

Finance Committee Meeting

October 13, 2005

The meeting was called to order at 3:30 p.m. pacific standard time by David Adelson, Chair.

Attendance

Present: David Adelson, Teresa Allen, Baruti Bediako, Jane Gatewood, Pattey Heffley, Lonnie Hicks, Casey McFall, Mark Roberts (joined at 5:55 p.m.), Marnie Tattersall, Sandy Weinmann (joined at 6:40 p.m.), LaVarn Williams (joined at 4:15 p.m.)

Guest: Ambrose Lane

Proposed Agenda

1. Roll Call and Approval of Agenda
2. Approval of Minutes
3. Budget Calendar
4. Review of NFC committee report to the PNB
5. Review of available financial reports
6. Accounting standards, including accounting for reserves
7. Setting next meeting date
8. Adjournment

Approval of Agenda

Moved “review of available financial reports” and “setting next meeting date” to immediately after approval minutes.

Approved without objection

Approval of Minutes

Motion by Allen to table approval of minutes until next meeting.

Approved without objection

Scheduling of Next Meeting

The next meeting was scheduled for Thursday October 20, 2005 at 3:00 p.m. pacific standard time.

Motion by Williams that the National Finance Committee schedule an in-person committee meeting to discuss committee goals and processes, and that the NFC request PNB approval for expenditure of funds for the attendance of station Treasurers.

Motion tabled until next meeting

Budget Calendar

The Interim Executive Director will request that the Chief Financial Officer submit a proposed budget calendar to the National Finance Committee.

Report of NFC to PNB

Motion by Adelson to adopt the National Finance Committee report to the Pacifica National Board as transmitted to the committee by Gatewood, incorporating the agreed upon changes, and authorizing the Chair to make adjustments for clarity and accuracy with respect to the KPFA and KPFK cash analysis, and to delete Item #7 in *Attachment C, Accounting for Surpluses and Reserves*.

Adelson – Yes

Bediako – Yes

Gatewood - Yes

Heffley - Yes

McFall – Yes

Roberts - No

Tattersall – Yes

Weinmann - Abstain

Williams – Yes

Motion carried

Motion by Tattersall to adjourn

No objections

Meeting adjourned at 6:52 p.m. pacific standard time

Respectfully submitted,

Casey McFall

Secretary

These minutes were approved on 11/29/07.

Attached: NFC Report to PNB

To: Members of the Pacifica National Board
From: National Finance Committee
Subject: FY2006 Budget Recommendations and Background Information
Date: October 10, 2005

The National Finance Committee met on several occasions, most recently on September 18, 2005, to review and consider the 5 approved station budgets as well as the proposed National Office and Pacifica Archives budgets. A summary of the NFC motions and budget narratives provided by the GM's and/or treasurer's for each of the stations is attached to this document for the record (**see Attachment A "Budget Recommendations/Narratives"**).

- < The NFC recognizes that the proposed budgets do not include funding for National Spanish Language Programming and it is the intention of the NFC to address this issue prior to the 1st quarterly budget forecast.
- < The NFC disagrees with the cash analysis provided in the CFO report distributed to the PNB on 9/26/05. The implication is an additional \$1.1 million in projected cash balance 9/30/06 for KPFA and KPFA. A detailed explanation of this item is provided in **Attachment B**.

Background Information

- 1) The CFO has raised concerns about the potential threat to the network that is posed by budgets that do not adequately provide for unexpected contingencies.

(The NFC (as a body) shares this overall concern, although we find the mechanisms for accounting for these issues is inadequate. Additional information on this topic is provided in **Attachment C "Accounting for reserves and surpluses."**)
- 2) During this budget development and approval process, the work of the NFC and the LSB's was seriously hampered by the lack of clearly defined expense categories and standardized templates that show current (proposed) annual budgets compared with prior year budget line items, including projected actual income and expenses for the current year.

WBAI and KPFA local finance committees were unaware of ANY templates until very late in the budget generation process. The KPFA and WPFW treasurers independently generated comparison spreadsheets for the use by their local finance committees. Similar efforts by other treasurers were met, at times, with criticism.

Despite these handicaps, all 5 LSB's met to consider and approve budgets for submission to the NFC. Unfortunately, two of the station budgets were submitted well past established deadlines, a factor which created unreasonable obstacles to the work of the CFO and the NFC.. (**Attachment D** provides information about these delays provided by the treasurer's of the respective stations). While the CFO and treasurers began dialoguing in February concerning a workable timeline, this effort was clearly a "work in progress" for the current budget cycle.

(It is the intention of the NFC to focus its work in the immediate future on:

- a) developing a proposed budget timeline with the possible inclusion of sanctions against LSB's that fail to act in a timely fashion; and

b) developing proposals for revised formats and streamlined production procedures for our financial statements.

ATTACHMENT A – FY2006 BUDGET RECOMMENDATIONS

The National Finance Committee recommends that the Pacifica National Board:

- 1) adopt the KPFA budget approved by the LSB, with the provision that the GM develop and present an 18-month plan to reduce salaries as a percentage of listener support to bring the ratio of salaries to listener support in line with that of other units in the network;
- 2) adopt the KPFK budget approved by the LSB, with the correction of a scrivener's error which will allocate \$8,000 for LSB expenses as opposed to \$10,000; such correction to be documented by an email from the LSB Chair to the CFO and the NFC;
- 3) adopt the KPFT budget approved unanimously by the LSB;
- 4) adopt the WPFW budget as approved by the LSB with revisions to CPB grant income and Free Speech Radio News expenses provided by the CFO as follows: (a) Grants income increased \$262,548 to \$294,708; and (b) FSRN expenses increased \$71,260 to \$81,046
- 5) adopt the WBAI budget as approved by the LSB with the changes of the subsequent increase to CPB funding to \$517,610, major donations to \$325,000, and salaries and related expenses to \$1,356,178 [subject to confirmation from the LSB Chair to the CFO and the NFC that such changes are consistent with LSB recommendations];

and that the WBAI General Manager be required to produce a 9-month cash flow statement to be submitted to the CFO and the NFC by November 2, 2005 that demonstrates that the station is fiscally sound.

This motion was subsequently amended to state, "That the increase in CPB funding of \$27,770, minus the restricted amount of the CPB grant be allocated to the Development Consultant, and the balance of \$4,867 be raised by community events as indicated in the initial proposal from the GM. Major donations will remain at \$300,000."

- 6) adopt the National Office budget as presented.
- 7) adopt the Pacifica Radio Archives' budget as presented.

In addition, a motion (by Hicks) was approved recommending:

"that the Pacifica National Board shall have an operating policy that requires changes to budget categories that exceed 10% or \$50,000 be forwarded to the appropriate LSB for approval and to the PNB for adoption at each quarterly in-person meeting."

These recommendations were approved by a majority of committee members present and voting in a special National Finance Committee meeting held via teleconference on September 18, 2005.