

Minutes for the regular National Finance Committee meeting March 13, 2018.

Meeting convened at 8:40 PM (ET) a quorum being present, there being no appointed convener and the Secretary being present.

Attending: Sam Agarwal (CFO), Nick Arena, Chris Cory, Joseph Davis (Chair), William Heerwagen, Tony Leon, P.K. McCary, R. Paul Martin (Secretary), Mansoor Sabbagh.

Agenda:

1. Call to order
2. Roll Call
3. Election of Committee Chair (10 minutes)
4. Election of Committee Secretary (10 minutes)
5. Elect Chair *pro tem* if no Chair is elected at this meeting (2 minutes)
6. Set NFC meeting dates for the next 12 months (5 minutes)
7. CFO Report (20 minutes)
8. Questions for the CFO (30 minutes)
9. Getting all members on the NFC mailing list (10 minutes)
10. New Business
11. Adjourn no later than 10:00 PM (ET)

In the absence of an appointed convener the Secretary took the chair and called the meeting to order.

Motion: (R. Paul Martin) “To approve the agenda” (Passed without objection)

Election of Committee Chair 8:43 PM (ET)

Nominations were opened for the office of committee Chair.

Joseph Davis nominated Tony Leon, Tony Leon declined the nomination.

Mansoor Sabbagh nominated Joseph Davis, Joseph Davis accepted the nomination.

There were no other nominations.

Motion: (R. Paul Martin) “To close nominations” (Passed without objection)

There being no other nominations Joseph Davis was elected Chair without objection. Joseph Davis took the Chair. 8:47 PM (ET)

Election of Committee Secretary 8:47 PM (ET)

Mansoor Sabbagh nominated R. Paul Martin. R. Paul Martin accepted the nomination.

There were no other nominations.

Motion: (R. Paul Martin) “To close nominations” (Passed without objection)

There being no other nominations R. Paul Martin was elected Secretary without objection.

Set NFC meeting dates for the next 12 months 8:49 PM (ET)

Motion: (Joseph Davis) “To meet next on April 10, 2018, and then on the second and fourth Tuesdays of each month for the next 12 months.”

The Committee discussed the motion.

Amendment: (William Heerwagen) “To strike ‘and then on the second and fourth Tuesdays of each month,’ and replace with ‘and then begin meeting on the second and fourth Tuesdays when we receive requests from the PNB for reviews or receive budgets.” (Passed 6 for, 3 against)

The committee discussed the amendment.

Amendment: (Joseph Davis) “To replace ‘begin meeting on the second and fourth Tuesdays when we receive requests from the PNB for reviews or receive budgets,’ with, ‘meet the second Tuesday of each month until the PNB work load requires adding a fourth Tuesday.” (Passed without objection)

The committee discussed the amendment.

Motion as amended: “To meet next on April 10, 2018, and then to meet on the second Tuesday of each month until the PNB work load requires adding a fourth Tuesday meeting, for the next 12 months.” (Passed without objection)

CFO Report 9:20 PM (ET)

The CFO said that he would summarize some things from the report he’d sent out on March 9. He said that the National Office is very busy with the FY16 audit, complying with auditors requests, and that there is a lot of work ahead. He said that there are serious bottlenecks at some stations because they do not have Business Managers and there are a number of deficiencies in the accounting. He said that Pacifica has gotten an extension of the FY16 audit filing date to June 19, 2018. He said that this audit will be very expensive due to the Empire State Realty Trust settlement and loan documentation, also the retirement plan audit is fairly involved. He said that the FY16 audit is going to be about 500 days late. He said that the retirement plan audit is for FY15 and FY16 because both are late and there are a number of outstanding issues, Pacifica has not made the retirement plan payments for FY15 and

we are not in compliance with the reporting requirements for the past two years, and the third party administrator has resigned. He said that one of the things that has thrown more complexity into this is that the KPFK arbitration award did not go well. Pacifica has to re-do the arbitration award before we can make payments into the retirement account. He said that the distribution checks from the retirement accounts can't be sent out because there is no third party administrator. The third party administrator would write the check, Pacifica doesn't control that money. He said that the money is safe with the advisors. He said the FY16 403(b) audit is doing well, except that the KPFK arbitration award has complicated it. An attorney has been hired to help with this, there are many issues with the retirement plan at this time. He said that we should be doing the FY17 audit at this time, and the lateness of the audits will attract a lot of penalties.

The CFO said that Pacifica has not renewed the license for the Great Plains software since it was obtained in 2002, or 2003. The maintenance contract has expired, and if that software crashes all accounting can come to a standstill. He said that Pacifica is in the process of upgrading the software, and has signed a contract with an IT firm, but the accounting Staff cannot spare the time to get the training, but he wants to get that done in the next few months.

The CFO said that in terms of audits and due dates all of the information is in the report that he'd sent to the committee. All of the audits for FY17 are becoming due, but Pacifica can't start working on them at this time because we're stuck doing the FY16 audits. He said that we have to file the 990 forms and the 5500 forms for the retirement plan. There are IRS requirements about timely filing and consequences if the IRS deadlines are not met. He said that he has proposed to the PNB how to get the audits current, and he hopes that they can all be current as of March 2019. He said that if the National Office space is put up for sale and they have to relocate that this will be a problem because the National Office can't afford the down time. He said that he is concerned about the loans and the late audits because in his more than three decades of experience he has never seen a lender accept an audit that was so late.

Questions for the CFO 9:32 PM (ET)

A member said that whatever money needs to be spent to get the audits done as soon as possible would be worth it because Pacifica could get over a million dollars in CPB money that way. The CFO said that there are a lot of bottlenecks and the National Office is in a crisis mode all the time. He said that getting the FY15 audit done took more than three months, and that until we put together a comprehensive plan we can't get it done. He said two stations have no Business Managers, and KPFK is so swamped with their work that they can't do audit work. He said there is no magic bullet for this. He said that if resources are not acquired we can't get it done. He said 60% of the National Office work is cleaning up the stations' work, and if the stations could take care of their work it would smooth out the process.

In answer to a question the CFO said the National Office sends lists and reminders to the General Managers all the time, but the Staff is so busy that they can't produce the documentation in advance, the other problem is that when we are so late that we have to dig into old records and that takes time.

In answer to a question the CFO said that regarding special fund raising to get the audits done we did that last year to get the FY15 audit done, there was a grant for the FY16 audit and there was a

fund raiser for hiring a contractor last year, and he's in the process of hiring one, but it was not enough. The CFO said that the stop and go way of doing the work is a problem because it takes time to train people, and while we try to remove the backlog we get further behind. He said that there needs to be a dedicated effort for a year or so to get the audits done. He said he's provided the Audit Committee with a breakdown of the expenses for the FY15 audit, but that is of limited help going forward.

The need for a long range strategic fund raising plan was raised, and the need to raise significant money now to pay off loans and other bills was brought up. The CFO said that for every audit we have to submit a cash flow plan. He mentioned the "going concern" statement that all audits need to include. He said that Pacifica needs about \$500,000 for the future to complete the audits.

In answer to a question the CFO said that of the \$50,000 approved in FY15 for upgrading the Great Plains software Pacifica has paid about \$20,000 to start the new contract, we still owe them about \$25,000 more. The problem now is that the people training the National Office Staff need about two weeks of time and the physical presence of the National Office Staff to get the training done and the National Office Staff can't spare that time now. There was a discussion of the National Office's backup strategies. The CFO said he'd look into that.

Getting all members on the NFC mailing list 9:55 PM (ET)

The Secretary emphasized the need to get all members on the NFC mailing list. There are five new members of the NFC. The Secretary has sent out invitations to all of them to join the list, and told members to subscribe via E-mail if they want. Three new members have gotten on the list. Although one person was able to subscribe via E-mail others cannot, this is due to a problem that Yahoo! is having. There are still two members who are not on the mailing list and the Secretary said that he will continue trying to get them on the list.

New Business 9:58 PM (ET)

There was a short discussion of a lawsuit that Pacifica won in Alameda County regarding elections at KPFA, and whether a PNB motion actually excluded the KPFA Treasurer from this meeting.

Motion: (R. Paul Martin) "To adjourn." (Passed without objection)

Adjourned 10:00 PM (ET)

Submitted by R. Paul Martin, Secretary.