

Minutes for the regular National Finance Committee meeting November 24, 2020.

Meeting convened at 8:39 PM (ET) a quorum being present, the Chair and Secretary being present.

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Attending: Sharon Adams, Teresa J. Allen, Nick Arena, Fred Blair, Chris Cory, DeWayne Lark, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO), Nancy Sorden, Polina Vasiliev, also attending was Pacifica interim Executive Director Lydia Brazon.

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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. Interim CFO Report, Anita Sims (45 minutes report and Q&A)
6. Central Services Formula (30 minutes)
7. Deposit transparency
8. Reports from stations on Budget Timeline progress (KPFT, KPFK) (3 minutes)
9. Unfinished Business:
  - A. Motion for a moratorium on Central Services from KPFT.
10. New Business:
  - A. SCA income accounting and credit toward Central Services for it.
11. Adjourn no later than 10:15 PM (ET)

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

**Amendment:** (R. Paul Martin) "To make the item 'Old Business' become 'Unfinished Business'." (Passed without objection)

**Amendment:** (R. Paul Martin) "To make item 5 be 'Interim CFO Report, Anita Sims' and to make item 7 be 'Deposit transparency.'" (Passed without objection)

Chair's announcements 8:47 PM (ET)

"We have received draft budgets from three stations so far. If there is no objection, we should plan to begin reviewing them at our next meeting. The interim CFO says that ideally the General Managers should present their budgets. We could take them in the order they were submitted or at the convenience of the presenters.

NETA has not yet received all the necessary information from the stations to run the consolidated financials or prepare all the P&Ls so we will not be reviewing them tonight.

At our last meeting we discussed an idea suggested by Affiliate Director Robin Collier that the monthly Financials that are now simultaneously copied to the NFC, interim Executive Director, the PNB Officers and the General Managers should also be copied at the same time to Ursula of the Affiliates program. I asked around and was told that this used to be Pacifica's practice. The General Managers were also sent the P&Ls for all the units, not just their own. If there is no objection we will resume our former practice, including copying the PRA unit. This transparency is especially important in this time of financial duress which has led to cash flow and payroll problems and inter unit borrowing. As we have discussed, non proprietary financial documents are not secret and the common practice is total transparency.”

Interim CFO Report, Anita Sims 8:49 PM (ET)

The interim CFO told the committee that they have the October financials but they were late; one station was not able to close until the day before this meeting. As a result they did not have the time to review or update cash flow. So she did not have either one of those reports. She said that those reports would follow as soon as the holiday is over. She said she'd sent the budget for the National Office to the committee. She told the committee some details of the National Office draft FY21 budget. She said that in this draft budget they have moved the SCA revenue from the National Office to the stations. She asked for feedback. She said that Personnel Costs includes an estimated cost of an Executive Director if hired. She said that under Administrative Expenses for Professional Fees - Legal they had taken what they knew about last year's expenses and had added \$100,00 to it for an estimate for FY21. She said that the Accounting-Contract Agency expense is NETA, and that remains at the same dollar amount. She said that the Audit Fees expense is an estimate from the auditing firm.

In answer to a question the interim CFO said that the Donations figure of \$160,000 was a guess. She said that the \$ 200,000 Insurance Expense is a guess to include an anticipated increase.

There was a discussion of Web site revenue for the National Office. The interim CFO said that it comes through an app and that she'd look into it.

There was a discussion of the Total Operating Expenses for the National Office of about \$1.4 million and it was noted that if all Central Services payments are made that they will not equal this amount.

The interim Executive Director said that Web site revenue of over \$30,000 doesn't include PayPal. She said that it's important to start itemizing that as a separate line. She said that she had announced to the General Managers that because of the issues that came up with the national on-air fund raiser with phones that couldn't be answered that she has decided to take this on-line at PACIFICA.ORG. She said that the shows from the national on-air fund raiser will be posted there and they'll continue with the premiums as an ongoing thing. She said that she's asking the General Managers to provide an actual schedule for the on-air fund raiser. She said that what was raised was almost comparable to what the one E-mail from Lew Hill's son had raised. She said it's important to have the on-line donation line. The interim CFO said that they would definitely track it.

There was a discussion about making sure that Major Donors donations are not lumped in with Listener Support.

The interim CFO said that there is SCA revenue coming in and she is booking it to the National Office operating account. There was a short discussion of a proposal that SCA revenue be credited against stations' Central Services fees. The interim Executive Director said that national Staff administer the SCA facilities and it's not an in-house station operation. She said that we can do paper maneuvers to make the stations feel better, but it doesn't help us. She said that in the end it's what we can pay for and what we can't and that proposal would give us a false image of what we're doing at each station.

The interim Executive Director said that when we finish the next audit we can then get back into the Corporation for Public Broadcasting (CPB). She said that KPFT and KPFK will not qualify for Community Service Grants (CSG) due to their lower Listener Support numbers. She said that all of that criteria get skewed with SCA revenue moving. She said that we need to strengthen the National Office to deal with shortfalls. She said that she'd been hoping to pick up payroll shortfalls at KPFK and WBAI with the national on-air fund raiser. She said we're facing shortfalls there and that the National Office covers a lot of things, but the SCA proposal would obscure it. She said that it depends on whether we want to go with reality or not.

The Chair reminded the committee that the time was almost up for this agenda item and the committee had not discussed the cash flow situation or the payroll issues.

**Motion:** (Chris Cory) "To extend the time for this item by 10 minutes." (Passed without objection) 9:30 PM (ET)

The committee continued to discuss the interim CFO's report and the SCA proposal.

The Chair asked the interim CFO to continue with her report with whatever she considered to be the highest priorities, and especially the cash flow situation and the payroll shortfalls.

The interim CFO said that she'd send another National Office draft budget in light of the committee's discussions, and that this draft was to see what Central Services might look like. She noted that with all stations paying Central Services fees there is not much room to maneuver. She said that she'd appreciate any input on it for the second draft of the National Office FY21 budget. She noted that two stations, KPFK and WBAI, did have a cash flow problem with meeting payroll. She said that combined they are about \$38,000 short. She said that NETA was going to talk to the interim Executive Director to see if we can borrow from Peter to pay Paul to make sure that we can meet payroll, which had to be funded by the day after this meeting.

In answer to a question the interim CFO said that the \$38,000 shortfall figures did include \$12,000 that the WBAI General Manager had deposited on the day of the meeting. She said that WBAI was short by about \$10,000 and that KPFK was short by about \$28,000. The Chair noted that the WBAI General Manager would be making another deposit the day after the meeting. The interim Executive Director noted that there are a couple of grants coming to both KPFK and

WBAI. She said there was \$20,000 coming to KPDK and that WBAI has two bequests, one for about \$200,000 and one for about \$5,000. She said that she hoped that the end of year giving will be good. She said that KPDK still owes money it borrowed from the national Affiliates unit and that the amount keeps getting bigger with the accumulation of those shortfalls. She said that the lawyers have told her that there are no encumbrances to a house that was given to KPDK and that as soon as possible they are going to list it and that although they haven't seen it yet she was cautiously optimistic about the amount of revenue that could be realized from the sale of the house. She said she couldn't discuss details to do with cuts in Union contracts on this public call. She said that Pacifica's attorneys who are handling the Union contracts were working to trim a bit on certain parts at KPFA and KPDK. She said that Management has really worked hard to not make personnel cuts. She said that we've done what we could do with the Paycheck Protection Program (PPP) loan. She said she hoped that we could last long enough to get a second PPP loan should it occur, but we need to cut expenses wherever we can. She said that it was unsustainable for us to keep covering these shortfalls.

#### Central Services Formula 9:43 PM (ET)

The interim CFO said she'd sent the committee a document on the historical computation for Central Services from 2013, to current. She said that there were some errors in the spreadsheet and that the figure of \$1,386,908 is really the current dollar amount of the allocation. She said that with Listener Support down we are looking at about \$194,000 less in Central Services.

The KPFA Director said he'd sent out a document suggesting that we use a formula that's based on six month rolling revenues. He said that that formula would result in a much different breakdown of Central Services for the individual stations. He said that for most it'd be an increase for each station. He said that as revenues have fallen since 2015, this leaves the National Office in shortfall. He said that if we add the projected total of Central Services of \$1,098,653 there's no way the National Office will be self sustaining at the old levels. He said he'd send a revision to the interim CFO's document right away.

The committee continued discussing a Central Services formula. It was noted that more than one station now has what was referred to during the meeting as "a crippling overhead." There was a discussion about getting elected officials to help deal with lowering some of that overhead.

**Motion:** (Chris Cory) "To extend the time for this item by five minutes." (Passed without objection) 10:07 PM (ET)

The committee continued discussing a Central Services formula.

#### Deposit transparency 10:17 PM (ET)

**Motion:** (Nancy Sorden) "To extend the time for this meeting by 20 minutes to craft a motion."

**Amendment:** (R. Paul Martin) "To add, 'and to approve the outstanding minutes.'" (Passed

without objection)

**Motion as amended:** “To extend the time for this meeting by 20 minutes to craft a motion and to approve the outstanding minutes.” (Passed 8 for, 1 against, 1 abstention) 10:27 PM (ET)

**Point of Order:** (R. Paul Martin) “A motion to amend the agenda is not debatable.”

**Motion:** (R. Paul Martin) “To approve the minutes of the November 10, 2020, meeting.” (Passed without objection)

**Motion:** “The NFC requests that the PNB pass the following motion, ‘In order to promote transparency, it is resolved that all stations will scan copies of their daily bank deposits to NETA for verification or review.’” (passed 9 for, 0 against)

The Committee discussed the motion.

**Call for the orders of the day:** (R. Paul Martin) 10:48 PM (ET)

Adjourned 10:50 PM (ET)

Submitted by R. Paul Martin, Secretary.