

Minutes for the regular National Finance Committee meeting November 26, 2019.

Meeting convened at 7:39 PM (ET) a quorum being present, the Chair and Secretary being present.

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

Agenda:

1. Convene meeting 7:30 PM (ET)
 2. Roll call
 3. Approve Agenda
 4. Minutes approval (5 minutes)
 5. Report from interim CFO (30 minutes)
 6. Sustainability Motion (20 minutes)
 7. Adjourn to Executive Session at 8:30 PM (ET)
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Motion: (Chris Cory) “To approve the agenda.” (Passed without objection)

Minutes approval 7:42 PM (ET)

Motion: (R. Paul Martin) “To approve the minutes of the October 22, 2019, meeting.” (Passed without objection)

Report from interim CFO 7:43 PM (ET)

The interim CFO had sent the committee a spreadsheet titled, “Consolidated Monthly Income Statement For the Twelve Months Ending Monday, September 30, 2019” just before the meeting.

The interim CFO reported to the committee that the FY18 audit was still going on, and that there are probably some audit entries which are not in there. She said that the pension costs are one of those things. She said that halfway through FY18 the pension accruals were made for 2% of the gross salaries that had stopped being made, and they went back and that was put in the FY19 numbers. She said they’ll add that in, so there will be some changes to the FY18 numbers. She said that Depreciation was in the Administrative line, and they took that out and did a regular Net Income and a Net Income with Depreciation. She said that the consolidated net operating loss without Depreciation for FY18 was about \$251,000 and for FY19 about \$422,000. She noted that this was an increase in the loss of about \$171,000. She said that revenue was up about \$400,000 from FY18 to FY19, and that includes the bequest of about \$750,000 from WBAI. She said that expenses were up about \$567,000, some of that related to personnel and some to board elections. She said that there were two years of board elections included in FY19. She said that

overall Listener Support was down about \$1 million as compared to FY18. She said that Pacifica got about \$1.5 million more in Major Donor revenue and that without that we'd be seeing total revenue numbers about \$1.5 million less than we're seeing now.

The interim CFO said that for the individual stations Total Revenue as compared to FY18 was up about \$88,000 for KPFA, up about \$389,000 for KPFK, down about \$100,000 for KPFT, down about \$80,000 for WBAI, and down about \$260,000 for WPFW, but WPFW had gotten a grant in FY18 for about \$130,000 so that would have been about half of that difference. She said that the National Office had an increase of about \$480,000 which was probably due to that bequest.

The interim CFO said that Total Expenses for FY19 had increased by about \$500,000 over FY18. She said that for the individual stations Total Expenses for FY19 for KPFA were about the same as for FY18, KPFK was up about \$423,000, KPFT was up about \$175,000, WBAI was up about \$319,000, WPFW was up about \$32,000 and the National Office was up about \$373,000 a large portion of which was personnel at about \$580,000. She said that consolidated Administration Expenses was up about \$100,000, Programming Expenses were down which she said looked like was related to a reclassification of Tower Expenses, which she said might be "wonky" due to how the Tower Expenses were treated with the Empire State Realty Trust settlement and the loan and which might be something that will be affected by the audit. She said that Development Expenses were down about \$175,000, Special Events expenses went down about \$111,000. She read the Net Income (Loss) without Depreciation figures for each station from the Consolidated Monthly Income Statement.

The committee discussed the report. There was a discussion about the blank cells in the spreadsheets. The interim CFO said that some information was missing, some stations are on a cash basis and some invoices are only entered when paid instead of when they should be shown in the books. In answer to a question the interim CFO said that there were no estimates in the Consolidated Monthly Income Statement for FY19, they show actuals. There was a further discussion of the blank cells in the spreadsheet. There were questions about how the WBAI Tower Expenses are accounted for over FY18 and FY19. The interim CFO said it looked odd to her and that she needed to look into those transactions and figure out what they were. There was a discussion of salaries expenses.

The interim CFO said that her contract was up at end of this month, and that the work she'd been doing would be reassigned to George Walter of NETA. She said that if committee members had questions we should send them to her, and that she enjoyed working with us.

Motion: (Bill Crosier) "To extend the time for this item by five minutes" (Passed without objection) 8:15 PM (ET)

The committee continued discussing the interim CFO's report. There was a discussion of paid employees of Pacifica and contract workers at stations. In answer to a question about making the Consolidated Monthly Income Statement public the interim CFO said that generally audited financials are made public. She said that she'd wait till the audited financials are done because the audit may affect the FY18 numbers, but whether or not to make the document the committee was

discussing public was not up to her.

Sustainability Motion 8:19 PM (ET)

The following motion had been postponed from the previous meeting.

Motion: (Bill Crosier) “The NFC recommends to the PNB that Whereas, when a station repeatedly cannot cover its own payroll and employee benefits, and needs the rest of Pacifica to pay those expenses, it creates a significant problem for Pacifica, and

Whereas, using Central Services funds, that are needed for critical expenses, to instead cover expenses at an individual station thereby makes funds not available for those critical expenses, and

Whereas, when Pacifica does not have CS funds for paying for accounting, HR, audits, pension administration, Pacifica Radio Archives, and other needs, the Foundation risks financial collapse and failure to get audits completed and loss of its tax exemption, Therefore be it

Resolved, that when a station needs the rest of Pacifica to cover its payroll and/or employee benefits and/or other expenses, and does not pay those funds back before second payroll cycle that follows, it shall lay off employees or cut other expenses to the extent necessary for it to be able to pay its own expenses, but with the exception that this provision may be suspended by a vote of the PNB in cases of natural disaster.” (Fails 4 for, 5 against, 1 abstention)

The Committee discussed the motion.

Adjourned to an executive session 8:30 PM (ET)

Submitted by R. Paul Martin, Secretary.