

Minutes for the regular National Finance Committee meeting May 10, 2022.

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

Attending: Chris Cory, Elizabeth von Gunten, Kim Kaufman, Julia Kennard (CFO), R. Paul Martin (Secretary), James McFadden, Sean Kelly McPherson, James Sagurton (Chair), Susan Young also attending were Pacifica Executive Director Stephanie D. Wells and Interim Archives Director Mark Torres.

Agenda:

1. Convene meeting 8:30 PM (ET)
 2. Roll Call
 3. Adopt Agenda
 4. Chair's Announcements (2 minutes)
 5. Minutes (3 minutes)
 6. Report from Executive Director (If available 10 minutes)
 7. Review the FY22 Pacifica Radio Archives Draft Budget (45 minutes)
 8. Review March 2022 Financials (30 minutes)
 9. Non Disclosure Agreements (15 minutes)
 10. Budget Timelines and schedule for NFC review of budgets for FY22 (5 minutes)
 11. Unfinished Business: Motion to update Pacifica Transaction Limits
 12. Adjourn no later than 10:15 PM (ET)
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Motion: (James Sagurton) "To adopt the agenda." (Passed without objection)

Chair's Announcements 8:41 PM (ET)

"Tonight we will review the FY22 Pacifica Radio Archives Draft Budget

We will also review the March 2022 Financials."

Minutes 8:41 PM (ET)

Motion: (R. Paul Martin) "To approve the minutes of the April 12, 2022, NFC meeting." (Passed without objection)

Report from Executive Director 8:42 PM (ET)

The Executive Director told the committee that she's been focusing on looking at long and short term strategic plans with the Strategic Planning Committee. She said that she's looking at increasing social media and the Pacifica brand. She said that she was looking at centralizing the

management of Web sites and newsletters and monetizing the archives. She noted that there are issues with cash and cash flow. She said that just because she's talking about specific short term strategies that doesn't necessarily mean that they're something that is going to be done, but she said that they need to be looked at. She said that some short term strategies being discussed were declaring bankruptcy and reorganizing through Chapter 11, signal swapping, she said that some of Pacifica's signals, especially KPFK's, were of great value, going into receivership, turning some stations into repeater stations and selling real estate. She said that when she gets a better idea about things she will present to the Strategic Planning Committee and the NFC. She said that the options would be looked at realistically and then decisions will be made. She said that Pacifica has issues with revenue and she doesn't want us to get caught in a position where we're not making payroll, etc.

She told the committee that the day before this meeting the Internal Revenue Service (IRS) had levied upwards of \$93,000 against Pacifica for unpaid taxes. She said that the IRS had hit four Pacifica accounts. The Executive Director said she'd been working with the IRS seeing if this was overkill with the amount of money that they took. She was very concerned that stations would still be able to make payroll, and also about outstanding checks that may bounce, etc. She said that we're a mere snap away from some issues with finances and we need to take a realistic look at things so we can get an influx of cash with assets we have to set up and an endowment account and work off the interest from that account.

The CFO said that it was not for unpaid taxes but a penalty for a return that was evidently not filed. She said that there was a remittance that was sent to the IRS in 2016, but an end-of-year return was never submitted.

A member suggested that after the committee considered the Pacifica Radio Archives (PRA) budget that we talk about timing and urgency on these matters. She said that whoever failed to do the right stuff with the IRS had made our hole deeper and faster.

Motion: (Elizabeth von Gunten) "To extend the time for this item by 15 minutes." (Passed without objection) 8:56 PM (ET)

The CFO said that she'd met with other people at NETA and they have divvied up responsibilities to figure out what's going on with the IRS. She said that the IRS doesn't tell you what you did wrong so it's a guessing game. She said that you have to guess right and maybe they'll tell you. She said that in 2016, there was a remittance to the IRS that was a backup withholding of some sort, she said that she didn't know if it was a 1099, or something to do with a pension plan. She said that they were looking to talk to a person who had worked for Pacifica at that time. She said that she had scoured E-mail accounts and files trying to find information for this part of the problem and she couldn't find anything. She said that the withholding was made but at the end of the year the tax form was not submitted in 2016. She said that they were contacting the company that had been handling the retirement plans at that time. She said that a quick search revealed that there was one check issued out of the National Office for over \$2,000 and that we know that around \$9,000 was remitted, but we can't substantiate what that was for. She said that if they can find transactions with the IRS that year that might be it. She said she

hadn't talked to the Executive Director yet but they need to talk to the IRS and it's hard to contact them. She said that they must confirm what was done and see if they can get the money back.

The committee discussed these developments. In answer to a question the CFO said that there had been notices from the IRS. She said she was not sure when they'd started because of the transition between the interim CFO and the current CFO in the late Fall. She said that there had been a discussion about withholding Economic Injury Disaster Loan funds for this. She said that it seems ridiculous that the IRS would levy a fine of more than \$90,000 over a return that was potentially so small. She said that it appeared that in 2018, all of the 1099s were distributed but not all of them were reported to the IRS. She said that she's been going through E-mails and files and can't find proof that the 1096 forms were filed with the IRS then. She said that it's hard to get information from the IRS and this will take time. She said that we have to request copies of payee returns for 2016, and that she would ask the IRS what the process is to get what was filed in a certain time frame so we can assess what happened. She said that the IRS lien had been over-funded. She said that the IRS had \$93,000 they wanted to take and they notified multiple banks where Pacifica has accounts. She said the entire amount of the lien had come out of a Bank of America account that the National Office had but Wells-Fargo also removed funds. She said that PRA and KPFT had funds removed. Wells-Fargo sent between \$43,000 and \$44,000 from accounts held by PRA and KPFT. She said that they were concerned that checks for payroll and other bills would bounce so funds were transferred from the National Office to those two accounts so they wouldn't bounce checks and could fund payroll. She said they have full documentation on this. She said that as they scratch the money back they will be able to get the National Office repaid.

Motion: (James McFadden) "To extend the time for this item by 5 minutes." (Passed without objection) 9:16 PM (ET)

The CFO said that she'd give the NFC a written report on this in the next two weeks.

In answer to a question regarding what we can hope for with regard to raising more revenue soon the Executive Director said that they're reaching out to lapsed donors, etc., but that a lot of information with regard to donors is not up to date. She said that stewardship was not being done. She said that some stations have not sent out premiums and she's finding out what's happening with that. She said that we're reaching out to get low hanging fruit; she's doing things like sending hand written notes to people. She said she's working with the interim Program Director at WBAI for lists that can be shared. She said that it's a matter of making sure General Managers are open to removing some of their shows that don't generate revenue and replacing them with ones that can.

Review the FY22 Pacifica Radio Archives Draft Budget 9:20 PM (ET)

The Interim Archives Director introduced himself for those who didn't already know him. He gave a history of what PRA has done. He noted that some stations are not paying Central Services fees to PRA and that is a problem. He said that he's looking to set up a streaming Web

site for PRA and that if they can get it going they will not have to rely on Central Services fees to survive. He said that PRA is reaching out to the Los Angeles unified school district to provide audio to supplement their history courses and the school district is ready to pay thousands of dollars per thousand students for those materials, but he needs the Web site set up. He said that a worker who could put the Web site together for about \$3,000 had to drop out of the project because he was working on the Mars Lander for NASA and the bids that the Interim Archives Director has gotten from others to finish the work were in the range of \$50,000 to \$100,000. He said that PRA has a very experienced Staff of four people. He said that PRA is being impeded now by things they can't control and he asked that PRA be put on the top of the priority list.

Motion: (Elizabeth von Gunten) "To start with numbers and then go to questions." (Passed without objection)

The Interim Archives Director said that their total expenses are about \$318,000 and their biweekly payroll is about \$9,000. He said that if everyone paid their Central Services fees that PRA would be fine, but that right now they are about \$73,000 short of what they should have. He said that with only two stations paying their Central Services fees to PRA they are in financial stress.

He said that PRA has about 30,000 tapes in three different storage facilities that can't fit in the archives. He said that they are working with a university in Los Angeles to digitize the tapes. He said that once those tapes are digitized they could close the storage accounts and save about \$2,500 a month on storage. He said he wants that Web site. He said that the WBAI General Manager had reached out to him about PRA doing a monthly one hour on-air fund raiser special he said that doing on-air fund raisers stressed out the PRA Staff, but if they had to do one on all five stations they'd have to do it, and he'd have to start working on it right away. There was a discussion of using the 200 episodes of the PRA produced *Voice of Pacifica* programs from 1995-96 and the close to 400 *From the Vault* programs. The Interim Archives Director said that they would have to change the pitches in those programs. He noted that PRA has raised the price for licensing archival audio since they found that they were charging a lot less than other providers of archival audio were for theirs.

Motion: (Chris Cory) "To extend the time for the meeting by 15 minutes, to 10:30 PM (ET)." (Passed without objection) 10:13 PM (ET)

The committee continued to discuss the PRA draft FY22 budget proposal and fund raising ideas for PRA. In answer to a question about what tapes were prioritized for digitization the Interim Archives Director said that they selected what they thought were the most important tapes. He said that the pandemic put a crunch on that. He said that they have stacks of orders from people who want archival recordings and PRA is asking them to pay \$50 to get something digitized if it isn't already.

Call for the orders of the day: (James Sagurton) 10:30 PM (ET)

Motion: (Chris Cory) "To extend the time for this meeting by 10 minutes."

Amendment: (Kim Kaufman) “To make the extension for ‘30’ minutes.” (Passed without objection)

Motion as amended: “To extend the time for this meeting by 30 minutes.” (Passed without objection) 10:32 PM (ET)

The committee continued to discuss the PRA draft FY22 budget proposal. In answer to a question the CFO said she’d sent out a spreadsheet that tracks what’s not paid, and PRA is owed about \$240,000 over the past two or three years.

Motion: (R. Paul Martin) “The NFC recommends to the PNB that it approve the Pacifica Radio Archives FY22 budget with the note that it’s a balanced budget with a negative cash flow because some units are not paying Central Services fees.” (Passed without objection)

Review March 2022 Financials 10:51 PM (ET)

The CFO said she’d added a YTD tab. She said that the overarching story is that revenue is down significantly just from last year. She said that we have four units that are down in revenue 19% or more as opposed to last year. She said that KPFT was down 19%, KPFA was down 22%, the National Office was down 10%, PRA was down 25%, KPFK was down 47%, but they’ve had significant cuts in their expenses. She said that the National Office expenses were up 40% because of legal fees and KPFK accounting services. She said that Pacifica has seven units and five of the seven have decreasing revenue compared to the prior year. She said that WBAI is up but is still experiencing significant cash problems; the station’s expenses were up 6% and revenue was up 10%. She said that something needs to change with fund raising. She said that opportunities are out there to generate revenue but the standard on-air fund raiser is not doing it.

There was a discussion of the effectiveness of on-air fund raiser numbers. And of a PNB motion about on-air fund raiser charts.

Non Disclosure Agreements 11:00 PM (ET)

The Chair told the committee members to check their E-mail for two attachments about a non-disclosure agreement. He said they’re being signed by PNB members. It turned out that the PNB secretary had sent them and that since she is not on the NFC mailing list they didn’t go through. The forms were sent to the NFC mailing list after this meeting.

Adjourned 11:04 PM (ET)

Submitted by R. Paul Martin, Secretary.