

Minutes for the regular National Finance Committee meeting July 14, 2020.

Meeting convened at 8:36 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Nick Arena, 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 p.m. ET
2. Adopt agenda
3. Roll Call (2 minutes)
4. Approve minutes (2 minutes)
5. Interim CFO Report on May Financials (15 minutes)
6. Analysis of Financials - Director Cory (5 minutes)
7. Budget Timeline (45 minutes)
8. Formula for Central Services payments (20 minutes)
9. EIDL Loan (20 minutes)
10. New Business (5 minutes)
11. Adjourn no later than 10:15 p.m. ET

The Chair announced that the draft FY18 audit is done, so the Audit Committee is meeting tonight with the interim Executive Director, and the interim CFO will leave soon to be on that committee meeting.

Motion: (Teresa J. Allen) “To adopt the agenda.” (Passed without objection)

Approve minutes 8:40 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the June 23, 2020, meeting.” (Passed without objection)

Polina Vasiliev volunteered to be time keeper.

Interim CFO Report on May Financials 8:43 PM (ET)

The interim CFO said that NETA had just announced the May financials. She said that she'd be brief because they would be analyzed more in the next agenda item. She said that the consolidated report for May shows a net loss for Pacifica of about \$199,000 YTD versus about \$301,000 net income as of last May so this shows a substantial decrease in income compared to last year. She said that Total Revenue YTD through May was about \$7.6 million versus about \$8.7 million through May 2019, which is about 12% off. She said that Total Expenses were about \$7.8 million versus about \$8.3 million, about 7% better. She said that two stations were in the black; KPFA showed a gain of about \$99,000. She said that the prior year shows them at about \$524,000 but that was due to a major gift that was given then. She said that KPFA's expenses were down by about 5%. She said that WPFW showed a net income of about \$61,000 versus about a \$39,000 loss last year. She said that the bottom line for WBAI will change to a net loss of about \$133,000 instead of what their materials had shown of about \$341,000. She said that KPFA showed a loss of about \$360,000 compared to a prior year gain of about \$270,000 due to a 26%

loss in income mainly due to a Major Donor loss as compared to FY19. She said that KPFK will have to increase revenue or lower expenses to return to a balanced budget. She said that KPFT shows a 19% drop in expenses but that a 23% loss in revenue is causing an overall loss. She said that KPFT was very close to a break even position.

The committee discussed the interim CFO's report. In answer to a question the interim CFO said that no stations had presented a plan to balance their budgets in response to a PNB motion which required all stations which are running deficits to do so within one week of the motion being passed. It was noted that those stations' plans were about two weeks overdue. It was requested that the interim CFO tell the committee the numbers for expenses at all stations. The interim CFO said that KPFA shows an increase of about \$102,000 or 5% over FY19, KPFK shows a decrease of about \$89,000 or 4% over FY19, KPFT shows a decrease of about \$95,000 or 19% over FY19, WBAI shows a decrease of about \$96,000 or 8% over FY19, WPFW shows an increase of about \$6,000 or 1% over FY19, the National Office shows a decrease of about \$342,000 or 23% over FY19 and Pacifica Radio Archives shows a decrease of about \$37,000 or 15% over FY19. In answer to a question the interim CFO said that she'd talk to the interim Executive Director about the stations not submitting plans to balance their budgets.

Motion: (Teresa J. Allen) "To extend the time for this item by two minutes." (Passed without objection)

The interim CFO said that she'd reach out to the General Managers the next day and report back.

Motion: (Teresa J. Allen) "To extend the time for this item by two minutes." (Fails 4 for, 6 against)

The Chair said he'd ask the interim Executive Director how she wants to approach this issue.

Analysis of Financials - Director Cory 9:04 PM (ET)

The KPFA Director read the committee his "Summary Findings" on the "Operational Results for Six Months ending 5/31/20" which is the review period recommended by the motion passed by the PNB which mandates stations that are running a deficit to submit plans to balance their budgets. The KPFA Director said that this summary was preliminary and that he did not want it released.

The committee discussed the summary.

Motion: (Chris Cory) "To extend the time for this item by five minutes." (Passed without objection)
9:15 PM (ET)

The committee continued to discuss the summary.

Motion: (DeWayne Lark) "To extend the time for this item by 2½ minutes." (Passed without objection)
9:28 PM (ET)

The committee continued to discuss the summary.

Budget Timeline 9:30 PM (ET)

The Secretary gave a short history of the past budget timelines and gave his suggestions regarding an FY21 budget timeline.

The committee discussed the FY21 budget timeline.

Motion: (Polina Vasiliev) “That the NFC let the interim CFO know they should E-mail the Treasurers with regard to ‘A’ and ‘B’ on the FY21 budget timeline.” (Passed without objection)

The Committee discussed the motion.

Motion: (Sharon Adams) “To adopt the FY21 timeline with a deadline of July 28, 2020, for a Central Services formula and leaving the “C” through “H” deadlines blank and with a deadline for “I” of September 22, 2020.” (Passed without objection)

The Committee discussed the motion.

The FY21 budget timeline is attached to these minutes.

Formula for Central Services payments 10:03 PM (ET)

The committee once again discussed a formula for Central Services payments. It was pointed out that as a result of previous discussions the NFC has a set of options to choose from for a Central Services formula.

Call for the orders of the day: (Polina Vasiliev) 10:15 PM (ET)

The committee discussed getting access to the historical materials regarding past Central Services formulas.

Adjourned 10:20 PM (ET)

Submitted by R. Paul Martin, Secretary.

FY21 Budget Timeline

	Deadline	Who Initiates	Action
A	Will do by E-mail right away.	CFO	Meet with treasurers to outline budget development process and paperwork submission. Call for budget Priorities to be discussed in various venues.
B	July 28, 2020	Local Finance Committees/LSBs, in consultation with General Managers/Business Managers.	Identify and rank budget priorities in order of importance: Scale of 1-5 where 5 is high. — NFC completes its recommendation on Central Services formula for the upcoming fiscal year.
C		GENERAL MANAGERS/BUSINESS MANAGERS, in consultation with LSBs/Local Finance Committees, ED, and CFO	Generate Draft Station Budgets and submit to CFO.
D		CFO	Compile and Distribute Draft Network Budget to LSBs and NFC for review.
E		LSBs NFC	Review Draft Station budgets (LSBs) --Approve As-Is or with amendments. National Office budget(NFC) --Approve As-Is or with amendments.
F		CFO	Compile and Distribute Final Budget Proposal to NFC for approval.
G		CFO	Review Final Network Budget Make recommendations for PNB adoption.
H		CFO	Distribute Final Budget Proposal to Board.
I	September 22, 2020	PNB	Adopt Budget for fiscal year beginning October 1.