

Minutes for the regular National Finance Committee meeting May 11, 2021.

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

Attending: Sharon Adams, Teresa J. Allen, Fred Blair, Chris Cory, Lynden Foley, Elizabeth von Gunten, Julie Hewitt, R. Paul Martin (Secretary), James Sagurton (Chair), Anita Sims (interim CFO) also attending was KPFT General Manager David Baes.

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt Agenda
4. Chair's Announcements (2 minutes)
5. Minutes Approval (3 minutes)
6. Review of Pacifica Radio Station KPFT's FY 2021 Draft Budget, GM David Baes presenting (60 minutes)
7. Central Service Credit to stations based on Paycheck Protection Program income (Lynden Foley 30 minutes)
8. Reports from Stations on budget timeline progress (KPFK) (15 minutes)
9. New Business
10. Adjourn no later than 10:15 PM (ET)

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

Chair's Announcements 8:36 PM (ET)

"Tonight we will review Pacifica Radio station KPFT's draft budget which has come to us after being approved by the KPFT Finance Committee and the KPFT LSB, General Manager David Baes and/or Business Manager Markisha Venzant-Sampson presenting.

We will also discuss a proposal to give stations credit for Central Services based on money received through the Paycheck Protection Program (PPP).

At our next meeting I hope to begin work on the KPFK budget. After that we will consider the National Office budget and revisit the Central Services Formula that is inextricably related to it. Hopefully, this schedule will allow NETA to pursue its primary goal of seeing the 2020 Audit completed by the absolute deadline on June 30, 2021 and allow the NFC to complete its main function of reviewing and approving budgets in as timely a manner as possible so we can begin the process on time for FY 2022."

Minutes Approval 8:37 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the April 13, 2021, meeting.” (Passed without objection)

Review of Pacifica Radio Station KPFT’s FY 2021 Draft Budget, GM David Baes presenting 8:38 PM (ET)

The KPFT General Manager told the committee that the KPFT draft FY21 budget was already in motion by time he’s arrived in January. He said that the draft FY21 budget had been done by the KPFT Business Manager and it’s as close to perfect as they can get it. He said he wants to roll additional costs back by 10% to 20%. He said he could answer questions but that he didn’t formulate this budget. He said that they’ve already gotten to work on the KPFT draft FY22 budget.

The interim CFO said that she’s already seen the KPFT draft FY21 budget and she feels comfortable with it.

In answer to a question the KPFT General Manager said that the budget does show a year end surplus of about \$9,000. There was a discussion of the draft FY21 budget showing \$3,000 in revenue every month under Major Donor Income. The KPFT General Manager said that the station gets a regular donation from Major Donors every year at that time, and that they have gotten one or more pledges of \$1,000 or more every month. It was also noted that the spreadsheet cells contained numbers mostly without formulas.

There was a discussion of the bequest of a building to KPFT. The KPFT General Manager said that he had spent time getting the house prepared for sale and that it was sold within a month of going on the market. He said it sold for \$124,000. The interim CFO said that the revenue from the sale of the building came to the National Office and she’s waiting to get a decision from the interim Executive Director about how to get it recorded and what part of it KPFT will get and what part the National Office will get. She said that it will probably be in the May financials. There was a discussion among Directors regarding a resolution the PNB had passed saying exactly how much from a windfall bequest would go to the big loan, how much would go to the National Office and how much would be credited to the station’s Central Services fees.

The KPFT General Manager said that a grant of \$10,000 has come in from Huntsville, TX and that it is in the draft FY21 budget and that it will be available at the end of the month. He said that the station has applied for small grants but has not gotten them. He said that he was working closely with the KPFT Director as well to take things off the budget that the station doesn’t need anymore. He said that there were a lot of things from the Engineering Dept. that they really don’t need. He said that he’s rolling back Internet and phone expenses and is saving \$1,500 to \$1,800 a month, and that they have reinstalled a transmitter link and so they don’t need to rely on the Internet for it anymore. He said that small items could add up to a savings of \$200,000 a year. He said that he’s looking to get a cloud based service so they can get calls. He said that the station’s main line goes to the pledge line for now. He said that he hasn’t seen a Major Donor except for one who gave \$12,000.

The KPFT Treasurer said that an employee had resigned last year and had not been replaced and that this position has the potential to generate revenue. She said that KPFT has the lowest membership of all stations because no one has been working in the Membership Dept. for so long. The KPFT General Manager said that he doesn't have the ability to make a hire and that he can't put more expenses in this budget. He noted that after 10 days the station hasn't reached \$16,000 in the current on-air fund raiser yet.

In the course of the discussion it came out that the interim CFO has access to previous KPFT budgets but the KPFT General Manager does not.

The KPFT General Manager said that the station had been doing better pre-pandemic but was now depending on a donor base of 500+ to keep the station afloat. He said that his goal was to quadruple that base, produce better programming, and to get volunteers to do more work. He said it would be a matter of patience. He said that there were issues with regard to KPFT's building and that they may need to look into an alternative for housing the station.

A member noted that in the draft FY21 budget Total Revenue is up about \$50,000 and Total Expenses are up about \$20,000, but looking at NETA's P&L shows revenue down about 15% and that the trend lines show revenue going down. The KPFT General Manager said that a lot has to do with the station's loss of listenership. He said that when he got there a lot of things were broken that had to be repaired or replaced. He said the difference is due to not being able to be live. He said he wanted to build on the worst case scenario and that a lot of the problems are due to the pandemic, building closure and loss of listeners. He noted that the operating expenses are still there even though the building is closed. He said that at least now the station is stable.

There was a discussion of how bequests are worded and how that affects what a station gets from the bequest. It was suggested that stations should do training for on-air Staff to tell listeners how to make out a gift that will go to the station they listen to. It was suggested that stations should have forms in-house with station specifics on it for listeners to fill out and donate to the station.

There was a discussion that columns I and J in the draft FY21 spreadsheet give averages for FY14 to FY19 per year and per month that are not right. It was noted that because there were not formulas throughout the spreadsheet that it was difficult to determine where the errors were.

There was a discussion of Local Board & Election Expenses being zero, even though they will be higher. There was a discussion of some of the items being on the wrong line. There was a further discussion of changes to the draft FY21 budget and the need to move ahead since we're already in Q3 of FY21. There was a discussion of passing the KPFT draft FY21 budget with caveats. The interim CFO said that she wanted it corrected before it went to the PNB.

Motion: (James Sagurton) "That the NFC recommend to the PNB the approval of the KPFT FY21 budget, with the caveat _____."

The Committee discussed the motion and how to fill the blank.

Motion: (Chris Cory) “To extend the time for this meeting to 10:30 PM (ET).” (Passed without objection) 10:09 PM (ET)

Central Service Credit to stations based on Paycheck Protection Program income 2210

Motion: (Lynden Foley) “That the portion of PPP funds round 1 and 2 that were not used for the purposes of salary and benefits but instead used to pay Pacifica Foundation operating expenses be credited to the stations Central Services in proportion to what each station was assessed Central Services in FY2020 for the purpose of ameliorating unpaid amounts to the extent that is possible.”

The Committee discussed the motion.

Motion: (Chris Cory) “To extend the time for the meeting by five minutes.” (Passed without objection) 10:28 PM (ET)

The Committee continued to discuss the motion.

Motion: (Chris Cory) “To extend the time for the meeting by 10 minutes.” (Passed without objection) 10:39 PM (ET)

The Committee continued to discuss the motion.

Motion: (Chris Cory) “To extend the time for the meeting to 11:00 PM (ET).” (Passed without objection) 10:49 PM (ET)

The Committee continued to discuss the motion.

Amendment: (Chris Cory) “To add at the end, ‘, or to whatever current accrual account that NETA feels is most appropriate, as soon as both rounds of PPP are forgiven.’” (Passed without objection)

Motion: (Julie Hewitt) “To extend the time for the meeting by five minutes.” (Passed without objection) 11:01 PM (ET)

Motion as amended: “The NFC recommends to the PNB that the portion of PPP funds round 1 and 2 that were not used for the purposes of salary and benefits but instead used to pay Pacifica Foundation operating expenses be credited to the stations’ Central Services in proportion to what each station was assessed Central Services in FY2020 for the purpose of ameliorating unpaid amounts to the extent that is possible, or to whatever current accrual account that NETA feels is most appropriate, as soon as both rounds of PPP are forgiven.” (Passed without objection)

The Committee discussed the motion.

Motion: (Chris Cory) “The NFC recommends to the PNB the approval of the KPFT FY21

budget with the caveats that: Lines 67 and 68 should be switched so that we have Board Election Expenses, and Produce a FY21 budget-only tab with formulas and correct current tab that has all other years in particular the averages for FY14 through FY19 in columns I & J, the interest row is not correct, as of January, KPFT needs to budget for interest to the National Office for the big loan, that is row 87, the central services formula is not correct as of 3/31/21, this would result in a savings for KPFT for the balance of the year this is row 38. To review lines 142 and 150.”
(Passed without objection)

Adjourned 11:15 PM (ET)

Submitted by R. Paul Martin, Secretary.