

Draft Minutes for the regular National Finance Committee meeting July 19, 2016.

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

Attending: Sam Agarwal (CFO), Nick Arena, Fred Blair, Adriana Casenave, Joseph Davis, Brian Edwards-Tiekert (Chair), R. Paul Martin (Secretary), Tony Norman, Michael Novick, Cerene Roberts, Barbara Whipperman.

Agenda:

Agenda Approval (5 minutes)

Minutes Approval (5 minutes)

Minutes of June 21, 2016

Minutes of July 6, 2016

CFO Report (30 minutes)

Report (10 minutes)

Questions (10 minutes)

Motions /Actions (10 minutes)

Budget preparation check-in (15 minutes)

Special Meeting Schedule (5 minutes)

Current funding crisis (10 minutes)

Motion referred from PNB for NFC review (10 minutes)

Policy motion re: allocating ambiguous donations [Edwards-Tiekert] (10 minutes)

Motion re: Broadcast Equipment Replacement Funds [Joseph Davis] (10 minutes)

Motion re: staffing review (Novick) (10 minutes)

Motion re: Prioritization of Central Service Payments (Roberts) (10 minutes)

Adjourn 9:30 PM (ET)

Motion: (Barbara Whipperman) "To approve the agenda." (Passed without objection as amended)

Amendment: (Barbara Whipperman) "To add 'Current funding crisis,' before 'CFO Report' for 10

minutes.” (Passed without objection as amended)

Amendment: (Brian Edwards-Tiekert) “To make this item come after ‘Special Meeting Schedule’.” (Passed without objection)

The committee discussed the motion.

Amendment: (Fred Blair) “To add immediately before ‘Motion referred from PNB for NFC review’ ‘Lock box for National Office mailing,’ for 5 minutes.” (Passed without objection)

The new interim Treasurer from WPFW, Nick Arena, was introduced to the committee.

Minutes Approval 8:43 PM (ET)

Motion: (Barbara Whipperman) “To approve the minutes of the June 21, 2016, meeting.” (Passed 8 for, 0 against, 2 abstentions)

The Committee discussed the motion.

Motion: (Barbara Whipperman) “To approve the minutes of the July 6, 2016, meeting.” (Passed 7 for, 0 against, 3 abstentions)

CFO Report 8:47 PM (ET)

Report 8:47 PM (ET)

The CFO said that the FY14 audit was still being held up because Pacifica still owes the auditors money. He said that he needs to be able to pay them at least \$40,000 in order to be able to negotiate with them. He said that unless the FY14 audit is done Pacifica can’t renew the Pacifica National Board’s Directors’ Insurance, which expires on August 11, and Pacifica can’t negotiate with the Empire State Building (ESB) regarding WBAI’s rental agreement.

In terms of cash flow, the CFO said that WPFW’s bank balance and cash flow make it very difficult for them to make their July 31, payroll and other payments. He said that WPFW’s Central Services payments were more than \$150,000 in arrears. He also said that WBAI was not able to make its July 15, payroll. Some salary advances were given, which the CFO said was not enough and not all Paid Staff got them, also WBAI had not paid a health insurance premium of about \$9,000. He said that this affects the other stations. Pacifica Radio Archive (PRA) was also not able to pay its health insurance premium, which amounted to about \$4,000, because PRA doesn’t have the funding because stations are not making their PRA Central Services payments.

The CFO said that KPFA was also experiencing a cash flow shortage, and has had to tell its Union to prepare for salary reductions on the order of \$200,000.

The CFO said that KPFT is now about three months behind in its Central Services payments.

The CFO said that the lack of adequate Central Services payments has impacted the National

Office badly, and they are reduced to paying only the most critical services.

The CFO said that he has put together a list of the work load and the priorities at the National Office, which he said is struggling with a work load that's double what it had been doing. The CFO said that the National Office is swamped with work as they try to close FY14, prepare for the FY15 audit, and keep the books going for FY16. They are also trying to get important tax returns done, including the 990 forms. He said that the National Office has just completed the retirement returns. He said that there is a long list of urgent items that have to be covered. The CFO said that the National Office was also preparing the groundwork for putting out balance sheets and cash flow statements, which he said was a major deficiency in the past. He said that he has had to replace almost three FTEs at the National Office and he is having to bring the new employees up to speed. The CFO said that he wanted to publicly thank the new financial team at the National Office for the work that they're doing.

He said that the National Office has a critical shortage of two people. One is a senior accountant with FRX reporting experience and advanced accounting skills, and the other is someone who can deal with Human Resources matters, which is a serious bottleneck. The current accountants are not skilled in those jobs. He said that upgrading the Great Plains software is critical, but because money is tight he will wait and watch for a good time to upgrade it.

The CFO said that regarding internal controls there are a number of deficiencies the National Office encounters on a daily basis, the most important aspect of which is the segregation of duties. He said he has limited authority in that area because he only supervises the Business Managers jointly with the General Managers. He said that the interim Executive Director has an important role to play here with the segregation of resources.

Questions 8:55 PM (ET)

In answer to a question about a motion passed by the PNB regarding the use of cash from the stations, including a \$50,000 bequest to KPFK, to pay for the FY14 audit and the remainder for paying for the elections, the CFO said that he had asked the KPFK General Manager to give the National Office \$30,000 toward the audit expenses and spend the remaining \$20,000 on the postage for the election. He said that the Interim Executive Director told the KPFK General Manager to write a check for \$38,377 for the election expense and that there was not enough money left over for FY14 audit after that because he can't locate any extra cash in the stations.

In answer to a question the CFO said that the National Office updates the status of the payment of Central Services fees every 15 days, and that as of this meeting KPFT is behind three months on those fees to the National Office. He said he was not sure if KPFT was current with its Central Services payments to PRA.

In response to a question the CFO said that he had looked in the stations' bank accounts and there was no cash available to pay for the FY14 audit at this time. He said that he had concluded that from the \$50,000 received by KPFK \$30,000 could be used to pay for the FY14 audit and the rest could be used toward paying for the elections mailing. He said he can't compel the General Managers to make payments by his authority, he can only make a request, and if they don't comply he can only report back.

Motions /Actions 9:05 PM (ET)

The KPFT Director said that at the July 15, 2016, KPFT LSB meeting the KPFT General Manager said that KPFT was not three months behind on Central Services payments. There was a discussion of this and the question of whether or not there was enough cash to pay for the audit among the stations. The CFO said that he believed that KPFT was three months behind on its Central Services payments and that he would send out a statement regarding it. He said that it was clear that there was no extra cash or prospects for extra cash at WBAI, WPFW and KPFT, and that after doing a detailed review of KPFA's bank balance he found that they have a significant cash shortfall. He said that all of the stations are struggling, and that there is no extra cash.

The CFO said that the check had been mailed to the balloting company for the election postage expenses.

The KPFA Treasurer said that she was going to make a personal, no interest loan of \$2,000 to Pacifica for the Pacifica fund raising letter to be mailed.

Motion: (Joseph Davis) "That in the KPFT budget, the expenses be reduced by the amount previously allocated to the Program Director position that will be vacated August 12, 2016, and remain so until the national financial issues allow the position to be sustainable." (Postponed to the next regular meeting)

The committee discussed the motion.

Motion: (Barbara Whipperman) "To extend the time for this item by 10 minutes." (Passed without objection) 9:15 PM (ET)

Motion: (Brian Edwards-Tiekert) "To postpone the motion to the next regular meeting." (Passed as amended 4 for, 3 against, 4 abstentions)

The committee discussed the amendment.

Amendment: (Cerene Roberts) "To add, 'That the KPFT General Manager and LSB formally weigh-in on the issue of delaying replacement of the Program Director.'" (Passed without objection)

The committee discussed the amendment.

Motion: (Cerene Roberts) "To extend the time for this meeting by one hour." (Passed as amended 8 for, 1 against, 2 abstentions) 9:38 PM (ET)

Amendment: (Cerene Roberts) "To make the extension for 30 minutes." (passed 8 for, 2 against, 1abstention)

Budget preparation check-in 9:39 PM (ET)

KPFA - The KPFA Treasurer said that there had been a presentation to the KPFA LSB on July 9, 2016; the Staff is working on the draft FY17 budget. She said that the KPFA Business Manager and

she both feel that the only priority recommendation that the LSB could logically make is if there is any surplus funding that shows up in the year that it should be put into reserves. At this point the station is working on a tight budget. She said that she doesn't know when the draft FY17 budget will be ready but they are trying to stick to the time line. There will be another presentation to the KPFA LSB on August 13, 2016.

KPFK - The KPFK Treasurer said that the KPFK General Manager had sent a first draft of the station's FY17 budget a week ago. It couldn't be sent out to the entire LSB because the station's General Manager had included confidential personnel information in the budget. At their LSB meeting on Sunday the KPFK LSB told the General Manager to take that out. The KPFK Treasurer estimated that the station is at least three to four weeks from being able to vote on a budget.

KPFT - The KPFT Treasurer said that the KPFT General Manager had sent the local Finance Committee a draft FY17 budget proposal after July 20, 2016. They are scheduling a local Finance Committee meeting before the next LSB meeting.

WPFW - The WPFW Treasurer said that the station's budgeting process is currently stalled around current funding issues. There is a meeting scheduled for July 28, 2016, to deal with the current issues around finances and steps that need to be taken by the WPFW General Manager. Their focus is on the current, immediate need right now.

WBAI - The WBAI Treasurer said that the WBAI General Manager told the local Finance Committee that he is not doing the WBAI draft FY17 budget, he's sent an E-mail to the Interim Executive Director and the CFO saying that they have to do the WBAI draft FY17 budget because he's not doing it. The next local Finance Committee meeting is on August 4, 2016.

PRA - The CFO said that PRA personnel will make their own draft FY17 budget.

National Office - The CFO said that for the National Office he'll be able to spend some time on this around the first week of August, and that at the next NFC meeting he should be able to present it.

The Chair asked if anyone anticipated having a draft FY17 budget proposal ready by August 3, 2016. No one said that they would.

There was a discussion of items to include in the budgeting process.

Special Meeting Schedule 9:55 PM (ET)

Motion: (Fred Blair) "To put the written CFO Report in the minutes." (Ruled out of order)

The Chair ruled the motion out of order because it was not germane to the agenda item.

Current funding crisis 9:57 PM (ET)

Motion: (Barbara Whipperman) “The NFC recommends to the PNB that payment to the auditor be made before payment of a postage advance for mailing the election ballots.” (Passed 6 for, 3 against, 2 abstentions)

Motion: (Adriana Casenave) “To postpone this motion to the next meeting.” (Fails 4 for, 5 against, 2 abstentions)

The committee debated the motion.

Adjourned 10:12 PM (ET)

Submitted by R. Paul Martin, Secretary.