

Minutes for the regular National Finance Committee meeting January 14, 2020.

Meeting convened at 8:33 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Nick Arena, Fred Blair, Chris Cory (Chair), Bill Crosier, Lynden Foley, R. Paul Martin (Secretary), James Sagurton, Anita Sims (interim CFO), Nancy Sorden.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll call
3. Approve Agenda
4. Minutes approval (5 minutes)
5. Yahoo Backup/Storage Situation - Continued Discussion (10 minutes)
6. Central Services Formulas Discussion (30 minutes)
7. Anita Sims introduction and reporting with Q&A (20 minutes)
8. P&L discussion from Chair, continued (10 minutes)
9. Set/change/confirm time for next NFC meeting (5 minutes)
10. New Business
11. Adjourn no later than 10:15 PM (ET)

Motion: (Chris Cory) "To approve the agenda." (Passed without objection)

The Committee discussed the motion.

Minutes approval 8:41 PM (ET)

Motion: (Chris Cory) "To approve the minutes of the November 26, 2019, public session meeting." (Passed without objection)

The Committee discussed the motion.

Yahoo Backup/Storage Situation - Continued Discussion 8:44 PM (ET)

The committee discussed again the issue of where to put the archives of the committee, and possibly the rest of the PNB committees. It was also brought up that the National Office has archives which either are or should be digitized and which also need to be put somewhere. The Chair said that he would bring this issue up to the PNB. The issue of access control to the archived materials once they're placed somewhere was briefly discussed.

Central Services Formulas Discussion 8:50 PM (ET)

The Chair said that the most recent Central Services formula was created about five years ago, and it was based on data some of which is 10 years old now. He said that the formulas have not been updated since then so everyone is paying the same as then even though the numbers are drifting. He said that the stations have a reasonably good understanding of the revenue stream for their stations and that even when he finds discrepancies in the P&Ls revenue is close. He said that for example the WBAI General Manager's P&L numbers for WBAI's revenue and NETA's P&L is less than 1%, or little over 1%, different, about \$15,000. He said that he would suggest that we send around some percentage of revenue as the Central Service formula. He said that the former interim CFO had suggested 14%, which comes close to what the National Office needs. He said that while revenue has fluctuated at stations that the percentages have come way off the rails. He asked how members felt about a flat 14% Central Services fees.

In answer to a question the Chair said that the Central Services were a fixed dollar amount based on about four years of trailing revenue. It was about 15% for stations except for WBAI which was set as about half of that due to the high overhead for the station. It was noted that Central Services was based on Listener Support. Members discussed the details of past Central Services formulas.

The Chair said that he has the Listener Support numbers for the last three years and he could find out what the National Office needs and make a formula that would equate them. He said he would do that for the next meeting. There was a discussion of how WBAI's programming being replaced in October would affect the station's Listener Support numbers. The interim CFO said that she could provide the committee with scenarios that could be discussed. The Chair said that the committee should raise this issue at the next meeting.

Anita Sims introduction and reporting with Q&A 9:15 PM (ET)

The new interim CFO said she looked forward to working with the committee. She told the committee that all of the NETA accountants agree that they will have the current financials by next week, no later than the end of the month. She said that they've sent the FY18 trial balance to the auditors. She said that there were a few lingering things with KPFA that are minor. She said that they'll start on the FY19 audit to stay ahead of the game. She said that by the next NFC call she should be able to provide a budget for the National Office so the committee can see what the expenses are. She said that she knows that a lot of vendors' payables are outstanding, and that NETA is one of them. She said that they're about 120 days late for their fee. She also said that the accounting firm is asking for payment. She said that she would like to send the outstanding Accounts Payable list to Chris for him to look at and share, and see how cash is trending. She said that she understands that a \$10,000 payment was made to NETA days ago, but that was on an August invoice.

In answer to a question the interim CFO said that she has not been able to see all bank accounts so the only way NETA knows what the cash situation is is to ask Business Managers. She said they need on-line views. She said that some stations have 5 bank accounts, and NETA people can just log in and view them. She said they just need to see how stations are tracking, and they're just providing oversight for that. She said that she needs the support of the PNB to make sure that

that message gets delivered to the Business Managers.

In answer to a question the interim CFO said that to her knowledge there is no plan to pay the interest and principal of the loan. She said that that's one of the things she'd like to tackle.

The committee discussed the report. It was suggested that the committee discuss strategies for loan repayments at the next meeting, and the committee needs the detailed loan documents to make decisions. The interim CFO said that NETA has those documents and can provide them. A member said that she'd just sent an E-mail to the NFC which contains a link to the confidential details and people can go to that link and can find the loan documents there.

In answer to a question about how stations are coming along with doing good accounting practices the interim CFO said she had them provide documents of reconciliation and bank statements, also anything like check registers so NETA could review. She said that was a good practice because it allowed another set of eyes to see transactions. She said she doesn't get much cooperation though. She said she would like to have the Wednesday calls again so she can have all of the Business Managers on the phone and tell them again what we need. She says that NETA has provided them with a scanner, and they could even E-mail information to NETA. She said she'd report back on that. In answer to a question she said that WBAI has sent in everything needed to make that station's financials current as of December. In answer to a question the interim CFO said that only two stations and the National Office are connected to the central accounting system and the rest are still processing on their own systems. She said that uniting it all under NETA's *MAS 500* platform would be good. She said she'd talked to the interim Executive Director and hopes that we can make that happen. The interim CFO said that NETA had a written plan for this, which she said she'd send to the committee, but they need the stations' cooperation. She said they're getting historical data and doing trial balances till everything is current and then they can do it on their *MAS 500* system and then stop doing it the other way.

In answer to a question the interim CFO said that the Profit & Loss statement that the previous interim CFO had sent had blanks on it because some journal entries needed to be done. She said the plan is to have it up to date through December as accurate as they know it. She said she'd look at the cash flow statement that was sent and will see if they can update it.

P&L discussion from Chair, continued 9:43 PM (ET)

The Chair said that he has been trying to reconcile WBAI's internal books with the National Office's books and he's had some success. He said there's still a significant amount of work left to figure it out. He said the basic problem is how NETA is categorizing items and how the WBAI General Manager has chosen to do so. He said it's a matter of understanding which accounting method makes sense. He said there were quite a few missing items in terms of the *Quickbooks* software report from the WBAI General Manager. He said that most of the differences are accrual stuff, debts to Central Services and loan payments. He said that all stations are guilty of not making loan payments. He said that items need to be added to the report to reflect what every station is doing. He said he's hoping to get more done in the next two weeks, although questions

will remain. In answer to a question the Chair said he had not called up the WBAI General Manager yet, but he would. The WBAI Treasurer said he'd send the WBAI General Manager's contact information to the Chair. The Chair said other stations are closer to matching the figures in the P&L that the previous interim CFO had given the committee. He said that the P&L's biggest discrepancy is that all interest payments for the loan are attributed to WBAI and it's creating an extraordinary expense. He said he can see the justification for leaving it on WBAI's books but it needs to go to Pacifica's books to make payments. He said that the reason it's important is it's an extraordinary item. The Chair said that he was trying to get the difference between the NETA P&L and the WBAI General Manager's P&L down to about 5%.

There was a discussion of how the loan was booked. The Chair said it needed to be on a balance sheet, and that the cash flow that had been sent had caused confusion. The interim CFO said that the Chair was correct about the balance sheet and the auditors have also reviewed it and approved it. She said she can pull out a balance sheet as soon as we get current and then we can discuss it.

The need for an updated cash flow report and projection through December was brought up. The interim CFO said she will look into it and work on it. She said that when NETA gets more information they would like to look at cash flows out till the end of FY20.

Set/change/confirm time for next NFC meeting 10:02 PM (ET)

The Chair said that he hoped that a lot of new information can be found out by the January 28, 2020, meeting.

New Business 10:03 PM (ET)

There was a discussion about a KPFA Staff meeting where the Chair will make a presentation, and a request was made to send the Chair's recorded remarks at that meeting to the NFC. The Chair said he'd be happy to do that.

The interim CFO said that NETA was having its annual conference in Washington, D.C. on January 28, but she said she'd try very hard to be on the call.

Motion: (R. Paul Martin) "To adjourn." (Passed without objection)

Adjourned 10:07 PM (ET)

Submitted by R. Paul Martin, Secretary.