurer couldn't see the numbers well enough on her phone and had to travel to her computer at home to bring the spreadsheet up.

Motion: (Chris Cory) "To postpone this item to after the WPFW presentation." (Passed without objection) 9:40 PM (ET)

WPFW - The WPFW Treasurer went over the WPFW draft FY19 budget proposal with the committee. He said that they were not supplied with Profit & Loss statements through FY18. He said that they did have reconciliation of their bank statements. He said that they had to estimate the top line revenue and major expense categories. For FY19 they're projecting \$1.3 million in total revenue as opposed to \$1.4 million in FY18. He said that they had raised \$125,000 for a new transmitter in FY18, but the majority of those expenses will not be paid until FY19. He said that the total expenses are \$1.36 million with a deficit of about \$56,000. He said that \$75,000 of expenses are for the transmitter, which they have raised. He said that they haven't gotten good financial information from the National Office. He said that most revenue is from Listener Support. He said they have internal tracking of Major Donors. He said that FY19 is based on the FY18 results with some additional emphasis on on-air fund raisers that they think they'll be able to realize. He said that the expenses in FY19 are based on historical expenses and the increases the station is subject to based on the SAG-AFTRA Contract.

The committee discussed the WPFW draft FY19 budget proposal. In answer to questions the WPFW Treasurer said that they have only been able to generate what he called a quasi-accrual for this budget. He also said that they had left off depreciation from the draft FY19 budget because all of their assets are heavily depreciated down to \$0, except for the transmitter. He said that the life of the transmitter is expected to be about 10 to 15 years. It was noted that there was only one sheet in the spreadsheet. The WPFW Treasurer said that they have about 6½ FTEs and plan to pitch about 90 days in FY19.

Motion: (Nick Arena) "That the NFC recommend the draft FY19 WPFW budget to the PNB." (Passed 5 for, 2 against, 1 abstention)

The Committee discussed the motion.

Motion: (R. Paul Martin) "To postpone the motion to the next meeting." (Fails 2 for, 5 against, 1 abstention)

KPFT - The KPFT Treasurer told the committee that operating expenses are about \$972,000 which includes budgeted amounts for the National Office, it includes a loan repayment of about \$180,000 even though no one has told them what the repayment will be. She said that there was a jump in expenses for salaries and those things related to salaries. She said that they didn't have any actuals for January. She said she'd spoken to the General Manager and Business Manager about how they'll start reporting financial information because that had been a problem in the past. She said she'd thought they'd done a summary of the costs as well, but she couldn't find the copy. In answer to a question she told that committee that they are projecting a Total Revenue of about \$1,154,000. She said their bottom line for FY19 is a surplus of less than \$100,000.

The KPFT Director said that the KPFT interim General Manager is an hourly employee. He said that the KPFT draft FY19 budget is based on historical information.

The Committee discussed the report. In answer to a question the KPFT Treasurer said that KPFT was projecting at least 121 days of pitching and there would be “quiet drives.” She said that KPFT expects to get CPB money in FY19. In answer to a question the KPFT Director said that they had about five or six FTEs. The Executive Director said that KPFT has 3 FTEs. There was no certainty about KPFT’s fulfillment rate on Listener Support.

The Chair noted that the time for this item had expired.

Motion: (Chris Cory) “To extend the time for this item by 10 minutes.” (Passed without objection) 10:30 PM (ET)

The Executive Director said he wondered if the numbers for KPFT for projected revenue take into account the dramatic loss of audience the station is experiencing. He said that the interim General Manager had told him that KPFT only has about 48,000 listeners per week, which is dramatically lower than the rest of the stations in Pacifica. He asked how that was counted in the draft budget. The KPFT Treasurer said that it was due to the disenfranchisement of people who found they were not members and that needs to be investigated. She said they could raise those numbers by a better accounting system that would put members in better, and that KPFT would see a significant rise in listenership.

Motion: (P.K. McCary) “That the NFC recommend the draft FY19 KPFT budget to the PNB.” (Passed 4 for, 3 against, 1 abstention)

The Committee discussed the motion.

The Chair noted that the time for the meeting had expired.

Motion: (Chris Cory) “to extend the time for the meeting by five minutes.” (Fails 2 for, 4 against) 10:40 PM (ET)

Adjourned 10:42 PM (ET)

Submitted by R. Paul Martin, Secretary.