

Minutes for the regular National Finance Committee meeting July 10, 2018.

Meeting convened at about 8:39 PM (ET) a quorum being present, the Chair being present and the Secretary arriving late.

Attending: Ken Aaron, Nick Arena, Chris Cory, Joseph Davis (Chair), William Heerwagen, Tony Leon, R. Paul Martin (Secretary), P.K. McCary, Mansoor Sabbagh, also attending were interim Executive Director Tom Livingston, the Executive Vice President of NETA (National Educational Telecommunications Association) Anita Sims.

Agenda:

1. Roll call
2. Agenda approval & amending (5 minutes)
3. Minutes approval & corrections (5 minutes)
4. Interim Executive Director presentation on financial services (15 minutes)
5. Q&A with ED and Anita on financial services (30 minutes)
6. Budget progress reports from units (25 minutes)
7. Motions from Ken Aaron
8. Adjourn

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

Amendment: (Joseph Davis) “To add after, ‘Budget progress reports from units’ the item, ‘Motions from Ken Aaron.’” (Passed without objection)

Minutes approval & corrections 8:41 PM (ET)

Motion: (Mansoor Sabbagh) “To table this item until the Secretary gets on the call.” (Motion not voted on)

Interim Executive Director presentation on financial services 8:43 PM (ET)

The interim Executive Director introduced Anita Sims the Executive Vice President of the National Educational Telecommunications Association (NETA) to the committee. He said that after the CFO had resigned Pacifica had been looking for an outside firm to handle Pacifica’s

finances. They got four complete proposals. The NETA proposal was more comprehensive and was economically better than any of the other proposals. The PNB approved contracting with NETA to handle Pacifica's finances and the agreement was signed on June 15, 2018. He said that the Executive Vice President of NETA was at WFW on Monday and would be going to WBAI this Wednesday, as would the interim Executive Director. He said that next week they would be going to the National Office, KPDK and KPFA and they would be scheduling a meeting at KPFT.

The interim Executive Director said that the first priority for NETA was the FY17 audit. He said that the Audit Committee has identified an auditor and they are in the process of contracting with them.

The Executive Vice President of NETA told the committee that she has worked at NETA for 28 years. She said that NETA has 31 or 32 employees. She said that she and a colleague are visiting the stations and asking questions so they can make a recommendation for how Pacifica can be more efficient. Their first priority is the audit, and they have six people working on that. They are trying to get a handle on cash flow and they want to make monthly financial statements. She said that today their payroll person had reviewed Pacifica's payroll and had found some small inconsistencies, such as extra withholdings for some Paid Staff.

Q&A with ED and Anita on financial services 8:49 PM (ET)

The Secretary announced that he was now on the call and that his long distance carrier was not recognizing the call-in number. He said he was using a calling card that only had 24 minutes on it.

In answer to a question the Executive Vice President of NETA said that right now they do not have access to Pacifica's accounting platform, but that is probably not a concern, they need to understand how each independent unit is working and how the information gets up to the National Office. She said that she has not seen any current financials yet so she can't say how things are being done, but that they should see that next week. She said that maybe they should get remote access and then they could import and export files. The interim Executive Director said that two or three NETA employees are able to use the *Great Plains* software that Pacifica uses and that the tech people say that NETA's importing and exporting can be done. There was a discussion of NETA possibly training people in Pacifica to use the *Great Plains* software. NETA will offer the *MAS 500* platform if needed.

In answer to a question the Executive Vice President of NETA said that she was not that familiar with Pacifica but that she had known the interim Executive Director for a long time. She also said that it would easily take two more months to get the FY17 audit done, but they need to get more financial information from Pacifica to determine this. In answer to a question she said that one of their top priorities was the audit along with cash flow and the review of Pacifica's payroll accounting. She said that the Management Letter from the auditors was one of the longest ones she'd ever seen and that they'd have to review that before they got started.

The Secretary said that the phone card he was using was about to get used up and suggested that the committee choose a Secretary *pro tem* for the meeting. Tony Leon volunteered to be Secretary *pro tem* at 9:01 PM (ET).

In answer to a question regarding guidelines for negotiations with a Union the Executive Vice President of NETA said that they could provide guidance with Union negotiations by reviewing the information; their goal is to learn about the stations and make recommendations. She said it's important to understand where the revenue is coming from and the different line items.

In answer to a question the Executive Vice President of NETA told the committee that they would help to improve Pacifica's financial practices, and in order to do their job they have to make sure that Pacifica's finances are centralized. She said that it seems like every station works independently and then it's all being pulled together at the National Office. She said that some things are not being reconciled and they need to see the balance sheets. She said that NETA always tries to address controls, and to keep people honest. She said that NETA can provide a scanner that will go directly to the National Office, and they will then be able to issue monthly financial statements.

The interim Executive Director said that he would come to the NFC meetings if it's useful, and they could see if the Executive Vice President of NETA could come to these meetings too.

Budget progress reports from units 9:15 PM (ET)

WPFW - The WPFW Treasurer reported that through June they are overall about \$44,000 better than their draft FY18 budget that they'd submitted last year. They are better by about \$138,000 in revenue, but their expenses are about \$93,000 higher than projected. He noted that July, August and September are the toughest for station fund raising and they're trying to counter that. He said that they have started working on the draft FY19 budget and hope to get it done by September.

WBAI - The WBAI Treasurer told the committee that the local Finance Committee met with the General Manager and they went over the draft FY19 budget which shows a surplus of about \$371,000 with a daily average for the on-air fund raisers of \$11,500 a day, which the station has not achieved in quite some time. The local Finance Committee calculated revenue using recent actual tallies and concluded that the FY19 budget would end FY19 with a deficit of about \$170,000. The local Finance Committee has asked the General Manager to revise his draft FY19 budget proposal and make it more realistic.

KPFK - The KPFK Treasurer said that the KPFK local Finance Committee met and the Business Manager said that their Listener Support through May was about \$1.8 million, and their target for FY18 was \$3.4 million. He said that KPFK was way behind on getting MEMSYS reports. He said that KPFK has 24 FTEs. He said that KPFK has not generated a draft FY19 budget yet. He said that according to their General Manager 45% of programmers are willing to do on-air fund raising, 45% said maybe and 10% will not participate in on-air fund raisers. He said that for FY18 KPFK did 122 days of on-air fund raising which he said was too many days.

KPFA - The KPFA Director said he had nothing new to report. He said he'd tried to get in touch with the Business Manager but she was leaving for vacation and it was just after she'd moved the office. He has made an inquiry to get an update. He said he has no information on the new membership tracking software that KPFA has started using.

KPFT - The KPFT Treasurer said she was frustrated and that hemorrhaging money and members was not a business plan that she thought made sense. She said that our role these days is to become more fiscally and fiducially responsible. She said that their next local Finance Committee meeting would concentrate on the draft FY19 budget line by line to make sure that they have a plan and funds for an overworked and underpaid Staff. She said she was concerned about the money owed by Pacifica.

The KPFT Director said he was at a meeting with the KPFT General Manager today and the General Manager made the suggestion to reduce KPFT's on-air fund raising by about \$100,000 a year, which he found disturbing, considering the station's current debts and obligations. He said that we haven't discussed yet when it comes to debt repayment what the obligations of stations will be. He said that we need to have realistic expectations, and that we need to grow our memberships. He said that KPFT's membership has gone from about 12,000 to about 5,000 in a market where membership in NPR stations is growing. He said KPFT is not doing marketing or advertising.

Motions from Ken Aaron 9:38 PM (ET)

Motion: (Ken Aaron) "Whereas current Pacifica policy requires the calculation of a Five Month Average Revenue (FMAR) to be used for determining Central Service payments required from each station and

Whereas this FMAR hasn't been calculated in over a year,

Therefor be it resolved that the National Office, under direction of the CFO, will calculate the FMAR for each station on a quarterly basis using the first five months total revenue beginning six months prior to the beginning of the new upcoming fiscal quarter and that these results will be used by the National Office in determining required Central Service Payments from each station and will be posted on Pacifica.org for public disclosure." (Postponed to the next meeting)

The Committee discussed the motion.

Motion: (Joseph Davis) "To postpone the motion to the next meeting." (Passed without objection)

Motion: (Ken Aaron) "The NFC recommends that the PNB adopt policy requiring that all transactions between the National Office and any Business unit be properly recorded and credited/debited to the appropriate account for that business unit.

Such transactions include transfer of funds for payment of payroll, insurance, and Central Services obligations. The National Office must also include any funds requisitioned by the National Office to cover an emergency obligation such as a legal judgement or past due insurance policy.

Unless otherwise exempted, any such funds requisitioned must be credited to that business unit's Central Services obligations.

Such exemptions include special fund drives for Network wide projects or the Pacifica Archives.

If funds were requisitioned by the National Office for the emergency payment of a deficiency at another business unit, such as covering expenses for payroll, pension, or local insurance. In these cases the funds will not be credited to Central Services obligations of the contributing business unit, but the National Office will be charged with maintaining proper accounting of the transaction and insuring eventual repayment.

In a similar fashion the National Office will maintain proper accounting of any and all other assets contributed from a business unit for use by the National Office or another business unit and the National Office will monitor agreements made about the use and disposition of said assets.

This policy shall be implemented for all transactions having occurred on or after Jan 1, 2018.”
(Fails 2 for, 5 against, 1 abstention)

The Committee discussed the motion.

Amendment: (R. Paul Martin) “To strike all after ‘The NFC recommends that the PNB adopt a policy requiring that all transactions between the National Office and any Business unit be properly recorded and credited/debited to the appropriate account for that business unit.’ and then replace it with, ‘This policy shall be implemented for all transactions having occurred on or after Jan 1, 2018.’” (Fails 1 for, 4 against, 3 abstentions)

The committee discussed the amendment.

The Chair called for the orders of the day. 10:28 PM (ET)

Motion: (Ken Aaron) “To extend the time of the meeting by 10 minutes.” (Fails 2 for, 6 against)

Adjourned 10:02 PM (ET)

Submitted by Tony Leon, Secretary *pro tem* and R. Paul Martin, Secretary.