

Minutes for the regular National Finance Committee meeting November 9, 2021.

Meeting convened at 8:46 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Teresa J. Allen, Fred Blair, Lynden Foley, Elizabeth von Gunten, Julie Hewitt, R. Paul Martin (Secretary), James Sagurton (Chair) also attending were PNB Chair Alex Steinberg, interim Executive Director Lydia Brazon and NETA Controller Julia Kennard.

Agenda:

1. Convene meeting 8:30 PM (ET)
 2. Roll Call
 3. Adopt Agenda
 4. Chair's Announcements (2 minutes)
 5. Minutes Approval (3 minutes)
 6. Discuss adding NETA Controller to the NFC mailing list (5 minutes)
 7. Report, if available, on the KPFK Fund Drive (KPFK Treasurer 5 minutes Report and Q & A)
 8. Report, if available from the Pacifica Executive Director (10 minutes Report and Q&A)
 9. Interim CFO Report (20 minutes Report and Q&A)
 10. National Office Budget and Central Services Formula (40 minutes)
 11. Budget Timelines and schedule for NFC review of budgets for FY22 (5 minutes)
 12. Unfinished business with the National Office; compile a list to share with the National Office of year-end outstanding items
 13. 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 8:50 PM (ET)

"Tonight we will review a draft of the Pacifica National Office budget.

We do not yet have the year-end September Financials for review. All the necessary information has not been received from the stations in a timely manner. We hope to review them at our next meeting along with continued consideration of the National Office and the Central Services Formula.

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

Nick Arena can not be with us tonight. Two weeks ago he 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

Fund-raising Campaign goal of \$300,000 during the scheduled three weeks. Congratulations to WPFW!

Chris Cory may be late or absent; he is in transit.

Preparations are ongoing for the FY21 Audit. The outstanding balance on the FY20 audit has been paid and the FY21 Audit can commence.

There is no new word yet on additional approvals of Pacifica's EIDL Loan (Emergency Injury Disaster Loan) application.

There are no other new announcements."

Minutes Approval 8:52 PM (ET)

Motion: (R. Paul Martin) "To approve the minutes of the October 12, 2021, NFC meeting." (Passed without objection)

Motion: (R. Paul Martin) "To approve the minutes of the October 26, 2021, NFC meeting." (Passed without objection)

Discuss adding NETA Controller to the NFC mailing list 8:53 PM (ET)

Motion: (James Sagurton) "To add NETA Controller Julia Kennard to the NFC mailing list." (Passed without objection)

Report, if available, on the KPFK Fund Drive 8:56 PM (ET)

The KPFK Treasurer told the committee that KPFK's Autumn on-air fund raiser ended on November 5, and was 32 days long. He said that the final tally was \$186,761 which is a daily average of \$5,836. He said that at the end of the on-air fund raiser the daily average started to increase, but the start was very slow. He said that this was better than the Summer on-air fund raiser but was still below the daily average of operational expenses for the station of about \$8,000 per day. He said that the new General Manager was looking at the station's phone expenses and he's hoping to cut that expense by about \$80,000 a year.

The committee discussed the issue of KPFK's on-air fund raiser revenue not matching operating expenses. In answer to a question the KPFK Treasurer said that this had been the worst on-air fund raiser KPFK had had in 30 years.

Call for the orders of the day: (James Sagurton) 9:04 PM (ET)

Motion: (Lynden Foley) "To extend the time for this item by five minutes." (Passed without objection) 9:04 PM (ET)

The committee continued discussing the KPFK on-air fund raisers. The KPFK Treasurer said that the basic reason that the Summer on-air fund raiser had tanked was because two major fund raisers had resigned.

There was a discussion about internal Pacifica issues being discussed on the air and their impact on on-air fund raising activities.

Call for the orders of the day: (Sharon Adams) 9:12 PM (ET)

Motion: (Lynden Foley) "To extend the time for 5 minutes." (Passed without objection) 9:12 PM (ET)

The KPFT Director said that the committee had been trying to get a look at some contracts it had requested for months, including the brokerage contract to sell the KPFT property and the current contract for the FJC loan. He asked interim Executive Director to show the contracts to the committee. He said that letting the committee know when the person from the Bay Area was going to come down to KPFK would be good. He asked the NETA Controller when a reduction on the budget would take place for phones, and said that a target needed to be hit. The NETA Controller said the reduction would show up in December or January. The interim Executive Director said that Pacifica was in the process of getting out of those phone contracts.

In answer to a question the KPFK Treasurer said that the Autumn on-air fund raiser tally of about \$186,000 was as of two days prior to this meeting. He said that the fulfillment rate was about 78% as per the *Allegiance* software and there was about \$40,000 outstanding.

Report, if available from the Pacifica Executive Director 9:20 PM (ET)

The interim Executive Director said that regarding the Economic Injury Disaster Loan (EIDL) Pacifica got about \$150,000 last year. She said that this year when Pacifica applied for \$2 Million the Small Business Administration, which handles this loan, allowed Pacifica to get \$500,000 but took out the \$150,000 that Pacifica had gotten last year and so Pacifica only got \$350,000 this year. The interim Executive Director said that Pacifica can apply for more and she plans to do so before the end of 2021. The interim Executive Director said that there was a discrepancy between the IRS transcript and what Pacifica sent, she said she thinks it was the result of amending the IRS 990 form. She mentioned that WBAI had made its own application for the first Paycheck Protection Program (PPP) loan in 2020, and that that had also impacted Pacifica's EIDL application. She said that she has set up a system to put the EIDL money into a restricted account and that in order to use that money the interim Executive Director, PNB chair and interim CFO have to sign off on it and notify the PNB, unless the PNB has already voted to authorize using that money for something. She said that this system can keep things more easily segregated and everyone will be able to tell what the EIDL money is used for. She said that it's already been used to reimburse KPFA and the Pacifica Affiliates Network for funds that had been borrowed from them. She said that it's a 30 year term loan and the interest rate is 2.75%. It was noted that although payment on the interest is not due yet the interest had already started being charged.

In answer to a question the interim Executive Director said that she meets with General Managers daily, and she has had lengthy meetings with the new General Managers. She said that these meetings do not interrupt on-air fund raisers or vacations.

The committee discussed the corporation for Public Broadcasting (CPB) and Pacifica's eligibility for the CPB's Community Service Grants (CSGs). The interim Executive Director said that getting caught up with the audits will make Pacifica eligible for CPB CSGs as far as she knew. She said that reimbursing the CPB for the old \$137,000 overpayment had been an important part of becoming eligible for CPB membership again. It was pointed out that Pacifica will be a new applicant for CPB membership, since Pacifica had had its CPB membership rescinded. It was noted that Pacifica had missed the deadline for applying for CPB membership in May 2021. The interim Executive Director said that she'll apply in 2022. She said that the CPB was using different metrics for measuring audience these days. She said that she expects that two or three Pacifica stations might qualify for CSGs in terms of audience. She said that WPFW did well in the Nielsen ratings, and KPFA will be fine although it has gone down since Pacifica was last eligible. She said that she didn't know how WBAI would fare. She said that as a foundation Pacifica qualifies and that there are a number of grants that can relieve Pacifica from things we're spending money on. She noted that if some Pacifica stations end up not being eligible for CSGs that doesn't affect the eligibility of the other stations. The interim Executive Director noted that, in the past, two of the Pacifica stations had not qualified for CSGs owing to low audience numbers.

Call for the orders of the day: (James Sagurton) 9:36 PM (ET)

Motion: (Teresa J. Allen) "To extend the time for this item by five minutes." (Passed without objection) 9:36 PM (ET)

The committee discussed the sale of the former KPFT building. In answer to a question the interim Executive Director said that the issue of who is responsible for looking for a new building was proprietary information which would be discussed in executive session at the PNB. She said that she could recommend that the PNB vote to release some if the information to the KPFT LSB.

Interim CFO Report 9:42 PM (ET)

The NETA Controller gave this report for the interim CFO. She said that they have prepared the accounting through July for the FY21 audit. She said that Pacifica is in a better position for this audit than was the case for the FY20 audit. She said that she hoped that the September financials would be out soon. She said that KPFA is still getting their revenue numbers in, and that it always takes long time to get that in. She said that she didn't know why the software KPFA uses makes that a challenge. She said that NETA is talking about getting information in faster during the month to speed up getting the financials out. She said that the National Office has about \$73,000 cash in bank after paying back the KPFA loan. She said that the Pacifica Affiliates Network had been paid back the \$13,000 that was owed them. She said that there are still funds owed to the National Office for making KPFK's payroll before the last one. She said that

Pacifica has to prioritize things, and that what's owed to the National Office is a higher figure than their cash.

The committee discussed the FY21 audit. The NETA Controller said that she deferred to the PNB Chair on that. She said she hasn't seen the agreement with the auditors. She noted that Pacifica has paid the past due amount to the auditors.

The PNB Chair said that usually the PNB goes with the recommendation of the Audit Committee with regard to what firm to engage for the next audit. He noted that the Audit Committee hasn't met in a while. He said that Pacifica had gone through a successful audit process with one firm and will probably go with them again.

In answer to a question the NETA Controller said that KPFK's Accounts Payable were over \$200,000 now due to owing the National Office for two large insurance payments and payroll; she said that KPFK's Accounts Payable was probably at around \$230,000.

There was a discussion of the NETA Controller's access to the KPFK accounts in order to see balances. The NETA Controller said that she could see the Bank of America account but not the Wells Fargo account. She said that another NETA worker may have that access. The interim Executive Director said that Wells Fargo gives such access by specific names, and that NETA worker Tamra Swiderski may have been added.

National Office Budget and Central Services Formula 9:53 PM (ET)

The Chair said that the NETA Controller had sent out a FY22 National Office Draft Budget Summary as an introduction and that we should not look at it as a final draft of the budget. He said that the committee should be looking at it to develop a new template and a new chart of accounts. He said that this was a step forward.

The NETA Controller discussed some of the details of how the spreadsheet that informed the PDF file that she'd sent the committee was put together. There was a discussion of Central Services payments and their relation to the National Office.

The committee discussed national on-air fund raiser days. The interim Executive Director said that our time is not well spent on national on-air fund raiser days and that the issue needs a full PNB discussion. She said that Pacifica doesn't have a national production Staff and that stations are busy with their own programming. She said that the national on-air fund raiser days did not raise more than when she sends out an E-mail requesting donations.

Call for the orders of the day: (James Sagurton) 10:16 PM (ET)

Adjourned 10:16 PM (ET)

Submitted by R. Paul Martin, Secretary.