

Minutes for the regular National Finance Committee meeting August 10, 2021.

Meeting convened at 8:35 PM (ET) a quorum being present, the Chair and Secretary being present.

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), also attending was NETA worker Vicki Clark.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt Agenda
4. Discussion of Director's request concerning the FJC loan extension and the contract for the sale of the house at 914 Lovett (2 minutes)
5. Minutes Approval (3 minutes)
6. interim CFO Report and June Financials (20 minutes Report and Q&A)
7. Review Draft 2021 KPFC Budget (Anita Sims presenting 60 minutes)
8. Budget Timelines for FY22 (10 minutes)
9. New Business
10. Adjourn no later than 10:15 PM (ET)

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

The Committee discussed the motion.

Amendment: (Lynden Foley) "To replace 'Chair's Announcements' with 'Discussion of Director's request concerning the FJC loan extension and the contract for the sale of the house at 914 Lovett' for two minutes." (Passed without objection)

Discussion of Director's request concerning the FJC loan extension and the contract for the sale of the house at 914 Lovett 8:43 PM (ET)

The Director from KPFT told the committee that he'd sent the request to the interim Executive Director and others on August 4. He said that he's been asking about this information since June. He said that the interim Executive Director had told him then that she was going to sign a contract that day and she needed to inform FJC. He said that he's asked for the contract and the unredacted loan agreement and that he's been wanting to know about this for over a year. He said that in a meeting the other night the interim Executive Director had sent out something which shows that the listing for the building at 914 Lovett is on Citrix.

Motion: (Lynden Foley) "To extend the time for this item by five minutes." (Passed without objection) 8:46 PM (ET)

The Director from KPFT said he'd seen a screen shot of one limited subscription service the property was advertised on, at the 2017, appraisal price. He said that the interim Executive Director had said that

some people had looked at it and were crunching numbers on it. He said that we want as many eyeballs on it as possible. He said he was told by the interim Executive Director that it would go on a residential listing.

Motion: (Sharon Adams) “To extend the time for this item by four minutes.” (Passed without objection) 8:49 PM (ET)

The committee continued discussing this topic.

The WPFW Director said that during the PNB meeting last week she and others had found a listing for the property on Loopnet, a commercial real estate site, and that she’d E-mail the link to everyone on the NFC. She said that she was reassured that the listing for the property has been on sites where a lot of people can see it.

The KPFT Treasurer said that she was worried that none of the money from this sale will go to KPFT. She said that she wants to see the contract and the date when it was signed.

The Chair cautioned members about implying motivations.

The KPFA Director said he’s just sent the Loopnet link to the committee.

Motion: (Teresa J. Allen) “To extend the time for this item by four minutes,” (Passed without objection) 8:53 PM (ET)

The Chair told the committee that he did have a conversation with the broker who said that the property was listed on Coasters which is a membership site that is only for agents and members. The broker told him that the property was to be listed on Loopnet and Crexi. The Chair suggested that people should check that. The Chair said that other Directors should sign on to the Director’s inspection. He said that the NFC has some ownership on this issue because the NFC passed motions and can’t get the information. He said that he was willing to sign on to a Director’s inspection. The KPFK Director said that she’d sign onto a Director’s inspection too.

There was a discussion regarding whether or not a motion was needed. The KPFT Director said that he guaranteed that the topic would be brought up at the PNB meeting and we didn’t need a motion.

Motion: (Elizabeth von Gunten) “To extend the time for this item by three minutes.” (Passed without objection) 9:02 PM (ET)

The committee further discussed a possible motion on this topic.

Motion: (Teresa J. Allen) “To extend the time for this item by five minutes.” (Passed without objection) 9:15 PM (ET)

The committee further discussed a possible motion on this topic.

The Chair ruled that we must discuss what this committee wants, not what Directors do.

The committee further discussed a possible motion on this topic.

Call for the orders of the day: (R. Paul Martin) 9:21 PM (ET)

Motion: (Teresa J. Allen) “To extend the time for this item by five minutes.” (Fails 3 for, 5 against, 3 abstentions)

Minutes Approval 9:24 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the July 27, 2021, NFC meeting.” (Passed without objection)

Interim CFO Report and June Financials 9:24 PM (ET)

The interim CFO told the committee that NETA worker Vicki Clark was on the call from Washington, D.C. The interim CFO said that once she starts to travel again she might have a conflict and that Ms. Clark will be her backup from time to time.

The interim CFO read from the document titled “Pacifica Foundation Financial Narrative for June 2021” which is appended to these minutes.

The interim CFO also went over the document titled “Pacifica Foundation Consolidated Monthly Income Statement For the Nine Months Ending June 30, 2021.” The interim CFO noted that the Paycheck Protection Plan (PPP) money had played a role in the revenue. She noted how much each station had gotten in PPP revenue and how it affected the Total Revenue. In answer to a question the interim CFO said that if you backed out the PPP revenue then the trend was for revenue to be below the prior year. In answer to a question the interim CFO said that the Insurance Expense on the Consolidated sheet for April did include Officers and Directors insurance. She said she’d do an analysis on the Interest/Bank Charges in the Consolidated sheet. The interim CFO said that she didn’t know if all stations were booking their expenses the exact same way. She said that NETA needs to see invoices or they don’t know where the stations are putting expenses.

The WPFW Treasurer said that he’s a commercial banker and that commercial bankers are treating the PPP money as income. He said that Pacifica had been greatly impacted by the pandemic in FY20 and that’s what the PPP was for because people didn’t have as much money to give. He said that it was a little bit conservative to say that Pacifica is not doing as well based on the PPP loan and other Small Business Administration support which were designed to help companies like Pacifica at this time.

The interim CFO said that as we approach the end of FY21 the spreadsheets are getting very big; she said that if anyone had ideas on how to condense them she’d like to hear them.

In answer to a question the interim CFO said that the FY20 audit was completed on June 30, because they thought that was the deadline. She said that this week they submitted Pacifica’s tax return and the auditors have it. She said that she’d gotten receipts from the auditors saying that the taxes have been filed. She said that Pacifica has also gotten the Management Letter from the auditors and that’s the last piece of the FY20 audit.

Motion: (Elizabeth von Gunten) “To extend the time for this item by 15 minutes,” (Passed without objection) 10:13 PM (ET)

The committee continued discussing the deadlines for the FY20 audit that has been filed. The committee briefly discussed the complicated Utilities expenses for WBAI. There was a discussion of how stations book revenue from the Web. The interim CFO said that she's never gotten a good answer about Web site revenue. There was a discussion of unifying the Chart of Accounts and making the financial statements more user friendly by making them similar.

The Chair noted that there are reasons why we want to have Administrative Expenses separate from Programming Expenses because if you go to the Charity Navigator Web site if Programming Expenses is higher than Administrative Expenses it looks better to potential donors and you get a better rating.

It was noted that the NFC had passed a motion long ago urging that NETA be given view access to all bank accounts in Pacifica. In answer to a question the interim CFO said that the status is still the same, they don't have access to all bank accounts. She said that they're also not seeing invoices except for the ones that get scanned in at WBAI and WPFW.

The KPFA Director read a list of items on the KPFK budget that he said looked weird to him. He said that some expenses seemed to be twice what they had been. He said that he was hoping that NETA could look into that. He said that the KPFK FY21 budget appeared to be coming into line with what other stations are paying. There was a discussion of KPFK's Tower expenses.

Adjourned 10:34 PM (ET)

Submitted by R. Paul Martin, Secretary.

Appendix

Pacifica Foundation Financial Narrative for June 2021

Financial Dashboard

Consolidated Report

Consolidated net operating gain or loss without depreciation: Net income YTD through June 30, 2021 is \$1M vs. (\$1854K) net income YTD as of last June 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 June 2021 is \$9.4M vs \$8.5M YTD June 2020, an increase of \$848K or 10%.

Total Expenses: Total expenses YTD through June 2021 are \$8.5M vs. \$8.8M YTD June 2020, a decrease of \$296K or 3%.

KPFA

KPFA shows income for the period of \$411K compared to prior YTD income of \$141K. (PPP \$343K)

KPFK

KPFK shows a loss for the period of \$91K compared to a prior YTD loss of \$316K. (PPP \$322K)

KPFT

KPFT shows a loss for the period of \$46K compared to a prior YTD loss of \$26K. (PPP \$35K)

WBAI

WBAI shows a loss for the period of \$13K compared to a prior YTD loss of \$176K. (PPP \$94K)

WPFW

WPFW shows income of \$194K for the period compared to prior YTD income of \$543. (PPP \$111K)

Profit & Loss Statement

Revenue

Total Revenue YTD through June 2021 is \$9.4M vs \$8.6M YTD June 2020, an increase of \$848K or 10%. (PPP \$1.2M)

Listener Support is above prior year at \$6.6M vs \$6.3M for June 2021, an increase of \$279K.

Major Donor Revenue for YTD through June 2021 is \$430K vs. \$447K YTD June 2020, a decrease of \$80K.

Donations for YTD through June 2021 is \$98K vs. \$777K YTD June 2020, a decrease of \$679K.

Total revenue by unit:

KPFA shows an increase of \$327K or 12% over FY20. (PPP \$365K)

KPFK shows an increase of \$1K or 0% over FY20. (PPP \$322K)

KPFT shows a decrease of \$66K or 12% over FY20. (PPP \$35K)

WBAI shows an increase of \$173K or 16% over FY20. (PPP \$94K)

WPFW shows an increase of \$222K or 21% over FY20. (PPP \$111K)

NO shows a decrease of \$39K or 7% over FY20. (PPP \$282K)

PRA shows an increase of \$50K or 43% over FY20. (PPP \$47K)

Expenses

Total Expenses through June 2021 are \$8.5M vs. \$8.8M YTD June 2020, a decrease of \$295K or 3%.

KPFA shows an increase of \$56K or 2% over FY20.

KPFK shows a decrease of \$224K or 10% over FY20.

KPFT shows a decrease of \$46K or 10% over FY20.

WBAI shows an increase of \$9K or 1% over FY20.

WPFW shows an increase of \$58K or 6% over FY20.

NO shows a decrease of \$311K or 21% over FY20.

PRA shows no change over FY20.

Personnel expenses for the period October – June are \$231K less than FY20 at \$4.7M.

KPFA shows an increase of \$105K or 6% over FY20.

KPFK shows a decrease of \$232K or 15% over FY20.

KPFT shows a decrease of \$32K or 16% over FY20.

WBAI shows a decrease of \$33K or 7% over FY20.

WPFW shows a decrease of \$35K or 7% over FY20.

NO shows a decrease of \$125K or 44% over FY20.

PRA shows no change over FY20.

Administrative expenses for YTD through June 2021 are \$2.2M vs \$2.3M YTD June 2020, a decrease of \$118K or 5%.

Programming expenses for YTD through June 2021 are \$710K vs \$643K YTD June 2020, an increase of \$67K or 10%.

Development expenses YTD through June 2021 are \$736K vs \$729K YTD June 2020, a decrease of \$7K or 1%.

Community/Special Events expenses YTD through June 2021 are \$16K vs \$65K June 2020, a decrease of \$49K or 75%.

Net Income/Loss without Depreciation overall YTD through June 30, 2021 is \$1M vs. \$184K net loss YTD as of last June showing an overall increase in income of \$1.1M (PPP loan forgiveness \$1.2M).

KPFA YTD through June 2021 is \$411K vs \$141K in 2020, an increase of \$270K. (PPP \$365K)

KPFK YTD through June 2021 is (\$91K) vs (\$316K) in 2020, an increase of \$225K. (PPP \$322K)

KPFT YTD through June 2021 is (\$46K) vs (\$26K) in 2020, a decrease of \$20K. (PPP \$35K)

WBAI YTD through June 2021 is (\$13K) vs (\$176K) in 2020, an increase of \$164K. (PPP \$94K)

WPFW YTD through June 2021 is \$194K vs \$543 in 2020, an increase of \$194K. (PPP \$111K)

NO YTD through June 2021 is \$446K vs \$156K in 2020, an increase of \$290K. (PPP \$282K)

PRA YTD through June 2021 is \$86K vs \$36K in 2020, an increase of \$49K. (PPP \$111K)