

Minutes for the regular National Finance Committee meeting November 10, 2020.

Meeting convened at 8:42 PM (ET) a quorum being present, the Chair and Secretary being present.

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Attending: Sharon Adams, Teresa J. Allen, Nick Arena, Fred Blair, DeWayne Lark, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO), Nancy Sorden, Polina Vasiliev.

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Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt agenda
4. Chair's announcements (2 minutes)
5. Approval of minutes (5 minutes)
6. Interim CFO Report, Anita Sims: Since we don't have the October financials yet, as is common for this timeframe, Anita will discuss cash flow at the station level, the lack of central services payments to the National office and outstanding payables from the national office. (15 minutes report, 30 minutes Q&A)
7. Central Services Formula (30 minutes)
8. It has been suggested by Affiliate Director Robin Collier that the monthly Financials that are now simultaneously copied to the NFC, interim Executive Director, the PNB Officers and the GM's should also be copied at the same time to Ursula. Discussion. (5 minutes)
9. Reports from stations on Budget Timeline progress (starting where we left off last time) KPFT, WPFW, WBAI, KPFA, KPFK (5 minutes)
10. Old Business

Motion for a moratorium on Central Services from KPFT. Whereas, KPFT-Houston has struggled financially in all phases of finances, however it has dutifully sacrificed to meet its financial commitments to the Foundation's National Office.

Whereas, this has caused KPFT to neglect infrastructure and employee needs, the time has come for special consideration of its neglected status.

Therefore, I move that KPFT be exempted from its National Office Central Services commitments for a period of 12 months. In addition to this, that upon the Foundation receiving the anticipated stimulus funds, that KPFT's infrastructure and equipment deficiencies be given upmost priority in any disbursements to the Foundation subsidiaries (stations).

11. New Business

SCA income accounting and credit toward Central Services for it.

12. Adjourn no later than 10:15 PM (ET)

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**Motion:** (James Sagurton) "To adopt the agenda." (Passed as amended without objection)

**Amendment:** (R. Paul Martin) "To add "5. Approval of minutes (5 minutes)" (Passed without

objection)

Chair's announcements 8:48 PM (ET)

“Interim Executive Director Lydia Brazon will be unable to join us tonight. She is working on the all day nationally mandated fund drive for November 17<sup>th</sup>.

Director Chris Cory will be unable to join us tonight.

The following resolution was passed by the Pacifica National Board (PNB) at the October 29, 2020 PNB meeting:

‘The PNB requests that the LSBs submit a proposed draft FY2021 budget within two weeks to the NFC. If a budget is not submitted within 2 weeks the NFC will begin to create a budget for the stations based on available financial data.’

Having budgets in place is important as a general principle of good business practice and for addressing the pending necessity of paying down, refinancing or extending the ‘big loan.’

It has been suggested by Affiliate Director Robin Collier that the monthly Financials that are now simultaneously copied to the NFC, interim Executive Director, the PNB Officers and the GM’s should also be copied at the same time to Ursula. We will discuss. Please review them and be ready to discuss and ask questions if you wish. For the last five months and continuing the interim CFO has been and will be simultaneously copying the P&Ls to the General Managers for their individual stations only.”

Approval of minutes 8:50 PM (ET)

**Motion:** (R. Paul Martin) “To approve the minutes of the October 13, 2020, meeting.” (Passed without objection)

A member requested that the minutes be sent to him since he is not on the committee’s mailing list. The Chair said he would send them to him.

**Motion:** (R. Paul Martin) “To approve the minutes of the October 27, 2020, meeting.” (Passed without objection)

INTERIM CFO Report, Anita Sims: Since we don’t have the October financials yet, as is common for this timeframe, Anita will discuss cash flow at the station level, the lack of central services payments to the National office and outstanding payables from the national office. 8:53 PM (ET)

The interim CFO told the committee that she’d sent the “Pacifica Station Payments” and “Accounts Payable ... As of 11/10/2020” in an E-mail before the meeting. She said that the report shows where we stand with the Central Services payments and also the outstanding Accounts

Payable from National Office. She noted that there was a total of about \$938,000 in outstanding Central Services for the National Office, and about \$160,000 outstanding for the Pacifica Radio Archives (PRA). She said that Benefit Costs had about \$59,000 outstanding owed to the National Office, and payroll has about \$154,000 outstanding to the National Office. She said that they didn't have all of the stations closed so she didn't have October's numbers, but would have them for the next meeting.

The Chair asked if the outstanding Central Services took into account the correction they had worked on regarding the bequest to WBAI that had been inaccurately credited to the National Office. The interim CFO said that she didn't think so and would leave a note for herself about it. The interim CFO said that the Accounts Payable for the National Office was about \$229,000 and the largest vendor is NETA with about \$140,000 and the second highest is Advocates for Justice at about \$25,000. She said that NETA is watching cash flow very closely and it's tracking as predicted.

There was a discussion of how contributions that come from sustaining members are being booked. The interim CFO said that when a sustaining member makes their monthly donation that only the cash for that month is booked. She said with the use of the *Allegiance* software we'll get better numbers with that. There was then a discussion of the *Allegiance* software, which the interim CFO said was a very good product, once you get the numbers cleaned up. She said that it's great for year-end reports and for auditors; she said it verifies revenue and it's commonly used in public broadcasting.

There was a discussion of how errors in crediting Major Donor donations would be caught and corrected. The interim CFO said that NETA is taking the information that's in the accounting software and that unless an error in crediting a donation is found randomly or in an audit they can't know that the error has occurred. She said that unless something stands out the station would have to send NETA a copy of the check to tell them where it should go. The Chair cited a large donation that was for WBAI from two years ago that was credited instead to the National Office. The interim CFO said that NETA doesn't see the checks. She said that if a station gets a donation of a substantial amount they should reach out to anyone in NETA and they'd say make sure the donation was credited properly. She asked that station Staff send NETA a copy of that check for anything over \$50,000 and let them look at it.

There was a discussion of a KPFT property donation that's in probate. The interim CFO said that she has notes about it and that they won't forget something that large. She said that they can't record anything until they get some paperwork. She said that she hasn't had a discussion with anyone about it. There was a discussion about bringing a motion regarding this to the next meeting.

There was a discussion of how pledges and sustaining member pledges should be booked.

In answer to a question the interim CFO said that she couldn't be more specific about the \$116,000 owed to the National Office by KPFK as unpaid payroll. She said the total was a combination of about \$42,000 in FY20 and about \$74,000 in FY21. She said that the larger

amount probably includes severance pay. She said that she could do a breakout of that and send the details to the KPFFK Treasurer and the NFC Chair.

In answer to a question the interim CFO said that the unpaid Benefit Costs are owed only to the National Office. She said that the payroll that's owed will be a bill back.

In answer to a question regarding how long it would be before KPFT would be forced into layoffs or hiring freezes because it owed the National Office for payroll expenses the interim CFO said that the National Office does not have a lot of dollars and Pacifica is living week to week. She said she'd thought that Pacifica would have to borrow from a station or from the Affiliates account to help make payroll; she said that we go through this same scenario every payroll. She said she could give an analysis of costs and say when she thinks we'll run out of money. She said that unless on-air fund raisers generate more revenue, or more money starts to come in there is a problem. The interim CFO agreed to a request that she provide the the NFC with analysis regarding when she thought Pacifica might run out of money. During further discussion the Chair pointed out that Pacifica has a hiring freeze right now, and it was noted that the PNB can make exceptions to that. There was a short discussion of consultants. There was a discussion of whether Treasurers would see that consultants had been hired.

Central Services Formula 9:38 PM (ET)

The Chair told the committee that we needed to come up with a Central Services formula so that we can do the budgets for the stations. The committee again discussed a Central Services formula. The interim CFO said that NETA did do a budget for the National Office based on last year's costs. She said that the dollar amount was large because the National Office has big attorney fees. She said that they'd come close to balancing that budget and that she would share it with the committee before the next meeting.

It has been suggested by Affiliate Director Robin Collier that the monthly Financials that are now simultaneously copied to the NFC, interim Executive Director, the PNB Officers and the GENERAL MANAGER'S should also be copied at the same time to Ursula. Discussion. 9:50 PM (ET)

The committee discussed the issue of the General Managers being sent the financial information for all of the stations, not just their own. It was suggested that the committee come up with a motion to send to the PNB about this, but the committee was unable to produce a motion at this meeting.

**Call for the orders of the day:** (R. Paul Martin) 10:15 PM (ET)

Adjourned 10:16 PM (ET)

Submitted by R. Paul Martin, Secretary.