

Minutes for the regular National Finance Committee meeting March 9, 2021.

Meeting convened at 8:47 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, Lynden Foley, Elizabeth von Gunten, Julie Hewitt, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO).  
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Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt Agenda
4. Chair's Announcements (10 minutes)
5. Minutes Approval (2 minutes)
6. Interim CFO Report (60 minutes Report and Q & A)
7. Discussion of Chair and Secretary election procedure (10 minutes)
8. Nominations for Secretary and Chair (5 minutes)
9. Reports from Stations on Budget Timeline Progress (KPFK, KPFT) (15 minutes)
10. Unfinished Business
11. New Business
12. 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.

There was a discussion of going into executive session to discuss the big loan.

Chair's Announcements 8:11 PM (ET)

"The following Announcement was made in this space last week:

'At the aforementioned February 18, 2021 PNB meeting the Chair incorrectly read the NFC motion to establish a new Central Services Formula. At the next PNB meeting the Chair will offer a motion to rescind the resolution and substitute corrected language as passed by the NFC. The Chair takes full responsibility for the error and is investigating how it happened.'

The investigation is complete and has revealed that there was no error in the reading of the language of the Central Services Formula.

I went back to the recording of the February 18, 2021 Pacifica National Board Open Session

(Part 2 at 5:50) and made the following transcription (in red) of my reading of the Central Services Formula motion from the NFC:

Motion: That the Central Services Formula be based on a [sic] 15% of total revenue of the stations calculated quarterly. All revenue is to be included in the calculations, however, the cost of air conditioning for the Pacifica Radio Archives should [sic] be deducted from KPFFK's revenue and tower, studio and office rent for all stations shall be deducted from their revenues.

The following language (in red) of the same motion as reported by the Secretary of the NFC in the minutes for the January 19, 2021 NFC meeting is essentially identical:

Main Motion as substituted: "That the central services formula be based on 15% of total revenue of the stations calculated quarterly. All revenue is to be included in the calculations; however the cost of air conditioning for Pacifica Radio Archives shall be deducted from KPFFK's revenue, and the tower, studio and office rent for all stations shall be deducted from their revenue." (Passed without objection)

Tonight we review the KPFA draft budget. but there have been last minute complications.

The following resolution was passed by the PNB at the October 29, 2020 PNB meeting:

'The PNB requests that the LSBs submit a proposed draft FY 2021 budget within two weeks to the NFC. If a budget is not submitted within two weeks the NFC will begin to create a budget for the stations based on available financial data.'

David Baes, the new General Manager of KPFT, has forwarded a draft budget for KPFT to the interim Executive Director.

The monthly Financials and other significant materials are simultaneously copied to the NFC, the iED, the PNB Officers and the GM's. Please review them before NFC meetings and be ready to discuss and ask questions if you wish.

At the June 11, 2020 meeting of the PNB a resolution was adopted that directed, among other things, that, ' . . .all units (excluding the National Office) should provide a plan within one (1) week to the NFC, the PNB . . . and the iED that balances expenses and revenues if the units in the preceding six months have had expenses that exceeded revenues (i.e. if a station's expenses are exceeding its income by 10% the plan should show an expense decrease of 10%).' Treasurers are requested to remind their respective GENERAL MANAGERS of the need to submit those plans immediately.

Reports from the stations on the progress of their budget processes will be a regular item on the agenda until budgets are complete, unless there is an objection.

Tonight we will take nominations for the election of a Chair and a Secretary of the NFC. An E-mail election will follow shortly."

There was a short discussion regarding revisiting the Central Services formula and reviewing the Pacifica Radio Archive draft FY21 budget.

Minutes Approval 9:16 PM (ET)

**Motion:** (R. Paul Martin) “To approve the minutes of the February 9, 2021, NFC meeting.”  
(Passed without objection)

Interim CFO Report 9:17 PM (ET)

The interim CFO read from her report titled “Pacifica Foundation Financial Narrative for January 2021.” A copy of this narrative is appended to these minutes. She noted that the Consolidated Net income YTD through January 31, 2020, was \$1.1 million vs. a deficit of about \$5,000 net income YTD as of last January showing an overall increase in income of \$1.1M. She cautioned everyone that this positive result was due to recognition of the first Paycheck Protection Program (PPP) loan of \$1.2 million that was forgiven in full. She said that Consolidated Total Revenue YTD through January 2021, was about \$4.8 million vs. about \$3.97 million from the prior year, an increase of about \$856,000 or 22%. She said that this was also mostly due to the recognition of the PPP loan forgiveness. She said that Consolidated Total expenses YTD through January 2021, were about \$3.7 million vs. about \$3.97 million the prior year, a decrease of about \$268,000 or 7%. Going to the “Monthly Income Statement For the Four Months Ending January 31, 2021” spreadsheet the interim CFO brought the committee’s attention to the KPFA tab and noted that KPFA showed a Net Income for the period of about \$363,000 compared to the prior year Net Income of about \$53,000. She said that KPFA’s portion of the forgiven PPP loan was about \$365,000. She said that WBAI showed a loss of about \$35,000 compared to a prior year loss of about \$115,000. She said that the \$94,000 in PPP funds helped the station a lot. She said that WPFW showed a net gain of about \$137,000 compared to a previous year gain of about \$21,000. She said that WPFW had received about \$111,000 in PPP funds. She noted that the PPP revenue was in the Miscellaneous/Other Income line in the spreadsheet.

There was a discussion of KPFT’s revenue during the period and the issues with regard to its building. In answer to a question from the KPFA Treasurer regarding about \$530,000 on the Donations line the interim CFO said that she would look it up and could send a note to everyone.

In answer to a question about the FY18 990 not being on the Pacifica Web site the interim CFO said that NETA had sent it to Pacifica Management and that she’d find out what’s happening with it.

There was a discussion of how to categorize donations from sustaining memberships and whether or not they should be booked as part of Listener Support.

In answer to a question the interim CFO said that she’d look up how Pacifica is paying for the *Allegiance* Customer Relations Management software and service.

Discussion of Chair and Secretary election procedure 9:58 PM (ET)

The Chair outlined the details of the current election for committee officers, and he noted that he had sent copies to the committee of his correspondence with Terry Goodman about the votes being tallied.

#### Nominations for Secretary and Chair 10:01 PM (ET)

##### Secretary

Chris Cory nominated R. Paul Martin. R. Paul Martin accepted the nomination.

There were no other nominations for Secretary.

The Chair announced that since there were no other nominations for Secretary that without objection R. Paul Martin was elected Secretary.

##### Chair

Lynden Foley nominated James Sagurton. James Sagurton accepted the nomination.

Sharon Adams nominated Chris Cory. Chris Cory accepted the nomination.

There were no other nominations for Chair and nominations were declared closed.

The Chair said he'd forward the list of nominees to Terry Goodman and Mr. Goodman would create a ballot and send it around to all of the members of the NFC. There was further discussion of the election details and it was agreed that the deadline for sending in ballots would be March 20<sup>th</sup>.

#### Reports from Stations on Budget Timeline Progress 10:07 PM (ET)

The KPFK Treasurer said that there were no updates regarding the KPFK draft FY21 budget. He said he would send the committee what is available on the budget. He suggested that the NFC should take the last budget offered by KPFK Management and put reasonable numbers for revenue and expenses in it and go with that. He said that the KPFK LSB was having a special meeting on station finances on March 14, and that the KPFK local Finance Committee was meeting on March 10. The KPFK Director said she hoped that the station would come to terms with the need to produce a budget.

**Motion:** (Elizabeth von Gunten) "To extend the time for the meeting by five minutes. (Passed without objection) 10:12 PM (ET)

The committee discussed the National Office draft FY21 budget. The interim CFO said that she had made some changes to it and has sent it to the interim Executive Director. She said that the Central Services formula was the only thing that would be changed.

The committee discussed the KPFT draft FY21 budget. The KPFT Director said that the KPFT local Finance Committee had met earlier that day about it and that he would ask that the draft FY21 budget be approved at the LSB meeting the next day. He said that the interim Executive Director has a copy of that draft budget. He said that the local Finance Committee and LSB have not gone over it with a fine toothed comb but they'd have to let the new General Manager handle things as he can and move on to the next year and have the budget on time then. The KPFT Treasurer said that the KPFT LSB Chair *pro tem* had asked the KPFT General Manager to give them a red line of the expenses he's already made a difference in. She said that he has already reduced a number of expenses and that's not reflected in this budget. She said that this budget does not reflect any repair expenses. She said that she felt that the draft budget was not really very practical.

The Chair said that the NFC could make adjustments to the draft FY21 budget if necessary.

The Secretary was directed to post notice that the committee would go into executive session in order to discuss proprietary information regarding the big loan that Pacifica has outstanding.

Adjourned 10:22 PM (ET)

Submitted by R. Paul Martin, Secretary.

## Appendix

### Pacifica Foundation Financial Narrative for January 2021

#### Financial Dashboard

#### Consolidated Report

**Consolidated net operating gain or loss without depreciation: Net income YTD through January 31, 2020 is \$1.1M vs. (\$5K) net income YTD as of last January showing an overall increase in income of \$1.1M. This is due to recognition of the first PPP loan of \$1.2M that was forgiven in full.**

**Total Revenue: Total revenue YTD through January 2021 is \$4.8M vs \$3.97M YTD January 2020, an increase of \$856K or 22%. Again, mostly due to recognition of PPP loan forgiveness.**

**Total Expenses: Total expenses YTD through January 2021 are \$3.7M vs. \$3.97M YTD January 2020, a decrease of \$268K or 7%.**

#### KPFA

**KPFA shows income for the period of \$363K compared to prior YTD income of \$53K. (PPP \$365K)**

#### KPFK

**KPFK shows income for the period of \$99K compared to a prior YTD loss of \$93K. (PPP \$322K)**

## KPFT

KPFT shows income for the period of \$13K compared to a prior YTD gain of \$11K. (PPP \$35K)

## WBAI

WBAI shows a loss for the period of \$35K compared to a prior YTD loss of \$115K. (PPP \$94K)

## WPFW

WPFW shows net gain of \$137K for the period compared to prior YTD gain of \$21K. (PPP \$111K)

## Profit & Loss Statement

### Revenue

Total Revenue YTD through January 2021 is \$4.8M vs \$3.97M YTD January 2020, an increase of \$856K or 22%. (PPP \$1.2M)

Listener Support is above prior year at \$2.95M vs \$2.7M for January 2021, an increase of \$235K.

Major Donor Revenue for YTD through January 2021 is \$84K vs. \$135K YTD January 2020, a decrease of \$51K.

Donations for YTD through January 2021 is \$37K vs. \$638K YTD January 2020, a decrease of \$602K.

### Total revenue by unit:

KPFA shows an increase of \$307K or 24% over FY20. (PPP \$365K)

KPFK shows an increase of \$162K or 14% over FY20. (PPP \$322K)

KPFT shows a decrease of \$43K or 15% over FY20. (PPP \$35K)

WBAI shows an increase of \$92K or 23% over FY20. (PPP \$94K)

WPFW shows an increase of \$122K or 24% over FY20. (PPP \$111K)

NO shows an increase of \$90K or 33% over FY20. (PPP \$282K)

PRA shows an increase of \$49K or 53% over FY20. (PPP \$47K)

### Expenses

Total Expenses through January 2021 are \$3.7M vs. \$3.97M YTD January 2020, a decrease of \$268K or 7%.

KPFA shows a decrease of \$3K over FY20.

KPFK shows a decrease of \$30K or 3% over FY20.

KPFT shows a decrease of \$45K or 20% over FY20.

WBAI shows an increase of \$12K or 3% over FY20.

WPFW shows an increase of \$6K or 1% over FY20.

NO shows a decrease of \$267K or 40% over FY20.

PRA shows a decrease of \$5K or 5% over FY20.

Personnel expenses for the period October – January are \$52K more than FY20 at \$2.2M.

KPFA shows an increase of \$69K or 9% over FY20.

KPFK shows an increase of \$18K or 3% over FY20.

KPFT shows a decrease of \$14K or 14% over FY20.

WBAI shows a decrease of \$7K or 3% over FY20.

WPFW shows a decrease of \$5K or 2% over FY20.

NO shows a decrease of \$68K or 50% over FY20.

PRA shows no change over FY20.

Administrative expenses for YTD through January 2021 are \$872K vs \$1M YTD January 2020, a decrease of \$142K or 14%.

Programming expenses for YTD through January 2021 are \$269K vs \$319K YTD January 2020, a decrease of \$60K or 16%.

Development expenses YTD through January 2021 are \$285K vs \$355K YTD January 2020, a decrease of \$70K or 20%.

Community/Special Events expenses YTD through January 2021 are \$5K vs \$38K January 2020, a decrease of \$33K or 86%.

Net Income/Loss without Depreciation overall YTD through January 31, 2020 is \$1.1M vs. (\$5K) net less YTD as of last January showing an overall increase in income of \$1.1M (PPP loan forgiveness \$1.2M).

KPFA YTD through January 2021 is \$363K vs \$53K in 2020, an increase of \$310K. (PPP \$365K)

KPFK YTD through January 2021 is \$99K vs (\$93)K in 2020, an increase of \$192K. (PPP \$322K)

KPFT YTD through January 2021 is \$13K vs \$11K in 2020, an increase of \$2K. (PPP \$35K)

WBAI YTD through January 2021 is (\$34K) vs (\$115K) in 2020, an increase of \$80K. (PPP \$94K)

WPFW YTD through January 2021 is \$137K vs \$21K in 2020, an increase of \$116K. (PPP \$111K)

NO YTD through January 2021 is \$439K vs \$68K in 2020, an increase of \$371K. (PPP \$282K)

PRA YTD through January 2021 is \$105K vs \$51K in 2020, an increase of \$54K. (PPP \$111K)