

Minutes for the regular National Finance Committee meeting December 8, 2020.

Meeting convened at 8:38 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Teresa J. Allen, Nick Arena, Fred Blair, Chris Cory, DeWayne Lark, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO), Nancy Sorden, Polina Vasiliev.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt agenda
4. Chair's announcements (2 minutes)
5. Approval of minutes (5 minutes)
6. Discussion of mailing list issues (5 minutes)
7. Interim CFO Report, Anita Sims: October Financials, Cash Flow, Deposit transparency progress (45 minutes report and Q&A)
8. Schedule Budget presentations and review. (10 minutes)
9. Central Services Formula (45 minutes)
10. Reports from stations on Budget Timeline progress (KPFT, KPFK) (3 minutes)
11. Unfinished business: Motion for a moratorium on Central Services from KPFT
12. New Business: SCA income accounting and credit toward Central Services for it.
13. Adjourn no later than 10:15 PM (ET)

Motion: (James Sagurton) "To adopt the agenda." (Passed without objection as amended)

Amendment: (R. Paul Martin) "To add 'Approval of minutes' after 'Chair's announcements' for five minutes" (Passed without objection)

Amendment: (R. Paul Martin) "To add 'Discussion of mailing list issues' after 'Approval of minutes' for five minutes." (Passed without objection)

Amendment: (R. Paul Martin) "To strike in Unfinished business: all after 'Motion for a moratorium on Central Services from KPFT.'" (Passed without objection)

The Committee discussed the motion.

Amendment: (R. Paul Martin) "To change 'Old business' to 'Unfinished business.'" (Passed without objection)

The Committee discussed the motion.

Chair's announcements 8:50 PM (ET)

"We have received draft budgets from three stations and the Affiliates, so far. We should begin reviewing them at our next meeting. We are behind schedule and should plan to schedule extra meetings.

The interim CFO says that ideally the GENERAL MANAGERS should present their budgets. We could take them in the order they were submitted or at the convenience of the presenters. Treasurers and Board Members should consult with their GENERAL MANAGERS, BUSINESS MANAGERS and appropriate others to schedule presentations.

We will review the October Financials tonight.”

Approval of minutes 8:52 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the November 24, 2020, meeting.” (Passed without objection)

The Committee discussed the motion.

Discussion of mailing list issues 8:55 PM (ET)

The Secretary reminded the committee that the committee’s current mailing list, which is a part of Yahoo! Groups, will be shut down by Yahoo! as of December 15, 2020.

The Committee discussed the problem, and some alternatives for a mailing list were discussed.

Motion: (Chris Cory) “That we use our existing E-mail addresses for the next two weeks while we resolve the group E-mailing, and resolve this issue among our alternatives at our next regular meeting.” (Passed without objection)

The Committee discussed the motion.

Interim CFO Report, Anita Sims: October Financials, Cash Flow, Deposit transparency progress 9:18 PM (ET)

The interim CFO went over the financial documents covering October. The interim CFO’s narrative of these reports is appended to these minutes. In answer to a question the interim CFO said that KPFK’s increase in expenses was due to severance pay which was due to terminations.

There was a discussion of the way that Web site revenue is dealt with by different stations. Some stations include it in Listener Support and some do not. The interim CFO said that she did not know why stations handle this item differently.

In answer to a question the interim CFO said that she’s in the middle of doing a breakout of the revenue with respect to large donors as opposed to membership and that she would send the committee an addendum report on this.

The interim CFO said that she wanted to see more information from the customer relationship management software *Allegiance* regarding some questions with respect to differences possibly related to Chart of Accounts issues, premiums as related to revenue and other issues. In answer to a question she said that she would like to get together with the Business Managers and see about standardizing how these various items are accounted for so that we can compare apples to apples.

The interim CFO said that KPFT showed about \$54,000 in revenue YTD and in the prior year they showed about \$136,000. She said that the difference was in the Listener Support line where in the prior year they'd had about \$126,000 but this year they were showing only about \$51,000 which shows a swing of about \$75,000. She said that Expenses were about the same. She said the YTD Net Income was a loss of about \$13,000. She said that for the prior year the station was about \$74,000 in the black.

The interim CFO said that WBAI showed an improvement with Total Revenue of about \$93,000 for October while the prior year showed about \$57,000 for about a \$35,000 swing. She said that the station's expenses were a little higher, by about \$17,000. She said that most of that variance is in Administration, but she has not dug deeply enough to see where the variance is but that she'd let us know. She said that YTD the station was showing a loss of about \$31,000 but the prior year had shown a loss of about \$49,000 so about an \$18,000 improvement.

She said that WPFW showed a Total Revenue of about \$212,000 and the prior year was about \$228,000 so they have a decline of about \$16,000. She said that expenses were a little over in Personnel Costs by about \$6,700 and that Administration Expenses were about \$26,000 more this year. She said she would look into what caused that. She said that they had a decline of about \$37,000.

A member asked why the "Monthly Income Statement For the Twelve Months Ending October 31, 2020" spreadsheet and the document "Pacifica Foundation Financial Narrative for October 2020" seemed to have different numbers. The interim CFO said that she was reading from the spreadsheet and that she'd look at the narrative to see why they're different.

There was a discussion about the line Consultant/Temps/Contractuals of WBAI. It was suggested that the difference is because WBAI had been taken over last year so there were no such expenses last October.

The interim CFO said that she was tracking the Pacifica Affiliates Network now, and she has no information about prior years for them.

In answer to a question the interim CFO said that she couldn't explain the large increase in the Taxes, Fees line for WPFW but that she'd find out and send an E-mail to the committee. It was suggested that those expenses may just be on the wrong line.

There was a discussion about corporate matches and getting members to re-subscribe before their membership lapses. Credit card statements were also discussed since NETA doesn't see them. The Chair said he was hoping to do more about that in the future. There was a discussion of NETA contacting the interim Executive Director when they need information but are not getting it. The interim CFO said that budgets should come to NETA first so they can write up notes, ask questions and submit them to the NFC for review and from there we could build some continuity.

In answer to a question the interim CFO said that she hadn't written to the committee detailing why she believes that Pacifica is at a "tipping point" yet because they have done a lot of work on it but she didn't feel comfortable about sharing it yet. She said that she'd heard the day before from one of the Business Managers about how they are trending on a daily basis and she wants to make that change to the cash flow, but as soon as she finishes it she'll send it to the committee. She said she wanted to make some observations on it to go with the spreadsheet. She also said that NETA does not get to see the outstanding payables, and she wants to be able to see those.

There was a discussion of the interim CFO sending the committee a list of who was not cooperating with the audit, as had previously been discussed. The interim CFO said that more information has come in. She said that a first trial balance of the audit would be done this week. She said that she was not comfortable giving names of people who are not cooperating in open session.

Motion: (DeWayne Lark) “To extend the time for this item five minutes.” (Passed without objection) 10:00 PM (ET)

There were discussions about outstanding payables and compliance regarding financial policies by General Managers and interim Executive Directors. The details of the spreadsheets *per se* were discussed. The committee discussed not having looked back to the last six months for stations that are not doing well.

Motion: (James Sagurton) “To extend the time for the meeting to 10:17 PM (ET).” (Passed without objection) 10:07 PM (ET)

Schedule Budget presentations and review 10:07 PM (ET)

The Chair emphasized that the committee needs to start looking at the budgets in detail. He asked what preferences members had for getting to the budgets. It was suggested that the committee do the easiest budgets first. Another suggestion was that the stations whose budgets were already being looked at by NETA be the first to be considered. The interim CFO said that she could do a narrative for the committee and contact General Managers and Business Managers about their budgets. Another suggestion was to go over the smaller budgets first. The interim CFO said that she could get back to the committee by next week regarding what order to consider the budgets in.

The Chair asked if there was any objection to skipping the Central Services Formula agenda item and going to the next item on the agenda after it. There was no objection.

Reports from stations on Budget Timeline progress 10:17 PM (ET)

KPFT - the KPFT Director said that due to the politics of the KPFT LSB and local Finance Committee that it was not likely that any progress will be made and that he didn't anticipate any further action. The KPFT Treasurer said that the KPFT LSB has passed a motion and sent it to the interim Executive Director regarding matters that would affect the station's FY21 budget. She said that they are waiting for a new General Manager and the local Finance Committee Chair to call them to meet. She said that if KPFT can't come up with a budget she hoped that the NFC would be strict on the issue. She asked the committee to help.

KPFK - The KPFK Treasurer said that last month the KPFK LSB passed a motion from the local Finance Committee to reject Management's FY21 budget. He said that it had gone through six or seven iterations, that the local Finance Committee Chair had met with Management to get a FY21 budget the LSB could accept, but the budget they got was unacceptable. He said that KPFK didn't have a budget to present to NFC, and that the people on the local Finance Committee were willing to work with the NFC and change the last draft budget proposal from Management. He said that their suggestions were not incorporated into the station's draft FY21 budget, that Listener Support revenue was not documented or presented in an acceptable way, and that it was unrealistic. He said they couldn't discuss salaries because they're under negotiation, and that the cuts were not enough. The KPFK Director agreed with the

Treasurer. She said that there are also issues with regard to Central Services the need to be taken up.

There was a discussion of KPFK's issues with a draft FY21 budget. It was noted that if the NFC and KPFK put it together it should follow PNB guidelines which mandate a 30% cost reduction.

Adjourned 10:32 PM (ET)

Submitted by R. Paul Martin, Secretary.

Appendix

Pacifica Foundation Financial Narrative for October 2020

Financial Dashboard

Consolidated Report

Consolidated net operating gain or loss w/o depreciation: Net income YTD through October 31, 2020 is \$169K vs. \$250K net income YTD as of last October showing an overall decrease in income of \$81K.

Total Revenue: Total revenue YTD through October 2020 is \$1.1M vs \$1.3M YTD October 2019, a decrease of \$182K or 14%.

Total Expenses: Total expenses YTD through October 2020 are \$935K vs. \$1.03M YTD October 2019, a decrease of \$100K or 10%.

KPFA

KPFA shows a gain for the period of \$29K compared to a prior YTD gain of \$87K. This is due to a 22% decrease in income.

KPFK

KPFK shows a gain for the period of \$67K compared to a prior YTD gain of \$133K. This is due to a 5% decrease in income.

KPFT

KPFT shows a loss for the period of \$13K compared to a prior YTD gain of \$74K. Despite a 60% drop in income.

WBAI

WBAI shows a loss for the period of \$31K compared to a prior YTD loss of \$50K. Revenue has increased 63% and expenses have increased 20%.

WPFW

WPFW shows net gain of \$65K for the period compared to prior YTD gain of \$103K.

Profit & Loss Statement

Revenue

Total Revenue YTD through October 2020 is \$1.1M vs \$1.3M YTD October 2019, a decrease of \$181K or 14%.

Listener Support is a little below prior year at \$935K vs \$979K for October 2019, a decrease of \$44K.

Major Donor Revenue for YTD through October 2020 is \$25K vs. \$6,500 YTD October 2019, an increase of \$18K.

Donations for YTD through October 2020 is \$1,400 vs. \$185K YTD October 2019, a decrease of \$183K.

Total revenue by unit:

KPFA shows a decrease of \$89K or 22% over FY20.

KPFB shows a decrease of \$22K or 5% over FY20.

KPFT shows a decrease of \$83K or 60% over FY20.

WBAI shows an increase of \$36K or 63% over FY20.

WPFW shows a decrease of \$16K or 7% over FY20.

NO shows a decrease of \$23K or 61% over FY20.

PRA shows an increase of \$4K or 206% over FY20.

Expenses

Total Expenses through October 2020 are \$934K vs. \$1M YTD October 2019, a decrease of \$100K or 10%.

KPFA shows a decrease of \$31K or 11% over FY20.

KPFB shows an increase of \$44K or 18% over FY20.

KPFT shows an increase of \$5K or 10% over FY20.

WBAI shows an increase of \$17K or 20% over FY20.

WPFW shows an increase of \$22K or 20% over FY20.

NO shows a decrease of \$177K or 73% over FY20.

PRA shows no change over FY20.

Personnel expenses for the period October – October are higher than FY20 at \$592K vs. \$557K for FY20.

KPFA shows an increase of \$6.6K or 4% over FY20.

KPFB shows an increase of \$41K or 23% over FY20.

KPFT shows an increase of \$6K or 27% over FY20.

WBAI shows no change over FY20.

WPFW shows a decrease of \$6.7K or 12% over FY20.

NO shows a decrease of \$30K or 65% over FY20.

PRA shows no change over FY20.

Administrative expenses for YTD through October 2020 are \$219K vs \$315K YTD October 2019, a decrease of \$97K or 31%.

Programming expenses for YTD through October 2020 are \$62K vs \$80K YTD October 2019, a decrease of \$17K or 21%.

Development expenses YTD through October 2020 are \$58K vs \$74K YTD October 2019, a decrease of \$15K or 21%.

Community/Special Events expenses YTD through October 2020 are \$2K vs \$6K October 2019, a decrease of \$4K or 64%.

Net Income/Loss w/o Depreciation overall YTD through October 31, 2020 is \$169K vs. \$250K net gain YTD as of last October showing an overall decrease in income of \$81K.

KPFA YTD through October 2020 is \$29K vs \$87K in 2019, a decrease of \$58K.

KPFK YTD through October 2020 is \$67K vs \$133K in 2019, a decrease of \$66K.

KPFT YTD through October 2020 is (\$14K) vs \$74K in 2019, a decrease of \$88K.

WBAI YTD through October 2020 is (\$31K) vs (\$50K) in 2019, an increase of \$19K.

WPFW YTD through October 2020 is \$65K vs \$103K in 2019, a decrease of \$37K.

NO YTD through October 2020 is \$67K vs (\$91K) in 2019, an increase of \$158K.

PRA YTD through October 2020 is (\$2K) vs (\$6K) in 2019, an increase of \$4K.