

Minutes for the regular National Finance Committee meeting April 28, 2015.

Meeting convened at 8:34 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Lydia Brazon, Adriana Casenave, Bill Crosier, Brian Edwards-Tiekert (Chair), R. Paul Martin (Secretary), Tony Norman, Michael Novick, Cerene Roberts, Raul Salvador (CFO), Barbara Whipperman.

Agenda:

Call to Order (5 minutes)

Agenda Approval (5 minutes)

Minutes Approval (5 minutes)

Minutes of April 14, 2015 Public Session

CFO Report (60 minutes)

Q2 FY2015 financial statement review

New Business (15 minutes)

2016 Budget Timeline

Adjourn 10 PM (ET)-----

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Motion: (Michael Novick) “To approve the agenda.” (Passed without objection as amended)

Amendment: (Cerene Roberts) “To make the CFO report 40 minutes.” (Passed 4 for, 2 against, 3 abstentions)

Amendment: (Bill Crosier) “In new business make item 6.1 ‘Continuation of CFO report, time permitting.’” (Fails 4 for, 5 against, 1 abstention)

Minutes Approval 8:43 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the April 14, 2015 meeting” (Passed as amended 6 for, 0 against, 4 abstentions)

Amendment: (Bill Crosier) “To insert ‘more than budgeted’ after \$1,003,000.” (Passed without objection)

CFO Report 8:55 PM (ET)

The CFO reported that the National Office is still working on the preparation work for the FY14 audit, about 60% of the audit schedules are done. He said that he didn't think that Pacifica has an engagement letter from the auditors yet. The CFO said that distractions included working on the current year financial statements as well as CPB reporting. Currently he has one independent contractor helping on the preparation work, as recommended by the NFC and PNB. One person has just resigned to move to a full time position outside of Pacifica, and the CFO needs to recruit a new person, He will re-post the position and hire someone. The CFO said that the National Office now has all of the Pacifica logins for the CPB Web site; the National Office is inputting the Annual Financial Reports (AFRs) data to the CPB. The CPB will review and approve the AFRs, and the independent auditor will certify that the AFR information comes from the audited FY13 financial statements. The CFO said that this process will take from a few days to a couple of weeks. The CFO said that he is in communication with the PNB Elections Committee regarding the financial impact of the elections, he said he thinks that the election expenses will be on target with what had been proposed. The elections expenses will be incurred between June through October or November when the elections are completed. The CFO said that Pacifica is switching from the current payroll company to a Web based payroll service; he said that Pacifica can open payroll and Human Resources portals so people can submit time sheets, etc. on-line and this will save money and time.

The CFO went over the P&L YTD through March 15, which he'd sent to the committee. He said that the consolidated actual net income was about \$1.066 million vs. about \$608,000 budgeted. This was mainly due to KPFA receiving two major donations totaling about \$900,000. The CFO said that total income was about \$7.5 million YTD, vs. budgeted \$7.276 million, for a surplus of about \$223,000. This was mainly due to the overage in KPFA's major donor income, which offset the revenue shortfalls at other stations. He said that total expenses were about \$6.4 million vs. about \$6.6 million budgeted for a savings of about \$234,000.

The CFO went over the P&L details for all of Pacifica.

KPFA - KPFA's total income was about \$2.8 million vs. about \$1.9 million budgeted which is about \$927,000 better than budgeted. "Salaries and Related Expenses" was under budget by about \$29,000. Their total expenses were \$1.640 million, which was over by about \$47,000. The overage was mainly due to KPFA's development expenses when their premiums expenses were over by about \$45,000.

KPFK - KPFK shows a net loss of about \$156,000 YTD, vs. a budgeted surplus of about \$150,000 which is worse than budgeted by about \$300,000. This was mainly due to a shortage of income of about \$54,000. Total expense overage was about \$251,000. That overage was mainly due to development expenses of about \$74,000 mainly from on-air fund raiser expenses and some premiums. "Salaries and Related Expenses" was about \$42,000 over budget, "Total Administrative Expenses" was over by about \$100,000 mainly due to phone expenses.

KPFT - KPFT shows a net income of about \$7,000 vs. about \$156,000 budgeted, a \$148,000 shortfall due to the projected capital campaign of \$200,000. Total income was about \$565,000 vs. about \$742,000 budgeted which included that \$200,000 capital campaign money. The "Total Income"

shortfall was about \$177,000. Expenses were below budget in “Salaries and Related Expenses” by about \$14,000. Combined Total Administrative and Programming and Development expenses were about \$20,000 under budget. “Total Development Expenses” were about \$8,000 over mainly due to credit card discount fees incurred in the first six months of FY15.

WBAI - WBAI showed a net loss of about \$189,000 vs. a budgeted \$51,000 surplus, a variance of about \$240,000 mainly due to a shortfall in income of about \$278,000. The station showed a total income of about \$899,000 vs. about \$1.1 million budgeted. “Salaries and Related Expenses” were about \$48,000 over budget, “Total Administrative Expenses” were under by about \$11,000 and “Total Programming Expenses” were under budget by about \$31,000.

WPFW - WPFW shows a net income of about \$90,000 vs. about \$113,000 budgeted, for about a \$123,000 variance, mainly due to a shortfall in income by about \$75,000. However WPFW projected a \$70,000 income that will come from restricted fund originally made to finance the move to new offices. The \$70,000 is not used at this point. “Salaries and Related Expenses” were under by about \$59,000, however that was because a couple of budgeted employees were paid as independent contractors. There was an increase of about \$48,000 in consultant fees. “Total Programming Expenses” were on target. “Total Development Expenses” were about \$13,000 higher than budgeted.

National Office - The National Office shows a total income of about \$371,000 vs. about \$2,000 budgeted. Part of that surplus was recognition of “Central Services Income” for all stations, however not all Central Services have been paid to the National Office. “Central Services Income” is on an accrual basis of accounting. “Total Expenses” for the National Office was under budget by about \$365,000.

Pacifica Radio Archives (PRA) - PRA showed a net loss of about \$50,000 vs. a positive \$29,000 net income budgeted for the period for a variance of about \$79,000 worse than budgeted. This was mainly due to a shortage in total revenue of about \$129,000. “Salaries and Related Expenses” were higher by about \$7,000. Development, Programming and other expenses were below budget.

The CFO had also sent a major payables schedule through March 31. Some of those include recurring expenses for each station. KPFA has a \$272,000 major accounts payable which is mostly recurring expenses, KPFK has about \$148,000 in major payables, which does not include recurring expenses. KPFT has about \$85,000 in major payables, which includes monthly recurring expenses. WBAI has about \$165,000 in accounts payable plus about \$157,000 in recurring expenses for a total of about \$322,000 in major payables. WPFW has about \$92,000 of accounts payable. PRA has about \$58,000 of accounts payable, which includes about \$41,000 of monthly recurring expenses. The National Office shows an average of about \$200,000 to \$220,000 expenses on a monthly basis and that includes all payroll for the National Office.

The committee discussed the report. In response to a question the CFO said that the contract workers hired by WPFW were budgeted as employees but were never hired as such. There was a discussion of WBAI’s accrued total tower expenses. The CFO said that Pacifica is showing net income about

\$264,000 better than budgeted for March alone, some adjustments have gone into other months and the books are temporarily closed so that no one can make any additional journal entries to prior months. It was noted that all Central Services fees for PRA are paid up through March, but not all Central Services fees have been paid for the National Office. There was a discussion of KPFK's expenses. KPFK had to do a lot of repairs and maintenance to its air conditioning system. KPFK's "Total Administrative Expenses" were over budget by more than \$100,000. The CFO said that this was due to a program called *BD Live* and unbudgeted billboard advertising. There was a discussion of WBAI's tower expenses. There was a discussion of accruing *Democracy Now!* fees. The CFO said that this would be taken up with the auditors for the FY14 audit. The CFO said that improper entries into the general ledger at KPFK have been corrected, some expenses were inadvertently put into FY13, and the National Office has to reclassify that. The CFO said that WBAI and WPFW continue to have their revenue lumped into "Listener Support;" he is getting the General Managers of those stations to do a breakdown of the revenue. The CFO said that he is concerned that if PRA doesn't generate more revenue that they may not be able to make payroll.

Call for the Orders of the Day: (Cerene Roberts) 9:39 PM (ET)

Motion: (R. Paul Martin) "To extend the time for this item by 10 minutes." (Fails 2 for, 6 against, 1 abstention)

New Business 9:40 PM (ET)

2016 Budget Timeline 9:40 PM (ET)

The committee discussed adjusting the FY16 budget timeline.

Motion: (Michael Novick) "To revise the FY16 budget time line as follows: make the item A deadline May 15, 2015, make the item B deadline May 31, 2015, and make the item C deadline June 15, 2015."

The committee discussed the motion.

Amendment: (Brian Edwards-Tiekert) " To insert the sentence "NFC completes its recommendation on Central Services formula for FY16,' before the end of line B." (Passed without objection)

The committee discussed the amendment.

Motion: (Barbara Whipperman) "To extend the time for the meeting by 10 minutes." (Passed without objection) 10:02 PM (ET)

Motion as amended: "To revise the FY16 budget time line as follows: make the item A deadline May 15, 2015, make the item B deadline May 31, 2015, and add 'NFC completes its recommendation on Central Services formula for the upcoming fiscal year,' to the end of the item B Action list, and

make the item C deadline June 15, 2015.” (Passed without objection)

Adjourned 10:11 PM (ET)

Submitted by R. Paul Martin, Secretary.