

Minutes for the regular National Finance Committee meeting February 25, 2020.

Meeting convened at 8:40 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Nick Arena, Teresa J. Allen, Fred Blair, Chris Cory (Chair), Bill Crosier, 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. P&L discussion: GENERAL (10 minutes)
5. P&L discussion from the Chair: 12/31/19 (10 minutes)
6. Anita Sims (interim CFO): P&L discussion of finances, Q&A (30 minutes)
7. Central Services Discussion: General (15 minutes)
8. KPFA Tax Issue Update (10 minutes)
9. New Business
10. Adjourn by 10:15 Eastern

Motion: (Chris) “to approve the agenda.” (Passed without objection)

The Committee discussed the motion.

P&L discussion: GENERAL 8:43 PM (ET)

The Chair went over the recent history of the NFC getting P&Ls. The Chair said he was pleased with the progress on all this and how it’s sorting out. He said we’re getting a clearer picture of what’s going on with the organization; it produces a clear picture of the health of Pacifica’s finances, and can be used for decision making and planning. The Chair said that things are improved at four of the five stations. He said he’d gotten financials to January 31, and he should be able to get them out by the next meeting. The Chair suggested that the committee discuss the P&L for the period ending December 31, 2019. The Chair had sent the committee some questions based on that P&L via E-mail earlier in the day. He asked that they be answered during this meeting.

Chair’s question #1: “KPFA- website development expenses were +1000% - why?”

The Chair said that the KPFA Treasurer wasn’t on the call and he did not know the answer to this question.

Chair’s question #2: “KPFK- consulting fees tripled in the first quarter - why?”

The KPFK treasurer said that he had sent a copy of the Chair’s E-mail to the KPFK Business

Manager and was told that fees were higher because Management had hired a person and a producer for that person to do on air programming which resulted in \$8,000 in fees. It was noted that while Listener Support revenue is up KPFT is pitching many more days and so the daily average is lower.

Chair's question #3: "KPFT:

- a) listener revenue was -21% - why?
- b) development expenses were -63% - why?"

The KPFT Director said it was caused by programming changes last year. He said that most of them are doing really poorly. He said KPFT had finished their on-air fund raiser last week and it was really poor, it got about 50% of goal, and there is a significant decrease in Listener Support. He said that comparing FY19 to FY18 revenue had dropped about \$100,000 and expenses had gone from about \$759,000 to about \$929,000. Regarding the second question he said that they had a local Finance Committee meeting last week and they didn't get much information regarding making transmitter payments, and they were told that things have been tough and tight. He said there were continuing cash flow problems, personnel costs were up and revenue was down. He has asked the interim CFO to see if KPFT has been making those payments on the transmitter loan.

The KPFT Treasurer said that a previous interim General Manager said he had invested in somebody doing pitches, but she didn't know how much he spent on that, she's trying to get to the bottom of it. That interim General Manager also had a new furnace problem. She said that the new interim General Manager says KPFT has a plumbing issue. She said that when they asked for answers to these questions they spent half an hour with a motion to prevent them from asking questions. She said that if she can't get answers to these questions about employees it's impossible to make any headway.

The Chair said that for WBAI the expenses were less. He asked how many days WBAI spent pitching in the First Quarter of FY20, and the daily average.

The WBAI Director noted that after having pitched for six days in October the now former interim Executive Director and others took over WBAI and also removed access to the station's bank accounts, call centers and fulfillment mechanisms making on-air fund raising more difficult. He also noted that under a new method the General Manager is using some pitching days have as few as two hours of pitching.

The WBAI Treasurer said that the first few days of pitching in October averaged about \$9,690 a day, in November the actual pitching looks like about \$6,200 a day in a fast calculation, and the current on-air fund raiser looks like it's raising about \$7,900 a day.

The committee discussed various issues related to the P&Ls and the Chair's questions.

Anita Sims (interim CFO): P&L discussion of finances, Q&A 9:28 PM (ET)

The Chair noted that there was a significant decrease in salaries for the National Office, a

decrease in LSB election expenses and significantly higher legal fees were in the Fourth Quarter of FY19.

The interim CFO said that salaries were down in the First Quarter and interim Executive Director Vernile termed out on November 15, former interim CFO Tamra Swiderski's contract termed out on November 30, and the interim CFO position was not occupied for more than a month. She said there were no election costs in that quarter, but there will be some related to the bylaws vote. She said that Professional and Legal fees were about \$66,000 for the first Quarter of FY20. She said there were also Accounting Fees of about \$82,500 for 3 months. In answer to a question she said that there was an exceptionally heavy load in the quarter. She said that there seemed to be some light at the end of the tunnel for Pacifica.

The interim CFO was asked if Pacifica still owes the auditors about \$60,000? She said she'd look into it, and the auditors can't finish anyway until they get the rest of the remaining information. They wanted verifications of some revenue. They had lingering questions they weren't willing to pass on, she said she thought at some point they will have it. She said that they are not billing us as they stand still. The interim CFO went over the history of what NETA has done and the problems with non-cooperation by some people in Pacifica. In answer to a question the interim CFO said that the tax return will come due before we have everything in place and we will need an audit to file a tax return with the state of California; she said we have a six month extension but the end of June will be here before we know it. She said that the audits would cost much less if all of the Pacifica Staff would cooperate with the auditors. The interim CFO said that NETA can help a lot with dealing with the Corporation for Public Broadcasting (CPB) and they know many of the people involved with it.

There was further discussion of non-cooperation with NETA and the auditors and a suggestion that practices should be established in Pacifica to obviate the problem.

Central Services Discussion: General 9:57 PM (ET)

The Chair told the committee that he'd just sent out a spreadsheet regarding the Central Services issue. He said he took the interim CFO's \$1.5 million dollar estimate of what the National Office needed for the year. The committee discussed the numbers in the spreadsheet. It was suggested that last year the National Office had needed more, and that did not include the interest payments that Pacifica needs to make now. There was a discussion of the Chair's reluctance to send some financial information out that could be misinterpreted if it went out beyond the NFC. The Chair said that he would see if the interim CFO could make the report station by station.

Motion: (Chris Cory) "To extend the time for this meeting by 15 minutes" (Passed without objection) 10:18 PM (ET)

The committee continued discussing the release of financial information. The Chair said he was all right with the latest P&L being released.

KPFA Tax Issue Update 10:29 PM (ET)

The Chair told the committee that the paperwork regarding the property taxes and the non-profit tax discount submitted, and lawyers working on it. He said that they feel it will reach an equitable conclusion and we'll get the discount. He said we can do more about this at the next meeting for further updates, and that the discount will have to be negotiated.

Call for the orders of the day (Chris Cory). 10:30 PM (ET)

Motion: (Bill Crosier) "To extend the time for this meeting by five minutes." (Passed without objection)

New Business 10:30 PM (ET)

The committee discussed the need for cash flow information so we could project how to pay the interest payments, and what individual stations can pay. The Chair said he'd talk to the interim CFO about this.

The committee discussed the ways of assessing amounts for interest payments. The Chair said he'd update that.

Adjourned 10:37 PM (ET)

Submitted by R. Paul Martin, Secretary.