

Minutes for the regular National Finance Committee meeting July 25, 2017.

Meeting convened at 8:36 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Ken Aaron, Chris Cory, Bill Crosier, Nick Economidis, Sabrina Jacobs, R. Paul Martin (Secretary), Mansoor Sabbagh, Nancy Sorden, Alex Steinberg (Chair), also attending were PNB Secretary Akio Tanaka and WBAI General Manager Berthold Reimers.

Agenda:

Roll Call (2 minutes)
Approve agenda (5 minutes)
Approval of Minutes (10 minutes)
Report on the Empire State Building (10 minutes)
Continuation of review of Profit & Loss statement (60 minutes)
 Clarification of WBAI items
 KPFA
 PRA
 National Office
 Consolidated
New business. (15 minutes)
Adjourn 10 PM (ET)

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

Amendment: (Bill Crosier) “To add ‘Report on Empire State Building’ for 10 minutes’ after ‘Approval of Minutes.’” (Passed without objection)

Amendment: (R. Paul Martin) “To make the ‘Approval of Minutes’ item 10 minutes.” (Passed without objection)

Approval of Minutes 8:45 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the January 17, 2017 meeting.” (Passed without objection)

Motion: (R. Paul Martin) “To approve the minutes of the June 13, 2017 meeting. (Passed without objection)

Motion: (R. Paul Martin) “To approve the minutes of the July 11, 2017 meeting. (Passed without objection)

Report on the Empire State Building 8:48 PM (ET)

The interim Executive Director told the committee that he, the CFO, the lawyer who is doing *pro bono* work for Pacifica on the Empire State Building (ESB) lawsuit issue and that lawyer's associate met today with two lawyers representing the Empire State Realty Trust (ESRT) which is the company filing the lawsuit. The interim Executive Director said that there is nothing to report. The ESRT lawyers did not offer a settlement but just asked questions about why Pacifica couldn't come up with more money to pay the rent arrearage. They asked things like why not just do a frequency swap. The interim Executive Director pointed out that the ESRT lawyers had asked for this meeting. The interim Executive Director said that there was the potential to have more meetings before the judge in this case.

The committee discussed the interim Executive Director's report. The interim Executive Director said that we may need to give the ESRT lawyers more documentation regarding Pacifica's finances; he said that the PNB will need to discuss this in executive session. In answer to a question the interim Executive Director said that Pacifica hasn't gotten an official appraisal on the Berkeley property yet, although one has been requested. There is an unofficial appraisal of it. He said that he'd be following up on this with the KPFA General Manager.

Continuation of review of P&L statement 9:00 PM (ET)

Clarification of WBAI items 9:00 PM (ET)

The Chair asked the WBAI General Manager about the questions raised at the last NFC meeting about the WBAI Profit & Loss Statement. The General Manager said that he didn't know why the deficit for the last Profit & Loss Statement was lower than the previous one. He said that he also has complained about almost all of the WBAI revenue being lumped into the "Listener Support" line, and he said that the "Grant Income" of \$35,000 was from a partial payment from the Boulton Family Trust. He said that WBAI should get another \$450,000 from that bequest, but he couldn't say when that money might be forthcoming. He said that although he hadn't shown up at the last WBAI local Finance Committee meeting he had given some financial information to the "Programming Manager" consultant to give to the local Finance Committee, but that consultant didn't give it to the committee. He said that most of the financial information comes from the National Office, and that he doesn't have a balance sheet, but has a basic cash flow. He said that he did not know why the National Office hadn't booked the past four months of "Tower Rent" properly on line 92 in the Profit & Loss Statement. He said that there is a \$36,000 legal fee shown in the Profit & Loss Statement for October and that he has no idea what that is about.

The committee discussed the WBAI General Manager's clarifications. A written response from the General Manager was requested. There was a discussion of getting the details of WBAI's "Tower Rent" accruals and payments correctly entered. The WBAI General Manager said that today he had asked the KPFA Business Manager, who handles WBAI's finances, to rectify the revenue details. The interim Executive Director asked the WBAI General Manager to send him the original invoices and

he'd make sure it all gets entered correctly. In answer to a question the WBAI General Manager said that he thought that the actual "Listener Support" was about \$1.2 million. There was a discussion about the difference between the WBAI budgeted daily on-air fund raiser tally and the actual tally. The WBAI General Manager said that the daily tally projected in the FY17 budget which had been approved by the NFC had been adjusted since then, but he didn't know who had adjusted it. There was a discussion of the WBAI General Manager using different accounting software from the rest of Pacifica. It was noted that WBAI has not had an in-house Business Manager for five or six years. There was a discussion of WBAI hiring consultants. The WBAI General Manager said he would send the committee a spreadsheet showing all the consultants hired from October 2014, to date. During the discussion the General Manager said that WBAI had been off the air for about two days in the past four months.

KPFA 9:53 PM (ET)

The KPFA Treasurer did not have a report. It was suggested that this be taken up at the next meeting.

PRA 9:55 PM (ET)

The interim Executive Director said that the Pacifica Radio Archives (PRA) was doing well and the affiliates are too. He said that maybe PRA is doing better than the stations, overall revenue is up a bit. He said that PRA is supporting the stations with premiums. The interim Executive Director said that the Profit & Loss Statement doesn't show cash flow and cash flow is what's hurting the National Office; he said that the Profit & Loss Statement shows accrued Central Services and the National Office is not getting that revenue. He said that the National Office still has some money left from audit on-air fund raiser but it is not enough to pay for the FY16 audit.

There was a discussion of the interim Executive Director's report. He said that the National Office has new part time Human Resources consultant. He said that this person has been there for two weeks and can help with benefits, retirement and COBRA.

Consolidated 10:00 PM (ET)

The interim Executive Director said he had nothing to say about the consolidated Profit & Loss Statement. He said it's showing a net revenue of about \$500 million now. He said he's making sure finances are reported properly. He said that in Pacifica typically revenue is not as high in the second half of a fiscal year. He said that the surplus will decrease and some expenses have not been reported, like the WBAI tower rent. He said that the National Office is worse than indicated because Central Services have not actually been paid. There was a discussion of the consolidated part of the Profit & Loss Statement.

Motion: (Mansoor Sabbagh) "To adjourn." (Passed without objection)

Adjourned 10:07 PM (ET)

Submitted by R. Paul Martin, Secretary.