

Approved Minutes
(Approved on May 21, 2020)
Regular Pacifica National Board Open Session
 Teleconference Meeting
Thursday, May 7, 2020 8:30 pm ET
All times are Eastern Time
(meeting notice appended to the end of this agenda)

Directors:

Grace Aaron, KPFFK, Listener	Ralph Poynter, WBAI, Listener
Robin Collier, KCEI, Affiliate	Sandra Rawline, KPFT, Listener
Chris Cory, KPFA, Listener	Lawrence Reyes, KPFFK, Listener
Vanessa Dixon-Briggs, WPFW, Listener	Shawn Rhodes, WBAI, Staff
Lynden Foley, KPFT, Listener	Eileen Rosin, WPFW, Listener
Jan Goodman, KPFFK, Listener	James Sagurton, WBAI, Listener
Heather Gray, WRFG, Affiliate	Nancy Sorden, WPFW, Listener <i>late</i>
Sabrina Jacobs, KPFA, Staff	Alex Steinberg, WBAI, Listener
Wally James, KPFT, Staff	Akio Tanaka, KPFA, Listener
DeWayne Lark, KPFT, Listener	Polina Vasiliev, KPFFK Staff
Ron Pinchback, WPFW, Staff <i>excused</i>	Tom Voorhees, KPFA, Listener

Others:

Lydia Brazon, Interim Executive Director
 Anita Simms, Interim Chief Financial Officer
 John Tatum, Parliamentarian
 Otis Maclay

Alex Steinberg, Chair, calls the meeting to order at 9:04 pm

Item # Description	Time
1. Preliminary items	5 min.
A. Call to Order by Alex Steinberg, Chair	
B. Roll Call – 21 members are present constituting a quorum. 9:04 pm	
C. Chair reads Report Out from PNB Closed Session of April 30, 2020: The PNB dealt with personnel and proprietary matters.	
D. Excused Absences – The absence of Ron Pinchback is excused without objection.	
E. Identify Timekeepers – Topics: Lynden Foley, People: Lawrence Reyes	
2. Agenda Approval	5 min.
Eileen Rosin moves that an agenda item be added to allow George Walter, NETA Accountant, to explain accounting principles. This item to be placed after the iED Report.	
Motion passes: Yes: 11, No: 10	
Yes: Collier, Cory, Foley, Goodman, Jacobs, James, Poynter, Rawline, Rosin, Sorden, Tanaka	
No: Aaron, Dixon-Briggs, Gray, Lark, Reyes, Rhodes, Sagurton, Steinberg, Vasiliev, Voorhees	

Agenda as amended is adopted by a vote of: Yes: 14, No: 3, Abstain: 4

Yes: Aaron, Collier, Cory, Dixon-Briggs, Foley, Goodman, Gray, Jacobs, James, Rawline, Rosin, Sorden, Steinberg, Tanaka

No: Lark, Poynter, Reyes,

Abstain: Rhodes, Sagurton, Vasiliev, Voorhees

3. Minutes Approval – April 30, 2020 Open Session Minutes are approved. 9:32 pm **3 min.**

4. Motion to move into Closed Session at the time certain of 10 pm. – Alex Steinberg **3 min.**

Lawrence Reyes amends the time certain to 10:15 pm. Time certain change approved without objection. 9:35 pm

5. Committee & Task Force Reports **14 min.**

a) **Governance Committee** **9:39 pm** **5 min.**

b) **Coronavirus Task Force** **9:50 pm** **3 min.**

6. iED Report & Q & A – Lydia Brazon **15 min.**

Motion recommended by iED and put forward by Steinberg and Aaron:

All Pacifica Foundation Inc stations and units shall notify the CFO, Senior Controller and Executive Director (iED) in advance of applying for any loans or grants to ensure that station and unit applications do not conflict with submissions of same by the PNO or other units.

Motion passes without objection. 10:10 pm

7. Presentation by George Walter, NETA CPA (written report in Appendix) **10 min.**

Adjourn at 10:26 pm

The following motions will be carried over to the next PNB Open Session

8. Motion to Authorize a Personnel Task Force – Dewayne Lark **10 min.**

I, DeWayne Lark (PNB Director, KPFT-Houston) move that the PNB authorize a Personnel Task Force to review and report the status of current staffing at the station and national office. Additionally, the Task Force shall review current and proposed union and (non union) contractor contracts and make recommendations to the PNB regarding how best to move forward with future union and non union agreements. The Task Force should seek to submit a report to the PNB within 96 days from the date this motion is adopted.

Respectfully Submitted

DeWayne Lark, Vice-chair PNB 2020

9. Motion on KPFT Finances – Dewayne Lark **10 min.**

Whereas, KPFT-Houston has struggled financially in all phases of finances, however it has dutifully sacrificed to meet its financial commitments to the Foundation's National Office.

Whereas, this has caused KPFT to neglect infrastructure and employee needs, the time has come for special consideration of its neglected status.

Therefore, I move that KPFT be exempted from its National Office Central Services commitments for a period of 12 months. In addition to this, that upon the Foundation receiving the anticipated stimulus funds, that KPFT's infrastructure and equipment deficiencies be given upmost priority in any disbursements to the Foundation subsidiaries (stations).

Respectfully Submitted,
DeWayne Lark Director KPFT-Houston

10. Motion to Rescind the following Motion adopted on April 30, 2020 – Chris Cory 10 min.

Whereas the "MOTION on Accurate Recording of Interdivisional Income and Expenses" does not ensure accurate recording and does not comport with Generally Accepted Accounting principles, I move to rescind and amend the motion to reflect the guidance of our accounting professionals.

MOTION on Accurate Recording of Interdivisional Income and Expenses - The Management Team (Alex Steinberg, Chair, Dewayne Lark, Vice Chair, Grace Aaron, Secretary, Lydia Brazon, iED)

(Due to some confusion a few members and especially new members have expressed about this Motion, the Management Team has added a preamble and modified the motion slightly. The preamble is in italics. The modified Motion itself is in regular type. The Motion as presented in the PNB Meeting of April 23rd is in the posting of this meeting in the Appendix.)

The purpose of this Motion is twofold. First, to remove the income from the sale of the National Office building from the KPFA books in 2018 and add it to the income of the Pacifica Foundation managed by the National Office. Second, to remove all expenses related to the settlement with the Empire State Realty Trust, including the loans, from the WBAI books and add it as an expense of the Pacifica Foundation as a whole. This will give NETA guidance as to how the National Board wishes to categorize these particular transactions.

Because the income of KPFA was increased incorrectly by \$927,000 in 2018 and because about \$500,000 in expenses from the settlement and loans was added to WBAI's books in 2018 it made the KPFA operations look a lot better than they actually were and it made WBAI's operations look a lot worse than they actually were. This misleading information was used to justify the shutdown of WBAI. The shutdown resulted in a loss of about \$400,000 for Pacifica. We want to correct the books so that this incorrect allocation of credits and debits will not be used in the future to shut down WBAI again. Straightening out this misleading financial information will also, hopefully, reduce the factional divide on the PNB due, at least in part, to the way these transactions were 'booked'.

This shift in accounting notations will not affect Pacifica's overall financial reports in toto, but will give a truer picture of the actual performance of KPFA and WBAI.

All assets, including real estate assets, are owned by the Pacifica Foundation and can only be sold or encumbered at the direction of the Pacifica National Board. The income derived from the sale or encumbrance of any asset, including real estate assets, is recorded as National Office income. Stations running their operations out of Pacifica Foundation real estate assets are responsible for maintenance and local property tax costs for the property they are occupying, just as stations that are running their operations out of rented facilities are responsible for the payment of the rent.

The National Board negotiated and completed a settlement with the Empire State Realty Trust. The National Board needed to raise money to fulfill this settlement and did so by approving the sale of the National Office building at 1921-1925 Martin Luther King, Jr. Way, Berkeley, CA and by taking out a loan collateralized by the 3 other Pacifica Foundation owned properties in Los Angeles, Berkeley and Houston.

It was and is the clear intent of the Pacifica National Board to have the Pacifica Foundation as a whole assume all liability associated with the settlement with the Empire State Realty Trust including all related expenses, loan interest, fees and principal payments.

The PNB directs NETA to enter all proceeds from the sale of 1921-1925 MLK Way in 2018 as income to the Pacifica Foundation in a 'gain/loss from sale of asset' line item.

Further, the PNB directs NETA to remove any and all expenses related to the ESRT settlement and related loan expenses from WBAI's books in 2018, 2019 and moving forward. It is noteworthy that the \$3.2 million loan and ESRT settlement reset the allocation of transactions and assets for accounting purposes.

11. Motion on Pacifica Affiliate Network – Robin Collier and Heather Gray 10 min.

Whereas, on April 4, 2019 the PNB adopted the recommendations of the Executive Director of the Pacifica Foundation to establish that the Pacifica Affiliate Network be recognized as a separate department, and the PNB affirmed the importance of the discrete financial management, accounting and reporting for the Pacifica Affiliates Network, and that now, in actuality this functionally is the same as it being a unit of Pacifica. Therefore, the Pacifica National Board now resolves that the Pacifica Affiliates Network be recognized and named a Unit of the Pacifica Foundation.

APPENDIX

Pacifica Foundation Issues for the 9/30/2018 audit

Prepared by: George Walter, CMA, CPA (non-attesting), Senior Controller – Audit, NETA. George Walter, NETA CPA,

Report to National Board regarding adding the income from the sale of the National Office property at 1921-1925 Martin Luther King, Jr. Way, Berkeley, CA to KPFA's Revenue

Pacifica Foundation Issues for the 9/30/2018 audit Prepared by: George Walter, CMA, CPA (non-attesting), Senior Controller – Audit, NETA. Discussion of the matter to move the gain related to accumulated depreciation from KPFA to the national office Introduction: Between taking out two loans and selling a building to satisfy the arrears to the ESRT, Pacifica wished to show related expenses, income, assets, and liabilities on the books in a way that would neither seem to charge a given unit for operating with accumulated losses nor make another unit look like it received more income than it actually did from normal operations. Skipping over a great deal of detail, a non-accountant consultant to Pacifica has proposed moving the gain related to accumulated depreciation from KPFA to the national office in a way that NETA finds unethical, as explained below. This amount is \$600,833. Details of the full transaction as recorded follow: Sale made 6/12/18 Attribute to: Debits Credits Sale price KPFA (\$1,100,000) Rent Deposit PNO \$4,500 Legal and other charges KPFA \$8,841 (\$150) Rent 6/12-7/1/18 PNO \$2,850 Title charges KPFA \$225 Escrow for loan interest PNO \$379,556 Transfer taxes KPFA \$9,460 Property taxes KPFA (\$525) Repay loan-Pacifica Supporters PNO \$500,000 Interest expense on supporter loan WBAI* \$10,031 Commissions KPFA \$55,000 Cash to PNO PNO \$128,463 Cash to PNO PNO \$1,749 Bldg Improvements-studio/office - admin KPFA (\$700,000) Land - Administration KPFA (\$200,000) Accum. Deprec. associated with building KPFA \$600,833 Gain/loss on sale KPFA \$299,167 \$1,100,675 (\$1,100,675) * This interest was, by default, originally charged to WBAI since the supporter loan was used primarily to pay a portion of the unpaid rent and restoration fees for the WBAI transmitter site. Subsequently, it was moved to PNO per ED order and board wishes. At the time of refinancing, the bridge loan with the nonprofit lender loan, it was repeated that all debt related to paying WBAI's back rent would be a PNO liability shared among all divisions. [Please note: We have noticed that there seems to be widespread misapprehension about the nature of the PNO. The PNO is an operating division, not some sort of parent company to the others. All divisions are part of the Foundation.] Our rationale for keeping the gain within the KPFA division is as follows: • Since the asset was on the books of KPFA for decades, and was purchased with KPFA fundraising, it does not make sense to show the gain on sale anywhere else. o Depreciation of \$600,833 has been expensed on KPFA's books over the years and remains as a reduction in net assets for KPFA. Recognizing the gain with KPFA merely replaces what has been deducted previously. There is no objective basis to move it to PNO, and in fact, doing so would leave a permanent deficit in KPFA's net assets. • Doing so would violate several Generally Accepted Accounting Practices (GAAP), including: o Principle of Consistency ♣ Accountants commit to applying the same standards throughout the reporting process, from one period to the next, to ensure financial comparability between periods. o Principle of Sincerity ♣ The accountant strives to provide an accurate and impartial depiction of a company's financial situation. • Doing so would violate several parts of the IMA Statement of Ethical Professional Practice, including: 1 o Competence ♣ Provide decision-support information and recommendations that are accurate, clear, concise, and timely. o Integrity ♣ Abstain from engaging in or supporting any activity that might discredit the profession. o Credibility ♣ Communicate information fairly and objectively. Arguments made by non-accountant consultant for doing the adjustment, with responses: • "The cash was deposited into a PNO checking account." o That may be so but it was corrected via inter-company balancing entries. At the time of the deposit, the IED

and staff accountants would not have known on whose books the building resided. o Staff at the time did not even record the deposit. It was a cash account reconciling item until recorded by NETA in preparation for the audit. • “Showing a gain on KPFA’s books overstates KPFA operating income.” o The readers of financial statements are expected to meet the standard of being a “reasonable person,” where the reader would understand that something like a gain on sale of building is a non-recurring item and does not reflect on the operating results on an ongoing basis. o Since the PNO does not have a building and likely never has had one, it would look very unusual to show that there was a gain on the sale of a building. • “The PNB has passed the following motion: MOTION on Accurate Recording of Interdivisional Income and Expenses” 1 Institute of Management Accountants. IMA's overarching ethical principles include: Honesty, Fairness, Objectivity, and Responsibility

All Times Eastern

[Back to the Calendar](#)

Thursday, May 7, 2020

Pacifica National Board

Purpose: Regular meeting of the PNB.

Regular meeting of the PNB.

Alex Steinberg

Posted: 01/04/2020 - 11:50 PM

Streamed [Here](#) The direct link is <http://kpftx.org:6280> Also [Here](#)

8:30 PM ET

Teleconference

[Committee Members](#)

pnbalex@gmail.com

Updated :01/04/2020 - 11:50 PM

[Back to the Calendar](#)