

Minutes for the regular National Finance Committee meeting February 11, 2020.

Meeting convened at 8:41 PM (ET) a quorum being present, the Chair and Secretary being present.

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Attending: Nick Arena, Teresa J. Allen, Fred Blair, Chris Cory (Chair), Bill Crosier, R. Paul Martin (Secretary), James Sagurton, Anita Sims (interim CFO).  
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Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll call
3. Approve Agenda
4. Minutes approval (5 minutes)
5. P&L discussion from the Chair: 9/30/19 (5 minutes)
6. P&L discussion from Chair: preliminary 12/31/19 (10 minutes)
7. Anita Sims: P&L discussion, Q&A (30 minutes)
8. KPFA tax problem (15 minutes)
9. Set/change/confirm time for next NFC meeting (5 minutes)
10. New Business
11. Adjourn no later than 10:15 PM (ET)

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**Motion:** (Chris Cory) “To approve the agenda.” (Passed as amended without objection)

**Amendment:** (R. Paul Martin) “To add ‘KPFA tax problem.’ after ‘Anita Sims: P&L discussion, Q&A’ for 15 minutes.” (Passed without objection)

Minutes approval 8:46 PM (ET)

**Motion:** (Chris Cory) “To approve the minutes of the January 14, 2020, meeting.” (Passed without objection)

The Committee discussed the motion.

**Motion:** (R. Paul Martin) “To approve the minutes of the January 28, 2020, meeting.” (Passed without objection)

P&L discussion from the Chair: 9/30/19 8:52 PM (ET)

The Chair told the committee that he’d gotten in touch with the WBAI General Manager on the day of this meeting. The Chair said that one discrepancy they’re trying to figure out is the issue of a bequest from early 2019, for about \$68,000. He said the problem is that NETA can’t find any record of having received it. The Chair said that there were also some weird bookkeeping

problems with the *Quickbooks* software used by the WBAI General Manager. The Chair said that this will probably all be hashed out in a few days and everyone will be on same page for WBAI at the end of FY19. He said that he has some December 31, 2019, reports that the interim CFO has supplied. He said that the major thing that needs to be added is Listener Support numbers for KPFA. He said those are probably about \$700,000 off for the first quarter and that renders the statement pretty useless. The Chair said that the first quarter of FY20 was not looking that bad with revenues down by 1% but expenses down about 7% so the operating situation of Pacifica has improved slightly in a year over year comparison. He said this doesn't include interest payments. He said he was relatively pleased with how that report looked.

The interim CFO said that if WBAI would forward all information to her they'll put it in the MAS 500 software and will have better and more timely results. She said that the information doesn't have to go through the *Quickbooks* software first.

The Chair said that he's done a shortcut and had folded agenda items 5 and 6 together just now, and that we should go on to the next item.

Anita Sims: P&L discussion, Q&A 8:59 PM (ET)

The Chair suggested that the interim CFO start with the financials through December, and then go on to the financials through the end of FY19.

The interim CFO told the committee that she's started a review of the "Monthly Income Statement For the Three Months Ending Tuesday, December 31, 2019." She said that she had spoken to the KPFA Business Manager because she didn't feel that the December financials reflected positively the overall picture, and she didn't know why some revenue was not shown, and the KPFA Business Manager did not have a breakout of where that revenue has to go. She said that she agreed with the Chair that the financials look better than they had originally. She said that expenses decreased for the First Quarter of FY20, and the Accounts Payable were also lower because some expenses had been paid down, although the bills for the auditor and NETA are outstanding. She said that there was a decrease in the Board expenses that was paid out. She said that her review showed that for Q1 we are ahead as compared to FY18. The interim CFO asked for questions.

The KPFT Director said that that station's numbers do not look good, Listener Support is down considerably and Total Revenue is down considerably while Personnel Expenses are up, and Development Expenses are about a third of what they were last year which raised the question of whether premiums were being sent out. He said that at KPFT they were not getting information. He asked if the interim CFO could send out the worksheets for stations that have all the numbers so NFC members could check back with people at the stations and find out what's going on. He said he didn't understand why KPFT was not doing as well as last year. The interim CFO said that she could provide those details.

In answer to a question the interim CFO said that some of the stations are still behind on Central Services payments, and none were current as of February. She said she could send that

information to the committee after this meeting and that she could send it to the committee before meetings going forward. She said that besides Central Services she thought it would be good for the committee to see the outstanding Accounts Payable and that committee members should send her any questions that arise from the P&Ls. It was suggested a Cash Flow statement should be sent out as well. The interim CFO said that she'd send that before the next meeting.

The Chair said that regarding KPFT's Development expenses the three sub-categories that were much lower than previously were Direct Mail-Printing, Direct Mail-Postage, Postage-Dev/Mailing Services and Premiums from Other Vendors.

It was requested that the interim CFO let the committee know what the process is between herself and the Chair. The interim CFO said that the financial statements are prepared from a spreadsheet that includes everything, including the National Office, this give them individual P&Ls and then they consolidate it all for the report. She said that they probably need to work on getting the financials out sooner. She said that three people at NETA worked on the December financials and that they are working on the January statements now. The Chair said that he requests these reports as the earliest possible moment and goes over them with people from NETA, and if he doesn't find any big discrepancies he sends them to the NFC. He said that his only reluctance in this particular case is that there were several minor discrepancies in the documents, but they were minor compared to the revenue discrepancy from KPFA. He said that that had the effect of making the consolidated statement look atrocious and he didn't want to send anybody into a panic. He said that we have a leak on the PNB because every time he sends something out it ends up on other mailing lists. He said he was concerned that people will get up in arms about things that are not actually happening and this makes people inside and outside the organization act rashly. He said he could send out the individual statements to the stations. A member noted that if we don't have the National Office and PRA on the reports we don't know what we're looking at and we need to know those details to determine what Central Services will be. The Chair said he could add those two sections within the next 24 hours.

In answer to a question the interim CFO said that KPFT is not remitting payments to the National Office for the \$100,000 loan made some years ago for KPFT to get new transmitter, and that she would look to see when the last time was that those loan payments had been made.

It was suggested that the Chair not total the numbers on the financial statements that have discrepancies, but just put big, red question marks in those cells and remove the formulas to let people know that there are problems. In answer to a request regarding how the on-air fund raisers are doing the Chair said that he'd have sent the documents out if it hadn't been for the \$700,000 error in KPFA's revenue, and he is worried about the information getting into the hands of people with agendas.

In answer to a question regarding how easily NETA is able to get the data to combine it into P&Ls the interim CFO said that the only stations that are in the *MAS 500* software are WBAI and WPFW. She said that they work independently and pay their own bills and then run the information through *Quickbooks*, but the other three stations are not involved at all, with the exception that NETA can go to bank accounts and then they have to re-key data to make the

financial report. She said they're getting much more current than they were a year ago, but they seem to have no time to assess or correct the data before they share it. She said that by the time they're able to pull all of the information from the databases and combine it that it's time to share the information. She said she was proposing that NETA bring all of the financial information into the *MAS 500* software. She said that Business Managers would still have access if they'd work with NETA. She said that she'd sent an E-mail out some weeks ago asking about the progress of the on-air fund raisers and what the stations' cash in bank was and she'd asked Business Managers to share copies of the bank statements but she has heard nothing from anyone. She said that NETA really needs buy-in for this to work. It was requested that the interim CFO say who was not getting the information to NETA in the format that was needed. The interim CFO said that it was not about that, but that it is important for NETA to be able to know how Pacifica as a whole is doing, but she doesn't get feedback from the Business Managers. She said NETA needs to be told how they're doing, if they have the ability to run membership analysis that would show how they are trending. She said that she was going re-start the Wednesday meetings they used to have with the Business Managers so everyone can work more as a team than they are now. In answer to a question the interim CFO said that WBAI is putting some information into *Quickbooks* and she would like WBAI to send the information via scanner on a daily basis instead of doing it monthly. When told that the WBAI General Manager has told the WBAI local Finance Committee that he scans in all of the documents weekly, the interim CFO said she'd check on that. The interim CFO said that we need to be current in order for the NFC to react. The Chair thanked the interim CFO for getting Pacifica caught up. In answer to a question the interim CFO confirmed that on the FY19 statement the WBAI expenses are cash, not accrual.

#### KPFA tax problem 9:39 PM (ET)

The tax authorities in California had sent out a notice that they would auction off KPFA's building on March 19, 2020, for non-payment of property taxes amounting to more than \$486,000 over the course of several years. The committee discussed this.

The Chair told the committee that he was liaising between KPFA and the interim Executive Director over this issue. He said he was gathering paperwork for the interim Executive Director. He said that the PNB had retained legal counsel to walk us through both the tax issue and the non-profit tax discount issue. He said that things are now moving rapidly with regard to this issue. The Chair said that a lot of it boils down to paperwork, that KPFA used to get the non-profit tax discount and he said that Pacifica's name changes some years ago also factored into it. The question was raised as to why neither the NFC nor the PNB Audit Committee had heard of this issue before. It was stated that KPFA was still paying the non-profit tax discount rate. This was addressed later in the discussion. In answer to a question the Chair said that the issue of the taxes on the KPFA property not being paid had should have been brought up during the title search when the Nakopon building was being sold, and he wondered why this issue wasn't addressed then since Pacifica had the money during that transaction; he said that he didn't understand how this hadn't been dealt with. In answer to a question regarding how this tax issue is liable to affect the loan the Chair said that since the property is encumbered he didn't want to say anything that might get him in trouble, but that the concerns were justified and he shared them. He said that there was a significant problem there and he hoped that on March 21, we

would all be looking at a good resolution of the problem. The KPFFK Treasurer said that KPFFK has been paying full property taxes for the last three years, but they pay a lot less than KPFA does. He said that KPFFK was going to file for a non-profit exemption too, and their taxes are already paid up. The Chair said that Pacifica would use the same attorneys to get KPFFK the tax exemption. A member said that KPFT doesn't pay property taxes because a KPFT LSB member had found that other not for profit media outlets in Texas were not having to pay them. The question was brought up of who checks the mail as it comes in to KPFA and why didn't these bills get to the right person over the past few years? The Chair said that the bills had been in dispute for quite a while but four different documents need to be produced some of which are difficult to obtain. He said that people had tried to stop the process who did not have the ability to stop the process and that there was a failure up and down the system to take care of the various pieces and documents necessary to stop the process. The current approach is to get the best people possible to get this dealt with. He said that there's a lot of turnover in Pacifica and this thing fell through the cracks. It was noted that KPFA has had the same General Manager and Business Manager for the past few years. The Chair said that they'd attempted to hand the problem off but it didn't happen.

The possible impact on the loan from this issue as discussed. It was suggested that this type of issue with taxes should not be left up to the individual stations. A Director said that as of a few days ago the interim Executive Director had said she was not aware of the February 15, deadline to file the latest taxes. The committee continued the discussion, and transparency was discussed. A weekly update from the attorneys was suggested and that was discussed as well.

Adjourned 10:16 PM (ET)

Submitted by R. Paul Martin, Secretary.