

Minutes for the regular National Finance Committee meeting October 26, 2021.

Meeting convened at 8:37 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Fred Blair, Chris Cory, Lynden Foley, Elizabeth von Gunten, Julie Hewitt, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO).

Agenda:

1. Convene meeting PM (ET)
 2. Roll Call
 3. Adopt Agenda
 4. Chair's Announcements (2 minutes)
 5. Minutes Approval (3 minutes)
 6. Report, if available, on the KPK Fund Drive (KPK Treasurer 10 minutes Report and Q & A)
 7. Report from the National Development Task Force (Director Beth von Gunten 10 minutes Report and Q & A)
 8. INTERIM CFO Report (30 minutes Report and Q&A)
 9. Common budget templates (20 minutes)
 10. National Office Budget and Central Services Formula (30 minutes)
 11. Budget Timelines and schedule for NFC review of budgets for FY22 (10 minutes)
 12. Adjourn no later than 10:15 PM (ET)
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Motion: (James Sagurton) "To adopt the agenda." (Passed without objection)

Chair's Announcements 8:40 PM (ET)

"We do not yet have the year end September Financials for review. We hope to review them at our next meeting along with continued consideration of the National Office (NO) and the Central Services Formula.

Tonight we will discuss unfinished business with the National Office and compile a list of year end outstanding items to share with the NO.

Nick Arena can not be with us tonight but he has sent a FY22 WPFW Draft Budget to the NFC mailing list for us to review at a future meeting. He reports that WPFW made its Fall Fundraising Campaign goal of \$300,000 during the scheduled three weeks. Congratulations to WPFW!

Preparations are ongoing for the FY21 Audit but we must pay the outstanding balance on the FY20 audit before FY21 can commence."

Minutes Approval 8:42 PM (ET)

There were no draft minutes available.

Report, if available, on the KPK Fund Drive 8:42 PM (ET)

The KPFK Treasurer told the committee that 22 days into the current on-air fund raiser the tally is \$119,806.73. He said that the daily average is \$5,445, and that this is not sustainable. He said that two major fund raising producers resigned after the Spring on-air fund raiser in June and that's one of the main reasons that the daily average has plummeted. He said that the Fall on-air fund raiser is averaging about the same as the Spring on-air fund raiser. He said that the new KPFK General Manager is doing his best to raise funds but KPFK is still in a crisis. He said that he didn't know what Management's plans are.

In answer to a question the KPFK Treasurer said that a year ago their Summer on-air fund raiser brought in about \$8,000 a day. He said that KPFK's on-air fund raisers have really collapsed this past fiscal year. He said that they had crossed a threshold when they went below \$9,000 a day because the daily operating cost of the station is about \$8,800 per day. There was a discussion of using premiums in the on-air fund raiser. He said that according to an *Allegiance* report the numbers were up for the previous few days and the station was averaging almost \$5,500 a day for those days. He noted that the daily tally has fluctuated and it's hard to say if there's improvement taking place.

There was a discussion about the KPFK Treasurer having access to the *Allegiance* software.

Report from the National Development Task Force 8:54 PM (ET)

The KPFK Director told the committee that the National Development Task Force had been set up a couple of years ago due to concerns about taking on debt. She said that the task force has met intermittently since then. She said that she's been on the task force since early this year and has agreed to be its Chair. She said that the task force now has monthly meetings; she said that the interim CFO had been at the previous night's meeting. The KPFK Director said that the meetings focused on a full array of revenue streams and what progress they've made in the past month. She said that Pacifica's Charity Navigator data might be better if we updated our information to them more often. She said that audits increase Pacifica's credibility. The next meeting of the National Development Task Force is December 27, 2021.

In answer to a question the KPFK Director said that the task force had taken up the idea of a private bond issue and was dealing with members' questions regarding that. She said that the task force had many more ideas than they could get through at the previous night's meeting. She said that if Pacifica didn't get on the private issue bond soon it won't be able to get it done. She said that the task force was putting non-fungible tokens on the list of things being considered and asked anyone who had fund raising ideas to send them to the task force.

Interim CFO Report 9:03 PM (ET)

The interim CFO told the committee that she has gotten an idea of the cash balances from every station. She said that it does look like KPFK will make payroll. She said that overall Pacifica has a healthy balance, about \$751,000 for all of Pacifica. She said that there were some checks floating and NETA does not know what's outstanding. She said that WPFW and KPFA were looking good with KPFA having a balance of about \$437,000 and WPFW with a balance of about \$163,000. She said that the National Office had a balance of only a little over \$13,000.

The interim CFO said that when NETA staff were on site at KPFK they were able to get all invoices into the system. She said she has a sheet of all that's outstanding at KPFK which amounts to about \$189,000.

She said that there are some payroll taxes that need to be paid, which she said amounted to the taxes on about one payroll, and there were health insurance payments that needed to be made. She said she'd be glad to share that spreadsheet with the committee.

In answer to a question the interim CFO said that the money for KPFK to make payroll had been borrowed from KPFA. She said that the KPFK General Manager and the interim Executive Director had made that decision. She said that not everything had been paid, but enough was borrowed to make all KPFK October payrolls and some other bills that had to be paid.

The KPFK Treasurer said that the station had also borrowed from the Pacifica Affiliates Network. The Chair said this was about \$13,000.

In answer to a question the interim CFO said that KPFK had applied for about \$22,000 in bequests but there was a question regarding whether the station had actually gotten the money yet.

The KPFK Director said that KPFK was now in an on-air fund raiser and should be able to make payroll from that.

In answer to a question the interim CFO said that outstanding vendor invoices for the National Office amounted to about \$305,000. She said the largest vendor was NETA, also Rogers & Co. was owed about \$40,000. She said that she would send that information to the committee.

There was a discussion of attorneys' fees used for discretionary lawsuits. The KPFA Treasurer said that the attorneys involved in the KPFA property tax issue had made mistakes and were now charging Pacifica and KPFA what she called exorbitant fees to correct their mistakes. In answer to a question the Chair said that the PNB knows about the attorney fees but he didn't know what was happening with that issue. He said he knew that one other ongoing litigation was the recovery of fees in a suit that had been filed against the Chair and former Secretary of the PNB, and that about \$71,000 had been spent on trying to recover those fees.

The interim CFO said that regarding the year-end closing we're a long way from getting it done because some stations don't have all of their information in, which she said was typical for this time of year. She said that she was communicating with those stations. She said that she was sure that NETA doesn't have information on some other items. She said that they don't have information on the building sale in Texas. She said that she'd heard that maybe they'd have some of the outstanding information by the next NFC meeting, but if they did they'd be tentative numbers. She said that she was hoping to get everyone on board. She said that NETA Staff were already working on reconciliations, primarily bank reconciliations. She said that the same team is working on this job as has worked on Pacifica in the past.

The interim CFO talked about the August financials. She said that the first Paycheck Protection Program (PPP) loan that was forgiven was recognized by the auditors at year-end FY20 in the amount of about \$1.2 Million. She said that the confusion about it arose because it was shown in the Consolidated sheet, but not the sheets for the individual stations. She said that that's because the books were closed for FY20 and you can't go back *per se*.

The KPFA Director had examined this issue and said that the FY20 books were adjusted for the PPP funds in the FY20 audit and as a result a \$1 Million credit went to the National Office. In order to reconcile that the National Office must have a \$1 Million loss to balance that in the current fiscal year,

otherwise the National Office ends up with a very large surplus. He said that the loss was all on paper and that if it were treated as a loss this year at the stations it would cause problems with the motion passed earlier this year regarding apportioning the PPP funds that were not used for the purposes of salary and benefits but instead were used to pay Pacifica Foundation operating expenses being credited to the stations' Central Services fees. He offered to send the committee a spreadsheet illustrating this. The interim CFO agreed with the KPFA Director's assessment.

Common budget templates 9:36 PM (ET)

The committee discussed adopting common budget templates and whether or not they needed to show the formulas used for internal calculations. The issue of confidentiality of the information and the possible need for non-disclosure agreements signed by the Treasurers was brought up. The need for a common Chart of Accounts was brought up. The interim CFO said that NETA could do a Chart of Accounts and they wouldn't charge Pacifica extra for it.

Motion: (James Sagurton) "To extend the time for the meeting by 15 minutes and the time for this item by 20 minutes." (Passed without objection) 10:10 PM (ET)

The committee continued to discuss a common budget template and a new Chart of Accounts.

Motion: (Julie Hewitt) "The NFC recommends that the PNB charge NETA with devising an updated Chart of Accounts based on Pacifica's old, and not followed, Chart of Accounts and design a budget template, with formulas embedded, that follows said updated chart of accounts." (Passed without objection)

The Committee discussed the motion.

Call for the orders of the day: (James Sagurton) 10:35 PM (ET)

Adjourned 10:35 PM (ET)

Submitted by R. Paul Martin, Secretary.