

Minutes for the regular National Finance Committee meeting July 25, 2023.

Meeting convened at 8:38 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Teresa Allen, Elizabeth von Gunten, Kamau Harris, Kim Kaufman, R. Paul Martin (Secretary), James McFadden, Sean Kelly McPherson, James Sagurton (Chair) Also attending were Pacifica Executive Director Stephanie D. Wells and KPFK interim General Manager Michael Novick.

Agenda:

1. Convene meeting
 2. Roll call
 3. Adopt agenda
 4. Minutes (5 minutes)
 5. Review of the Pacifica Radio Station KPFK's FY23 Budget (KPFK General Manager Michael Novick and KPFK Treasurer Kim Kaufman presenting with Q&A) (60 minutes)
 6. Report from the Executive Director (30 minutes)
 7. Review Financials for the period ending April 30, 2023 (10 minutes)
 8. Consolidating Bank Accounts/Comparisons (5 minutes)
 9. Adjourn no later than 10:15 PM (ET)
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Motion: (sag) "To adopt the agenda." (Passed without objection)

Minutes 8:40 PM (ET)

Motion: (Postponed from previous meeting) "To approve the minutes of the June 27, 2023, NFC meeting." (Passed as amended without objection)

Amendment: (R. Paul Martin) "To add 'She said that Pacifica was three months behind on the interest payments for the Economic Injury Disaster Loan,' to the second paragraph of the Report from the Executive Director'" (Passed without objection)

Review of the Pacifica Radio Station KPFK's FY23 Budget 8:43 PM (ET)

The KPFK interim General Manager told the committee that there was a projection of the final couple of months of FY23 in the KPFK draft FY23 budget and that it showed a slight deficit. He said that the projection of expenses for the last five months is higher than the actuals for the first six months of FY23. He said that the projection for the revenue is in line with, or a little bit lower than, what it had been for the first six months. He said that they key thing to understand is that it doesn't really show the actual financial picture. He said that while local revenue and expenses are roughly in balance that's not real because the station is carrying a large amount of aged payables. He cited the agreement that KPFK pay Southern California Edison the current electric bill and

\$8,000 a month to cover the station's arrearage on old electricity bills. He said that the \$8,000 doesn't show up in the current financials because it's from past years. He said that paying that amount means that the station is not paying some current bills and so they are developing new aged payables for the current period. He said that they're trying to get more off-air fund raisers and getting more LSB members to participate in fund raising activities. He said that the Membership Department had done a major E-mail to about 7,000 lapsed donors. He said that a lot of people had dropped their memberships over the past couple of years. He said that KPFK is a part of the CDP consortium of public radio stations. He said that some of the figures from CDP show that KPFK has an improvement in member retention but it's still not up to that of the average radio station. He said that two-thirds of people over the past four years were no longer members. He said that the station had about 6,000 current listener sponsors and it's a challenge to generate income from that. He said that numbers had dropped off substantially at the end of 2021, and the beginning of 2022, and the station had been in the 5,000 to 6,000 member range since then. He said that the station's last on-air fund raiser had seen a substantial percentage of people who had renewed as their membership expired or lapsed members who became members again. He said that payroll will be lower than what's projected in the draft budget. He said that Roy of Hollywood had died in April and would no longer been on the payroll. He said that the station's payroll was much lower than it was at the start of FY23 and some people have left. He said that the severance payments for Staff who were no longer employed were ending for some of them. He said that the key is that they have not been able to come up with Central Services payments but KPFK did contribute \$20,000 earlier in the year to help Pacifica Radio Archives and WBAI to cover payroll. He said that YTD Listener Support was down by about \$150,000. He said that expenses were down much more, and that last year YTD they were about \$905,000 and that this year they're about \$615,000 and that they they're showing a somewhat balanced budget as opposed to a major deficit budget. He said that KPFK has one more on-air fund raiser coming up in August and they'd had an average of about \$4,500 a day but that had dropped off to about \$4,000 in the last drive. He said that those actuals were not shown in this draft budget but their June on-air fund raiser had made about \$101,000 and additional Listener Support. He said that the projected \$83,000 in Listener Support is probably about right. He said that Personnel Costs would be lower. He said that they had inherited a lot of deferred maintenance and their transmitters are at the end of their lives and they cannot be repaired. He said that replacing the transmitters would probably be about a \$200,000 expense. He said that KPFK had gotten a lot of support from Jon Almeleh. He said that they were looking to do a capital campaign and would be looking for Major Donor Income or grants to cover those transmitter expenses.

The committee discussed the KPFK draft FY23 budget proposal. In answer to a question the KPFK interim General Manager said that Personnel Costs were declining and would continue to decline. He said that a part of the Personnel Costs is not a severance payment but a settlement. He said that part of their Personnel Costs budget is for an obligation of Pacifica.

In answer to a question about possibly using an on-air fund raiser strategy similar to the one that WBAI uses the KPFK interim General Manager said that their Membership Department thinks that premiums alienate members. He said that the station is doing an on-air fund raiser every other month but they're not preempting much programming. He said that they were relying on low cost or no cost premiums and a lot more money was staying with the station and not going to

vendors, etc. He said that *Allegiance* was showing an uptick in retaining members.

In answer to a question the KPFK interim General Manager said that the CDP consortium of radio and TV stations tries to find discounts and they do a deep analysis of your finances. They send out a monthly report that shows statistics and comparisons.

The KPFK Treasurer said that she thought that the June on-air fund raiser was an anomaly because they had more donations, smaller donations in that on-air fund raiser. She said she believed that they were all about the election. She said that she didn't think they would have that motivation in the August on-air fund raiser. She said that the June on-air fund raiser's average was about \$4,000 a day and it was not going up. She said that for this year KPFK's donors per day numbered about 39 to a low of 30 per day. She said that was about a little more than one an hour. She said that the station was cutting expenses but it's not growing with fewer and fewer Staff. She said that KPFK lost about 50% of its membership but the station's four paid programmers had been subsidizing the others' programs and they're all gone now.

In answer to a question the KPFK interim General Manager said that Southern California Edison had agreed to allow KPFK 18 months to pay the arrearage on their electric bill and they were 14 months into that. He said that it'll come off. He said he'd never seen a cash flow but that the \$8,000 a month would be available to pay other bills. He said that the Personnel Costs would end in FY24. He said that the settlement that KPFK was paying was about \$5,000 a month and would be finished next Spring.

The KPFK Treasurer said that there were a number of expenses that were not hitting the P&Ls; she said that there would likely be more of a deficit than is being reflected in the actuals.

The committee discussed proposed programming changes with the KPFK interim General Manager. He said that the station needed current content from younger voices. He said that programs that were no longer being preempted for on-air fund raisers are now holding their own.

In answer to a question about the Net Income (Loss) for FY23 the KPFK interim General Manager said that most of the deficit was unpaid Central Services fees. The KPFK Treasurer said that the deficit could be projected to be about \$300,000.

The committee discussed the two consultants at KPFK, a board operator and a fund raising person. The KPFK Treasurer said that those positions were blank in the draft FY23 budget but that the station still has them so maybe that information is not getting to National Office.

The committee discussed programs raising revenue. The KPFK interim General Manager said that *Allegiance* shows that some shows raise money but some don't show up on *Allegiance* because they didn't raise one dollar. The committee discussed goal-setting for producers and setting up matching funds.

In answer to a question the KPFK interim General Manager said that the budget for phones went up from \$1,000 to \$4,000 a month. The KPFK interim General Manager said that they'd had to

replace their phone system because the old one destroyed Internet access. He said they took out 29 phones and replaced them with 18 phones.

Motion: (James Sagurton) "To extend the time for this item by 10 minutes." (Passed without objection) 9:56 PM (ET)

There was a discussion of the precision of the budget. The KPFK Treasurer said that she put the draft budget together and mostly worked with averages. She noted that it had been approved by everyone who'd looked at it.

In answer to a question the KPFK interim General Manager said that the station had maybe nine FTEs.

There was a discussion of things like Web site revenue being included in Listener Support, the KPFK Treasurer said that there was no way to pull that specific information out.

The committee discussed grants and the KPFK Treasurer said that the station does sponsorship underwriting for music events which raised \$18,509 by the end of March and was projected to raise \$15,250 by the end of FY23.

Motion: (James Sagurton) "To extend the time for this meeting to 10:30 PM (ET) and extend the time for this item by five minutes." (Passed without objection) 10:13 PM (ET)

The Chair asked the Executive Director if she was okay with the KPFK draft budget, she said yes, it should be sent to the PNB, then we'd have a base from which to move forward.

Motion: (Kim Kaufman) "The NFC has reviewed the KPFK 2023, April-September budget. It reflects a reasonable estimate of revenue and expenses. It is a deficit budget. We believe the personnel costs will decrease in the coming months. We send the budget to the PNB for their review." (Passed 5 for, 0 against, 2 abstentions)

The Committee discussed the motion.

Report from the Executive Director 10:22 PM (ET)

The Executive Director told the committee that the consolidated financials for May had been completed and she would send them out tomorrow. She said that she had been strongly encouraging stations in the past week to make whatever payments they could toward their Central Services fees because Pacifica was facing a payroll deficit for this pay period. She said that the second payment to the National Elections Supervisor was due in a couple of days, and that the first payment to Simply Voting for the elections was due in a couple of days, and that there were large employee health care payments that needed to be made by July 30. She said that she'd been having meetings, making phone calls and texting General Managers to see what they have in their accounts and ask if they would be willing to make a payment to their Central Services fees and possibly send a little bit extra so that Pacifica can cover some existing

payments that are pending and that are due so we don't have to roll out a significant reduction in non-Union employees' salaries and then have to face the penalty for not making health care payments. She said that some stations are looking to see if they can do that.

In answer to a question the Executive Director said that official notices would be going out from the insurance companies within the next 24 hours. She said that she'd reached out to legal counsel about what the best way for Pacifica would be to let employees know that there will be pay reductions and a loss of health insurance. She said that she was awaiting instructions from legal counsel.

In answer to a question the Chair said that we could send out the P&L through April 30, to the public.

The distribution of the P&Ls was discussed. The KPFK Treasurer requested that the Executive Director put a disclaimer on the P&Ls when she sends them to all, including General Managers, that they're not to be distributed further. She said that KPFK's Interim General Manager did send them out to some people.

In answer to a question the Executive Director said that there was no money for the FY22 audit and so it's not happening now.

Adjourned 10:33 PM (ET)

Submitted by R. Paul Martin, Secretary.