

Minutes for the regular National Finance Committee meeting May 24, 2022.

Meeting convened at 8:36 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Nick Arena, Chris Cory, Elizabeth von Gunten, Julie Hewitt, Kim Kaufman, Julia Kennard (CFO), R. Paul Martin (Secretary), James McFadden, Sean Kelly McPherson, James Sagurton (Chair) also attending was Pacifica Executive Director Stephanie D. Wells

Agenda:

1. Convene meeting 8:30 PM (ET)
 2. Roll Call
 3. Adopt Agenda
 4. Chair's Announcements (2 minutes)
 5. Minutes (If available) (3 minutes)
 6. Report from Executive Director (If available 10 minutes)
 7. Review the April 2022 Financials (45 minutes)
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Motion: (James Sagurton) "To adopt the agenda." (Passed without objection) 8:42 PM (ET)

Chair's Announcements 8:42 PM (ET)

"Tonight we will review the April 2022 Financials

We will also consider a Motion on Transaction Limits

Corporation for Public Broadcasting grant applications are open. Pacifica's position for applying is under review.

Intensive work is ongoing to produce appropriate revised Draft Budgets for our remaining three budgeted units. The Executive Director, the CFO and the NFC Committee are working together to produce realistic budgets. The CFO is working very hard with everyone involved and is working on the FY21 Audit and keeping the financials updated. These efforts are happening every day."

In answer to a question about Pacifica applying to join the Corporation for Public Broadcasting (CPB) this month the Chair said that the deadline is soon. He deferred to the Executive Director. The Executive Director said that Pacifica is not eligible to apply because there are eligibility requirements that have not been met and you need to be in compliance with all of their eligibility requirements prior to the application opening.

Minutes 8:45 PM (ET)

There were no draft minutes available.

Report from Executive Director 8:46 PM (ET)

The Executive Director said that she did not have an official report, it was a hectic day and she was focusing on some issues they were dealing with at KPFK and did not prepare anything for this meeting.

The issue of Pacifica not applying to join the CPB was brought up. The Executive Director said that we would have to wait until 2023, to apply to join the CPB. She said that there were some financial documents based upon a letter Pacifica had received in 2017, from the CPB of the eligibility requirements that Pacifica had not met. She said that Pacifica had not done anything at that time to provide the CPB with the information that they needed. She said that in conversations she's had with people at the CPB all of those requirements from that letter still need to be met and the CPB needs to review those prior to Pacifica being eligible. She said that we were hoping to be able to apply and meet those eligibility requirements after the application process, but the CPB said we need to answer their questions from years ago and be in compliance prior to the opening of the application window. She said that we know what those requirements are and we need to start working on those to make sure that we are in good standing with them during this upcoming year and then we will be in compliance by the time the window opens next year. The Executive Director was asked what the questions were in that letter and she said that it would not be a problem to send that letter out. She said that it had been sent to two Executive Directors before her and she could pull that and forward it to people. The CFO said she would look for that 2017, letter too. There had also been a letter from the CPB in 2013.

The Chair said that a lot of what was missing were the audits and other financial information that wasn't available in 2013, but which has since become available. He said he'd been hoping that we'd make an effort to get those documents because we now have them. He said that he'd thought that the real concern would be audience levels at two stations that might not meet requirements.

The Executive Director said there are audience levels requirement and also a percentage of funding that has to come in from sources other than listeners, so Pacifica needs to find a certain level of funding from other sources and we don't meet that requirement either at some of the stations.

The CFO said that in the conversation that was had with the CPB the inability to pay our bills was something they were struggling with. The Executive Director agreed and said that she'd spoken to three people at the CPB and all had brought up the issue of fiscal management and fiscal irresponsibility as things they have been looking at over the past few years. Leadership instability was also an issue the people at the CPB had brought up.

The committee discussed conversations in NFC meetings about missing the May 19, 2021, deadline to apply to join the CPB last year, and the opinion was expressed that those members of the NFC who were not on the PNB ought to have heard about all of this over the past year since

it is a 2017, letter that has prevented Pacifica from even applying. Some committee members said this had all been discussed on the PNB and at other PNB committee meetings. The Chair said that he'd heard the Executive Director say something along these lines many times although he did not remember where she'd said it on each occasion. He said that he was surprised that it was never said on this committee, if it wasn't.

A member noted that June 30, is the latest deadline for an audit in California. It was noted that it would be good if next year all of the audits were done by March.

Review the April 2022 Financials 8:59 PM (ET)

The CFO updated the committee on several items from past meetings. She said that the internal Revenue Service (IRS) had sent a release of levy notice to the stations' banks and the amounts removed in excess of the levy amounts have been returned and KPFT and Pacifica Radio Archives (PRA) have been made whole by Wells-Fargo. She said that as far as the actual levy from the Economic Injury Disaster Loan (EIDL) funds account we do have a chance of that being reduced but there's still work that needs to be done to gain access to those password-protected files. She said that this was all related to a 1099 from 2018. She said that she didn't believe that we have a chance of getting all of that fine returned because the 1096 form was not filed. She said that if we did get the 1096 form filed then maybe the IRS would reduce the fine, but they would not return all of it. She said that the IRS had seized about \$93,300.

In answer to a question the CFO said that Wells-Fargo had taken about \$26,000 from KPFT, and about \$29,000 from PRA and about \$2,000 was taken from the PRA savings account. She said that Wells-Fargo was charging Pacifica \$100.

The CFO said that Pacifica had closed on the building for KPFT last week. They made sure that the facility was insured properly. She said that some people have been on-site to do minor electrical repairs, and also to go over a check list of initial issues with the inspection. She said that we still need to solidify a budget for it all. She said that they can't do everything they want initially, but they are fixing things like security and air conditioning. She says a small group is meeting weekly. She said that they have to get the electricity and all turned on and they can't fund that right now. She said that KPFT's cash is very low. She said that KPFT's on-air fund raiser was not going well at all. She said that information had been sent out a week or two ago that KPFT had raised \$10,000 over the course of too many days. She said that this will need to be at the top of the list for the next couple of weeks.

There was a discussion of whether or not a bare bones studio could be set up in the new KPFT building. There was also a discussion of a budget for how KPFT could operate the building after they purchased it. The CFO said that she'd follow up with the KPFT Business Manager on that.

The CFO said that with regard to the National Office Central Services has been a struggle. She said that operating cash was about \$89,000 for the National Office. She said that taking insurance and payroll between now and June 1, that leaves about \$11,000. She said that the National Office doesn't have consistent cash coming in from donations. She said that the National Office gets

about \$3,000 to \$6,000 in accounts receivable a month from places like Radio Maria. She said that there are not a lot of options there when the National Office doesn't get Central Services payments. In addition to regular Accounts Payable there is commercial insurance and the stations' health insurance fund that's about \$23,000. She said that WBAI and KPFK were struggling to pay that. She said that next week the National Office is going to have to handle that. She said that paying the health insurance premiums comes after payroll as a priority. She said that WBAI had not paid anything for the first quarter but that since January they have made about \$55,000 in payments. She said that's a very good stab at something that was pretty significantly far behind, but there are still about \$36,000 in health insurance payments this fiscal year that have been paid by the National Office that needs to be recovered. She said that the National Office has about \$260,000 of payables that still need to be paid which includes NETA, PBS, law firms, etc. She said that WBAI had made three months of payments in April and May trying to get caught up. She said that the effort is there, but it gives her pause every month making sure that we'll have cash every month, mostly to avoid late fees, which can range from a couple of hundred dollars to \$1,000. She said that the National Office is owed about \$550,000 in Central Services payments for FY22 alone. She said that KPFA and WPFW have paid, but KPFA's cash flow has dropped and WPFW hasn't started their on-air fund raiser yet, so things will be tight for them till they start it. She said that Pacifica has about \$176,000 in the EIDL fund.

The CFO went over the spreadsheet tab that showed Pacifica station payments for FY22 as a part of the Monthly Income Statement For the Seven Months Ending Saturday, April 30, 2022. She said that of the \$1.5 Million from the EIDL Pacifica had spent about \$1,153,000, and what remained was set aside for paying the auditor, the FJC interest for two quarters, legal bills and reserves for other bills. She said we have not paid all of those bills. She said that of the Accounts Payable for the National Office of about \$260,000 over \$100,000 of that is legal fees. She said there were about \$66,000 in legal fees from before February for the General Counsel's law firm that we need to get paid. She said that because interest payments have been made on the FJC loan that the upcoming interest payments will each be about \$38,000 instead of about \$50,000. She said that the General Counsel said that FJC is interested in extending the loan for two more years.

The CFO said that KPFK has funded payroll, all stations have. She said that KPFK has about \$10,000 in cash and they have about \$190,000 in aged payables. She said that the utilities have not been paid there for a while. KPFK's electricity bill is over \$50,000 now and they got a notice the day before this meeting that the utility company will cut the electricity off if the bill is not paid by June 1. She says that they're going to try to negotiate that down. She said that getting someone on the phone with them is a nightmare. There was a discussion about a moratorium on cutting off services during the pandemic and whether KPFK is covered by that.

The CFO said that KPFK has a nice postage machine that costs \$5,000 per quarter. The company, Pitney Bowes, will not let KPFK out of the contract, they want us to extend it. They're threatening to lock the machine. She said that the company may try to work with us. KPFK owes them about \$25,000. The committee discussed alternatives for postage other than the rented machine.

Motion: (Chris Cory) "To extend the time for this item by 15 minutes." (Passed without

objection) 9:46 PM (ET)

The committee continued to discuss options related to postage and the rented machine.

The CFO discussed the Monthly Income Statement. She said she'd backed out the Paycheck Protection Program (PPP) revenue to make the comparisons apples to apples. She said that some percentages might be off because of the need to work with negative numbers. She said that YTD consolidated revenue is down 24% and expenses were down 7%. She said that KPFA was down 27% in rev, their expenses are down about 1%. She said she was surprised that they were not doing well. She said that Major Donors was down 62% YTD. She said that KPFK was down 44% with regard to fund raising, and they have suspended their on-air fund raiser. The Executive Director said that the on-air fund raiser would resume within 24 to 48 hours. The CFO said that KPFK needs close to \$100,000 for payroll and health insurance every month. She said that the KPFT on-air fund raisers were not working. She said that their YTD revenue was down 40% and expenses are down about 12%. She said that she hoped that would go up. She said that WBAI was flat with their revenue and expenses and are day to day with cash. She said that NETA has implemented some new processes with regard to how decisions are made with making payments. She said that the NFC Chair had been included in a lot of that correspondence to make sure that there's more than one decision maker. She said that when she looks at WPFW's *Allegiance* report she doesn't know if that includes everything like checks. She said that in May the station raised about \$59,000 according to their Web site. She said that the average raised per day was about \$2,500 and their average gift is \$118. She said that KPFA has about the same average but they have larger Major Donors and bequests that make them successful. She said that we need to figure out what needs to be done to push that up. The CFO said that the National Office was down 23% in revenue and up 20% in expenses. She said that she has not had time to get the Pacifica Affiliates Network broken out, but they have cut expenses by 6% and their revenue was up 7.4%. She said that PRA, thanks to the April on-air fund raiser, is up 15.7% with revenue, and they are flat with expenses. She said that election costs were paid at the national level.

The committee discussed how elections expenses are handed. There was also a discussion of Central Services fees and Central Services formulas.

Motion: (Chris Cory) "To extend the time for this item and the meeting by 10 minutes." (Passed without objection) 10:10 PM (ET)

The committee continued to discuss Central Services issues.

The CFO said that the Income Statement spreadsheet was now color coded to make comparisons of prior and current years easier. There was a discussion of sharing radio programs and affecting increases in revenue in a short term.

The Chair said that according to Charity Navigator if you thank donors donations go up 15%. He said that he thought most stations don't remind people when their membership has lapsed. He said that the Internet was an issue. He said that there are ways to bolster our share of the market and we're not necessarily doing any of it. Programming was discussed.

Motion: (James McFadden) “To extend the time for this item and the meeting by 10 minutes.”
(Passed without objection) 10:25 PM (ET)

The committee discussed efforts to market Pacifica. The Executive Director said that if programs are changed in order to try to raise more revenue that there is a lot of pushback sometimes. She said that some of the station Web sites are not good, some stations are behind on sending out premiums. She talked about simulcasting the air on YouTube.

Motion: (Kim Kaufman) “To extend the time for this item and the meeting by 10 minutes.”
(Passed 7 for, 2 against) 10:42 PM (ET)

The committee discussed holding on-air fund raisers that would include the National Office. There was a discussion of what exactly to pitch for if a particular expense was the focus of an on-air fund raiser. There was a short discussion of the next meeting’s agenda.

Motion: (Kim Kaufman) “To adjourn.” (Passed without objection)

Adjourned 10:51 PM (ET)

Submitted by R. Paul Martin, Secretary.