

Minutes for the regular National Finance Committee meeting May 25, 2021.

Meeting convened at 8:36 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 KPFK Business Manager Barry Brooks.

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. KPFK Treasurer's Report (Fred Blair 5 minutes, Report 5 minutes Q & A)
 7. Review of KPFK's FY 2021 Draft Budget, Business Manager Barry Brooks (60 minutes)
 8. Review of corrected KPFT Draft Budget (20 minutes)
 9. New Business
 10. Adjourn no later than 10:15 PM (ET)
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Motion: (James Sagurton) "To approve the agenda." (Passed without objection as amended)

The Committee discussed the motion.

Amendment: (Sharon Adams) "To remove the item 'Association of Fundraising Professionals (Beth von Gunton 10 minutes)." (Passed 6 for, 4 against, 1 abstention)

The committee discussed the amendment.

Chair's Announcements 8:53 PM (ET)

"Tonight we will have as our guest KPFK Business Manager Barry Brooks who will present a draft budget from KPFK. The KPFK draft Budget was not approved by the KPFK Finance Committee or the KPFK Local Station Board (LSB). The Pacifica National Board Finance Committee is now tasked by resolutions of the Pacifica National Board (PNB) (October 29, 2020) and the KPFK LSB to review the KPFK Budget, make appropriate adjustments, if any, and recommend it to the PNB for appropriate action.

We will also review Pacifica Radio station KPFT's corrected draft budget.

At our next meeting we hope to continue work on the KPFK budget.

After completing work on the KPFK Budget 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 8:55 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the May 11, 2021, NFC meeting.” (Passed without objection)

The Committee discussed the motion.

KPFK Treasurer’s Report 8:57 PM (ET)

The KPFK Treasurer told the committee that he’d sent a written report to the committee earlier. He said it shows how the current KPFK on-air fund raiser, which started on April 20, is doing. He said that the KPFK interim General Manager sent him an E-mail saying that this on-air fund raiser will continue until June 6. He said he’d just gotten an E-mail saying that the on-air fund raiser tally had surpassed \$300,000. He said that the KPFK interim General Manager told him that, including pledges from outside the *Allegiance* system, the total tally has reached about \$325,000, and that the interim General Manager hopes to get a tally of \$400,000 by June 6. The KPFK Business Manager said that the station had \$139,000 cash in bank as of the date of this meeting. The KPFK Treasurer said that the on-air fund raiser is averaging about \$8,500 a day. He said that the station’s Operating Expenses were about \$240,000 to \$250,000 per month, but they had been about \$300,000 per month at the start of the year. He said that Staff reductions and expense cuts had reduced it and that the revenue from on-air fund raisers is about breaking even with monthly expenses. He said that based on a three year history of on-air fund raisers this one has the lowest daily average of the four on-air fund raisers this year. He said that it has steadily been increasing in revenue. He said that this one is under performing. He said that the first two weeks averaged about \$3,000 to \$4,000 per day, but that on May 5, the interim General Manager reorganized it and revenue increased to about \$16,000 per day for two days so the daily average is about \$8,500 per day now. He said that there’s been a steady decline over the past three years in on-air fund raiser revenue, and that during the pandemic the station’s revenue fell to half what it had been and the station ran monthly deficits. He asked the KPFK Business Manager what expenses KPFK is paying what expenses aren’t they paying?

In answer to a question the KPFK Treasurer said that the current on-air fund raiser’s goal was \$650,000 and the daily goal was \$19,700 per day. He said that KPFK’s fulfillment rate was 75% and then 90% by the second month after the on-air fund raiser.

There was a discussion of KPFK’s *Allegiance* data and the KPFK Treasurer said that changes are taking place in the station and that they affect the on-air fund raiser.

Motion: (Lynden Foley) ‘To extend the time for this item by five minutes.’ (Passed without objection) 9:13 PM (ET)

The KPFK Director said that at the start of the current on-air fund raiser the interim General Manager had arrived at KPFK and got oriented and then he was gone. She said that she was contacted by some Staff who said that they were worried about the on-air fund raiser in the first week, and that they said that there was no one in charge. She said that once the interim General Manager was back on site he was able to take issues on and things picked up. She said that there are some concerns about issues of how pitching is being conducted and legal and financial implications.

Review of KPFK’s FY 2021 Draft Budget, Business Manager Barry Brooks 9:15 PM (ET)

The KPFK Business Manager told the committee that this was probably the fifth iteration of the KPFK draft FY21 budget. He said that the Local Finance Committee had wanted a 30% cut in salaries and six on-air fund raisers of 21 days each, which would raise about \$1.5 million a year and which he said was not sustainable for KPFK. He said that the General Manager at the time had wanted to cut back hours not Staff. He said that the Local Finance Committee was adamant about cutting 30% of salaries. He said that this draft FY21 budget shows a 10% cut for all Paid Staff and has an additional 12 Paid Staff laid off.

The Chair asked if there had been seven drafts FY21 KPFK budgets. He also noted that neither the KPFK LSB nor the KPFK local Finance Committee had approved of the draft budget so it’s coming to the NFC. The KPFK Business Manager said that this draft FY21 budget was the KPFK Management budget with the 30% cut mandated by the PNB. In answer to a question from the Chair the interim CFO said that it was correct that KPFK Management could submit this budget to the NFC, but it had to be a realistic draft budget. The KPFK Business Manager confirmed for the interim CFO that this was the draft FY21 budget she had seen on March 22.

The KPFK Business Manager said that this draft budget does not include the \$17,000 needed for license renewal. He said he’d added in \$80,000 for separation pay and pension plan payments. He said that they’ve reduced KPFK’s Central Services payments by 30% since their revenue will be reduced by 23%. He said that KPFK’s Net Income (Loss) was projected to be a loss of \$5,663. He said that they had eliminated the cost of the Radio Research Consortium which is about \$4,400 per quarter. He said that the station had reduced its telecom expenses by 40%. He said that this draft budget does not include a SAG-AFTRA Contract renewal for 2021. He said that it also didn’t include a \$42,000 allotment for the interest payment on the big loan.

In answer to a question the KPFK Business Manager said that they had unilaterally reduced KPFK’s Central Services in this draft budget. This was discussed by committee members and the KPFK Business Manager. It was noted that KPFK had not been paying Central Services fees. The KPFK Business Manager said that they had made three Central Services payments in FY21 and that they’d pay another this month. He also said that the station had faced a legal bill of in excess of \$50,000 from one of their lawyers who had been negotiating the SAG-AFTRA Contract and that they had gotten that expense down to about \$10,000. He also said that they

were behind on getting out some premiums. In answer to a question the KPFK Business Manager said that the further Paid Staff cuts were speculative. In answer to a question regarding who decides which Paid Staff will get laid off in the future the KPFK Business Manager said that there's a proposal to lay off additional people but they are holding off until they see what their P&L for April looks like because they have a 26% reduction in salaries right now. He said that the Development Director and Program Manager had been laid off and this affected the station's ability to raise funds. A member noted that if every station followed KPFK's lead in reducing their Central Services payments by the amount of revenue they were short that the National Office would end up woefully short of funds, but that it would probably work with KPFK but that there might need to be a slight adjustment one way or the other. The KPFK Treasurer said that comparing the draft FY21 KPFK budget and the latest P&L from NETA that the actual revenue is several hundred thousand dollars higher than the draft budget through March and that's without the PPP money. He said that Total Operating Expenses were down compared to budget. The KPFK Treasurer said that revenue is up over last year and operating expenses are down this year. He said that personnel costs are higher than in the draft budget, with about \$188,000 per month in October as opposed to the projected \$120,000 per month and continue till February when they take a drastic drop. The KPFK Business Manager said that maybe this was due to hiring some independent contractors, which he has included in the draft budget.

There was a discussion of the layoffs and the KPFK Business Manager said that they were in the budget but they haven't been agreed to yet by SAG-AFTRA.

The interim CFO said that looking at the gross salaries she'd like to take time this week to look at them because they should be lower; she said she wants her payroll person to confirm the numbers, and she wants to look at health premiums. He said that she agreed with the KPFK Treasurer, the numbers do not agree. She said she'd send the committee some recommendations. She said that the people negotiating with SAG-AFTRA were very close to an agreement.

A member said that after looking at the YTD actuals v. budget through March the YTD actuals for Listener Support is at \$1.026 million and it's budgeted for \$997,400, but overall Total Revenue is \$1.815 million v. a budget of \$1.354 million so that's about \$461,000 better but about \$223,000 of that is PPP money. The member said that with regard to Personnel costs the actual is about \$1.016 million and \$734,000 is budgeted so that's over budget by about \$282,000. He said that Total Operating Expenses are over by about \$337,000 and income is about \$124,000 better than budgeted. He said that if you take out the PPP money and show the Central Services fees that are owed the station would be in bad shape. The interim CFO said that we need to really update this tool and change expenses and Personnel costs.

Motion: (Chris Cory) "To extend the time for this meeting by 15 minutes. (Passed without objection) 10:07 PM (ET)

There was a discussion of the effect of severance pay as a result of further layoffs. There was a further discussion of the effect of laying off key personnel and the effect of that on fund raising.

Review of corrected KPFT Draft Budget 10:18 PM (ET)

The Chair brought up the topic of the KPFT draft FY21 budget which the NFC had approved.

Point of Order: (R. Paul Martin) “If a motion is being proposed that would amend something previously adopted the motion would need a two-thirds vote to pass.” 10:20 PM (ET)

There was a discussion of the questions, reversed columns and other adjustments that had been discussed previously.

There was a discussion of the advantages and disadvantages of averaging out some revenue items.

Motion: (Chris Cory) “To extend the time for this meeting by 10 minutes.” (Passed without objection) 10:31 PM (ET)

The committee discussed the KPFT FY21 budget further. The possibility of changing the Central Services formula was discussed. The committee discussed what changes might be proposed for the KPFT FY21 budget.

Previous notice: (R. Paul Martin) “To change the motion regarding the KPFT FY21 budget incorporating corrections from the interim CFO.”

Adjourned 10:45 PM (ET)

Submitted by R. Paul Martin, Secretary.