

Minutes for the regular National Finance Committee meeting December 11, 2012.

Meeting convened at 8:40 PM (ET) a quorum being present, the Chair and Secretary being present.

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Attending: Ken Aaron, Jim Boyd, Bill Crosier, Campbell Johnson, Kim Kaufman, R. Paul Martin, Tracy Rosenberg, Alex Steinberg, Barbara Whipperman

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Agenda:

1. Roll Call
  2. Approve agenda
  3. Approve minutes
  4. Approve consolidated budget
  5. Bond report
  6. Accounting protocols for Donations and grants
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Motion: "To approve the agenda." (Passed without objection)

Approve minutes 8:44 PM (ET)

Motion: "To approve the minutes of the November 27, 2012, meeting." (Passed without objection)

Accounting protocols for Donations and grants 8:46 PM (ET)

Motion: (Jim Boyd) "To approve the consolidated FY13 Pacifica budget." (Passed without objection)

The committee discussed the motion. The National Office is working on the FY12 audit and will be dealing with the backlog of financial statements.

Bond report 8:56 PM (ET)

There was a report from members of the working group that had been set up to look into bonds that would protect Pacifica as per a motion referred to the NFC by the PNB about arranging for the two persons designated by the PNB as signers on Pacifica Foundation accounts to be bonded.

It was reported that the interim Executive Director has told a member of the working group that Pacifica has "dishonest employee insurance" which covers losses up to \$500,000. It was further reported that research shows that what Pacifica probably wants is a fidelity bond for a social organization or a non-profit which is a type of policy that doesn't get written often. We might need to get such a policy offered by an insurer and look that over. There were questions about whether a policy could also cover the five radio stations and whether an insurer would want to so insure the Pacifica Foundation. It was noted that while the insurance policies being looked at cover between \$100,000 and \$500,000 some stations handle more than \$3,000,000 a year. The committee discussed the report. The Chair said that she'd bring what had been done so far to the PNB and see what they want to do.

Accounting protocols for Donations and grants 9:10 PM (ET)

It was reported that a producer at KPFK got a grant from his employer. The grant is for that producer. The grant money goes to KPFK and that producer draws the money for his own use. This grant is included on KPFK's operating budget and it looks like KPFK itself is getting this grant, but it's not. There is a question about disclosure of this arrangement.

The committee discussed the issue. A member familiar with this situation at KPFK said that it was being done in a transparent manner and expense records were kept. The Chair noted that this grant had been taken out of the KPFK operating budget. It was pointed out that Pacifica doesn't allow underwriting, and that this grant amounted to a restricted fund. It should not be counted as income but as a liability, that way it doesn't inflate income or expenses. The issue of what are termed "plugola" and "payola" was discussed. Some members thought that maybe the grant was in fact underwriting for programming and that it needed to be disclosed on-air. The necessity of preventing grant money from affecting Pacifica programming was discussed. Another KPFK donation included money to build a personal Web site for a producer. This was discussed and the prohibition of a non-profit organization doing things which inure to the benefit of someone connected to such an organization was discussed. Issues of ownership of Web sites and of the air being used to drive people to other Web sites was discussed. Copyright issues were discussed. Committee members wanted more information.

How to handle the next meeting was discussed.

Motion: (Tracy Rosenberg) "To meet next on January 8, 2013, and at that meeting the NFC invites both outgoing and incoming Treasurers from all 5 LSBs to attend, although only seated Treasurers may vote." (Passed without objection)

Adjourned 10:07 PM (ET)

Submitted by R. Paul Martin, Secretary.