

Minutes for the regular National Finance Committee meeting September 22, 2020.

Meeting convened at 8:39 PM (ET) a quorum being present, the Chair and Secretary being present.

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

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt agenda
4. Chair's announcements (2 minutes)
5. Analysis of YTD financials Director Cory (10 analysis 5 minutes Q&A)
6. Interim CFO Report, Anita Sims (15 minutes report, 15 minutes Q&A)
7. Central Services Formula (55 minutes)
8. Reports from stations on Budget Timeline progress (starting where we left off last time) KPFT, WPFW, WBAI, KPFA, KPFK (10 minutes)
9. New Business
10. Adjourn no later than 10:15 PM (ET)

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

The Committee discussed the motion.

Chair's announcements 8:45 PM (ET)

The Chair told the committee that interim Executive Director Lydia Brazon would be unable to join us for this meeting. He said that she'd asked the Chair to report that she believes the Small Business Administration Economic Injury Disaster Loan is on track and that the September 30, 2020, deadline is not an issue that will negatively affect our application. The interim Executive Director has sent another E-mail to Senator Kamala Harris' office requesting an update on the Economic Injury Disaster Loan application. WPFW Treasurer Nick Arena will not be attending tonight's meeting. He sends the following update: "WPFW's LSB is reviewing the draft FY21 Budget which was presented in September. It is expected to pass at the October 14, LSB meeting."

The Chair said that reports from the stations on the progress of their budget processes will be a regular item on the agenda until the budgets are complete, unless there is an objection. He said that NETA is now sending the financials directly to the members of the National Finance Committee and he asked the committee members to please review them and be ready to discuss and ask questions if they wished.

Analysis of YTD financials Director Cory 8:50 PM (ET)

The KPFA Director said that the situation hasn't changed much over the past 30 days. He said that one station is slightly above water and other stations are operating at a YTD loss. He said that Directors should start working with other stations to rein in their budgets and get an idea of how to survive the situation. He said that four stations are reporting over 20% operational losses. He said he'd made a report from the interim CFO's report and has adjusted for extraordinary items, which affected the operational numbers, but they still weren't good. He said that the CPB repayment was one of those non-operational expenses.

Interim CFO Report, Anita Sims 8:53 PM (ET)

The interim CFO said that she had gone through the financial reports and she agreed with the KPFA Director that extraordinary expenses should go below line so they stand out. She said that KPFA is looking good; KPFA YTD has a net income loss of about \$545,000; KPFT is showing a \$18,227 net loss; WBAI is showing a \$338,343 net loss and WPFW is showing a \$54,452 net loss.

In answer to a question the interim CFO said that she would call the WBAI General Manager again tomorrow about the questions he has regarding some items.

The KPFA Director asked why on the Monthly Income statement For the Eleven Months Ending August 31, 2020, in the WBAI tab line 61, Consultant/Temps/Contractuals was more than last year by 62% for a total of \$157,766.92. The WBAI Treasurer said that the WBAI General Manager has brought in one or more paid producers, but he would ask the General Manager about it. The KPFA Director asked why line 67 Office Exp & Supplies was up 91% to \$54,828.36 with June 2020, showing an expense of \$14,310.72. The WBAI Treasurer said that WBAI had been building out a new Master Control studio and that maybe this expense was related to that. The Chair suggested that this expense may have been mis-categorized. The KPFA Director asked why line 73 Utilities - Office showed \$16,172.55 in February. The WBAI Treasurer said that he would ask the WBAI General Manager about these questions.

The Chair said that he had questions about the Net Loss of about \$338,000 for WBAI because of a bequest of a house that should have been credited against WBAI's Central Services payments. He said that the WBAI General Manager doesn't know how that bequest was booked. The Chair also noted that a \$70,000 bequest that was used for a matching fund in the network-wide on-air fund raiser that was designed to pay for the audits, and this was never credited to WBAI's Central Services payments either even though the WBAI General Manager had sent an E-mail with the money asking that it be so credited. The Chair said that how that donation was booked needs to be tracked down, and he said he would work with the interim CFO and the WBAI General Manager on this. The interim CFO asked for details and the KPFA Director said that he knew where the \$70,000 donation was booked and that it had been mis-categorized. He said he'd send the Chair the information about it. The interim CFO and the KPFA Director did not know about the house donation.

The interim CFO noted that she had also provided the Accounts Payable listing which she said has not changed much with the exception of the NETA monthly fee.

Central Services Formula 9:10 PM (ET)

The KPFA Director sent the committee an “Internal Financial Review and Discussion – Six Month Rolling Review as of August 31, 2020” and “Various Schemes for Central Services” which are appended to these minutes.

The committee once again discussed a Central Services formula.

Motion: (Chris Cory) “To extend the time for this item by 15 minutes” (Passed without objection) 10:04 PM (ET)

The committee continued to discuss a Central Services formula.

Motion: (Polina Vasiliev) “To extend the time for this item by 5 minutes” (Passed without objection) 10:22 PM (ET)

The committee continued to discuss a Central Services formula.

Motion: (DeWayne Lark) “To extend the time for the meeting by 12 minutes.” (Passed without objection) 10:31 PM (ET)

The committee continued to discuss a Central Services formula.

Reports from stations on Budget Timeline progress 10:35 PM (ET)

KPFA - The KPFA Treasurer noted that the PNB hasn't passed a budget for years. She said she found the discussions about budgets somewhat divorced from reality, that we must pay down the loan, and that getting CPB money would come in late in 2021, at best. She said that the KPFA draft FY21 budget was approved by the KPFA LSB and she has sent it to the NFC.

KPFT - The KPFT Treasurer said that we need to have meetings every week. She said that we're going into a big election and she would be working, so she's not on top of it. The KPFT Director said that the KPFT General Manager and Business Manager submitted a budget last month but some members of the KPFT local Finance Committee want to drag it out. He said that the KPFT local Finance Committee met today and could have approved it today. He said that if the KPFT LSB would vote to approve it he would bring it to the NFC.

WBAI - The WBAI Treasurer said that the local Finance Committee voted on August 26, to pass the station's draft FY21 budget to the LSB without any recommendation; the budget shows a year end deficit. The WBAI LSB chose to go to an executive session for another reason at its September 9, 2020, meeting and never got to the FY21 budget. The WBAI local Finance Committee had asked the General Manager to revise the draft FY21 budget but he hadn't done that yet.

WPFW - This was covered during the Chair's announcements earlier in the meeting.

KPFK - The KPFK Treasurer said that they have gotten the fifth iteration of the draft FY21 budget from General Manager and Business Manager. The local local Finance Committee Chair met with them to suggest revisions and corrections but the budget still has a \$700,000 deficit. He said that the Local Finance Committee Chair thinks they can present the budget to the LSB by mid-October.

The KPFA Director encouraged stations to construct balanced budgets.

Call for the orders of the day: (James Sagurton) 10:47 PM (ET)

Adjourned 10:47 PM (ET)

Submitted by R. Paul Martin, Secretary.

Appendices

Appendix A

NFC – Internal Financial Review and Discussion – Six Month Rolling Review as of August 31, 2020

All figures rounded to the nearest thousand. YTD = Fiscal Year to Date

Division	6 Mo. Gain/(Loss)	Pct on Revs	YTD Gain/(Loss)	YOY Trend	Notes
KPFA	(\$51K)	-3%	\$41K	negative	Bequest PY
KPFK	(\$470K)	-38%	(\$535K)	negative	Bequest PY
KPFT	(\$71K)	-25%	(\$18K)	neutral	
WBAI	(\$220K)	-33%	(\$338K)	negative	
WPFW	(\$127K)	-20%	(\$54K)	positive	
PNO			\$391K		
PRA			\$29K		
Consolidated			(\$484K)	negative	Bequest PY

Summary Findings

Overall, the foundation is trending lower, with listener revenue even with last year, and overall revenue falling \$2M due to a loss of bequest income from last year. The overall loss for Pacifica is \$484K YTD, or 4.8% of revenue.

At this point in the fiscal year, four of the five stations are operating at a year to date loss, with the largest losses on a dollar and percent basis at KPFK and WBAI.

Please note PNO and PRA show YTD gain due to the accrual of central services fees.

Appendix B

Various Schemes for Central Services

	KPFA	KPFK	KPFT	WBAI	WPFW	checksum	revenue
Membership	31%	29%	8%	18%	14%	1.00	
2 yr listener	28%	33%	9%	15%	15%	1.00	16996
Avg 2yr/6mo	33%	29%	7%	16%	15%	1.00	
6 mo listener	37%	24%	6%	17%	15%	1.00	\$3.77
Historical	15%	15%	15%	8%	15%	listener revenue basis	

Monthly Payments

Station	KPFA	KPFK	KPFT	WBAI	WPFW		
Membership	\$37,360.54	\$34,860.00	\$9,549.16	\$21,689.46	\$16,540.83	\$1,440,000	Revenue Basis
6 Mo Listener	\$44,928.31	\$28,805.10	\$7,551.78	\$20,743.49	\$17,971.32	\$120,000	Monthly Target
Current	\$34,666.00	\$36,829.00	\$11,884.00	\$16,890.00	\$15,307.00	\$115,576	Current Formula
Change/mo	\$10,262.31	\$(8,023.90)	\$(4,332.22)	\$3,853.49	\$2,664.32	\$4,424	Monthly Change
Per Mem Dif	\$2,694.54	\$(1,969.00)	\$(2,334.84)	\$4,799.46	\$1,233.83		

NOTE: \$1.44M is the three year average of shortfall for the PNO