

Minutes for the regular National Finance Committee meeting August 11, 2020.

Meeting convened at 8:37 PM (ET) a quorum being present, the Chair and Secretary being present.

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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), Nancy Sorden, Polina Vasiliev, also attending was interim Executive Director Lydia Brazon.  
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Agenda:

1. Convene meeting 8:30 PM (ET)
2. Roll Call
3. Adopt agenda
4. Approve minutes (2 minutes)
5. Chair's announcements (2 minutes)
6. Analysis of YTD financials Director Cory (15 minutes)
7. Interim CFO Report, Anita Sims (20 minutes)
8. Interim Executive Director's report (5 minutes)
9. Reports from stations on Budget Timeline progress (25 minutes)
10. Central Services Formula (20 minutes)
11. New Business
12. Adjourn no later than 10:10 PM (ET)

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**Motion:** (James Sagurton) "To adopt the agenda" (Passed as amended without objection)

The Committee discussed the motion.

**Amendment:** (Sharon Adams) "To add 5 minutes for 'Interim Executive Director report' after 'Interim CFO Report, Anita Sims'." (Passed without objection)

The committee discussed the amendment.

**Amendment:** (R. Paul Martin) "To remove times for 'Roll Call,' 'Adopt Agenda' and 'New Business.'" (Passed without objection)

The committee discussed the amendment.

Approve minutes 8:46 PM (ET)

**Motion:** (R. Paul Martin) "To approve the minutes of the July 28, 2020, meeting." (Passed without objection)

Chair's announcements 8:46 PM (ET)

The Chair told the committee that there had been a hurricane where he lives, there are thousands of trees down and his power is not back yet. He said that if he gets knocked off the call he will not be able to get back on. He asked Chris Cory to take over in that case. He said that Chris Cory will do an analysis, and he asked the Treasurers to report on how they're doing with the budget timeline, and he said the interim CFO will talk about the audit engagement letter and the audit for FY19.

Analysis of YTD financials Director Cory 8:48 PM (ET)

The KPFA Director read his Internal Financial Review and Discussion - six month rolling review to the committee. This document is appended to the end of these minutes.

The committee discussed the analysis. The WBAI Treasurer said that the WBAI General Manager says that as of July 31, WBAI had a deficit of about \$115,000. It was noted that the analysis goes to June 30. The interim CFO said that the WBAI General Manager is doing his accounting on the *Quickbooks* software, and since NETA is dealing with payroll, insurance and benefits those expenses are not showing up on the General Manager's accounting software. There was a discussion over whether or not the WBAI General Manager's figures agree with NETA's. The interim CFO said that maybe she should send the WBAI General Manager the payroll, insurance and benefits information every two weeks so he can put it in *Quickbooks*. The interim CFO said that even though WBAI didn't have to make payroll due to the Paycheck Protection Program (PPP) loan that the payroll and other expenses were still on the books. The possibility of adding a special line for the PPP loan in the financial documents was discussed. There was a discussion of the negative impact of the Covid-19 pandemic on the ability of stations to raise revenue from events. In answer to a question the interim CFO said that the PPP loan is paying payroll expenses for all of Pacifica through August 15, 2020, and also benefits for July and August. She also said that she'd send an accounting of how much of the PPP loan money went to each station the day after this meeting. The interim Executive Director said that benefits for all stations except for KPFA were included in the PPP loan money. She said that NETA had not known that KPFA was paying their health benefits directly. She said that she hoped that this would be made up in the Economic Injury Disaster Loan.

**Call for the orders of the day:** (R. Paul Martin) 9:27 PM (ET)

**Motion:** (DeWayne Lark) "To extend the time for this item by five minutes." (Passed without objection) 9:27 PM (ET)

The committee discussed the effect of the June 11, 2020, PNB motion on the amount received from the PPP loan. There were suggestions made for how a possible second PPP loan should be handled and there were questions regarding how to survive till then with the current headcount.

**Motion:** (Nancy Sorden) "To extend the time for this item by three minutes." (Passed without objection) 2139

There was a discussion of the PPP loan money not being able to be applied to paying stations' Central Services fees.

**Motion:** (DeWayne Lark) "To extend the time for this item by two minutes." (Passed without objection) 9:45 PM (ET)

The discussion continued.

Interim CFO Report, Anita Sims 9:47 PM (ET)

The interim CFO told the committee that the engagement letter for the FY19 audit had gone to the interim Executive Director. She said that NETA is prepared to work with the auditors on it. She said that they have communicated with the auditors and they are ready to go as soon as the letter is signed. The interim CFO said that they hope to get the FY19 audit done very quickly, in under six months. The interim CFO said that the only station that has not given NETA view access to their bank accounts was KPFT.

In answer to a question the interim CFO confirmed that both the FY18 and FY19 990s are done. She said that the reason why neither of those was posted on the Pacifica Web site was because the forms still needed some signatures.

In answer to a question raised at the July 28, 2020, NFC meeting the interim Executive Director said that Pacifica had applied for the Economic Injury Disaster Loan on April 3, and that they got confirmation of that immediately. She said that the Economic Injury Disaster Loan people had given Pacifica an application number and Pacifica has gotten the initial \$10,000 so Pacifica does qualify for the \$2 million loan, but there had been no approval yet. She said that the complication was that the WBAI General Manager had filed for the loans on his own and ahead of Pacifica and that this was causing some confusion among the government people handling the loan. She said that Pacifica is being helped along with this Economic Injury Disaster Loan by the office of California Senator Kamela Harris.

Interim Executive Director report 10:01 PM (ET)

The interim Executive Director said that regarding the KPFT Wells Fargo account that NETA does not yet have view access to the bank account is because all of the banks are doing re-credentialing. She said that she has had to send in a lot of paperwork to Wells Fargo and that they should be able to give NETA view access to KPFT's account soon. She said that for the 990s they were able to use her electronic signature at NETA but the amendment to the FY18 990 has to bear her physical signature. She said that the amended document will be sent by Fedex the next day and she will mail it back. The interim CFO said that the FY19 990 also needs to be amended at the right time.

Reports from stations on Budget Timeline progress 10:07 PM (ET)

WBAI - The WBAI Treasurer said that the local Finance Committee has been working on it for

the last two meetings and will be working on it at the next meeting.

KPFFK - The KPFFK Treasurer said that they'd gotten the second draft of the KPFFK draft FY21 budget from the General Manager and the local Finance Committee will meet tomorrow.

KPFA - The KPFA Treasurer said that they had a budget workshop scheduled for next weekend and they're on track for getting their draft FY21 budget done on time.

KPFT - The KPFT Director said that there would be a budget proposal for the KPFT LSB meeting the next night. He said he saw no reason other than politics why KPFT wouldn't submit a budget to the NFC in September.

WPFW - The WPFW Director said that they're in process. The General Manager has gotten the template from NETA and they are planning to meet on the local Finance Committee for an additional meeting this month to work on it and the plan is to present it to the LSB in September.

National Office - The interim Executive Director said that she needs to hear from the Personnel Committee. She said that if Pacifica hires an Executive Director she needs to see what kind of package will be offered and that will be a huge chunk of the National Office FY21 budget, and they don't know what staffing a new Executive Director would have because the job can't be done by one person. She said that NETA has all the numbers.

Adjourned 10:13 PM (ET)

Submitted by R. Paul Martin, Secretary.

## Appendix

NFC- Internal Financial Review and Discussion- six month rolling review

Subject to PNB motion, here are the six months operating numbers of each division, followed by a discussion of the numbers. All figures rounded to the nearest \$thousand. YTD = Fiscal Year To Date.

<u>Division</u>	<u>6 Month Gain (Loss)</u>	<u>Pct On Revs</u>	<u>YTD Gain (Loss)</u>	<u>YOY Trend</u>	<u>Notes</u>
KPFA	20k	+1.1	150k	positive	Bequest last year
KPFFK	(428k)	-32	(350k)	negative	Bequest last year
KPFT	(38k)	-11	(26k)	neutral	None
WBAI	(200k)	-28	(214k)	positive	None
WPFW	(77k)	-11	(18k)	positive	None
PNO			296k		

PRA

36k

Consolidated

(128k) negative

Bequest last year

Summary Findings

Overall, the foundation is trending slightly lower, with listener revenue even with last year, and overall revenue falling \$900k due to a loss of bequest income from last year. The overall loss for Pacifica is \$128k year to date, or 1.5% on revenues.

As has been typical of operations this 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.

**In accordance with the PNB resolution, the following stations are to report back to the PNB within a week their suggestions for cutting their budgets in the following amounts:**

**KPFK = 32%. Since this station was already mandated to cut 30%, and has already submitted a budget, I believe we can dispense with this one.**

**WBAI = 28%, WPFW 11%, KPFT 11%.**

It should be noted that the above measures do not enable repayment of principle on the loan, or accrue the cash needed to replace depreciated assets. It ONLY allows operational expenses to be met.

Analysis completed by: Chris Cory, NFC Director