

Pacifica National Board

Finance Committee Meeting – August 13, 2004

MINUTES

Meeting called to order 12:50 pm Pacific Time by Chair Mark Roberts.

Present: Henry Cooper, Lonnie Hicks, Mark Roberts, Carol Spooner, Paul Surovell, Sandy Weinman, LaVarn Williams

Also present: Dave Adelson (expected to be elected as KPFK rep), Dan Coughlin, Executive Director

Minutes of the July 23, 2004 meeting were approved.

TREASURERS' REPORTS

KPFT has approved a budget

KPFK has approved a budget, pending adjustments.

WBAI will try to approve by September 10th.

WPFW will hold a special meeting to approve budget on August 25th.

KPFA has a finance committee meeting on August 19th and may seek LSB approval at its August 28th meeting.

CFO REPORT

Lonnie emphasized the need to include 1-month's operating expenses in each station's bottom line. Says it is not a "surplus" but a necessary reserve.

Notes WBAI is expected to have only \$72,000 on September 30th instead of \$300,000. Says station will have to reduce expenses and postpone vendor payments.

Says network will only have about \$500,000, in reserve on September 30th.

Estimates elections costs at a minimum of \$185,000. This includes \$2,000 per month for each local supervisor and \$3,000 for the national supervisor, plus 4 staff that will cost about \$70,000. Ballots and certification will cost about \$55,000. And there will be about \$20,000 in other expenses. Mailing of the ballots will cost \$17,000 to \$35,000.

Notes new Fund-Raising Controls at WBAI will put Development Director, rather than the Program Director, in charge.

Discussion of Pacifica Policies and Procedures. Lonnie says will edit to conform to current situation.

Mark notes that the National Office will be in deficit in FYR05(?). Lonnie -- We're doing what we can.

The break-out of governance costs is proving difficult. Lonnie will start new accounts in FYR05 for governance break-out.

Says audit will start in mid-November or December. Will have to establish new accounts, clear out old accounts.

Discussion of Consultant line-item at WBAI. Lonnie says he's developing rules for classification of all 1099 workers in FYR05.

Notes former Washington Pacifica office is being subleased, reducing net cost to Pacifica to \$3,000 per month from \$6,000 per month.

Dan discusses National Programming Unit. Says he hopes Unit will not cause increased costs from stations.

Carol says it is important to know the staffing at National Office in order to approve its budget. Dan says the narrative will include staffing priorities.

OLD BUSINESS

Data on expenditures on training will be forthcoming.

Inter-Station Transfers will show up in the audit this year. Lonnie says that with regard to legal charges for '02, what the auditor did was to call legal firms where there is not enough support in the invoices.

Carol asks if you went to the vendor file and printed out billings, would they be available? Two vendors that we were using were John Crigler and Squire Sanders & Dempsey.

Lonnie offers to print out what we have. Says Inter-Station Transfers were the most atrocious part of the accounting nightmares.

Carol says KPFA's bank account shows there were emergency transfers from KPFA to national in January - September 2002.

Lonnie says the amounts would show up in the balance sheet.

Carol says everything from the stations to Central Services gets lumped together.

Lonnie says some transfers were recorded and some were not. Some were lumped into Central Services. Then you go into the argument that the National Office said that all funds belong to National.

Carol asks if you can add up the dollar amounts from the stations to the National Office that are not central services. Suggests that '05 Special Assessments could be used to clear up imbalances from the past that differed from the WBAI 25%, KPFA 25%, etc. formula.

Mark likens issue to cost of restaurant dinner shared by friends, and then someone asks, "Who had the steak?"

David says some stations were told by national that they were making loans. Says this will affect the credibility of future requests by national.

Carol says in 2002 there were times that stations were asked to lend money to national. Reiterates that accounting for station assessments in '05 should reflect the fact that loans were made.

?? Suggests payments for special assessments in 2002 were paid 30-35% by KPFA, 18% by WBAI and 12.5% by WPFW??

Dan says assumptions on inter-station transfers are incorrect. Says National Office was taking a big share in meeting legal obligations of the Foundation to provide as much support as possible for the stations.

Henry says we need to know about the legal fees. Listeners demand answers.

Carol says if the auditor can clarify January - September 2002 transfers from the stations to the National Office, we will have an accounting, we would have a recognition of KPFA's and KPFA's extra roles.

MOTION BY CAROL

The auditor in the FYR04 audit also conduct an audit of transfers from the stations to the National Office in the January - September 2002 period to determine how much was for Central Services and how much was not for Central Services for each station.

AMENDMENT BY LONNIE

The purpose of the audit of the transfers of the stations in the January - September 2002 period would

be to acknowledge the contributions of the stations in that crucial period.

Carol says No, her intent is for an accounting of how much came from each station.

Amendment fails 3-3.

Motion fails 3-3.

WAIVERS FOR 1-MONTH RESERVES BY STATIONS

Lonnie says the PNB must approve a waiver for each station which does not achieve its 1-month reserve.

KPFK is asking for a fiscal waiver.

Dan says he has asked GM's for a plan on how the 1-month reserve is to be met.

Mark asks what the waiver procedure is.

Lonnie says, the station has to ask me. If its bank statement doesn't show it can make it to October 15th, the station has to make a plan. If they can't, they need an OK by the CFO. He goes to the National Finance Committee, which will recommend to the PNB.

The next National Finance Committee meeting date will be August 27, 2004.

Meeting adjourned.

Respectfully submitted,

Paul Surovell

These minutes were approved on 9/24/04.

Appendix A – Proposed Agenda

A G E N D A

- 1) Review/Approve 7/23 minutes
- 2) Treasurer's Report--update on LSB approval process
- 3) CFO Report

- June Financials
- Election Costs
- Governance Costs
- Reddy Report
- proposed Procedures Manual
- FY '05 budget revision process/key dates

4) National Office income and expenses in proposed FY '05 budget

5) Old Business

- Legal billings from FY '02
- Inter-station transfers to NO
- Station assessments accounting
- Forecasted deliverables for \$30,000 Training expenditure

6) New Business

7) Adjourn