

Minutes for the regular National Finance Committee meeting August 12, 2014.

Meeting convened at 8:37 PM (ET) a quorum being present, the Chair and Secretary being present.

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Attending: Jim Boyd, Lydia Brazon, Adriana Casenave, Brian Edwards-Tiekert (Chair), Marcus Jetter, R. Paul Martin (Secretary), Tony Norman, Michael Novick, Manijeh Saba, Raul Salvador (CFO), Barbara Whipperman.

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Agenda:

1. Roll Call (5 minutes)
2. Agenda Approval (5 minutes)
3. Minutes Approval (10 minutes)
  - A. Minutes of July 8, 2014 (Tabled from July 22<sup>nd</sup>)
  - B. Minutes of July 22, 2014 public session
4. Unit-by-unit Income Statement review (80 minutes)
  - A. National Office (20 minutes)
  - B. Pacifica Radio Archives (10 minutes)
  - C. WBAI (20 minutes)
  - D. WPFW (10 minutes)
  - E. KPFT (10 minutes)
  - F. KPFK (10 minutes)
  - G. KPFA (10 minutes)
5. Unfinished Business (10 minutes)
  - A. Financial Impact Review of PNB Motion re: HR Counsel
6. New Business

Motion adopted at July 14, Elections Committee meeting:

“The PNB Elections Committee requests that the National Finance Committee do an assessment of the capacity of each of the 5 stations and the National Office to cover the expenses of the 2014 Delegate Elections, based on the assumption that the electoral calendar will span both Fiscal Years 2014 and 2015. This should include a review of amounts included in the FY 2014 budget for elections and amounts actually available for that purpose. The Elections Committee suggests using the actual expenses of the 2012 election as the guideline, while it works to find ways to lower the expenses. The Elections Committee requests that this analysis be provided by the National Finance Committee by August 15, 2014.”

7. Adjourn - 10:30 Eastern

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**Motion:** (Brian Edwards-Tiekert) “To approve the agenda.” (Passed without objection)

Minutes Approval 8:39 PM (ET)

**Motion:** (Barbara Whipperman) “To take the minutes of the July 8, 2014, meeting from the table” (Passed without objection)

**Motion:** “To approve the minutes of the July 8, 2014, meeting.” (Passed without objection)

**Motion:** (rpm) “To approve the minutes of the July 22, 2014, meeting.” (Passed without objection)

Unit-by-unit Income Statement review 8:42 PM (ET)

A. National Office 8:44 PM (ET)

The CFO had some new financial reports for the committee.

The CFO reported that the National Office has recreated all financial information from scratch. There are two pending issues: 1) there are no records recording revenue from affiliates; there were cash receipts. In February 2014, the National Office created a separate lock box for affiliates, Ursula Rudenberg is handling that. From then forward collections have been deposited directly into the lock box. Some were received at the National Office and some at the lock box. Ursula Rudenberg provided the National Office with what they’ve received. The National Office account is being done and they have incomplete records, they are not able to include affiliate revenue; the next monthly financial statement will include that information. Year to date affiliates revenue is about \$156,000, which is about \$18,000 less than budgeted but there might be more unrecorded revenue. 2) Pension contributions. The CFO said that there is some confusion on this item. There is a question if this item for FY12 was accrued but never funded or remitted. The amount showing in FY12 statements is accrual or funding of a retirement plan, but nothing is accrued for FY13. The CFO said he is in touch with the financial advisor who was involved with this plan. The CFO said that he would alert the auditors about this.

The CFO said that income is mainly on a cash basis. There are no accruals, e.g. SCA income is based on what was received. The National Office will track affiliates income and SCA income.

The committee discussed the report. The CFO said that *Democracy Now!* is an unresolved issue, as is FSRN. The former interim Executive Director or Executive Director was working with Amy Goodman on a contract but they didn’t come to an agreement. So the National Office stopped accruing and paying *Democracy Now!* The current interim Executive Director is talking to FSRN about a settlement, no one is talking to *Democracy Now!* about a contract. The CFO confirmed that a lot of the stations’ “Shared Expenses” are still owed.

Pacifica Radio Archives 9:04 PM (ET)

The CFO said that the Business Manager of Pacifica Radio Archives (PRA) has done a good job tracking expenses and is one of the more organized business offices. PRA is on target. They're a little short on Listener Support. They have a clean P&L statement, salaries are within a couple thousand of budget, Administrative expenses are on target, Programming Expenses are about \$6,000 higher, but they're lower on other expenses. PRA is about \$37,000 positive.

The committee discussed the report. The CFO said that about 50% of the "Shared Expenses" to PRA are IOUs. PRA is starting to collect on those, stations are catching up. PRA was in emergency mode and so there is another network-wide on-air fund raiser set for August 19. The CFO said that there may be some grants included on the same line with the on-air fund raisers.

WBAI 9:10 PM (ET)

The CFO said that WBAI's accounting is done by the KPFT Business Manager, who has updated the revenue, but if information is not submitted to the KPFT Business Manager then it will not be recorded. He noted that all revenue for WBAI is contained on the Listener Support line except for one \$30,000 item. The CFO said that he needs to work with the WBAI General Manager. For stations like WBAI and WPFW the CFO will work with the General Manager going through these expenses. LSB reps should see if anything is missing. He will rely on the stations' reports. Omissions are not easily detected at the National Office. Anything from a General Manager or Business Manager will be reflected on the following month's financial reports. Expenses and revenues are based on what was booked. He's corrected some errors including tower rental for the previous year.

The committee discussed the report. The WBAI revenue is based on cash receipts, as far as the CFO knows the expenses are also based on cash. But all revenue is being listed on the Listener Support line, which could inflate the "Shared Services" owed. The CFO said the revenue could be reclassified. In response to a question about a \$25,000 WBAI LSB expense for June, the CFO wondered if it might have been related to the February 2014, in-person PNB meeting, but he said that he would look into what that expense was. The CFO said that the WBAI severance payments from March will show up on the FY13 statements. The preliminary nature of the financial reports and the method of future adjustments were discussed.

WPFW 9:40 PM (ET)

The CFO said that, as with WBAI, recording of financial transactions at WPFW is done by the KPFT Business manager. Staff at WPFW submit information to the Business Manager who records it. The CFO said that it looks like WPFW is close to its target in expenses, but short on the revenue side.

There was a discussion about how loans to the National Office are handled.

WPFW is doing better than budget, except for the CPB money.

In response to a question the CFO said that 10 WPFW employees have medical coverage.

KPFT 9:50 PM (ET)

The CFO reported that KPFT has about a \$250,000 deficit on revenue. They are doing a great job recording financial transactions. KPFT is short about \$70,000 on non-CPB revenue. They are doing a good job controlling expenses which compensates for the shortfall in revenue.

It was pointed out that KPFT is paying the full salary of their Business Manager even though three stations are using that Business Manager. There was a discussion of KPFT being reimbursed for paying the full salary for more than a year.

There was a discussion of bank changes.

KPFK 10:04 PM (ET)

The CFO said that it was a real challenge to do this station's P&L, they have a new interim Business Manager at KPFK. The CFO said that they would reclassify the revenue based on actual cash receipts. Revenue without CPB money is behind by about \$400,000. Salary expenses are higher. Total expenses are lower than budget. The CFO said that he suspects that there might be more invoices which have not been recorded. He expects to rectify this by the July or August statements.

The committee discussed the report. It was noted that some corrections needed to be made

In response to a question the CFO said that KPFK has 28 employees getting health benefits. He is not sure how many are full time or part time, the health benefit expenses for both are the same.

KPFA 10:12 PM (ET)

The CFO reported that KPFA was doing better than budgeted in terms of revenue, which compensated for the lack of the CPB grant. He reported that salary expenses are about \$18,000 lower than budgeted. The station has a surplus of about \$51,000. The FY14 budget had projected a \$61,000 deficit by now so they're about \$112,000 ahead of budget, overall. About \$105,000 was just discovered that had not been recorded in terms of grants and bequests in June, it was recorded in July.

The committee discussed the report. The CFO agreed that there should be more effort exerted in classifying revenue month to month. He said that in the coming months he will rectify this.

The KPFA Treasurer said that the station has 32 employees on health insurance, seven are full time and 25 are part time. She said that the KPFA Business Manager has calculated that KPFA's "Shared Services" fee should be almost \$18,000 less than the National Office estimate which gives the station about \$18,000 more in surplus.

Unfinished Business 10:20 PM (ET)

The following motion was referred to the committee by the PNB, “An HR employment attorney must be available to provide legal counsel to the board during any employment or personnel discussions.”

The committee discussed this referral.

The committee discussed the budget time line while a motion was prepared relating to the referred motion from the PNB.

**Motion:** (Brian Edwards-Tiekert) “Based on the amount of time the PNB spent in executive session discussing personnel issues during the first 6 months of 2014, the National Finance Committee estimates that implementing a motion requiring the presence of HR counsel during all such meetings will cost approximately \$30,000 per year, assuming attorneys' time is billed at \$400 hour. This estimate does not include prep time or travel costs for counsel to attend in-person meetings.”

**Amendment:** (R. Paul Martin) “Add to the front of the motion, ‘In response to the motion referred to the committee by the PNB,.’” (Passed without objection)

**Motion as amended:** “In response to the motion referred to the committee by the PNB, based on the amount of time the PNB spent in executive session discussing personnel issues during the first six months of 2014, the National Finance Committee estimates that implementing a motion requiring the presence of HR counsel during all such meetings will cost approximately \$30,000 per year, assuming attorneys’ time is billed at \$400 an hour. This estimate does not include prep time or travel costs for counsel to attend in-person meetings. (Passed without objection)

The committee resumed discussion of the budget time line.

The following motion from the PNB Elections Committee was discussed: “The PNB Elections Committee requests that the National Finance Committee do an assessment of the capacity of each of the 5 stations and the National Office to cover the expenses of the 2014 Delegate Elections, based on the assumption that the electoral calendar will span both Fiscal Years 2014 and 2015. This should include a review of amounts included in the FY 2014 budget for elections and amounts actually available for that purpose. The Elections Committee suggests using the actual expenses of the 2012 election as the guideline, while it works to find ways to lower the expenses. The Elections Committee requests that this analysis be provided by the National Finance Committee by August 15, 2014.”

The LSB elections and how to account for them and budget for them were discussed. The Treasurers were asked to determine how their stations could pay for them.

The CFO was asked about getting the audit and taxes filed on time. He said that he was trying to get the tax returns filed by Friday, the audit will not be done on time; he said that the Auditors

said there would be a penalty of \$100 per day if Pacifica can't get the audit done by August 15, 2014.

The CFO said that he would send the job descriptions for Controller and Business Managers to the committee for review. The National Office is about to post the jobs as permanent positions.

Adjourned 11:02 PM (ET)

Submitted by R. Paul Martin, Secretary.