

Draft Minutes for the regular National Finance Committee meeting February 23, 2021.

Meeting convened at 8:33 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: 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).

Agenda:

1. Convene meeting 8:30 PM (ET)
 2. Roll Call
 3. Adopt Agenda
 4. Chair's Announcements (5 minutes)
 5. Minutes Approval (2 minutes)
 6. Interim CFO Report (15 minutes Report and Q & A)
 7. Review National Office Budget (60 minutes)
 8. Reports from Stations on Budget Timeline Progress (KPFK, KPFT) (2 minutes)
 9. Unfinished Business
 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)

Chair's Announcements 8:36 PM (ET)

"I am James Sagurton, current Chair of the Pacifica National Board's (PNB) National Finance Committee (NFC). As you know, the NFC has eleven voting members consisting of the five Treasurers of the five stations, five PNB Directors, one from each of the five stations and elected by the PNB and finally, the Chief Financial Officer (CFO). Our current accounting firm is the National Educational Telecommunications Association (NETA). They also provide us with Human Resources and payroll services.

The main function of the NFC is to assist the PNB in its fiduciary duty to provide oversight on financial matters. We review the budgets submitted by our business entities or units, modify and or approve them as received and then send them to the PNB with an appropriate recommendation for approval or other action. We also develop and recommend a formula for the payment of Central Services fees to the National Office from the business units. Additionally, we review the monthly financials provided by our business units and compiled by our accountants and our CFO and review other related matters that come before us from time to time.

Pacifica has been adapting to losses of audience and income in a changing media environment

and the ongoing pandemic. We are carrying debt that is historically high for us but, which is small compared to our assets. Our immediate concerns are cash flow and payroll shortages.

For the first time in years the NFC is attempting to accomplish its main function by reviewing and successfully assisting the PNB to approve workable budgets for all eight of our budgeted business entities (The radio stations KPFA, KPFK, KPFT, WBAI, and WPFW, the National Office (NO), the Pacifica Affiliates Network of over 200 radio stations in North America and around the world (PAN), and the Pacifica Radio Archives (PRA). No budgets were approved by the PNB in FY 2020 or for several years before. We are already in the second quarter of FY 2021 and the PNB has approved budgets for only three of our eight business entities. We have much more work to do.

To help us, tonight we will be seating three newly elected Director members on the NFC. The NFC welcomes (alphabetically by station) KPFK Listener Director Beth von Gunten, KPFT Listener Director Lynden Foley and WPFW Listener Director Julie Hewitt. The NFC thanks outgoing KPFK Staff Director Polina Vasiliev, KPFT Listener Director DeWayne Lark and WPFW Listener Director Nancy Sorden for their work on the Committee.

At the February 18, 2021 meeting of the PNB three resolutions to streamline Pacifica's accounting and three Unit budgets from the NFC were passed. This was a hopeful step forward toward getting Pacifica's Financials in order for the purposes of extending our credit, applying for Corporation for Public Broadcasting (CPB) and other grants and attracting both small and major donations.

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 National Educational Telecommunications Association (N.E.T.A.) has provided the PNB with a breakdown of how the first draw of Payroll Protection Program (PPP) money was allocated between Pacifica's eight budgeted business entities. Board members please check your E-mail and share with your LSBs and Management.

Tonight we will review the National Office Budget.

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 interim Executive Director, 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.

Election of a Chair for the NFC will begin at our next meeting.”

Minutes Approval 8:44 PM (ET)

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

INTERIM CFO Report 8:45 PM (ET)

The interim CFO told the committee that she did not have the January 2021, financials because information from one station only came in today. She said that they'd be able to send it out on Friday so we can discuss it at the next meeting. She said she'd sent out one schedule that was the unpaid amount for the stations' Central Services fees. She said that the document reflected that there was \$1,153,482 in Central Services fees owed to the National Office.

In answer to a question the interim CFO said that she did not have an update on the big loan. She said that the PNB group that's dealing with it will meet on Thursday about it. She said that Pacifica has been making the interest payments. The due date for the loan principal is April 21, 2021.

At this point in the meeting the new members of the committee Lynden Foley, Elizabeth von Gunten and Julie Hewitt introduced themselves and told a little bit about themselves.

Review National Office Budget 9:04 PM (ET)

The committee discussed the National Office draft FY21 budget proposal. There was a discussion of whether the SCA revenue should show up as National Office revenue or not. It was decided that it should, since no motion has passed the PNB that would change the status of the SCA revenue. The interim CFO noted that National Office Personnel Costs would include a modest salary for an Executive Director, but other Personnel Costs would be lessened because

the Pacifica Affiliate Network is being budgeted separately now. The interim CFO said that the audit fees would be higher in FY21, but the Accounting-contract agency, which is NETA, was budgeted at the same amount as in the prior year. There was a discussion about Pacifica not having Directors and Officers insurance. The interim CFO said that the interim Executive Director was going to reach out and see if she could get a quote for that type of insurance. There was a further discussion of insurance issues.

In answer to a question the interim CFO said that the National Office has six FTEs including an IT person, and there were also pension consultants.

There was a discussion of whether the Pacifica Affiliates Network would be paying Central Services fees to Pacifica now that it's no longer a part of the National Office. The interim CFO said that she'd look into the question.

In answer to a question regarding possible savings on Personnel Costs if the projected Executive Director hire is not made or if the hire happens several months into FY21 the interim CFO said that she and the NFC Chair could consult and reduce that line item along with associated costs like payroll taxes.

The interim CFO told the committee that since some of the numbers in the National Office draft FY21 budget were old they would have to be adjusted, and that they would need to be updated according to the new Central Services formula. She said that for tonight we were just discussing it. There was a discussion of how the Net Income (Net Loss) line is calculated regarding Central Services on the National Office spreadsheet.

There was a question from a member regarding Programming Expenses, including Programming and Satellite Fee-NewsUplink/Downlink. The interim CFO said she'd get back to the member on that.

In answer to a question the interim CFO said that the Executive Director related expenses are the only expense line that could be considered for a cut.

A member brought up the issue of disparate formats for the draft budgets. The interim CFO said they'd work on it but that it couldn't be done for FY21.

There was a discussion of a document labeled "FY21 Central Services Calculation" that the interim CFO had sent the committee. The Chair said that there might be a need to revisit it, and there was a discussion about whether or not to just keep carrying forward the Central Services arrearages from past years.

A member pointed out that overall the Central Services payment trend was really poor, noting that 80% of Central Services were paid in FY18, 65% were paid in FY20, and only 30% paid in FY21 so far. H said that the National Office can't pay the payables without the Central Services revenue and that this is an alarming trend that needs to be addressed. There was a further discussion of stations struggling to make Central Services payments. A member said that neither

the NFC or PNB have dealt with other sources of revenue outside of the stations to address basic budget shortfalls. It was noted that all of Pacifica has also suffered since 2013, because Pacifica has gotten nothing from the CPB and that the CPB money is the same size as the budget shortfall we have; the member said he'd like to see a task force from the NFC or the PNB to see how to get CPB funding ASAP. The committee discussed the need for getting the CPB grants again and the need to seek out other grants that may be available. It was noted that the lack of timely audits has affected Pacifica, and individual stations', ability to obtain grants or even some donations from individuals. The interim CFO said that NETA had no idea how behind on its accounting Pacifica was when they'd started working on the foundation's finances. She said that when NETA was initially hired Pacifica was paying about \$600,000 a year for services that NETA now supplies for \$330,000 a year. She said that it has taken time and effort to get Pacifica's accounting fixed. She noted that because of one station being late NETA missed closing on time this month and she's going to ask people at that station why they missed the deadline. She noted that for FY20 the audit should go fast. She said that a lot of it will depend on what information Business Managers give to NETA or what information the Business Managers don't give to NETA. She said that bank reconciliations are done at the stations in most cases, and that NETA does the accounting for WBAI and WPFW. She said that NETA would like to be able to move forward and put really strong processes in line.

Motion: (James Sagurton) "To extend the time for the meeting by 10 minutes." (Passed without objection) 10:13 PM (ET)

In answer to a question the interim CFO said that the auditors have the FY19 audit, and to some degree NETA is working on the FY20 audit. She said that they have spoken with the auditors and they are well aware of the urgency with regard to getting the FY20 audit done by the June 30, 2021, deadline.

Reports from Stations on Budget Timeline Progress 10:15 PM (ET)

KPFK - The KPFK Treasurer reported that there had been no change from the previous meeting regarding a KPFK draft FY21 budget. No further work has been done on it. There was a discussion regarding the possibility of the NFC having to do the KPFK draft FY21 budget. The interim CFO said that the KPFK General Manager had reached out to her and that they had a meeting scheduled with him for two days after this NFC meeting. The KPFK Treasurer asked to be included in that meeting and the interim CFO agreed. The interim CFO said they are also doing work for the upcoming KPFK local Finance Committee meeting.

KPFT - The Chair said that he'd sent a letter from the NFC to the new KPFT General Manager. He said that a part of that letter was to urge the KPFT General Manager to get us a draft FY21 budget ASAP. The Chair said that the KPFT General Manager had responded that he had sent the draft FY21 budget to the interim Executive Director which bypassed the NFC and the KPFT local Finance Committee. The KPFT Treasurer said that she'd sent a letter to the new General Manager around February 26th, and another around the 28th, asking him to meet with the KPFT Director on the NFC and the KPFT Business Manager about a budget. She said that they had received a budget in the past, but that it had not included line items for the repair of the KPFT

building. She said that people were told by the last General Manager that they couldn't go into the building due to the presence of mold. The KPFT Treasurer said that a window was broken in the building and someone had turned off the water and stolen the water heater, and the police have been informed. The KPFT Treasurer told the committee that at the KPFT LSB meeting the General Manager had said he'd gotten with the Business Manager and the draft FY21 budget was fine. The KPFT Treasurer said she has not seen it, but that evidently it's the same draft budget as last September. She said that the General Manager had said that he'd negotiated some reductions in expenses. The interim CFO said that the KPFT Treasurer and she should talk. The Chair said that the PNB wants to see photographs of the interior of the building because he had heard that there had been a further deterioration of the building while it's been closed. In the course of the discussion it was stated that the results of a Director's inspection were due early in March.

Adjourned 10:30 PM (ET)

Submitted by R. Paul Martin, Secretary.