

Minutes for the regular National Finance Committee meeting July 9, 2019.

Meeting convened at 8:32 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Nick Arena, Fred Blair, Chris Cory (Chair), Lynden Foley, R. Paul Martin (Secretary), Mansoor Sabbagh, James Sagurton, Nancy Sorden, Tamra Swiderski (interim CFO).

Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll call
3. Approve Agenda
4. Minutes approval (5 minutes)
5. CFO statement, interim financials (through Feb 2019), and summary statement (10 minutes)
 - A. Q&A (30 minutes)
6. 2020 Budget Timelines - discussion and approval of timelines for 2020 budgets (40 minutes)
7. New Business
8. Adjourn no later than 10:30 PM (ET)

Motion: (Chris Cory) “To approve the agenda.” (Passed without objection)

Minutes approval 8:37 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the June 25, 2019, meeting.” (Passed without objection)

CFO statement, interim financials (through Feb 2019), and summary statement 8:39 PM (ET)

The Chair thanked the interim CFO for sending the committee the Consolidated Income Statement with Detail through the end of February 2019, and the “Pacifica Foundation Financial Narrative for February 2019.”

The interim CFO went over the documents she’d sent the committee. She said it was difficult to get it done with the FY18 figures not being done yet. She said that some of the figures might not be accurate. She said that Programming Costs looked a little odd to her. She said that there was an increase in Total Revenue of about \$500,000 over FY18. She said that as the fiscal year went on things would probably even out. She said that Listener Support was down by about \$400,000 as compared to FY18 but that that could be due to timing. She said that Major Donor revenue was up considerably and that it drove the increase in revenue of about \$1,000,000, and that Board Expenses were much higher due to elections. She said that Personnel was about the same. She noted that there was an error in a formula on that document. She said she’d send a Profit & Loss

Statement for all of FY17 to the committee. She said that the Central Services line should zero out on the Consolidated spreadsheet. She said that they'd found historical issues of recording inter-company transactions which had caused that to not work properly. She said that there were some problems in FY18 and FY19 that they need to look into.

Q&A 8:45 PM (ET)

The committee discussed the interim CFO's statement. In answer to a question the interim CFO clarified that the stations couldn't expect to receive any CPB money until 2021, because the 2020, CPB grants would be based on Pacifica's FY18 audit, and that was already overdue. She said that when Pacifica gets its FY19 audit posted in time we should be able to qualify for the CPB grants which will be awarded in 2021. There was a discussion of how the Central Services are handled in the Profit & Loss statement. The interim CFO said that normally they would show actuals in a balance sheet, including Central Services payments, but she said that she was not comfortable making balance sheets yet. There was a discussion about what from the interim CFO's documents should be released to the LSBs. The the issue of repaying the loan was discussed. The interim CFO said that the terms of the loan require that the interest be paid quarterly. She said she had spoken with the lender that day and that, since there's still some money left from the fund that helped to put off interest payments for the first 18 months of the loan, that on September 30, Pacifica will only have to pay about \$26,000. After that the quarterly interest payments will be about \$75,000, starting with the December 31, 2019, interest payment. The interim CFO said that she'd look into the possibility of KPFT having made double Central Services payments and that by October she hoped that the accounting would be caught up. The interim CFO told the committee how the figures go from the *Great Plains* software to the reporting software along with the financial information the National Educational Telecommunications Association gets directly from WBAI and WPFW. There was further discussion of what information to send to the LSBs. It was agreed that the Profit & Loss statement was not ready to be sent to the LSBs.

Motion: (R. Paul Martin) "To authorize the Treasurers to send the narrative from the interim CFO to the LSBs with the Net Operating Gain and Board Expenses removed, and with a disclaimer at the top that the document is tentative." (Passed 8 for, 1 against, 1 abstention)

2020 Budget Timelines - discussion and approval of timelines for 2020 budgets 9:31 PM (ET)

The committee discussed the draft FY20 budget timeline and what interactions between the interim CFO, the NFC and the LSBs could happen and when, given that the financial information is not ready yet. The interim CFO said that she could probably produce a formula for Central Services payments by the end of July. There was another discussion about repayment of the loan and how the loan would be carried on the books. The interim CFO said that Pacifica had received a bequest of over \$500,000 and WBAI had received a bequest of about \$200,000. The Chair told the committee that the interest on the loan was the Prime Rate plus 3%, which at the time of the meeting amounted to an interest rate on the loan of 8.25%.

Motion: (Sharon Adams) "To accept the new FY20 timeline." (Passed without objection)

New Business 10:14 PM (ET)

The committee discussed the need for the NFC to start working on ideas about how to repay the loan, since the PNB has not come up with anything yet. Some Directors have been collecting options on the loan payback. It was suggested that the NFC bring the General Managers and the Executive Director into the discussion.

Motion: (R. Paul Martin) "To adjourn." (Passed without objection)

Adjourned 10:22 PM (ET)

Submitted by R. Paul Martin, Secretary.