

Minutes for the regular National Finance Committee meeting October 19, 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, Nancy Sorden, also attending were WBAI General Manager Berthold Reimers, Pacifica Radio Archives Director Brian DeShazor and Pacifica Radio Archives Business Manager Mariana Berkovitch.

Agenda:

1. Call to Order (5 minutes)
2. Agenda Approval (5 minutes)
3. Minutes Approval (5 minutes - if available)
 - A. Minutes of September 15, 2015
 - B. Minutes of September 22, 2015
 - C. Minutes of September 29, 2015
 - D. Minutes of October 13, 2015
4. Budget Review and Approval
 - A. KPFT Budget Motion (15 minutes)
 - B. TIME CERTAIN: 9:00 PM (ET) WBAI Budget Review
 - C. TIME CERTAIN: 9:45 PM (ET) PRA Budget Review (45 minutes)
 - D. Check-in re: status of outstanding budgets (15 minutes)
 - E. Cash Flow/Liquidity (15 minutes)
5. Adjourn 10:30 PM (ET)

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

Minutes Approval 8:37 PM (ET)

Motion: (Michael Novick) "To approve the minutes of the September 15, 2015, meeting." (Passed as corrected without objection)

Amendment: (Michael Novick) "To correct 'KPFT is no longer renting their HD channel to Rice University,' to 'WPFW is no longer renting their HD channel to Rice University.'" (Passed without objection)

Budget Review and Approval 8:39 PM (ET)

KPFT Budget 8:39 PM (ET)

Motion: (Brian Edwards-Tiekert) “That the National Finance Committee requests the following revisions to the management-proposed KPFT budget:

1. Update July and August 2015 columns to incorporate actual figures, rather than forecasts.
2. Reduce line 5000 (Listener Support) to the amount actually recorded over the last 12 months (\$973,330)
3. Provide historical MEMSYS data supporting the fulfillment assumptions on the “Pledge.ListenerSupport.Collection” tab (90.2% fulfillment on October 2015 Drive, 88.5% on January 2016 drive, 89.4% on May 2016 drive, 63.4% on August 2016 drive)
4. Reduce line 5020 (Corporate Match) to the amount actually recorded over the last 12 months (\$19,000)
5. Reduce line 5770 (Car Donations) to the amount actually recorded over the last 12 months (\$31,000)
6. Reduce line 5750 (Community Events Income) to the amount actually recorded over the last 12 months (\$29,000)
7. Increase line 6790 (Community Events Expense) to the amount actually spent over the last 12 months (\$19,000)
8. Reduce line 5599 (Misc. Income) to the amount actually recorded over the last 12 months (\$6500), OR provide written support (like a signed HD channel rental agreement) for any higher figure.
9. Reduce budgeted expenses so as to maintain a balanced operating budget and a positive cash balance at the end of each month.
10. Submit a contingency plan describing what additional revenue targets KPFT will have to achieve by what dates in order to afford any raises that are not possible under the budget targets outlined above.”

The committee discussed the motion.

Amendment: (Bill Crosier) “To add at the end ‘and the NFC shall follow the same procedures for all stations’ budgets.”

Motion: (Michael Novick) “To table.” (Passed without objection)

WBAI 9:02 PM (ET)

The WBAI General Manager said that the National Office had changed the format of the budget, and he had turned the budget over to the local Finance Committee, which didn’t like the budget. He said that he based this budget on his Quickbooks accounting software which he said is very accurate. He said that the deficit of about \$200,000 is a problem. He said that he is leaving it up to the local Finance Committee and the NFC to see where they can make adjustments. He said that he did not think the revenue could be increased realistically in this draft budget proposal. He said that WBAI is going to do the December on-air fund raiser which it had cancelled last year. He said that in expenses

WBAI is paying \$12,000 per month to the Empire State Building (ESB) in the budget and accruing the difference between that and the contracted rent. He said that without that accrual the budget would probably be balanced. He asked for questions.

The WBAI Treasurer said that when the WBAI local Finance Committee got the first draft of this budget proposal it showed a surplus of over \$800,000. The local Finance Committee didn't think that was realistic. The General Manager gave the WBAI local Finance Committee a new draft FY16 budget proposal at its meeting this past week and said that it was up to the local Finance Committee to balance the budget. The WBAI Treasurer said that based on the FY15 income statement through August 31, WBAI has pitched 168 days and raised about \$1,284,000 which is an average of about \$7,648 a day. WBAI is in fact pitching more than the formal number of on-air fund raiser pitching days. For FY16 the \$1,500,000 Listener Support line is more than the FY15 Listener Support line and it doesn't seem realistic to have Listener Support going up for FY16, especially given that the current on-air fund raiser is not doing well.

The committee discussed the WBAI draft FY16 budget proposal. Concerns were raised regarding the drop in Listener Support for FY14 and FY15. The WBAI General Manager said that the station had not pitched in December 2014, nor on 9/11, he said that WBAI would be adding 23 days of pitching to the schedule and should realize about \$12,000 a day or about \$200,000 in cash from that. It was noted that Community Events produced revenue in the draft budget but did not have associated expenses. The WBAI General Manager cited the Saturday morning theater ticket donations and said that some adjustment might need to be made to the Community Events line. He offered to run a report for the NFC on the resolution of WBAI's problems with its phone lines for the next NFC meeting. In response to a question the WBAI General Manager said that unless the station receives a substantial donation WBAI would not be able to pay its past due Central Services fees. It was noted that revenue is being lumped into Listener Support that shouldn't be on that line. The WBAI General Manager said that WBAI has fewer than seven FTEs. It was noted that the Consultants line averaged over \$128,000 a year for FY11 through FY13, and was down to \$1,500 a month, \$18,000 for the year, in the FY16 budget. It was noted that the draft budget projected premiums from the Pacifica Radio Archives (PRA) at about \$3,800 and Premiums from Other Vendors at over \$100,000. The WBAI General Manager said he would have to adjust that part of the draft budget. There was a discussion of the WBAI General Manager's use of Quickbooks rather than the Pacifica standard accounting software Great Plains. The WBAI General Manager said that WBAI had gotten about \$42,000 of foundation grants and about \$19,000 in bequests in FY14. It was noted that the FY16 budget projects about \$370,000 more in Total Revenue than FY15, but is still showing a deficit of about \$200,000. The WBAI General Manager said that he could bring in an updated draft FY16 budget in about two weeks.

PRA 9:49 PM (ET)

The Pacifica Radio Archives (PRA) Director said that the latest draft FY16 budget proposal was a more conservative budget with a reduction of salaries from last year, increased Listener Support with a 10 day campaign, and two days on air. He said he would like a day in April for PRA to pitch. PRA didn't get to pitch on the air at all stations last year. The draft budget shows about \$493,000 in

expenses and about \$488,000 in revenue which results in about a \$4,600 deficit. He said that expenses could be cut or revenue could be increased. This year PRA doesn't have a National Archives grant. There were about \$103,000 in expenses last year but only about \$18,000 this year because that grant is over. He said that PRA premiums had raised over \$400,000 for the stations in FY15. Work is being done in terms of getting new material from stations and making premiums for PRA. He is trying to get "Best Of" material from the stations.

The committee discussed the PRA draft FY16 budget proposal. Some members were getting errors in the spreadsheet. The PRA Director said that there were problems with the PRA on-air fund raiser in FY15, and they didn't get to WBAI and WPFW. At WBAI there was a technical problem with the program being in a 10 minute loop. They'll be increasing their holiday campaign from two days to 10 days this year. NBC will be doing a TV slot on the PRA offerings as alternative Black Friday gifts and they expect an increase in revenue from this. The PRA Director said that they would be doing one minute carts and 15 minute pieces for insertion into longer programs and they are going to try to target weekend audiences in FY16, which they have not been able to do before. PRA will have an 800 number open for eight days. They are working with the affiliates, 30 of which air *From the Vault*. PRA is offering one hour specials for the holidays. He said that there is an FCC restriction on some pitching strategies. The PRA Director said he is looking to raise about \$5,000 from affiliates from that week. There was a discussion of credit card fees increasing. PRA will be making a big push for getting donations for vouchers, which only have a redemption rate of about 25%. They are using USB flash drives and they're offering downloads of premiums which incur no shipping costs. They are offering a PRA Scholars' Club which will allow subscribers to access 500 recordings. The PRA Director said that they do need to look at an alternate plan in case the eight day campaign doesn't raise enough revenue. There could also be a problem if some stations don't pay their PRA Central Services fees. The PRA Director said that in February they will be looking to get grants to preserve audio. They are also trying to get a grant which will get them eight months of work from a professional archivist. The PRA Director said that he'd meet with the interim Executive Director and the National Office and see if they can come up with a contingency plan if the stations can't fully pay their PRA Central Services fees. He said he's been exploring the possibility that if Pacifica can no longer support PRA that maybe it could become a part of another organization. There was a discussion of the large list of premiums available from PRA; currently only the Women's Collection is being indexed. The cash flow tab on the PRA draft FY16 budget proposal will need to be looked at to see if it's accurate. The PRA Director said that they could provide an updated draft budget proposal in a week.

Motion: (Adriana Casenave) "To extend the time for this meeting by 20 minutes." (Passed without objection) 10:30 PM (ET)

Motion: (Michael Novick) "To take the motion from the table." (Passed without objection)

The committee discussed the motion.

Amendment: (Michael Novick) "To change the order of items 2 and 3." (Passed without objection)

Amendment: (Michael Novick) “To append to items 3 through 6 the words ‘or provide written support for any higher figure.’ And for item 7 the words, ‘or provide written support for any lower figure.’” (Passed without objection)

The committee discussed the amendment.

Amendment: (Bill Crosier) “To add at the end of the motion, ‘and the NFC shall follow the same procedures for all stations’ budgets.’” (Fails 2 for, 4 against, 3 abstentions)

The committee discussed the amendment.

Motion as amended: “That the National Finance Committee requests the following revisions to the management-proposed KPFT budget:

1. Update July and August 2015 columns to incorporate actual figures, rather than forecasts.
2. Provide historical MEMSYS data supporting the fulfillment assumptions on the ‘Pledge.ListenerSupport.Collection’ tab (90.2% fulfillment on October 2015 Drive, 88.5% on January 2016 drive, 89.4% on May 2016 drive, 63.4% on August 2016 drive).
3. Reduce line 5000 (Listener Support) to the amount actually recorded over the last 12 months (\$973,330) or provide written support for any higher figure.
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5. Reduce line 5770 (Car Donations) to the amount actually recorded over the last 12 months (\$31,000) or provide written support for any higher figure.
6. Reduce line 5750 (Community Events Income) to the amount actually recorded over the last 12 months (\$29,000) or provide written support for any higher figure.
7. Increase line 6790 (Community Events Expense) to the amount actually spent over the last 12 months (\$19,000) or provide written support for any lower figure.
8. Reduce line 5599 (Misc. Income) to the amount actually recorded over the last 12 months (\$6500), OR provide written support (like a signed HD channel rental agreement) for any higher figure.
9. Reduce budgeted expenses so as to maintain a balanced operating budget and a positive cash balance at the end of each month.
10. Submit a contingency plan describing what additional revenue targets KPFT will have to achieve by what dates in order to afford any raises that are not possible under the budget targets outlined above.” (Passed 5 for, 1 against, 3 abstentions)

Check-in re: status of outstanding budgets 10:50 PM (ET)

The interim Executive Director said that the National Office is planning to do a mail drop before the end of the year. She was asked to get a first draft of the National Office’s FY16 budget. She said she would work on it. The National Office will need to budget for a salary for a permanent Executive Director for next year.

The WPFW Treasurer said that they are working on an update of their draft FY16 budget proposal, and she thinks that they will have that update for the next NFC meeting. The KPFK Treasurer said he would send an updated draft FY16 budget proposal for the next meeting.

Adjourned 10:55 PM (ET)

Submitted by R. Paul Martin, Secretary.