

**Finance Committee Adjourned Meeting - July 19, 2007**

MINUTES

An adjourned meeting of the PNB Finance Committee (see Appendix A) was called to order at about 5:18 pm PDT by Chair LaVarn Williams with Terry Goodman serving as Secretary. The minutes of 6/07/07 were approved.

Attendance

Present: Dave Adelson, Baruti Bediako, Terry Goodman, Lonnie Hicks, Sandra Rawline, Thomas Ruffin (arrived at 5:30), LaVarn Williams.

Absent: Brian Edwards-Tiekert, Jane Gatewood, Mike Martin, Berthold Reimers

Revised Agenda

- 1) Roll Call (5 minutes)
- 2) Approval of Minutes (5 minutes)
- 3) Next Meeting (5 minutes)
- 4) CFO Report & Preliminary 2008 Budget
- 5) Station Bill Back Policy (15 minutes)
- 6) Financial Policies & Procedures Manual (30 minutes)
  - a) PNB Finance and Audit Committees Joint Teleconference
  - b) Review revised Manual
- 7) Operations Meeting in July (10 minutes)
- 8) New Business (5 minutes)
- 9) Adjournment

\*\* Times are for guidance only \*\*

1. Roll Call and Approval of Agenda

*The Agenda was revised and approved without objection on the motion of Sandra Rawline at 5:21 pm.*

Notice was given by the Chair that Thomas Ruffin has resigned from the committee after multiple meeting absences. Director Ruffin subsequently joined the teleconference.

**Point of order by Goodman**, that the appointing authority for Director members of the committee is the PNB.

Correct, but **not well taken** as a point of order for this meeting. A PNB resolution required LSB chair notification, which the committee chair is reporting has occurred. *The chair may request that the vacancy be filled at the July PNB meeting or at the subsequent telephonic meeting. The PNB may choose to re-appoint Mr. Ruffin.*

2. Approval of Minutes

A revision of the June 7th minutes was approved as if the section being revised was in the May 24th minutes, which had already been approved on June 7, 2007. *The June 7th minutes were approved*

*without objection as amended by this prior discussion on the motion of Terry Goodman at 5:40 pm.*

**Motion from Terry Goodman** that the Finance Committee approve the minutes of the Joint Finance and Audit Committee Meeting of June 18, 2007, as amended by Audit Committee Secretary Jamie Ross and distributed by email to committee members (see Appendix B).

**Postponed** to the next meeting without objection on the motion of LaVarn Williams.

**Point of order** from Dave Adelson, that the joint committee is not a standing committee, so each component body may as well approve minutes of joint meetings separately.

**Well taken.**

### 3. Next Meeting

**Motion from Lonnie Hicks** that the Finance Committee schedule a regular meeting for Thursday, August 23, 2007 at 8:00 pm EDT.

**Motion passed** without objection.

### 4. CFO Report & Preliminary 2008 Budget

The CFO's report began at 5:40 pm and included the FY'07 projections as of May in comparison to the FY'04, FY'05, and FY'06 audit results and the FY'08 consolidated draft budget. Some stations are drawing from savings to meet this year's expenses and to balance next year's budgets. Listener support revenue is declining and many regular expenses are increasing. Only one station is expected to meet the one-month reserve requirement in its FY'08 budget and two stations are planning staff reductions. PRA income from station purchases is significantly down. There was mention of new costs and new fundraising options.

**Motion from Lonnie Hicks** (as amended on the motion of LaVarn Williams): The Finance Committee recommends that Pacifica hold all expenditures in FY'08 to FY'07 levels; that Pacifica not hire on any new staff in FY'08, holding salary expenses to FY'07 levels; that Pacifica accumulate a small contingency fund for potential use by stations in case drives do not perform; that Pacifica focus on revenue producing activities in FY'08; and that the ED and CFO continue to monitor WBAI revenue shortfall or recovery in FY'07 and its impact on the 2008 budget.

**Motion passed** without objection at 7:46 pm.

### 5. Station Bill Back Policy

It was suggested that the July Operations Group meeting provide input to the CFO regarding a draft station bill-back policy for inclusion in the Pacifica Financial Policies and Procedures Manual.

### 6. Financial Policies & Procedures Manual

#### 6(a). PNB Finance and Audit Committees Joint Teleconference

The chair gave a brief report on the joint meeting (see Appendix B). The CFO suggests the September PNB meeting as target date for board approval.

6(b). Review Revised Manual

Committee members were advised to expect a joint committee meeting in August to complete review of the CFO's draft, previously distributed via email.

7. Operations Meeting in July

*The CFO is to inform LSB Treasurers that they are invited to attend the July Operations Group meeting in Los Angeles, though their travel expenses will not be reimbursed by the Foundation. The CFO will add FY'08 Budget Calendar, Station Bill-Back Policies, Head Count Reporting, 18-month Budgeting, and the Finance Committee's motion on Limiting FY'08 Expenditures (see above) to the agenda of that meeting. An additional issue raised during New Business was referred to the Operations Group for input (see below).*

8. New Business

8(a). Business Managers' Cooperation with LSB Finance Committees (Bediako)

There was discussion regarding the lack of any mention of responsibilities to LSB Finance Committees in the job descriptions of station Business Managers. Some Business Managers cooperate more than others. The following motion was proposed as a committee recommendation to the Operations Group meeting in July.

**Motion from Sandra Rawline:** Whereas each station's Business Manager is an integral part of Pacifica Foundation Finances, Be it resolved that each GM strongly encourage their Business Manager to make themselves available to and/or participate in the local Finance Committee meetings. **Motion passed** without objection.

**Notice from Terry Goodman,** that a motion to amend the text of the motion just adopted will be prepared at the next Finance Committee meeting, based upon any response or suggestions received from the Operations Group.

8(b). Annual Membership Fee (Goodman)

*Treasurers were reminded to request a Memsys Pyramid of Contributions Report in preparation for a discussion on raising (Goodman) or lowering (Williams) the annual membership fee. (See the motion postponed on 5/24 to the meeting of June 6/28).*

8. Adjournment

The meeting was adjourned without objection on the motion of Terry Goodman at 7:15 pm PDT.

Terry Goodman, Secretary

*These minutes were approved on 8/29/07.*

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Appendix A - Finance Committee Notes, 7/02/07

A meeting of the PNB Finance Committee was scheduled for Monday, July 2, 2007, beginning at 8:00 PM EDT.

In attendance were Secretary Terry Goodman and CFO Lonnie Hicks. The expected absences of Brian Edwards-Tiekert and LaVarn Williams had been communicated to committee members in advance, and the CFO had sent out a revised draft financial policies and procedures manual.

Terry Goodman convened the meeting at 8:14 pm, noting that a quorum was not present. Lonnie Hicks moved to adjourn to Thursday, July 19, 2007, beginning at 8:00 pm EDT. Without objection, the meeting was adjourned at 8:15 pm to a time certain, as stated in the motion.

--Terry Goodman, Chair Pro-Tem

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Appendix B – Joint Finance/Audit Minutes

### **Pacifica National Board**

Joint Finance Committee & Audit Committee Special Meeting - June 18, 2007

#### **DRAFT MINUTES**

A special joint meeting of the PNB Audit Committee and the PNB Finance Committee was convened on June 18, 2007 for the purpose of reviewing a proposed Foundation Financial Policies and Procedures Manual, pursuant to a resolution of the Pacifica National Board. The meeting was alternately chaired by Nia Bediako and LaVarn Williams with Jamie Ross serving as Secretary for the beginning of the meeting and Terry Goodman serving as Secretary for the end of the meeting. This being a special meeting, no minutes were approved.

#### Attendance, Audit Committee

Present: Mary Berg, Jack Van Aken, Don White, Evelyn Bethune, Ambrose Lane, Carol Wolfe, Nia Bediako, and Jamie Ross

Absent: Ernesto Tico Chacin, Jose Wanzala, Ian Johnston, Sandy Weinmann, Jim Stotts, and Lisa Davis

Jamie Ross left the call at 9:35 pm EDT.

Carol Wolf left the call at 10:10 pm EDT.

#### Attendance, Finance Committee

Present: Baruti Bediako, Brian Edwards-Tiekert, Terry Goodman, Lonnie Hicks, Sandra Rawline, and LaVarn Williams.

Absent: Dave Adelson, Jane Gatewood, Berthold Reimers, Thomas Ruffin, and Bob Sanborn.

## Agenda

### Joint Meeting

#### AUDIT COMMITTEE

#### NATIONAL FINANCE COMMITTEE

Chaired by Nia Bediako until 9:15 PM

Chaired by LaVarn Williams from 9:15 PM until

- 1) Roll call (10 mins.)
  - a) Audit - Jamie Ross
  - b) Finance - Terry Goodman
- 2) Approval of agenda (5 mins.)
- 3) Policies and Procedures Manual Discussion (2 hrs.)
  - a) Questions and Issues on Content
    - (1) Revenue and Receipts
    - (2) Disbursements Accounts & Payable
    - (3) Payroll and Benefits
    - (4) Cash and Investment Monitoring
    - (5) Bank Reconciliation
  - b) Discussion and actions
- 4) Next Meeting, if necessary
- 5) Adjournment 10:30 PM (EDT)

#### 1. Roll Call

*A quorum of both committees was in attendance when the meeting was convened by Nia Bediako at 8:20 pm EDT.*

#### 2. Approval of Agenda

*The proposed agenda was approved without objection.*

#### 3. Policies and Procedures Manual Discussion

There was detailed discussion of the proposed Draft Policies and Procedures Manual distributed to committee members by the CFO by email in advance of the meeting. The CFO took notes and made direct changes to the draft during discussion. Secretaries noted as action items various sections generally felt to require additional work or follow-up.

The draft used as a basis for the discussion had already been worked on by the Audit Committee. It had originally been provided to the Audit Committee by the CFO. It had been reviewed by a working group of the Audit Committee on 5-30-07, which added suggested changes and queries to the text. It had been further reviewed by the full Audit Committee on 6-11-07. Finally, it had been reviewed by the CFO, who responded in text to some of the comments and queries of the Audit Committee working group.

### 3a. Questions and Issues on Content

#### 3a(1). Revenues and Receipts

##### 3a(1a). Introduction

There was discussion claiming a changing definition of Listener Support Income with particular reference to what income is and is not to be included in the calculation of station assessments for Central Administrative Services. *The CFO will request a statement from the Independent Auditor for possible inclusion in the policy manual explaining the classification of income required by the Corporation for Public Broadcasting. The CFO will include in the manual a clear explanation of the extent, if any, that a different classification will apply to any station income in Pacifica Central Services assessment calculations.*

##### 3a(1b). Listener Support Pledges and Donations

*The names and current titles of individuals at each station serving as Business Managers, MEMSYS Managers, Development Directors, and Development Managers are to be identified at the Operations Group meeting scheduled for the July PNB meeting, and any ambiguities with respect to the allocation of responsibilities in this section of the draft financial policies resolved accordingly.*

##### 3a(1c). Stock Donations

Inclusion or clarification of policy on stock liquidation was requested. Baruti Bediako and Brian Edwards-Tiekert suggested that policy be clarified to state that stock is liquidated and money sent shortly thereafter to the station that received the original donation. Lonnie Hicks said he would supply data regarding recent stock donations.

##### 3a(1d) Grants

##### 3a(1e) Subsidiary Communications Authority (SCA) Income

*The CFO is to resolve a question regarding use of SCA Income in the context of the Auditor's Report.*

##### 3a(1f). Affiliates Revenue

Confirmation that this section reflects current practice was requested.

##### 3a(1g). List Rental Income

Confirmation that this section reflects current practice was received. Lonnie Hicks clarified that the list in question has been developed by the national office for fundraising. It is not the same as the stations' membership list. He said Pacifica received about \$8,000 last year from list rental.

##### 3a(1h). Rental Income of Real Property

There was discussion of possibly clarifying the relationship of the National Office use of space in the KPFA building along the lines of the Pacifica Radio Archives use of space in the KPFA building. While Pacifica owns both buildings, related expenses are paid by the individual stations. KPFA gets a percentage discount on its Central Services assessment, but KPFA does not, in current practice. The

policy is not clear as to whether or not any benefit will accrue to a station upon the sublease of any portion of the real property that it maintains.

Nia Bediako surrendered the chair to LaVarn Williams at 9:17 pm EDT.

### 3a(1i). Central Administrative Services

There was objection to the language "All revenues for PRA are received by the National Office and allocated to PRA. Monthly central allocations to stations are based on a net allocation of 19.5% of listener support revenue for all stations of with the exception of KPFK whose monthly allocation is 18.5%." The first sentence uses allocation in reference to income while the second sentence uses allocation in reference to expense (the assignment of debt). Using "assessment" rather than "allocation" in the second sentence would resolve the confusion. *Baruti Bediako indicated that he would suggest alternative language by email after the meeting.*

Jamie Ross left the call at 9:35 pm EDT. Terry Goodman assumed the Secretary position for the remainder of the meeting.

It was suggested that the mention in this section of Democracy Now!, Free Speech Radio News, and possibly the Pacifica Radio Archives and the Pacifica Affiliates Program invites confusion, since these are funded in a manner other than by allocation of Central Services fees. It has also been suggested that the policy document should make clear what ongoing and special expenses the Central Services assessments are intended to cover and which they are not, especially with respect to national programming, so as to reduce incidents of unanticipated bill-backs to stations. The different mechanisms by which various projects are funded should be clarified, perhaps in one or more separate sections of the manual. This would include explanation of the CPB grant funding of FSRN, explanation of the separate funding of Democracy Now! and where those funds appear in budgets, mail drop and special appeals for the PRA and/or National Office, and details of the income and expense policies applicable to the Affiliates Program. The extent and frequency of CFO reports on these various financial issues to the PNB Finance Committee should be stated. Justification for the KPFK discount on its Central Services assessment should be incorporated into the included chart, so that the discount will expire if the PRA relocates.

### 3a(1j). Cash Receipts Policy 9:42 pm

*The names and current titles of individuals at each station serving as Business Managers, MEMSYS Managers, Development Directors, and Development Managers are to be identified at the Operations Group meeting scheduled for the July PNB meeting, and any ambiguities with respect to the allocation of responsibilities in this section of the draft financial policies resolved accordingly.*

### 3a(1k). Procedures (General)

*The names and current titles of individuals at each station serving as Business Managers, MEMSYS Managers, Development Directors, and Development Managers are to be identified at the Operations Group meeting scheduled for the July PNB meeting, and any ambiguities with respect to the allocation of responsibilities in this section of the draft financial policies resolved accordingly.*

### 3a(1l). Procedures (Stock Donations)

Clarification was requested to indicate when stock donations would be booked as income and whether they would be categorized as Listener Support Income subject to Central Services assessment, particularly if restricted. A separate similar section may be needed to document policies on investment accounts. It was requested that the acronyms used in this section be spelled out and suggested that explaining the handling of an example stock donation might be a good approach.

### 3a(1m). Central Services

There was a request for improved clarity in the provided explanation of bank reconciliation with General Ledger and MEMSYS records. References to the section on bank reconciliations and a new payables section detailing how pledges and payments are processed by each system might suffice. *The CFO is requested to develop a timeline for personnel training on new standardized financial procedures for presentation to the PNB Finance Committee at its July meeting and/or to the Finance/Operations meeting at the July PNB meeting.*

### 3a(2). Disbursements & Accounts Payable

*The PNB Finance Committee should consider working out a job description for LSB Treasurers, outlining their duties, authorities and responsibilities. Some clarification is needed from the PNB Finance Committee on the interaction between Business Managers, LSB Treasurers, and LSB Finance Committees, but guidelines should be sufficiently flexible to avoid "fixing" a local relationship when it is not broken.*

### 3a(2a). Introduction

#### 3a(2b). Policy

There was a request to spell out the NTIA acronym.

Carol Wolf left the call at 10:10 pm EDT.

LaVarn Williams surrendered the chair to Nia Bediako at 10:15 pm EDT.

#### 3a(2c). Legal

It was suggested that it be emphasized that the National Office rather than local stations are to handle all legal matters, perhaps by starting this section with a simple statement to that effect.

#### 3a(2d). Health Benefits

#### 3a(2e). Central Administrative Services (see the Revenue and Receipts chapter)

#### 3a(2f). Stringers

It was suggested that the policy manual include independent contractors other than stringers and mention Employer ID numbers as well as Social Security numbers, for when a firm rather than an individual is contracted to do work. A brief explanation of the IRS distinction between employees

and independent contractors might also be considered for inclusion.

3a(2g). Payroll

The CFO clarified that the Payroll Manager is a National Finance Office position.

3a(2h). Petty Cash

The item 10 reconciliation to "Cash Management" should be clarified to indicate how the reconciliation is to be recorded in the cashbook.

3a(2i). Pacifica Travel Policies and Procedures

These policies and procedures will be included in the draft, but were not discussed in the meeting.

The teleconference was adjourned without objection to a time certain of Tuesday, July 10, 2007, beginning at 8:00 pm EDT.

Respectfully Submitted,

Terry Goodman, PNB Finance Committee Secretary

Jamie Ross, PNB Audit Committee Secretary

*(These minutes have not been approved)*