

Minutes for the regular National Finance Committee meeting August 25, 2020.

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

Attending: Sharon Adams, Nick Arena, Teresa J. Allen, Fred Blair, Chris Cory, DeWayne Lark, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO), Polina Vasiliev, also attending were Pacifica interim Executive Director Lydia Brazon.

Agenda:

1. Convene meeting 8:30 PM (ET)
 2. Roll Call
 3. Adopt agenda
 4. Approve minutes (2 minutes)
 5. Chair's announcements (2 minutes)
 6. Report from interim Executive Director Lydia Brazon (10 minutes Report, 15 minutes Q&A)
 7. Analysis of YTD financials Director Cory (15 minutes)
 8. Interim CFO Report, Anita Sims (10 minutes report, 15 minutes Q&A)
 9. Reports from stations on Budget Timeline progress. KPFA, KPFK, KPFT, WPFW, WBAI (20 minutes)
 10. Central Services Formula (15 minutes)
 11. New Business
 12. Adjourn no later than 10:15 PM (ET)
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Motion: (James Sagurton) "To adopt the agenda." (Passed without objection as amended)

Amendment: (R. Paul Martin) "To remove the five minutes limit for 'New Business.'" (Passed without objection)

Approve minutes 8:41 PM (ET)

Motion: (Polina Vasiliev) "To approve the minutes of the August 11, 2020, meeting." (Passed without objection)

Chair's announcements 8:42 PM (ET)

The Chair told the committee that compliance with the motion passed by the PNB on June 11, hasn't happened. He said that the WBAI General Manager has put out a plan that's being proofed and verified, and he hoped that other stations are too. He said that four of the five stations have given view only access to their bank accounts to NETA. In answer to a question he said that KPFT still hadn't.

Report from interim Executive Director Lydia Brazon 8:45 PM (ET)

The interim Executive Director had not joined the meeting at this time. It was agreed to postpone this item until she got on the call, and to go to the next item on the agenda.

Analysis of YTD financials Director Cory 8:45 PM (ET)

The Director said that he could do this at the next meeting, and suggested discussing the Central Services formula. The Chair noted that that item was on the agenda later on.

Interim CFO Report, Anita Sims 8:47 PM (ET)

The interim CFO said she'd mirrored what had been done by the KPFA Director for the June financials. She read from her written report. The file the interim CFO read from (Pacifica Financial Analysis 7.31.20.docx) is appended to these minutes. The interim CFO's summary findings were that overall, Pacifica was trending lower, with listener revenue even with last year, and overall revenue falling by about \$1.7 million due to a loss of bequest income from last year. She said that the overall loss for Pacifica is about \$518,000 YTD, or 5.6% of revenue. She said that as has been typical of operations this year, four of the five stations are operating at a year to date loss, with the largest losses on a dollar and percent basis at KPFA and WBAI. She noted that the National Office and Pacifica Radio Archives show YTD gain due to the accrual of central services fees.

In answer to a question the interim CFO said that KPFA was at about \$11,000 in the black YTD, but in the six month rolling review was negative by about \$46,000. She said that KPFA's revenue did improve in July and she understood also in August.

The WBAI Treasurer said that the WBAI General Manager's figures still differ from the NETA figures. He asked if NETA had contacted the WBAI General Manager about the differences. She said that she'd had the NETA Staff tell the General Managers and Business Managers that if they found any differences in the figures to please call them. She said they had not received any replies from the General Managers and Business Managers so far. She said she would contact the WBAI General Manager the next day.

The Chair suggested that NETA check that all of Pacifica is using the same Chart of Accounts. The interim CFO said she would do that. There was a discussion again about the loan debt being on WBAI's books. The interim CFO said that the journal entry will be reversed, but it hasn't been done yet, and NETA was working on the FY19 audit.

It was suggested that the discrepancies in the financial positions may be due to how some expenses are being booked in light of the Paycheck Protection Program (PPP) loan. The Chair noted that supplies for the WBAI Master Control build out look like a consulting fee; he asked how WBAI's contribution to the paying off of the Corporation for Public Broadcasting overpayment would be booked. The interim CFO said she'd get back to him on that.

The KPFK Director asked the interim CFO to talk to the KPFK General Manager as well. The interim CFO said she would.

The Chair suggested that since the PNB is looking at all of the stations that maybe the NFC should concentrate on the budgets so that we don't duplicate the PNB's work. There was a discussion of this topic, and not everyone agreed.

Reports from stations on Budget Timeline progress 9:15 PM (ET)

KPFK - The KPFK Treasurer told the committee that their local Finance Committee has met five times on the draft FY21 budget. He said that they were concerned that the draft budgets from Management were unrealistic, especially regarding revenue. He said that the local Finance Committee has asked for planning charts for KPFK's on-air fund raisers, but they're not getting them, however they keep on asking for them. He said that the KPFK General Manager has not shown up at local Finance Committee meetings for a year now and it's hard to have a dialogue when the General Manager is not present. He said that at the last LSB meeting the local Finance Committee gave reports and asked the LSB to reject the draft FY21 budgets, which the LSB did. He noted that generating a budget is a Management function and that the LSB shouldn't get involved in rewriting the draft FY21 budget. He said that KPFK has a 34% shortfall in revenue and they are very concerned about this. He said they have a budget but it's not ready for prime time and that the draft FY21 budget is in Management's court now. There was further discussion.

Point of Order: (DeWayne Lark) a personnel issue is being brought up and that's out of order.

The Chair ruled that the point was well taken.

KPFA - the KPFA Treasurer said that they will have a workshop on the draft FY21 budget this Saturday at the LSB meeting. She said that she had spoken with the Business Manager and they will use historical averages and that all revenue will be based on historical data. She said that they will use the same template KPFA has used in past. She said that she expected the KPFA LSB to vote on a budget in September.

In answer to a question the KPFA Treasurer said that the workshop on the draft FY21 budget would not be open to the public. There was a discussion about transparency and the efficacy of allowing public input into budget decisions. A suggestion was made that local Finance Committees may be detrimental. There was an assertion that the Pacifica bylaws require local Finance Committees for LSBs. This assertion was refuted.

Call for the orders of the day: (Chair) 9:35 PM (ET)

Report from interim Executive Director Lydia Brazon 9:36 PM (ET)

The interim Executive Director told the committee that she didn't have a report. She said she needed to update people about what she didn't know about the status of the Economic Injury Disaster Loan (EIDL) application. She said that more than a week previously she'd received an

E-mail from Senator Kamela Harris' office and she was told that if she hadn't heard back in a week to call her again. The interim Executive Director said she wondered if the delay might have to do with the Senator becoming a Vice-Presidential running mate. The interim Executive Director said she'd sent the Senator's office an E-mail the day before this meeting. She said that the forms she'd filled out contained language that says that the application expires on September 30, 2020, and she hasn't had a chance to update Pacifica's information yet. She said she's waiting to hear back. She said she would consider going to the other California Senator but when she filled out the forms for this one they asked if you've already contacted someone else. She said she'd pursue this daily again and get a resolution about this. She said that the delay is still related to the WBAI General Manager having also applied for the Economic Injury Disaster Loan. She said that even though the people Small Business Administration (SBA) handling the applications and approvals for the Economic Injury Disaster Loan understand that the application from the WBAI General Manager is a duplicate they haven't moved on it.

In answer to a question the interim Executive Director said that she did not know if the September 30, 2020, deadline for submissions applied to Pacifica since Pacifica had already applied and had even gotten a \$10,000 bonus upon applying. She said that Pacifica's application is at Level 2 in the process but that she had not been able to get access to the SBA on-line portal for sending the extra information that the loan requires. She said that she is not sure if all of the extra information had to be in by September 30. She said that she was very nervous about the September 30, deadline and would keep on working with the Senator's office and trying to get access to the SBA portal.

In answer to a question the interim Executive Director said that she had signed the engagement letter with the auditors for the FY19 audit with the same auditors that had done the FY18 audit and that things were moving along with the FY19 audit. The interim CFO said that she felt that we're making progress and stations have been supplying the things that NETA has asked for.

There was a discussion of a possible second round of PPP loans.

The interim Executive Director said that she has asked all General Managers to inform her of any kind of offers, including grants, and to copy her and NETA employee Tamra Swiderski. She said that Pacifica should know what our Federal ID number is used for. She said that another issue is if stations apply for grants they need to tell the interim Executive Director and interim CFO about it. She said that a grant for the Pacifica Radio Archives some years ago cost more than the grant was worth and was not advantageous in the end. She said that Pacifica needs some financial scrutiny of all of these offers.

Motion: (James Sagurton) "To extend the time for this item by 10 minutes." (Passed without objection) 9:52 PM (ET)

The committee continued discussing the interim Executive Director's report. The interim Executive Director told the committee that there were enormous wait times for calling the SBA which is handling the Economic Injury Disaster Loan applications.

There was a discussion of what was going to be done about no stations having complied with the motion passed by the PNB about budget correction plans on June 11, 2020. The interim Executive Director said that it would be helpful if Directors would try to urge their stations' General Managers to come up with plans.

Motion: (Chris Cory) "To postpone the item, "Central Services Formula" to the next meeting."
(Passed without objection)

Motion: (Teresa J. Allen) "To extend the time for this item by eight minutes." (Passed without objection) 10:06 PM (ET)

The committee continued discussing what to do about non-compliance with the PNB motion of June 11, 2020. The interim Executive Director said that Business Managers and General Managers have to come up with a semblance of a plan and bring each LSB into it. She said that they need to devote a full meeting to these things. She added that these would not be brief meetings, that there needs to be development as well as strategic planning done.

Adjourned 10:13 PM (ET)

Submitted by R. Paul Martin, Secretary.

Appendix

NFC – Internal Financial Review and Discussion – Six Month Rolling Review

All figures rounded to the nearest thousand. YTD = Fiscal Year to Date

<u>Division</u>	<u>6 Mo.Gain/(Loss)</u>	<u>Pct on Revs</u>	<u>YTD Gain/(Loss)</u>	<u>YOY Trend</u>	<u>Notes</u>
KPFA	(\$46K)	-3%	\$11K	negative	Bequest PY
KPFK	(\$391K)	-29%	(\$484K)	negative	Bequest PY
KPFT	(\$65K)	-22%	(\$52K)	neutral	
WBAI	(\$160K)	-21%	(\$274K)	negative	
WPFW	(\$134K)	-21%	(\$111K)	positive	
PNO			\$359K		
PRA			\$31K		
Consolidated			(\$518K)	negative	Bequest PY

Summary Findings

Overall, the foundation is trending lower, with listener revenue even with last year, and overall revenue falling \$1.7M due to a loss of bequest income from last year. The overall loss for Pacifica is \$518K YTD, or 5.6% of revenue.

As has been typical of operations this year, four of the five stations are operating at a year to date loss, with the largest losses on a dollar and percent basis at KPFK and WBAI.

Please note PNO and PRA show YTD gain due to the accrual of central services fees.