

Minutes for the regular National Finance Committee meeting June 13, 2017.

Meeting convened at 8:32 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Ken Aaron, Sam Agarwal (CFO), Nick Arena, Chris Cory, Bill Crosier, Nick Economidis, Sabrina Jacobs, R. Paul Martin (Secretary), Mansoor Sabbagh, Nancy Sorden, Alex Steinberg (Chair).

Agenda:

Roll Call (2 minutes)

Approval of minutes for the May 2, 2017, meeting (5 minutes)

Report from CFO (60 minutes)

Motion submitted by Ken Aaron (20 minutes)

Timeline for FY18 budgets (15 minutes)

Schedule next meeting (5 minutes)

Discussion/agreement on if/how stations will receive credit toward Central Services balances from the results of the special Pacifica 1-day fund drive held March 2, 2017.

Regular/monthly reporting to the NFC/Controller of: (1) updated P&L; and (2) the balance of past due Central Services payments by stations.

Discussion of holding an executive session to discuss a legal matter of a confidential nature

Adjourn 10:30 PM (ET)

Motion: (Ken Aaron) “To adopt the agenda.” (Passed without objection as amended)

The committee discussed the motion.

Amendment: (Nick Economidis) “To add after ‘Timeline for 2017 budgets’ on the agenda the following:

‘1. Discussion/agreement on if/how stations will receive credit toward Central Services balances from the results of the special Pacifica 1-day fund drive held March 2, 2017.

2. Regular/monthly reporting to the NFC/Controller of: (1) updated P&L; and (2) the balance of past due Central Services payments by stations.” (Passed without objection)

The committee discussed the amendment.

Amendment: (Alex Steinberg) “To add to the agenda after ‘Schedule next meeting’ an item to discuss having an executive session to discuss a legal matter of a confidential nature.” (Passed without objection)

The committee discussed the amendment.

Approval of minutes for May 2, 2017, meeting 8:53 PM (ET)

Motion: (Alex Steinberg) “To approve the minutes of the May 2, 2017, meeting.” (Passed without objection)

Report from CFO 8:53 PM (ET)

The CFO told the committee that the preparation for the FY15 audit is going well. He said that the auditors are satisfied with our progress so far, Pacifica has provided most of the information they needed. They did some sample testing, and obtained information from the stations. He said that he’d find out about that in next few days. The CFO said that he is meeting with Business Managers every week to expedite the process.

The CFO said that he had sent a detailed statement to the NFC that gives a breakdown of the current outstanding issues. He said that it’s important to look at the balances outstanding. One station owes about \$250,000 another owes about \$180,000. He said that the National Office has not gotten about \$850,000 in Central Services over the past two years. He said that every month about \$44,000 is missing due to three stations and this is having an impact on the National Office finances. The National Office couldn’t pay the audit fee because of lack of funds. He said that Central Services fees are not a tax, they are the cost of shared services and they’re an unavoidable business expense. He said that Pacifica doesn’t have an enforcing mechanism for Central Services payments and that some stations have chosen to deliberately not pay Central Services because there are no consequences. He said that it was hard to believe that a station can’t make a partial payment on its Central Services fees.

Point of Order: (Nancy Sorden) “The CFO is slandering stations, he’s assuming they’re doing it on purpose.”

The Chair ruled the point not well taken. The CFO continued.

The CFO said that stations do this because they can balance their cash flow without consequences. He said that there are three stations in perpetual default and he wanted the NFC to consider a motion about this.

The committee discussed the CFO’s report. In answer to a question the CFO said that Pacifica had collected about \$200,000 in the March on-air fund raiser, with \$86,000 in a restricted grant that’s committed to pay for the audit. He said that that will cover the audit fee for the FY15 audit. He said that another substantial National Office cost is that the books are not complete and they have to hire temporary Staff. He said that he will not be so confident about the FY16 audit, because Pacifica doesn’t have the money to pay for it. He said that there is not a signed agreement with the auditors for the FY16 audit because Pacifica is not ready for it. He said that the balances from FY15 have to be rolled over to FY16, and there is a lot of work to be done so that the books can be audited. He said that he wants to be in compliance by the Spring of 2018, so we can file a CPB report.

Point of Order: (Mansoor Sabbagh) “A member’s comment should be disqualified because the issue raised was moot.”

The Chair ruled the point not well taken.

The committee continued to discuss the CFO’s Report. A member disagreed with the CFO on stations’ withholding Central Services payments to make their cash flow better. In answer to a question the CFO said that stations, as well as the National Office would get money to hire temporary workers to get the audit prepared. He said that he was working with the WPFW Treasurer to get someone hired to help prepare for the audit at that station. There was a discussion of the propriety of revealing the magnitude of stations’ Central Services arrears. The interim Executive Director said it should be done as a part of Pacifica’s transparency. The CFO said that his only concern was that such things can get blown out of proportion. He said that in one case a vendor cancelled a contract because of financial information that was revealed. He said that the NFC should decide what can be made public. There was a general discussion of Pacifica’s overall financial health. The CFO said that Pacifica is in critical condition with two stations scraping by and three stations unable to break even. The CFO said that the California Attorney General’s letter says that Pacifica has not been timely in filing tax returns, the 990s are late. The CFO said that it is difficult to retain Staff at the National Office. There was a discussion of how Central Services payments are credited for stations which are in arrears in the Central Services payments. Central Services payments are credited for the oldest outstanding month in arrears, which may be in the previous fiscal year. Some discrepancies with the WBAI Tower Rent in the “Profit & Loss Statement For the Six Months Ending March 31, 2017,” were discussed. The CFO said that the mistakes would be revised.

The CFO said that he wanted to discuss some things in executive session. There was further discussion of stations’ Central Services and other expenses. The CFO asked the NFC to come up with an assessment of the financial health of Pacifica. He said that he was troubled that Pacifica doesn’t have a good analytic system where we can look at four quarters of on-air fund raising to see what time slots are productive and why some shows do well and how can we do cross sharing. The CFO said that with regard to the short term interests of stations taking over the long term goals of Pacifica, he’s not saying that it’s done consciously but the result is the same.

Motion submitted by Ken Aaron 9:41 PM (ET)

Motion: (Ken Aaron) “Whereas the National Office has been driven into a state of deterioration and dysfunction to great degree by the significant absence of Central Service Payments from several stations totaling a deficit of \$800,000 over the past two years, and

Whereas the National Office is currently having to address Financial burdens and emergencies which have been hidden, ignored and left un-addressed for many years and now threaten the very existence of the Foundation,

Therefor be it resolved that all Station Managers are hereby given the mandate to manage their stations as necessary to successfully generate enough revenue to pay the following three expenses

each month, in full and on time:

11. The staff payroll,
12. health care costs and
13. the allocated Central Service Payment.

It is understood that income and expenses are not fixed and fluctuate from month to month and therefore a station should develop a reserve to use when income is lower to fulfill this obligation. It is also understood that by joint consent the ED and the CFO may grant an exemption, for that month, to a station that cannot meet its payroll or health care expenses with the commitment that the station will make good on omitted payments in subsequent months.

As income may not be sufficient to keep up with all expenses, General Managers and Business Managers must report all outstanding deficits, payments that are in arrears and bills that cannot be paid due to lack of revenue,. These reports must be accurate and complete, without any omissions, and must be updated every month.

If a General Manager of a station repeatedly fails to accomplish these obligation they will be subject to evaluation and disciplinary action including filing of reprimands and possible suspension without pay and/or termination. General Managers that can meet these obligations without major neglect of other bills will likewise be properly and publicly acknowledged.

The first month this policy begins enforcement will be July 2017.” (Passed 7 for, 2 against, 1 abstention)

The Committee discussed the motion.

Point of Order: (R. Paul Martin) “Call for the orders of the day.” 10:03 PM (ET)

Timeline for FY18 budgets 10:06 PM (ET)

The committee discussed the timeline for the FY18 budgets, and the NFC’s and PNB’s experiences with timelines in the past. The CFO said that the timelines may not be realistic, and that the FY18 timeline may need to be discussed in executive session.

Schedule next meeting 10:17 PM (ET)

The committee discussed when to meet next.

Point of Order: (R. Paul Martin) “A motion to set the meeting dates for 2017, was passed already.”

Chair rules point well taken.

Motion: (Alex Steinberg) “To have an executive session at the start of the next meeting to consider

legal and financial matters of a confidential nature, followed by an open session as time allows.”
(Passed without objection)

The Committee discussed the motion.

Discussion/agreement on if/how stations will receive credit toward Central Services balances from the results of the special Pacifica 1-day fund drive held March 2, 2017 10:24 PM (ET)

Motion: (Nick Economidis) “Whereas each station in the Pacifica network has a finite amount of money that it can reasonable expect to raise from listeners during on-air fund drives conducted throughout the year; and,

Whereas all five stations in the Pacifica network participated in a special one day fund drive to support the Pacifica national office on March 2, 2017;

Therefore be it resolved that the National Finance Committee recommends to the Pacifica National Board that the Central Service assessments due from each station be credited with an amount, to be determined by the CFO, representative of the results produced by each station as a part of the March 2, 2017, fund drive, and that the aggregate total of such amounts individually credited to each of the five stations be equal to the total net amount raised and collected from the one-day fund drive.”

(Postponed indefinitely)

The Committee discussed the motion.

Motion: (Bill Crosier) “To postpone the motion indefinitely.” (Passed 7 for, 2 against)

Point of Order: (R. Paul Martin) “Call for the orders of the day.” 10:38 PM (ET)

Motion: (Bill Crosier) To extend the time for the meeting by two minutes and to go to the item on holding an executive session.” (Passed without objection) 10:39 PM (ET)

Discussion of holding an executive session to discuss a legal matter of a confidential nature 10:39 PM (ET)

Motion: (Alex Steinberg) “To adjourn to an executive session now.” (Passed without objection)

The Committee discussed the motion.

Adjourned 10:41 PM (ET)

Submitted by R. Paul Martin, Secretary.