

Draft Minutes for the regular National Finance Committee meeting July 28, 2020.

Meeting convened at 8:44 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Teresa J. Allen, 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. Adopt agenda
3. Roll Call (2 minutes)
4. Approve minutes (2 minutes)
5. The Chair's announcements (2 minutes)
6. Interim CFO Report on the 2018 Audit (20 minutes)
7. Budget Timeline (15 minutes)
8. Formula for Central Services payments (20 minutes)
9. Central Services Formula (45 minutes)
10. New Business (5 minutes)
11. Adjourn no later than 10:15 PM (ET)

Motion: (Fred Blair) "To adopt the agenda" (Passed without objection)

Approve minutes 8:48 PM (ET)

Motion: (R. Paul Martin) "To approve the minutes of the July 14, 2020 meeting." (Passed without objection)

The Chair's announcements 8:49 PM (ET)

The Chair read the following announcements from an E-mail he'd sent the committee:

"Pacifica Foundation's tax returns (990s) were due this week but an extension has been applied for and granted. NETA is working on them.

The June Financials were delivered to our interim CFO today. She will review them and then send them to the Committee, the PNB Officers and the interim Executive Director for review and discussion at our next NFC meeting (August 11, 2020).

WBAI has received notice of a \$210,000 bequest. It has been confirmed that assets are available to fully fund the stated amount. It is my understanding from the GENERAL MANAGER that 30% of this bequest will go to pay for 'the big loan' and the rest will be used to retire other

WBAI obligations.

At the June 11, 2020 Meeting of the Pacifica National Board (PNB) a resolution was adopted that directed, among other things, that, 'all units (excluding the National Office) should provide a plan within 1 week to the NFC, the PNB, the Management Team and the interim Executive Director that balances expenses and revenues if the units in the preceding six months have had expenses that exceeded revenues. (ie, if a station's expenses are exceeding its income by 10% the plan should show an expense decrease of 10%.)' Treasurers are requested to remind their respective General Managers of the need to submit those plans immediately.

Another PNB resolution required the GENERAL MANAGERS to provide NETA with online view only access to their station's bank accounts. The process is not difficult. It will save Pacifica money by reducing the amount of time it takes NETA to do our accounting. It will also save our GENERAL MANAGERS and BUSINESS MANAGERS a lot of effort, as well as facilitate timely accounting and a much improved work flow on our audits.

Our interim Executive Director, Lydia Blazon, will be co hosting with Doug Jones tonight and must do other time sensitive office work and will therefore be unable to join us. KPFA Treasurer Sharon Adams will be driving this evening and will therefore be unable to join us. WPFW Treasurer Nick Arena will be unable to join us tonight."

It was noted that the "Management team" no longer exists.

Interim CFO Report on the 2018 Audit 8:56 PM (ET)

The interim CFO told the committee that NETA is working on the 990s and they're due by August 15, 2020, and due to the auditors before that. She said she was hoping that NETA would get all the needed information. She said that she hoped to send out the June financials tomorrow after she reviews them, and that NETA is running a little bit behind. She said that NETA has heard from stations regarding their FY21 budgets but they haven't received any yet. She said she'd sent out a draft of the FY18 audit, and that there's still a correction she knows took place but it's still there. She said we could talk about it next time. She said that the auditors did add in that they have substantial doubt about the organization's ability to continue as a going concern.

The committee discussed the interim CFO's report. In answer to a question the interim CFO said that she had missed some of the last Audit Committee meeting because she'd been on the NFC call. She said that the interim Executive Director thinks some of the auditor's opinions may affect Pacifica's position in a year or so. The interim CFO said there was also a Management Letter but she didn't have the latest one. She said she'd send it to the committee when she got it. In answer to a question the interim CFO said that the FY18 990s were filed a year ago, and that the FY19 990s were being worked on to be filed by August 15, 2020. A member noted that the FY18 990s are not posted on the Pacifica Web site. The interim CFO said that the FY18 990s were done but they were being amended. The interim CFO said that Note 12 on page 24 of the FY18 audit says that Pacifica has a deficit of more than \$4.6 million. The interim CFO said that

she had just gotten the information regarding how much each station owed in Central Services fees today and that she'd send that information to the committee. In answer to a question the interim CFO said that she didn't have a dollar amount for how much of the Paycheck Protection Program (PPP) loan has been disbursed but said that they have done two months of payroll and benefits payments for all units. She said that they've been paying outstanding bills and they have not exhausted the funds in the PPP loan yet. She said that we will probably go through it by September, and she would send that information to the committee.

There was a discussion of the possible need to amend the PNB motion of June 11, 2020, and of the possible need to put an enforcement mechanism in that motion since none of the plans that had been supposed to have been sent within one week have been sent in yet.

There was a discussion of how long Pacifica should take to spend the funds from the PPP loan. The interim CFO said that the first \$150,000 of the PPP loan has been forgiven. There was a discussion about whether Pacifica has filed for the Economic Injury Disaster Loan (EIDL) in time to get the \$2 million limit. A member says Pacifica had missed the EIDL deadline and would only be eligible for a \$250,000 loan now. In answer to a question the interim CFO said she'd sent an E-mail to the NFC on June 24, about the EIDL.

Budget Timeline 9:32 PM (ET)

The Chair asked the stations' representatives to say how their stations are doing with regard to establishing their draft FY21 budget timelines. The Chair said that the WBAI General Manager had put out a draft FY21 budget on July 4, and that it would be discussed at the next WBAI local Finance Committee meeting on August 5.

The WBAI Treasurer said that the WBAI local Finance Committee had started discussing the WBAI General Manager's very preliminary draft FY21 budget at its July 15, 2020, meeting.

The KPFK Treasurer said that they got a draft FY21 budget from their Business Manager and General Manager an hour or two before their July 8, 2020, local Finance Committee meeting. He said that they've had two meetings since then where they've gone over it in detail. He said the draft FY21 budget is very preliminary and has lots of problems. He said that he's anticipating a second draft for August 10, or August 12, and they will proceed from there.

The KPFT Treasurer said that she's not the Chair of their local Finance Committee and that she would call the Chair of that committee tomorrow and see if a meeting should be scheduled immediately.

The KPFT Director said that the KPFT LSB meeting was cancelled for the month and so the LSB can't instruct the local Finance Committee. He said that too much has been placed on the local Finance Committee and that the KPFT LSB is not addressing the budget or other things.

There was a discussion of the KPFT local Finance Committee. The KPFT Treasurer said that the last local Finance Committee meeting was cut short by a technical problem and that if they can

succeed in getting things done on their local Finance Committee then they can schedule an LSB meeting to approve it. She said that she thought the KPFT General Manager was working on it.

The KPFT Director said that the KPFT local Finance Committee has met too much and that the problem is a lack of leadership from the LSB.

The KPFA Director said that he believed that KPFA had submitted their preliminary budget late last year, and that the NFC might have even approved that budget. He said that there would probably be revisions to that budget.

The WPFW Director said that the WPFW Treasurer has said that there will be a draft budget for next local Finance Committee meeting to consider. She said that the timeline was helpful.

The committee discussed local Finance Committees. The KPFA Director said that KPFA does not have a local Finance Committee.

Call for the orders of the day: (R. Paul Martin) 9:55 PM (ET)

Formula for Central Services payments 9:55 PM (ET)

The committee again discussed a Central Services formula. The Chair noted that this and the next agenda item were the same.

The KPFA Director said he had not sent around the spreadsheet he'd prepared for this item. He said that the numbers would have to be updated from the spreadsheet the committee had previously considered, and he'd get the new spreadsheet to the committee for the next meeting. The committee briefly discussed the three models that the committee has discussed in the past. The possible effect of the Covid-19 pandemic on fund raising was discussed as was the need for the Central Services formula to be realistic and to take into consideration that some stations have not been able to pay their full Central Services fees.

New Business 10:07 PM (ET)

The committee discussed the need to make sure that the General Ledger coding is correct. A member related a miscoding issue she'd seen. The Interim CFO said that the Chart of Accounts is in the templates, and that's how Staff knows where items should go. She said that a Major Donor is someone who donates \$1,000 or more, as per the CPB. She said that she wanted to hear more about revenue being miscoded.

Motion: (DeWayne Lark) "To extend the time for the meeting by 10 minutes." (Passed without objection) 10:13 PM (ET)

The committee continued to discuss the issue of General Ledger coding.

The interim CFO said that NETA has a person working on Pacifica's General Ledger and that she

would send the committee an E-mail with her review of it. She said that we have to make sure that numbers and descriptions match across the board and make sure all stations are using the same codes.

Motion: (Chris Cory) “To extend the time for the meeting by 10 minutes.” (Passed without objection) 10:25 PM (ET)

The KPFFK Treasurer said that their local Finance Committee has met three times this month dealing with the budget and going over financials and they’ve found major miscodings in their budget. He said they had a \$100,000 Major Donor donation in Car Donations. He said that this leads to confusion and screws up your analysis of your income. The KPFA Director said that figuring out how to represent Major Donor donations in budgets is an important issue. He said that extraordinary incidences need to be pulled out of revenue in preparing budgets.

The Chair asked the interim CFO if NETA had been paid since the PPP loan has come through. The interim CFO thanked the Chair for that acknowledgment and said that Pacifica has paid NETA \$200,000, and that there is about \$60,000 in payments to NETA outstanding now, but that things are fairly current at this point.

Adjourned 10:35 PM (ET)

Submitted by R. Paul Martin, Secretary.