

Minutes for the regular National Finance Committee meeting May 12, 2020.

Meeting convened at 8:32 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Nick Arena, Teresa J. Allen, Fred Blair, Chris Cory (Chair), DeWayne Lark, R. Paul Martin (Secretary), James Sagurton, Anita Sims (interim CFO), Nancy Sorden, Polina Vasiliev, also attending was Pacifica interim Executive Director Lydia Brazon.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll call
3. Approve Agenda
4. Minutes issues (5 minutes)
5. Election results (5 minutes)
6. Discussion of \$80,000 transfer (5 minutes)
7. Referred Motion from PNB on Sideband Revenues (30 minutes)
8. Discussion of Central Services formula (15 minutes)
9. Discussion of Budgeting Process (20 minutes)
10. New Business
11. Adjourn no later than 10:15

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

Minutes issues 8:35 PM (ET)

Motion: (R. Paul Martin) "To lift the secrecy from the executive session held on April 28, 2020."
(Passed 4 for, 3 against, 4 abstentions)

The Committee discussed the motion.

Election results 8:56 PM (ET)

The Chair announced that in the election for NFC Chair the results were:

Chris Cory 5
James Sagurton 6

James Sagurton has been elected NFC Chair.

At 8:56 PM (ET) James Sagurton took the chair.

Discussion of \$80,000 transfer 8:57 PM (ET)

The Chair said that he'd received an E-mail saying that an \$80,000 retainer had been paid in October 2019, by "one of the west coast stations." He said that this expense was not noted in any Legal expense line for KPFA or KPFA and it was not in the National Office Legal expenses. He said that the question was where is this expense noted in our accounts?

The interim CFO said that NETA has done some research on this and their records show that NETA reached out in February and March to find where this expense was located. She said that they'd found that it was in two transfers of \$40,000 each on October 19, 2020, and October 29, 2020, and the reason why NETA was not aware of it was because it was recorded in the intercompany accounts, it was due to the National Office by KPFA. She said that the *Great Plains* software doesn't allow you to see Balance Sheet accounts or they're not accurate until the year is closed out. She said FY18 is still open and that's another reason why they're not able to see it. She said that the other side of the transaction, the expense side, she assumes needs to be recorded by the National Office, but they don't know if that is the right place for it as a Legal expense.

The KPFA Director said that his research shows that the \$80,000 was accounted for as an interdivisional loan on KPFA's books. He said it was on KPFA's Balance Sheet but not on a P&L statement and that it wouldn't be until it was categorized as an expense. He said that's the problem that NETA is having, it's not categorized as an expense so it just stays on the Balance Sheet. He said that how to expense that amount needs to be decided, and that that's where it fell between the cracks.

The interim Executive Director said she'd contacted the KPFA General Manager and he is looking into this. She said that then interim Executive Director John Vernile had sent an E-mail telling the KPFA General Manager and Business Manager to wire the funds to the Foster Garvey law firm along with wire instructions. She said that when Foster Garvey and she learned of this they looked into it and the statement from Foster Garvey said to wire the money to an \$80,000 trust account. It links to a trust account at the Foster Garvey law firm.

The interim CFO said that Pacifica needs to change processes and procedures and make Business Managers responsible for sending NETA this kind of information. She said that if NETA had been sent a bank statement they would have seen this transfer. She said that as long as we're using two separate accounting platforms this sort of thing will continue.

The committee discussed the issue. The interim Executive Director suggested that the issue be referred to the PNB. It was noted by one Director that John Vernile had been removed from his duties as interim Executive Director on October 13, 2019, and so was not in a position to authorize that payment to Foster Garvey.

In answer to a question the Chair said that the \$80,000 legal expense was to pay Foster Garvey as a retainer for resisting the restraining order to put WBAI back on the air at that time.

Motion: (DeWayne Lark) "To extend the time for this item by three minutes." (Passed without objection s amended) 9:24 PM (ET)

Amendment: (Chris Cory) "To extend the time for this item by five minutes." (Passed without objection)

The committee continued the discussion. The way that the sale of the Nakopon building was booked was discussed.

Referred Motion from PNB on Sideband Revenues 9:32 PM (ET)

The interim Executive Director reported that the healthiest SCA client has decided to terminate its use of the service after 15 years. She also reported that for the WBAI SCA client there has been no payment since December 2019. As for the other SCA clients the interim Executive Director said that we haven't received payment from any of them. She said she'd look into whether this is a temporary thing or something permanent. There were some discussions of the technical details of the SCA service.

Discussion of Central Services formula 9:49 PM (ET)

The committee once again discussed a Central Services formula. In answer to a question the interim CFO said that KPFA owes \$51,999 in Central Services payments and the rest of the stations for 2019 and 2020, owe a total of about \$751,000. She broke that figure down to KPFT \$41,536, WBAI \$294,927, WPFW \$178,684, KPFK \$184,145. The interim CFO was asked to put the details in writing with the time periods involved. She said she'd send that information. The committee was reminded that Listener Support revenue had been suggested as the basis for a Central Services formula. There was further discussion of how Central Services fees were arrived at in the past.

Discussion of Budgeting Process 10:08 PM (ET)

There was a discussion of how stations arrive at their cash positions at any specific moment. The interim CFO said that if the stations sent copies of their bank statements to NETA we could get a better idea of their cash flow, and it could be put on-line and the stations could track their cash. There was some discussion of the history of the budgeting process in Pacifica. In answer to a question the interim Executive Director said that Treasurers should be able to get that information from station Management.

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

The KPFA Director said that he was going to submit a motion for a streamlined budget process. There was a discussion of the efficacy of having a single accounting platform for all of the stations. The interim Executive Director said that we would need more data on getting all of the stations onto the *MAS 500* platform before we decide to do that.

Adjourned 10:25 PM (ET)

Submitted by R. Paul Martin, Secretary.