

Minutes for the regular National Finance Committee meeting April 13, 2021.

Meeting convened at 8:35 PM (ET) a quorum being present, the Chair and Secretary being present.

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Attending: Sharon Adams, Teresa J. Allen, Nick Arena, Fred Blair, Chris Cory, Lynden Foley, Elizabeth von Gunten, Julie Hewitt, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO) also attending were PNB Chair Alex Steinberg and interim Director of the Pacifica Radio Archives Mark Torres.

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Agenda:

1. Convene meeting 8:30 PM (ET)
  2. Roll Call
  3. Adopt Agenda
  4. Chairs Announcements (5 minutes, including a statement from Pacifica National Board Chair, Alex Steinberg)
  5. Minutes Approval (2 minutes)
  6. Set future meeting dates (5 minutes)
  7. Review the PRA FY21 draft budget , Mark Torres presenting (45 minutes)
  8. Monetizing the PRA, PPP analysis (Linden Foley 15 minutes)
  9. Interim CFO Report including February Financials (30 minutes)
  10. Reports from Stations on Budget Timeline Progress (KPFK, KPFT) (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 as amended without objection)

**Amendment:** (R. Paul Martin) “To add ‘Set future meeting dates (5 minutes)’ after ‘Minutes Approval.’” (Passed without objection)

Chairs Announcements 8:40 PM (ET)

“Tonight we will review the Pacifica Radio Archives (PRA) draft budget, Director Mark Torres presenting, and the February 2021 Financials.

The Chair of the Pacifica National Board, Alex Steinberg, will join us for an announcement.

An 18 month extension to the FJC loan has been negotiated by our Corporate Counsel Arthur Schwarts, and our interim Executive Director, Lydia Brazon with assistance from our interim CFO Anita Simms and her N.E.T.A. staff. Only two material terms of the loan were changed. The critical one was the 18 month extension.

The lender also added to the terms of the loan that Pacifica should follow its own policy, established by a February 6, 2020 PNB resolution, dedicating 'windfall' income (major donations, grant's, bequests) to loan repayment (50% from National Office windfalls and 30% from station windfalls). The original amount of the loan was \$3.2 million. We paid \$100,000 of the principal down with bequest income leaving a current balance of \$3.1 plus million. There will be some legal fees for drawing up the new loan papers; these fees will be minor in the big picture.

We are and have been current on the loan payments, which is one of the reasons why the 18-month extension was offered to us. The interest payments (\$50,000/quarter) are made by the National Office, which is why some were less aware of them. They come from National Office income (Central Services, bequests, grants, side carrier payments etc) which is why they are not budgeted for by the stations.

The loan extension is under the same terms as the original loan. No restructuring has been demanded or granted by the lender. Their expressed policy is to require the same interest rate on all their loans to all their borrowers. In fact, the lender has expressed a positive opinion about Pacifica, having received a favorable opinion from our auditor and based on the fact that we've made timely payments.

There will be an official Pacifica press release on this matter coming shortly.”

The Chair also read the following old announcements, “The following resolution was passed by the PNB at the October 29, 2020 PNB meeting: The following resolution was passed by the PNB at the October 29, 2020 PNB meeting:

"The PNB requests that the LSBs submit a proposed draft FY 2021 budget within two weeks to the NFC. If a budget is not submitted within two weeks the NFC will begin to create a budget for the stations based on available financial data."

The monthly Financials and other significant materials are simultaneously copied to the NFC, the interim Executive Director, the PNB Officers and the GENERAL MANAGER'S. Please review them before NFC meetings and be ready to discuss and ask questions if you wish.

At the June 11, 2020 meeting of the PNB a resolution was adopted that directed, among other things, that, ' . . .all units (excluding the National Office) should provide a plan within one (1) week to the NFC, the PNB . . . and the interim Executive Director that balances expenses and revenues if the units in the preceding six months have had expenses that exceeded revenues (i.e. if a station's expenses are exceeding its income by 10% the plan should show an expense decrease of 10%).' Treasurers are requested to remind their respective GENERAL MANAGERS of the need to submit those plans immediately.

Reports from the stations on the progress of their budget processes will be a regular item on the agenda until budgets are complete, unless there is an objection.”

The Chair said that he considers the NFC on notice if items are sent on the NFC list, that those are items we should have read and be prepared to discuss at the upcoming meetings.

The Chair of the PNB agreed with the NFC Chair's summary and he congratulated the NFC on the work the committee has done this year, saying, "It's really been stellar." He said that one of the positive things we can point to that helped with the negotiations regarding the FJC loan was that we have prepared budgets this year. He said it was something we hadn't been able to do for several years. He said that Pacifica is sending out a press release tomorrow morning. He read some of the press release to the committee. He said that the prime negotiators on the loan were Pacifica's legal counsel and the interim Executive Director with backup from the interim CFO. He said that one of the main points that convinced FJC that Pacifica was on the right track was the auditor's report. He then read some excerpts from the auditor's report. He noted that the FY19 audit was going to be finished by the end of April and that the FY20 audit was on track to be finished by the end of June. He said that this would help by making Pacifica eligible for CPB grants.

**Motion:** (Sharon Adams) "To extend the time for this item by 10 minutes." (Passed without objection) 8:55 PM (ET)

The KPFA Treasurer said that she was happy to hear that Pacifica has filed a writ of mandate on the KPFA property tax and asked when and where was it filed? The Chair of the PNB said he didn't know but that the interim Executive Director would have that information. The KPFA Treasurer said that people at KPFA would like to see that writ.

Minutes Approval 8:57 PM (ET)

**Motion:** (R. Paul Martin) "To approve the minutes of the public session of the March 23, 2021, NFC meeting." (Passed without objection)

Set future meeting dates 8:59 PM (ET)

**Motion:** (R. Paul Martin) "That the NFC meet on the second and fourth Tuesdays at 8:30 PM (ET) through March 2022." (Passed without objection)

The Committee discussed the motion.

Review the PRA FY2021 draft budget 9:03 PM (ET)

The interim Director of the Pacifica Radio Archives (PRA) told the committee that in the early 2000s, PRA got grants to digitize thousands of old tapes. He said that they were one of the most highly trained archives in the country and that they have been able to digitize about 16,000 tapes of the over 60,000 tapes that they have. He said that they have about 50,000 tapes that still need to be digitized. He said that the Library of Congress has set a deadline of 2025, for PRA to get it done. He said that he had been invited to present to the Library of Congress in 2017. He said he'd played one tape of what PRA has, the 1957, recording of Rosa Parks when she got out of jail

which was conducted on the bus where she'd been arrested. He said that PRA has about 64 GB of recorded voices. He said that PRA premiums have raised over \$5 million for Pacifica stations. He noted that NPR didn't even get started till the '70s. He said that he was writing a grant seeking \$2 million to digitize the rest of their tapes. He said that the PRA draft FY21 budget shows that they'll end FY21 with a surplus of about \$34,000. He said that the National Office or NETA include revenue from Central Services fees in the budget and he wanted to note that WBAI has not paid any Central Services fees for FY21 or very much in Central Services fees for the last several years. He said that WPFW has sent PRA some Central Services fees in the last few months but had not paid regularly. He said that KPFA, KPFK and KPFT always pay Central Services fees regularly. He said that the FY21 draft budget without the WBAI Central Services fees money will take away \$25,000 from that \$34,000 surplus. He said that being the repository for audio, most non-profit archives are fully funded. He said that it was important for PRA to be able to do their work rather than be a fund raising arm of Pacifica.

The Chair said that he had told the WBAI General Manager about the PRA interim Director's complaint about WBAI not sending any Central Services fees to PRA. He said that the WBAI General Manager had then sent PRA a payment.

The PRA interim Director said that PRA has one on-air fund raiser per year which happens after the stations do theirs. He said that PRA on-air fund raisers are unique in that they don't stress the audience for more fund raising, they use the present legacy recordings that they have. He said that this November's on-air fund raiser was difficult due to the Covid pandemic. He said that for the first time in 19 years of on-air fund raisers he had pre-produced a lot of it, and only three or four of the 15 hours were live. He said that they did very well. He said that sales are projected to amount to about \$50,000 in FY21. He said that premiums sent to stations goes up and down because people are not around due to the pandemic. He said that PRA's Total Revenue is projected at about \$181,000 and that their major expense is Personnel at about \$22,000 per month. He said that other major expenses are off-site storage for tapes which total 20,000 to 30,000 tapes. He said that when PRA gets a grant to digitize the collection the audio will be stored on servers and that will be a better solution. He said that about \$266,000 for salaries was a major expense and office expenses were projected at about \$38,000. He said that other minor expenses totaled about \$317,000. He said that Central Services fees revenue is less than 2% of their revenue. He said that it all adds up to about \$170,000. He said that since he became the interim Director he did not want to stress stations about Central Services fees obligations because of the extreme concerns about the Empire State Building contract. He said that the Central Services fees money is hugely important. He said that if we can figure out a path to WBAI and WPFW paying regularly that would relieve a lot of stress for PRA. He said that storage costs about \$27,000 because they don't have the room to store the tapes at PRA.

The committee discussed the PRA draft FY21 budget proposal. There was a discussion of PRA getting car donations. There was a discussion of how stations could get their audio to PRA. The PRA interim Director said that they do a 24/7 recording of KPFK's air. He said that he would like to grab all of the digital archives of the stations after PRA gets the 50,000 tapes digitized. There was a short discussion of the technical details of the digitization of the tapes. The PRA interim Director said that their goal is to eventually get all of the digitized archives stored as .wav

format files on a super computer. A member congratulated the PRA interim Director on presenting the PRA draft FY21 budget proposal as a full spreadsheet with formulas, etc. There was a discussion of PRA's SoundCloud presence.

**Motion:** (Lynden Foley) "To extend the time for this item for 15 minutes."

**Amendment:** (Chris Cory) "To add, 'to also extend the time for the meeting for 15 minutes.'" (Passed without objection)

**Motion as amended:** "To extend the time for this item for 15 minutes, to also extend the time for the meeting for 15 minutes." (Passed without objection) 9:50 PM (ET)

The committee continued to discuss the PRA draft FY21 budget proposal. There was a discussion of monetizing the archives. The PRA interim Director said that he was prudently pushing forward with streaming because it was less susceptible to people re-posting the audio. He said that at some point PRA would have to send out cease and desist letters to those who re-post PRA's content without authorization, but that they would need to hire someone to do that. There was a further discussion of PRA's need for Central Services fees payments. In answer to a question the PRA interim Director said that they could always use better promotion by the stations. He said that PRA produces a general audio promo clip that they send to the stations. The PRA interim Director said that PRA tries to charge the stations just the cost of producing the premiums. He said that they'd like to get the affiliate stations to use PRA premiums more. There was a discussion of an incident which had occurred 15 to 20 years ago where several thousand archival tapes from KPFK being given away by a former KPFK General Manager to UC Santa Barbara instead of going to PRA. He said that it was perfectly legal to give it away, he didn't think it was ethical, but he didn't think there was anything Pacifica could do about it.

**Motion:** (Lynden Foley) "To approve the PRA FY21 budget and recommend it to the PNB." (Passed without objection)

Monetizing the PRA, PPP analysis 10:12 PM (ET)

The KPFT Director brought up the idea of selling Non-fungible tokens (NFTs) of some archives for crypto-currency. The PRA interim Director said that until they get the grant for further digitization of tapes copyright is a huge issue and he was concerned about devaluing the PRA collection. He said PRA would have to proceed with caution. He said that PRA hadn't put a number on the value of the archives. There was a discussion of whether it would be a good idea to list the value of the digitized PRA archives as an asset.

Interim CFO Report including February Financials 10:24 PM (ET)

The interim CFO said that Pacifica's financials were looking good. She referred to the spreadsheet "Pacifica Foundation Consolidated Monthly Income Statement For the Five Months Ending February 28, 2021", and the "Pacifica Foundation Financial Narrative for February 2021" which is appended to these minutes, and said that Pacifica's Net Income (Loss) to the end of February was about \$1,267,000. She noted that the forgiven PPP loan, which amounted to a

donation of about \$1.2 million to Pacifica, factored into this figure. She said that the previous year the Net Income (Loss) amounted to \$119,380 in the black so that the difference is \$1,147,000 which she called “tremendous.” She said that all of the stations had been helped by the PPP funds, which she said were well used. She noted how much better KPFA and KPFA had done in FY21 due to the PPP funds. She said that WBAI was still showing a loss of about \$103,000 but that was better than last year’s loss of about \$118,000. She said that we could take more time at our next meeting to go through it.

**Motion:** (Chris Cory) “To extend the time for 10 minutes.” (Passed without objection) 10:29 PM (ET)

A member suggested that the Miscellaneous/Other Income of about \$282,000 that shows up in the National Office tab of the spreadsheet be flowed through to the stations so that it can be reflected in Central Services fees. The member pointed out that the consolidated Listener Support was 1% better than last year which is consistent with previous years. He said that larger donations have tapered off drastically, and the PPP funding has made up the difference. He said that Total Operating Expenses are about 9% less than last year. He said that he is going to do a spreadsheet that breaks out the PPP funding because it’s masking some of the losses. He said that Pacifica’s performance was overall quite good for the worst pandemic in 100 years. He asked the interim CFO to review the line about interest. He noted that the NFC had passed a motion about an interest formula and that individual stations are supposed to be paying in proportion to their membership. He said that this expense is not showing up for all of the stations so either it’s not being treated as an accrual expense or the interest formula isn’t being applied to those stations. He said that the failure of this committee to pass budgets for years had more to do with the inability to obtain useful financial information from National Office than anything else. He congratulated both the NFC and NETA for this.

The interim CFO said that the senior CPA on the account at NETA told her that everything has been uploaded to the auditors, and that the adjusted trial balance and the draft of the financials are done and that we will meet the deadline.

A member said that she was stunned that the aged Accounts Payable only had three vendors on it and asked if NETA had been paid. The interim CFO said that NETA had been paid. There was a discussion of Total Revenue, less expenses which result in Net Income (Loss) which the interim CFO said is the real bottom line.

The Chair of the PNB said that he agreed that the lack of financial information in previous years had hampered the committee’s ability to do budgets when he was Chair of the NFC in 2017. He said that the change in getting the information for budgets was due to the NFC and primarily to NETA.

**Motion:** (Chris Cory) “To extend the time for the meeting for five minutes.” (Passed without objection) 10:41 PM (ET)

The interim CFO thanked the committee and said she’d pass the congratulations along to her

Staff.

The WBAI Treasurer asked the interim CFO to contact the WBAI General Manager over how to book the payroll and PPP issues. The interim CFO agreed to have someone contact him.

Reports from Stations on Budget Timeline Progress 10:43 PM (ET)

KPFK - The KPFK Director told the committee that after seven attempts at producing a budget presented by KPFK Management, none of which were found acceptable by the KPFK local Finance Committee, that the KPFK LSB passed a motion to refer the process to the PNB for completion. She said that this issue was on the agenda for the March 21, 2021, PNB meeting but then was referred to a closed session of PNB. She said that the KPFK LSB motion was directed to the NFC as well. She said it should be on a future agenda. She said that they were getting the information to NETA. The KPFK Treasurer said that the KPFK local Finance Committee had asked KPFK LSB to reject Management's draft FY21 budget for being insufficient and it's now come up to the national level. He agreed with the KPFK Director's remarks. The Chair told the members from KPFK to send their information to the NFC mailing list.

KPFT - The KPFT Treasurer told the committee that the KPFT draft FY21 budget was approved by the KPFT LSB on March 10. She said that she was told by the station's Business Manager that it was given to the interim Executive Director. She asked if the interim Executive Director had ever given it to the Chair. The Chair said that he was told the same thing by the new interim General Manager of KPFT, but that he didn't think he'd ever gotten it. He said that he could ask for it, and the KPFT Treasurer said that she could send it again.

Adjourned 10:49 PM (ET)

Submitted by R. Paul Martin, Secretary.

## **Appendix**

### **Pacifica Foundation Financial Narrative for February 2021**

#### **Financial Dashboard**

#### **Consolidated Report**

Consolidated net operating gain or loss without depreciation: Net income YTD through February 28, 2021 is \$1.3M vs. \$119K net income YTD as of last February showing an overall increase in income of \$1.2M. This is due to recognition of the first PPP loan of \$1.2M that was forgiven in full.

Total Revenue: Total revenue YTD through February 2021 is \$5.9M vs \$5.2M YTD February 2020, an increase of \$684K or 13%.

Total Expenses: Total expenses YTD through February 2021 are \$4.5M vs. \$5M YTD February 2020, a

decrease of \$505K or 10%.

#### **KPFA**

KPFA shows income for the period of \$430K compared to prior YTD income of \$87K. (PPP \$343K)

#### **KPFK**

KPFK shows income for the period of \$155K compared to a prior YTD loss of \$65K. (PPP \$322K)

#### **KPFT**

KPFT shows income for the period of \$5K compared to a prior YTD gain of \$51K. (PPP \$35K)

#### **WBAI**

WBAI shows a loss for the period of \$103K compared to a prior YTD loss of \$119K. (PPP \$94K)

#### **WPFW**

WPFW shows net gain of \$210K for the period compared to prior YTD gain of \$70K. (PPP \$111K)

### **Profit & Loss Statement**

#### **Revenue**

**Total Revenue** YTD through February 2021 is \$5.9M vs \$5.2M YTD February 2020, an increase of \$684K or 13%. (PPP \$1.2M)

**Listener Support** is above prior year at \$3.8M vs \$3.8M for February 2021, an increase of \$24K.

**Major Donor Revenue** for YTD through February 2021 is \$100K vs. \$143K YTD February 2020, a decrease of \$43K.

**Donations** for YTD through February 2021 is \$57K vs. \$674K YTD February 2020, a decrease of \$617K.

#### **Total revenue by unit:**

KPFA shows an increase of \$325K or 20% over FY20. (PPP \$365K)

KPFK shows an increase of \$139K or 10% over FY20. (PPP \$322K)

KPFT shows a decrease of \$103K or 26% over FY20. (PPP \$35K)

WBAI shows a decrease of \$3K or 1% over FY20. (PPP \$94K)

WPFW shows an increase of \$97K or 14% over FY20. (PPP \$111K)

NO shows an increase of \$83K or 26% over FY20. (PPP \$282K)

PRA shows an increase of \$46K or 48% over FY20. (PPP \$47K)

### **Expenses**

**Total Expenses** through February 2021 are \$4.5M vs. \$5M YTD February 2020, a decrease of \$505K or 10%.

KPFA shows a decrease of \$18K or 1% over FY20.

KPFK shows a decrease of \$81K or 6% over FY20.

KPFT shows a decrease of \$58K or 21% over FY20.

WBAI shows a decrease of \$18K or 3% over FY20.

WPFW shows a decrease of \$43K or 8% over FY20.

NO shows a decrease of \$370K or 43% over FY20.

PRA shows no change over FY20.

**Personnel** expenses for the period October – February are \$10K less than FY20 at \$2.8M.

KPFA shows an increase of \$72K or 8% over FY20.

KPFK shows a decrease of \$27K or 3% over FY20.

KPFT shows a decrease of \$26K or 22% over FY20.

WBAI shows a decrease of \$11K or 4% over FY20.

WPFW shows a decrease of \$11K or 4% over FY20.

NO shows a decrease of \$78K or 48% over FY20.

PRA shows an increase of \$1K or 1% over FY20.

**Administrative** expenses for YTD through February 2021 are \$1.06M vs \$1.3M YTD February 2020, a decrease of \$246K or 19%.

**Programming** expenses for YTD through February 2021 are \$349K vs \$388K YTD February 2020, a decrease of \$40K or 10%.

**Development** expenses YTD through February 2021 are \$349K vs \$461K YTD February 2020, a decrease of \$112K or 24%.

**Community/Special Events** expenses YTD through February 2021 are \$7K vs \$49K February 2020, a decrease of \$42K or 85%.

**Net Income/Loss without Depreciation** overall YTD through February 28, 2020 is \$1.3M vs. \$119K net loss YTD as of last February showing an overall increase in income of \$1.2M (PPP loan forgiveness \$1.2M).

KPFA YTD through February 2021 is \$430K vs \$87K in 2020, an increase of \$343K. (PPP \$365K)

KPFK YTD through February 2021 is \$155K vs (\$65K) in 2020, an increase of \$220K. (PPP \$322K)

KPFT YTD through February 2021 is \$5K vs \$51K in 2020, a decrease of \$45K. (PPP \$35K)

WBAI YTD through February 2021 is (\$103K) vs (\$119K) in 2020, an increase of \$15K. (PPP \$94K)

WPFW YTD through February 2021 is \$210K vs \$70K in 2020, an increase of \$140K. (PPP \$111K)

NO YTD through February 2021 is \$518K vs \$47K in 2020, an increase of \$471K. (PPP \$282K)

PRA YTD through February 2021 is \$94K vs \$48K in 2020, an increase of \$46K. (PPP \$111K)