

Minutes for the regular National Finance Committee meeting October 13, 2020.

Meeting convened at 8:40 PM (ET) a quorum being present, the Chair and Secretary being present.

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Attending: Teresa J. Allen, Fred Blair, Chris Cory, DeWayne Lark, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO), Nancy Sorden, Polina Vasiliev also attending was WBAI General Manager Berthold Reimers.

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Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt agenda
4. Chair's announcements (2 minutes)
5. WBAI General Manager Berthold Reimers Report on questions raised at our last meeting (10 minutes)
6. Interim CFO Report, Anita Sims, including latest cash flow report (15 minutes report, 15 minutes Q&A)
7. Central Services Formula (55 minutes)
8. interim Executive Director Report, Lydia Brazon (15 minutes report, 15 minutes Q&A)
9. Reports from stations on Budget Timeline progress (starting where we left off last time) KPFT, WPFW, WBAI, KPFA, KPFK (5 minutes each)
10. New Business
11. Adjourn no later than 10:15 PM (ET)

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**Motion:** (James Sagurton) "To adopt the agenda." (Passed without objection)

The Committee discussed the motion.

Chair's announcements 8:46 PM (ET)

"There is a slight change in the order of our meeting to accommodate our interim CFO, Anita Sims. She has been ill for a few days so we will be dealing with items that will require her presence first so she can leave the call early, if possible or necessary. Her voice is rough and I hope we can attempt not to unnecessarily stress her.

We will be joined tonight by WBAI GENERAL MANAGER Berthold Reimers who will answer questions raised on the Committee at our last meeting.

Sharon Adams will not be attending tonight's meeting due to a conflict. Nick Arena will also not be on the call tonight.

NETA is now sending the financials directly to the members of the National Finance Committee {NFC}. Please review them and be ready to discuss and ask questions if you wish. For the last four months and continuing the interim CFO has been and will be simultaneously copying the P&L's to the GENERAL MANAGERS for their individual stations only.”

WBAI General Manager Berthold Reimers Report on questions raised at our last meeting 8:49 PM (ET)

The WBAI General Manager told the committee that he wanted to clarify that he is not keeping two sets of books for WBAI. He said that without a Business Manager he had to do the accounting himself and he used *Quickbooks* for accounting.

For the questions that had been asked he said that he saw that his numbers for Consultants were different from NETA's by about \$20,000 to \$40,000. He said that the reason for the difference is a question that should be asked of NETA. He said that he didn't know what NETA's entries were and that those numbers do not align with his, although they are close overall but as far as the line items were concerned. He said he'd never gotten the details that NETA enters in the *MAS 500* software.

The Chair said that the WBAI General Manager, the interim CFO and he had talked about this the afternoon before this meeting.

The interim CFO said that Tamra Swiderski and she would start looking at this. She said that maybe the WBAI General Manager was using a different Chart of Accounts from what NETA was using and that the Consultant/Temps/Contractuals item may have gotten rolled up into a different account. She said that the difference could be on NETA's end and that they would look at it. She said that it might be a good exercise for us to centralize the Chart of Accounts. She said she'd get the WBAI General Manager an answer on that.

The WBAI General Manager said that his Chart of Accounts does not match NETA's. He said that he was using the Chart of Accounts given to him by Sam Agarwal when he was CFO. He said that it would be a lot of work for him and NETA to work out the Chart of Accounts. He said that he could then change his numbers that he uses in *Quickbooks* to match NETA's.

The Chair and the interim CFO had a short discussion on the possibility of NETA creating a new, uniform Chart of Accounts for all of Pacifica to use.

The WBAI General Manager said that for pensions and payroll he did not have the accruals that NETA was using.

**Motion:** (Chris Cory) “To extend the time for this item by 10 minutes.” (Passed without objection) 9:01 PM (ET)

Committee members continued discussing the issue of different Chart of Accounts within Pacifica and the problems it causes. One committee member said he remembered that Pacifica

had revamped its Chart of Accounts some years ago and had made it uniform for all stations and other units within Pacifica. The WBAI General Manager agreed that one of the auditing firms that Pacifica had used years ago had made the Chart of Accounts that all stations were then required to use. He said that it was not implemented throughout the network. He said that a lot of things were going on then, including the CFO leaving. The Chair said that maybe we should do some analysis to see if Pacifica should go back to the old uniform Chart of Accounts or have NETA draw up a new one that would be uniform. It was suggested that this issue should be on the agenda for another meeting.

#### Interim CFO Report, Anita Sims, including latest cash flow report 9:10 PM (ET)

The interim CFO said that she didn't have the September financials yet, but they would have them late next week. She said that a lot of things needed to be recorded. She said she'd sent out a spreadsheet of the Central Services payments for FY19 to FY21 for all of the stations. She said that NETA has received advance payment for October from KPFA for about \$17,000. She said that all stations are making payroll. She said that for FY19, FY20 and October the stations have a total of about \$872,000 in unpaid Central Services fees.

The Chair noted that this level of arrears was unsustainable. He said that the National Office had just been able to make payroll. The interim CFO said that the only reason why the National Office had been able to make payroll was because KPFA had paid half of its Central Services for the month. The interim CFO said that we were very close to a tipping point. She said that the outstanding Accounts Payable for the National Office was about \$207,000 with NETA being the largest creditor at about \$139,000. In answer to a question the interim CFO said that NETA's bill was never fully paid and there has not been a payment in four months. The interim CFO said that the column for Payroll labeled "Unpaid" means that the amount is owed by the station to the National Office.

The interim CFO said that with regard to the audits progress is steady but slow, and that some stations are not responsive. She said that over 500 items on the request list for the audit are outstanding. She said that KPFT has been very helpful and has provided many items. She said that the most fundamental areas not done are accounts available and accounts payable. She said that she thinks that this is tied to the general ledger issue. She said that accrued expenses are mostly open, that PNB minutes have been requested but not received and that fixed asset information has been provided by WPFW, but NETA is still waiting on the rest. She said that some of the expense information is spotty.

In answer to a question the interim CFO said that she did not know why the information was not forthcoming from some stations, but that maybe they were busy doing their on-air fund raisers. She said it is critical that we meet the deadline and that we do not have the luxury of time as we did for the FY18 audit. The Chair said that we have the principal of the big loan coming due in April and there are plans to refinance that debt but that to do that successfully we'll need to have audits and budgets and be current on interest payments and maybe have some of the principal paid down but the first thing we'll need will be a current audit. He said that it is unsustainable to have delayed audits anymore. He said that the Treasurers should tell their General Managers that

they need to get the information to NETA.

A member requested that the interim CFO let the committee know what stations are not giving the necessary information to NETA. The interim CFO said she could provide the committee with a list.

The interim CFO went over the cash flow spreadsheet she'd sent to the committee. She noted that the Net Cash Change line in the Consolidated spreadsheet was a negative \$136,844 and that this was important. She said that they took averages on the revenue from FY19 through the end of FY20. She said that they had direct conversations with KPFK and WBAI and the difference was based on how they're trending now. She said that she'd taken out the large bequests and had put in the Central Services fees. She said that across the board revenue has to come in at the projected levels. The committee discussed the numbers that the CFO had cited.

In answer to a question regarding how Pacifica is doing as compared to other radio stations the interim CFO said that the industry is concerned with 2021, and 2022, because of the uncertainties from the pandemic. She said that underwriting has gone away for those stations that had had it. She said that they're really concerned about the future. She said that she'd get the committee some statistics on it and that she could ask the CPB to provide comparisons that she can share with the committee.

#### Central Services Formula 9:46 PM (ET)

The committee once again discussed a Central Services formula.

The interim CFO said that from NETA's perspective for them to put together a budget for the National Office they need to know what's coming in since the National Office doesn't raise funds. She said that that's all that's missing in some budgets' assumptions. She said that she'd thought we'd decided what it was. She said that there's a need for stations to balance their budgets too, she noted that KPFK can't pay the Central Services amount of \$6,000 a month. She noted that there had been a lot of attorney expenses for the National Office in the past. The Chair asked if she would send the draft FY21 National Office budget to the committee and she agreed to do so. The interim CFO said that we can't move forward until we get a new Central Services formula. The interim CFO said that another question with regard to stations that owe Central Services fees is whether their arrears are written off and do they start with a clean slate?

In further discussions it was informally agreed that the Central Services formula should be based on revenue rather than membership. The committee continued to discuss a Central Services formula.

**Motion:** (Nancy Sorden) "To extend the time for the meeting to 10:30 PM (ET)." (Passed without objection) 10:11 PM (ET)

The committee continued to discuss a Central Services formula and how the Covid-19 pandemic would affect it.

**Motion:** (Chris Cory) “To extend the time for the meeting to 10:35 PM (ET).” (Passed without objection)

The committee continued to discuss a Central Services formula and communications with the interim CFO.

**Call for the orders of the day:** (R. Paul Martin) 10:35 PM (ET).

**Motion:** (R. Paul Martin) “To approve the minutes of the September 8, and September 22, 2020, meetings.” (Passed without objection)

Adjourned 10:37 PM (ET)

Submitted by R. Paul Martin, Secretary.