

Minutes for the regular National Finance Committee meeting November 30, 2021.

Meeting convened at 8:34 PM (ET) a quorum being present, the Chair and Secretary being present.

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Attending: Sharon Adams, Teresa J. Allen, Nick Arena, Fred Blair, Lynden Foley, Elizabeth von Gunten, Julie Hewitt, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO).  
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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. Schedule an executive session to review the Audit Letter (5 minutes)
7. Report, if available from the Pacifica Executive Director (10 minutes Report and Q&A)
8. Report on the application for an EIDL Loan (Economic Injury Disaster Loan) (interim CFO 10 minutes)
9. Interim CFO Report (20 minutes Report and Q&A)
10. Review the year-end September Financials (interim CFO Reporting and Q&A 50 minutes)
11. Budget Timelines and schedule for NFC review of budgets for FY 2022 (5 minutes)
12. Unfinished business with the National Office; compile a list to share with the NO 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 8:37 PM (ET)

"We are sad to report tonight that Jose Guitierrez, Pacifica Affiliate Director and long time radio host from KAOS in Olympia Washington, has passed away reportedly from an infection of Covid 19. He was 44 years old. It is significant to me and perhaps all of us that among the last things he decided to do in his life was to join us at Pacifica as an Affiliate Director on the Pacifica National Board in spite of an ongoing serious medical condition.

Tonight we will review the year end September 2021 Financials.

We did not have the year end September Financials for review until now because the necessary information had not been received from the stations in a timely manner.

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

The process of making an application for a Pacifica EIDL Loan (Emergency Injury Disaster Loan) has begun.”

Minutes Approval 8:39 PM (ET)

**Motion:** (R. Paul Martin) “To approve minutes of the November 9, 2021, NFC meeting.”  
(Passed without objection)

Schedule an executive session to review the Audit Letter 8:40 PM (ET)

**Motion:** (James Sagurton) “The NFC resolves to schedule an executive session for the December 14, 2021, meeting to review the recommendations contained in the confidential Management Letter from the FY20 audit.” (Passed without objection)

The Committee discussed the motion.

Report, if available from the Pacifica Executive Director 8:47 PM (ET)

The interim Executive Director was not at the meeting.

Report on the application for an EIDL Loan 8:47 PM (ET)

The interim CFO said that NETA would be facilitating the application for the remaining \$1.5 Million that Pacifica was eligible for in the Economic Injury Disaster Loan (EIDL). She said that the Small Business Administration had wanted to see a copy of Pacifica’s FY20 990 form from the Internal Revenue Service, and that had been sent to them. She said that she was hoping that Pacifica would get the money in three to four weeks. She said that NETA is making sure that the SBA has all the financial information they need.

Interim CFO Report 8:54 PM (ET)

The interim CFO said that NETA had received the engagement letter from the auditors that had gone to the interim Executive Director. She said that the plan was to communicate with the auditors and schedule the start of the FY21 audit, and that the audit would probably start after the New Year holiday. She said that the date would be disclosed as soon as they arrive at it. She said that NETA was working closely with the stations with regard to cash flow. She said that there were some concerns, but that all of the stations did make payroll for the last pay period. She said that the EIDL will be important.

The committee discussed the duration of Pacifica’s engagement with the current auditing firm. The interim CFO said that she thought that since this would be the fourth consecutive year that Rogers & Company had done the Pacifica audit and that since NETA has been working with Pacifica and there weren’t multiple audits to do that the audit would be easier to do this time. She said that once the start date is agreed on she thought that the FY21 audit would go fairly easily. She said that if the stations have things reconciled it should not take months and months to get the audit accomplished.

In answer to a question the interim CFO said that WBAI was two months (October and November) behind in paying the Tower Rent to 4 Times Square. She said that the WBAI General Manager was concerned that if the station became three months behind in its rent payments that 4 Times Square could take the station off the air and the General Manager had said that the situation was “pretty dire.” She said that she was talking to the interim Executive Director to make sure that this doesn’t happen and to see how NETA can help. The Chair said that the WBAI General Manager had said that he could work something out with 4 Times Square. The interim CFO said that money is being cobbled together to catch up on the Tower Rent. The interim CFO also reported that WBAI was four to five months behind on paying health insurance premiums, and that the station has not been able to pay its Central Services fees. She said that WBAI’s health care provider told NETA that they would send out letters to WBAI Paid Staff if they were going to terminate coverage due to non-payments of health care premiums.

In answer to a question the interim CFO said that KPFK was able to pay a few bills and had made payroll. She said that they had about \$44,000 cash in bank. She said that KPFK was also behind with some health benefits payments.

#### Review the year end September Financials 9:24 PM (ET)

The committee went over the Monthly Income Statement For the Twelve Months Ending September 30, 2021. The interim CFO said that the ending numbers could change once the audit gets started.

She said that for all of Pacifica Net Income YTD through September 30, 2021, was about \$308,000 vs. about \$900,000 Net Income YTD as of last September showing an overall decrease in income of about \$592,000. She said that this was due to the recognition of the second Paycheck Protection Program (PPP) loan of about \$1.2 million that had been forgiven in full. There was a discussion of how the PPP revenue was being accounted for. (The interim CFO’s “Pacifica Foundation Financial Narrative for September 2021” is appended to these minutes.)

The committee discussed with the interim CFO the usefulness of a revised, uniform Chart of Accounts after it was noted that a large bequest had arrived in the Summer of 2020, and that it might have contributed to the overall decrease in income for FY21.

The committee discussed the Income Statement showing the accrual of Central Services payments and the fact that this does not mean that the Central Services payments were actually made.

The committee discussed phone costs at KPFK which appeared to be much larger than usual. Various theories were floated to explain the increase in that line. The interim CFO said that they would need to go over the entire year to find out what was happening with that increased expense. The interim CFO said that Pacifica and KPFK Management has been working on the phone bills and were trying to buy out the contract but they may not have the cash to do that.

There was a discussion of whether or not the preliminary numbers from the Income Statement

should be shared with the LSBs.

The KPFT Treasurer asked if the interim Executive Director or interim CFO had been meeting with the KPFT Development Director or Business Manager. She said that KPFT's last on-air fund raiser instead of having a \$300,000 goal had a goal of \$100,000 which she said was so low that it was asking for trouble. She said that the station needed to increase its revenue. The interim CFO said that she would be happy to join a call with the KPFT Treasurer and Staff to discuss this.

**Motion:** (Lynden Foley) "To extend the time for this meeting by 15 minutes." (Passed without objection) 10:23 PM (ET)

The interim CFO said that WBAI was showing a Net Income of about \$61,000 vs. a Net Loss of about \$380,000 for FY20, and so WBAI was about \$441,000 better than the prior year. She said that this was mostly the result of the PPP revenue and a large bequest.

In answer to a question the interim CFO said that about \$60,000 of the \$200,000 bequest to WBAI had been allocated to help pay off the principal of the FJC loan. She said that a cash flow would show where stations were really at. She said she'd love to do an analysis for each station.

The interim CFO said that WPFW was showing a Net Income of about \$215,000 vs. a Net Loss of about \$102,000 for FY20 which was about \$317,000 better than the prior year and the PPP money was included.

The interim CFO said that next year the Income Statements will have prior year information for the Pacifica Affiliates Network, since they were only included in FY21.

The interim CFO said that Pacifica Radio Archives had had a good year ending with Net Income of about \$125,000 vs. a prior yr of about \$34,000.

The Chair said that since the year-end financials had been reviewed by the NFC we could pass these spreadsheets on to the local Finance Committees and LSBs. The interim CFO said that if we shared them we should tell the local Finance Committees and LSBs that the numbers are pre-audit and there will be changes.

Adjourned 10:41 PM (ET)

Submitted by R. Paul Martin, Secretary.

## **APPENDIX**

### **Pacifica Foundation Financial Narrative for September 2021**

#### **Financial Dashboard**

#### **Consolidated Report**

Consolidated net operating gain or loss w/o depreciation: Net income YTD through September 30, 2021 is \$308K vs. \$900K net income YTD as of last September showing an overall decrease in income of \$592K. This is due to recognition of the second PPP loan of \$1.2M that was forgiven in full. PPP1 loan was forgiven in December 2020 and accrued in to FY20 during the audit.

**Total Revenue:** Total revenue YTD through September 2021 is \$11.8M vs \$12.4M YTD September 2020, an decrease of \$622K or 39%.

**Total Expenses:** Total expenses YTD through September 2021 are \$11.46M vs. \$11.49M YTD September 2020, a decrease of \$30K or 0%.

### **KPFA**

KPFA shows income for the period of \$1.2M compared to prior YTD income of \$57K. (PPP1 \$441K; PPP2 \$450K)

### **KPFK**

KPFK shows a loss for the period of \$53K compared to a prior YTD loss of \$640K. (PPP1 \$394K; PPP2 \$342K)

### **KPFT**

KPFT shows a loss for the period of \$75K compared to a prior YTD loss of \$36K. (PPP1 \$58K; PPP2 \$59K)

### **WBAI**

WBAI shows income for the period of \$61K compared to a prior YTD loss of \$380K. (PPP1 \$127K; PPP2 \$129K)

### **WPFW**

WPFW shows income of \$215K for the period compared to prior YTD loss of \$102K. (PPP1 \$141K; PPP2 \$132K)

## **Profit & Loss Statement**

### **Revenue**

**Total Revenue** YTD through September 2021 is \$11.8M vs \$12.4M YTD September 2020, a decrease of \$623K or 39%. (PPP \$1.2M)

**Listener Support** is above prior year at \$8.2M vs \$7.8M for September 2021, an increase of \$416K.

**Major Donor Revenue** for YTD through September 2021 is \$810K vs. \$582K YTD September 2020, an increase of \$228K.

**Donations** for YTD through September 2021 is \$200K vs. \$866K YTD September 2020, a decrease of \$665K.

**Total revenue by unit:**

KPFA shows an increase of \$1.29M or 36% over FY20. (PPP1 \$441K; PPP2 \$450K)

KPFK shows an increase of \$327K or 12% over FY20. (PPP1 \$394K; PPP2 \$342K)

KPFT shows a decrease of \$42K or 6% over FY20. (PPP1 \$58K; PPP2 \$59K)

WBAI shows an increase of \$360K or 27% over FY20. (PPP1 \$127K; PPP2 \$129K)

WPFW shows an increase of \$369K or 26% over FY20. (PPP1 \$141K; PPP2 \$132K)

NO shows a decrease of \$3.3M or 135% over FY20. (PPP1 \$58K; PPP2 \$35K)  
(Auditors only affected PNO for accrual of PPP1 so offset to show unit income results in large loss here)

PRA shows an increase of \$94K or 68% over FY20. (PPP1 \$47K; PPP2 \$48K)

**Expenses**

**Total Expenses** through September 2021 are \$11.46M vs. \$11.49M YTD September 2020, a decrease of \$30K or 0%.

KPFA shows an increase of \$170K or 6% over FY20.

KPFK shows a decrease of \$260K or 9% over FY20.

KPFT shows a decrease of \$3K or 1% over FY20.

WBAI shows a decrease of \$81K or 5% over FY20.

WPFW shows an increase of \$52K or 4% over FY20.

NO shows a decrease of \$137K or 7% over FY20.

PRA shows an increase of \$3K or 1% over FY20.

**Personnel** expenses for the period October – September are \$225K less than FY20 at \$6.2M.

KPFA shows an increase of \$149K or 7% over FY20.

KPFK shows a decrease of \$339K or 17% over FY20.

KPFT shows a decrease of \$36K or 14% over FY20.

WBAI shows a decrease of \$1K or 0% over FY20.

WPFW shows a decrease of \$31K or 5% over FY20.

NO shows a decrease of \$129K or 37% over FY20.

PRA shows a decrease of \$705 or 0% over FY20.

**Administrative** expenses for YTD through September 2021 are \$3.02M vs \$3.05M YTD September 2020, a decrease of \$25K or 1%.

**Programming** expenses for YTD through September 2021 are \$963K vs \$865K YTD September 2020, an increase of \$98K or 10%.

**Development** expenses YTD through September 2021 are \$1M vs \$953K YTD September 2020, an increase of \$58K or 6%.

**Community/Special Events** expenses YTD through September 2021 are \$20K vs \$70K September 2020, a decrease of \$50K or 72%.

**Net Income/Loss w/o Depreciation** overall YTD through September 31, 2021 is \$308K vs. \$900K net income YTD as of last September showing an overall decrease in income of \$592K (PPP loan forgiveness \$1.2M).

KPFA YTD through September 2021 is \$1.2M vs \$57K in 2020, an increase of \$1.1M. (PPP1 \$441K; PPP2 \$450K)

KPFK YTD through September 2021 is (\$53K) vs (\$640K) in 2020, an increase of \$587K. (PPP1 \$394K; PPP2 \$342K)

KPFT YTD through September 2021 is (\$75K) vs (\$36K) in 2020, a decrease of \$39K. (PPP1 \$58K; PPP2 \$59K)

WBAI YTD through September 2021 is \$61K vs (\$380K) in 2020, an increase of \$441K. (PPP1 \$127K; PPP2 \$129K)

WPFW YTD through September 2021 is \$215K vs (\$102K) in 2020, an increase of \$317K. (PPP1 \$141K; PPP2 \$132K)

NO YTD through September 2021 is (\$1.1M) vs \$2M in 2020, a decrease of \$3.1M. (PPP1 \$58K; PPP2 \$35K) (Auditors only affected PNO for accrual of PPP1 so offset to show unit income results in large loss here)

PRA YTD through September 2021 is \$125K vs \$34K in 2020, an increase of \$91K. (PPP1 \$47K; PPP2 \$48K)