

Minutes for the regular National Finance Committee meeting October 27, 2020.

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

Attending: Sharon Adams, Nick Arena, Fred Blair, DeWayne Lark, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO), Polina Vasiliev.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt agenda
4. Chair's announcements (2 minutes)
5. Interim CFO Report, Anita Sims: September Financials including cash flow and National Office payroll and cash flow (15 minutes report, 30 minutes Q&A)
6. Central Services Formula (30 minutes)
7. Interim Executive Director Report, Lydia Brazon (15 minutes report, 15 minutes Q&A)
8. Reports from stations on Budget Timeline progress (starting where we left off last time) KPFT, WPFW, WBAI, KPFA, KPFK (5 minutes each)
9. Old Business
 - A. Motion for a moratorium on Central Services from KPFT
10. New Business
11. Adjourn no later than 10:15 PM (ET)

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

The Committee discussed the motion.

Chair's announcements 8:43 PM (ET)

The Chair read the following announcements from an E-mail he'd sent the committee: "Interim Executive Director Lydia Brazon may be joining us tonight depending on the status of other Pacifica business on which she is working. If she joins us we may interrupt whatever agenda item we are on to accommodate her in giving us a report.

Director Chris Cory will be unable to join us tonight."

Interim CFO Report, Anita Sims: September Financials including cash flow and National Office payroll and cash flow 8:44 PM (ET)

The interim CFO told the committee that for FY20 Pacifica has shown a net loss of about \$847,000 v. a net loss of about \$235,000 for the prior year. The interim CFO's written report

“Pacifica Foundation Financial Narrative for September 2020” is appended to these minutes.

The interim CFO went over the “Monthly Income Statement For the Twelve Months Ending September 30, 2020” which she’d sent to the committee.

The committee discussed the interim CFO’s report. Concerns were raised about the accuracy of some entries in the Monthly Income Statement and the interim CFO said she would look into those.

The interim CFO said that the National Office probably did not have enough cash to make payroll, but she was hoping for a payment from KPFA. She said that KPFK had suggested that it could make a Central Services payment depending on when their on-air fund raiser ends. She said that they would need funds before that, but that it was encouraging. She told the committee that the WBAI General Manager said that the station can meet payroll. The interim CFO said that we’re going week to week and that her plan for the National Office is to borrow. The interim CFO said that with the PPP loan money used up and revenue down everyone has to make payroll. She said that we’re also waiting to see when Pacifica can file for forgiveness of the PPP loan.

The KPFA Treasurer said that it was impossible for KPFA to support all of Pacifica and that while KPFA was still positive financially it did not have a lot extra to support borrowing from KPFA.

The interim CFO said that her remark at the last NFC meeting about Pacifica getting close to a tipping point related to the fact that Pacifica is borrowing from Peter to pay Paul. She said that she told the Business Managers to preserve cash for payroll. She said that she’s hoping that the Economic Injury Disaster Loan comes through.

Central Services Formula 9:27 PM (ET)

The committee again discussed a Central Services formula.

The committee discussed the expenses of the National Office and how legal expenses should be apportioned.

Reports from stations on Budget Timeline progress 10:10 PM (ET)

KPFK - The KPFK Treasurer said that he couldn’t say when they’d have a budget to present. The KPFK Director said that one of the reasons why they’re stuck in terms of progress with the budget is that the projected revenue is unrealistic.

KPFT - The KPFT Director said that politics was preventing the LSB from presenting a draft FY21 budget. He suggested that the KPFT General Manager and Business Manager submit a draft FY21 budget to the NFC directly.

Call for the orders of the day: (R. Paul Martin) 10:17 PM (ET)

Motion: (Polina Vasiliev) “To extend the time for item and meeting by 10 minutes.” (Passed without objection) 10:18 PM (ET)

WBAI - The WBAI Treasurer said that WBAI has a revised draft FY21 budget. The local Finance Committee had asked the General Manager to make some revisions. He said that at the last WBAI LSB meeting the draft FY21 budget was briefly reviewed. He said that no one on the LSB had made a motion to approve the budget. He said he’d send the WBAI draft FY21 budget to the NFC.

Committee members discussed how to proceed.

Point of Order: (DeWayne Lark) - the time for this item has expired. 10:35 PM (ET)

Motion: (James Sagurton) “To extend the time for the meeting by 10 minutes.” (Passed without objection) 10:37 PM (ET)

Motion: (DeWayne Lark) “The NFC requests that the PNB request that the LSBs submit a proposed draft FY21 budget within [blank] to the NFC.”

The Committee discussed the motion.

Amendment: (R. Paul Martin) “To fill the blank with ‘three weeks.’”

The committee discussed the amendment.

Amendment: (Polina Vasiliev) “To fill the blank with ‘two weeks.’” (Passed 5 for, 1 against, 1 abstention)

Motion: (DeWayne Lark) “The NFC requests that the PNB request that the LSBs submit a proposed draft FY21 budget within two weeks to the NFC.”

Call for the orders of the day: (R. Paul Martin) 10:50 PM (ET)

Motion: (DeWayne Lark) “To extend the time for the meeting by 10 minutes.” (Passed 4 for, 1 against, 2 abstentions) 10:53 PM (ET)

Amendment: (DeWayne Lark) “To add, “If a budget is not submitted within two weeks the NFC will begin to create a budget for the stations based on the FY20 budget.”

The committee discussed the amendment.

Amendment: (Polina Vasiliev) “To substitute for, ‘based on the FY20 budget’ ‘based on available financial data.’” (Passed without objection)

The committee discussed the amendment.

Motion as amended: “The NFC requests that the PNB request that the LSBs submit a proposed draft FY21 budget within two weeks to the NFC. If a budget is not submitted within 2 weeks the NFC will begin to create a budget for the stations based on available financial data.” (Passed 5 for, 2 against)

Adjourned 11:05 PM (ET)

Submitted by R. Paul Martin, Secretary.

Appendix

Pacifica Foundation Financial Narrative for September 2020

Financial Dashboard

Consolidated Report

Consolidated net operating gain or loss w/o depreciation: Net loss YTD through September 30, 2020 is (\$847K) vs. (\$235K) net loss YTD as of last September showing an overall decrease in income of \$612K.

Total Revenue: Total revenue YTD through September 2020 is \$10.6M vs \$12.4M YTD September 2019, a decrease of \$1.8M or 15%.

Total Expenses: Total expenses YTD through September 2020 are \$11.4M vs. \$12.7M YTD September 2019, a decrease of \$1.2M or 10%.

KPFA

KPFA shows a gain for the period of \$3K compared to a prior YTD gain of \$388K. This is due to a 9% decrease in income.

KPFK

KPFK shows a loss for the period of \$700K compared to a prior YTD loss of \$129K. This is due to a 25% decrease in income, mainly from major donor gifts in FY19.

KPFT

KPFT shows a loss for the period of \$30K compared to a prior YTD loss of \$115K. Despite a 25% drop in expense, the 13% loss in revenue is causing the overall loss. KPFT is very close to break-even point.

WBAI

WBAI shows a loss for the period of \$313K compared to a prior YTD loss of \$363K. Revenue has decreased 11% and expenses have decreased 13%.

WPFW

WPFW shows net loss of \$110K for the period compared to prior YTD loss of \$271K. WPFW is the only unit currently showing an increase in revenue, while maintaining overall expenses.

Profit & Loss Statement

Revenue

Total Revenue YTD through September 2020 is \$10.6M vs \$12.4M YTD September 2019, a decrease of \$1.8M or 15%.

Listener Support is a little below prior year at \$8M vs \$7.8M for September 2019, an increase of \$224K.

Major Donor Revenue for YTD through September 2020 is \$486K vs. \$2.3M YTD September 2019, a decrease of \$1.8M or 79%.

Donations for YTD through September 2020 is \$796K vs. \$601K YTD September 2019, a decrease of \$195K or 32%.

Total revenue by unit:

KPFA shows a decrease of \$361K or 9% over FY19.

KPFB shows a decrease of \$906K or 25% over FY19.

KPFT shows a decrease of \$104K or 13% over FY19.

WBAI shows a decrease of \$161K or 11% over FY19.

WPFW shows an increase of \$171K or 14% over FY19.

NO shows a decrease of \$595K or 49% over FY19.

PRA shows a decrease of \$14K or 9% over FY19.

Expenses

Total Expenses through September 2020 are \$8.7M vs. \$9.5M YTD September 2019, a decrease of \$782K or 8%.

KPFA shows an increase of \$109K or 5% over FY19.

KPFB shows a decrease of \$115K or 5% over FY19.

KPFT shows a decrease of \$114K or 20% over FY19.

WBAI shows a decrease of \$43K or 4% over FY19.

WPFW shows an increase of \$14K or 1% over FY19.

NO shows a decrease of \$591K or 31% over FY19.

PRA shows a decrease of \$42K or 15% over FY19.

Personnel expenses for the period October – September are lower than FY19 at \$6.5M vs. \$6.7M for FY19.

KPFA shows an increase of \$107K or 5% over FY19.

KPFK shows an increase of \$44K or 2% over FY19.

KPFT shows a decrease of \$2K or 1% over FY19.

WBAI shows a decrease of \$112K or 15% over FY19.

WPFW shows no change from prior year.

NO shows a decrease of \$163K or 31% over FY19.

PRA shows a decrease of \$12K or 4% over FY19.

Board Expenses have decreased \$220K or 73% for a total of \$80K for FY20.

Administrative expenses for YTD through September 2020 are \$2.9M vs \$3.4M YTD September 2019, a decrease of \$484K or 14%.

Programming expenses for YTD through September 2020 are \$870K vs \$912K YTD September 2019, a decrease of \$42K or 5%.

Development expenses YTD through September 2020 are \$982K vs \$1.2M YTD September 2019, a decrease of \$191K or 16%.

Community/Special Events expenses YTD through September 2020 are \$69K vs \$205K September 2019, a decrease of \$136K or 66%.

Net Income/Loss w/o Depreciation overall YTD through September 30, 2020 is (\$847K) vs. (\$235K) net loss YTD as of last September showing an overall decrease in income of \$612K.

KPFA YTD through September 2020 is \$3K vs \$388K in 2019, a decrease of \$385K.

KPFK YTD through September 2020 is (\$700K) vs (\$129K) in 2019, a decrease of \$571K.

KPFT YTD through September 2020 is (\$30K) vs (\$115K) in 2019, an increase of \$85K.

WBAI YTD through September 2020 is (\$313K) vs (\$363K) in 2019, an increase of \$50K.

WPFW YTD through September 2020 is (\$110K) vs (\$271K) in 2019, an increase of \$160K.

NO YTD through September 2020 is \$198K vs \$319K in 2019, a decrease of \$120K.

PRA YTD through September 2020 is \$34K vs \$6K in 2019, an increase of \$28K.