

Interim **Pacifica National Board**

Finance Committee Meeting – December 22, 2003

MINUTES

Interim Board Finance Committee Meeting
12/22/03 - 6 pm Eastern Time, By Telephone Conference
The Meeting was Webcast by kpftx.org

Seven Committee Members Present Constituting a Quorum: George Barnstone, Pete Bramson, Janice K. Bryant, Leslie Cagan, Dave Fertig, Rob Robinson, Carol Spooner,

Three Committee Members Absent: Marion Barry, Charles Smith, Jabari Zakiya

Also Present: Board Member Lydia Brazon, ED Dan Coughlin, CFO Lonnie Hicks, Auditor Ross Wisdom, all non-voting

The meeting was called to order at about 6:15 PM. Without objection, Rob Robinson acted as Chair Pro Tem in the absence of board Treasurer Jabari Zakiya

Dan Coughlin gave an overview of financial goals and accomplishments over the past year. Most of the old (pre 2002) debt has been paid off. However new lawsuits are adding to our financial burdens. The goal of producing regular financial reports is closer to being realized with the production of year end financial statements and the budgets. The finance office was successfully moved from Washington, D.C., to Berkeley, and a new finance staff was built from scratch under the direction of the new CFO (hired last March) Lonnie Hicks. The audit is underway, and will be completed on schedule by the end of February for the first time in two years. About \$650,000 from the CPB depends on timely completion of the audit.

The ED wants the finance committee to review and approve the proposed Financial Policies and Procedures document, communications issues, and fundraising by the board.

The Chair Pro Tem moved the agenda to the eleven (11) proposed financial policies forwarded by Spooner for consideration by the committee. Robinson proposed that the committee vote on each policy separately and then forward those policies that pass as an omnibus policy recommendation package to the full board.

Robinson: The resolutions Carol is proposing concern some policy issues about how the budgets are presented. These are not operational issues.

Motion by Spooner, 2nd Robinson:

Resolved:

That the board will not approve budgets for any station, or any national department, that show a net

deficit below the Central Services transfers from the stations to the national departments.

Proposed Amendment: strike the words after "net deficit" so that the resolution reads as follows:

Resolved:

That the board will not approve budgets for any station, or any national department, that show a net deficit.

Motion passed as amended.

3 YES - Fertig, Robinson, Spooner

1 NO - Barnstone

2 Abstentions - Bryant and Cagan

Bramson Absent for vote

Motion by Spooner, 2nd Robinson:

Resolved:

That for this fiscal year, WBAI's Central Services payments to the national office shall be reduced in an amount necessary to meet the above requirement (and the Central Services income to the National Departments will be reduced by that same amount).

Discussion:

Hicks (CFO): this would fall under the resolution that each station should show one month's operating reserves. WBAI is a special case this year. The "Core Recovery Plan" should stop them from accumulating more debt. They will already be in deficit as of December 30th and cannot make it up over the course of the year.

Spooner: Where is the \$347,000 Central Services from WBAI to National going to come from since they cannot make up the deficit over the course of the year? Not satisfied with the explanation.

Coughlin: Will be reworking the budget and should address the issues then.

Hicks: We should focus on the bottom line of the organization as a whole for the year.

Ross Wisdom (Auditor): Two distinct proposals: (1) forgive WBAI Central Services this year, (2) no forgiveness of Central Services, but they still owe it even if they can't pay it. In either proposal, the national office will have to borrow from other stations, and the inter-divisional loan account would be affected by that borrowing. There would need to be a timeline and agreement about repayment.

Spooner: Yes, that clarifies it. The budget should show the inter-divisional loans, so that there are no net deficits in the budget on the bottom line. The budget must make it explicit where the reserves will come from to use as inter-divisional loans to cover the deficits at WBAI, the national office and the archives. It is Pacifica policy that each station contributes 20% of its listener support for Central Services, with 3% going to the Archives and the other 17% going to national for

administration and national programming -- except that KPFK gives 2% to the Archives because the Archives are housed in their building, so KPFK's Central Services levy is 19% of listener support. The board has not changed that policy, but that is not what the budget shows. The budget shows no Central Services money going to the Archives, and the Archives show a \$157,000 deficit because they are not receiving their Central Services money. The Archives Central Services money for this year should be \$276,000. The national office is keeping that money, with the understanding that national will cover the Archives \$157,000 deficit. But the national office budget is already showing a \$44,582 deficit -- so where is the money going to come from to cover the Archives and the WBAI deficit? We need to address that problem straight on and show in the budget where that money will come from through the transfer of station reserves as inter-divisional loans.

Coughlin: The Archives situation is complex. All of the affiliates income (\$85,000) goes to the Archives, and they are raising money through tape sales (\$165,000 in the budget).

Hicks: Thinks we should come back in January with whatever is possible.

Motion Tabled without objection

Motion by Spooner, 2nd Barnstone:

Resolved:

That the board will not approve any budget, for any station or national department, that is not accompanied by a confidential list of staff positions and salaries that matches the salaries line in the budget.

Motion passed:

5 YES - Barnstone, Bramson, Fertig, Robinson, Spooner

0 NO

2 Abstentions - Bryant and Cagan

Motion by Spooner, 2nd Barnstone

Resolved:

That no staff positions may be added during the year that are not included in the budget unless the board approves a budget adjustment for the remainder of the year. The board will not approve budget adjustments for added staff positions without an explanation of what increased revenue or reduced expenses during the year will cover the new expense.

Motion passed

4 YES - Barnstone, Bramson, Robinson, Spooner

1 NO - Fertig

2 Abstentions - Bryant and Cagan

The committee decided to move to an update from the CFO concerning the WBAI "Core Recovery Plan," and reconvene to consider the remaining policy proposals at a date in early January.

CFO Lonnie Hicks reported that WBAI was able to raise \$200,000 by the end of December with added on-air fund drives. Layoffs tentatively scheduled for the end of December are postponed. They will look at it again on or about January 7th. WBAI has paid their \$125,000 in debt retirement and some of their Central Services monies to the national office.

Questions from Spooner concerning the year end income statements: Do the listener support "actuals" include "pledges receivable" but not yet paid, and do the Central Services "actuals" include Central Services due but unpaid. Answer to both questions from Hicks: Yes. Spooner: So, "surpluses" shown on the bottom line do not represent cash in the bank? Hicks: No, that should be reflected in a cash flows report in the audit. The audit is on schedule and will be completed by the end of February, in time for the regular CPB funding cycle. We should receive another \$650,000 in CPB money once the audit is completed.

Dave Fertig resigned from the committee, and Lydia Brazon joined the committee as a board representative from the KPFK signal area.

The Finance Committee will reconvene on Friday, January 9, at 8 PM Eastern time to consider the remaining policy resolutions from Spooner.

Respectfully submitted,

Carol Spooner
Secretary, Pacifica Foundations
These minutes were approved on 12/10/2007.