

Minutes for the regular National Finance Committee meeting August 8, 2023.

Meeting convened at 8:44 PM (ET) a quorum being present, the Chair and Secretary being present.

Attending: Sharon Adams, Teresa Allen, Elizabeth von Gunten, Kamau Harris, Julie Hewitt, Kim Kaufman, R. Paul Martin (Secretary), James McFadden, Sean Kelly McPherson, James Sagurton (Chair) also attending were Pacifica Executive Director Stephanie D. Wells and Directors Darlene Pagano and Heather Gray.

Agenda:

1. Convene Meeting
2. Roll Call
3. Adopt Agenda
4. Minutes (5 minutes)
5. Report from the Executive Director (30 minutes)
6. Go to executive session to discuss possible personnel consequences from the Executive Director's report
7. Review Draft Consolidated Financials for the period ending May 31, 2023 (60 minutes)
8. Consolidating Bank Accounts: Bank Comparisons (10 minutes)
9. Adjourn no later than 10:15 PM (ET)

Motion: (James Sagurton) "To adopt the agenda." (Passed without objection)

The Committee discussed the motion.

Amendment: (Kim Kaufman) "To add to the agenda 'Go into executive session after 'Report from the Executive Director' to discuss possible personnel consequences from the Executive Director's report.'" (Passed without objection)

The committee discussed the amendment.

Amendment: (Kim Kaufman) "To strike 'Review Draft Consolidated Financials for the period ending May 31, 2023.'" (Fails 5 for, 5 against)

The committee discussed the amendment.

Minutes 9:17 PM (ET)

Motion: (R. Paul Martin) "To approve the minutes of the July 11, and July 25, NFC meetings. (Passed without objection) 9:17 PM (ET)

Report from the Executive Director 9:18 PM (ET)

The Executive Director told the committee that at the last meeting we talked about shortfalls, etc. and that shortfalls had continued through that week. She said that KPFA had covered a \$20,000 payroll shortfall. She said that health benefits were in two parts, KPFA and KPFK covered theirs and helped to cover Pacifica Radio Archive's. She said that there had been problems getting WPFW's, WBAI's, the National Office's and the Pacifica Affiliates Network's health insurance covered. She said that KPFT had provided \$52,000 to help cover the \$60,000 that was due. She said that KPFT had been willing to cover the full \$60,000 but WBAI covered \$5,900, and the \$2,100 that was still needed was covered by the National Office. The Executive Director said that the first payment to the National Elections Supervisor was \$13,800, and the second was \$15,967 due to the extension of the elections. She said that there was an invoice due from Simply Voting, the company that deals with the electronic ballots, for \$20,897 and that half of that was needed. She said that the National Office was not able to cover that so the PNB passed a motion to encourage PNB officers and LSB members to raise the money that was needed to offset those costs. She said that as of the date of this meeting \$4,900 had been raised: \$1,550 donated by the LSB members of KPFA, zero from KPFK, \$1,750 from the LSB members of KPFT, \$400 by the PNB, \$300 from the LSB members of WBAI and \$900 from the LSB members of WPFW. She said that the money had been coming in through the PayPal donate button on PACIFICA.ORG and also from Apps Blue on that page. She said that she would reach out in a timely manner to all who had donated.

The Executive Director said that with regard to the general financials there are areas of concern with Aged Payables. She said that as of last week cash in bank for all of Pacifica was about \$290,000 and the total Aged Payables was a little over \$2 Million, but there were Aged Payables of concern of about \$988,000 where she said she had to negotiate payment schedules with vendors, or where Pacifica had payment schedules but would not be able to make those payments. She said that it looked like Pacifica would run into another payroll shortfall that week. She said that a lot of stations were in on-air fund raisers and would try to raise more for payroll. She said that it had to be in place by that Friday. She said that stations were telling her and the National Business Manager if they'd be short and they were keeping track of what the shortfall might be and they were working with other stations to see what could be done to cover that shortfall. She said that she'd see if a payroll reduction would be needed. She said that she had been at a meeting to discuss that with the General Managers that morning.

The Executive Director said that another issue of concern that was due to a lack of payment was that she had been told the day before this meeting by the insurance brokers that most of the Pacifica insurance policies had been cancelled due to lack of paying the premiums on them. She said that Pacifica still had Workmen's Compensation and health insurance. She said that what had been cancelled was earthquake insurance in Los Angeles, the equipment insurance for all stations including broadcast, studio and towers, property and casualty insurance, general liability insurance, excess liability insurance and media liability insurance. She said that Management needs to figure out if they need to limit exposure to liability by restricting access to Pacifica buildings by non-employees and see if we have to go all-remote again. She said that she was talking to other insurance brokers and that the brokers don't want to work with the stations individually because they didn't want all of the stations calling them, which had started to happen earlier that day. She also said that she was looking into what effect this may have on some of our loans because the buildings being used for collateral were no longer insured and the FJC loan had also collateralized the equipment inside those buildings. She said that she was waiting for advice

from counsel.

The Executive Director said that the insurance companies had allowed Pacifica to pay one month and owe a number of months, but that they no longer want to accept just one month, they want two months of payments at a time moving forward.

In answer to a question the Executive Director said that the total amount owed for health insurance had been about \$160,000 and now Pacifica owed about \$90,171 and that about \$28,000 to \$35,000 of that was specific to WPFW.

A member requested that these reports be presented in writing.

There was a discussion of why Pacifica is using App Blue if they don't identify donors to us and they also hold our money for a month before releasing it. It was noted that some Pacifica members prefer to use App Blue.

In answer to a question the Executive Director said that the interest payments had not been made on the Economic Injury Disaster Loan (EIDL). She said that she'd been notified that Pacifica was now in default on that loan and that the matter had been turned over to the United States Treasury Department for collection. She said that Pacifica owed \$26,193 in interest payments on the EIDL. The Executive Director said that she was asking them what that meant and was letting them know that Pacifica didn't have the money to pay it. She said that the EIDL people were difficult to get ahold of. She said that Pacifica's General Counsel was also having problems getting in touch with them.

In answer to a question regarding how much Pacifica owed its General Counsel the Executive Director said that she didn't have an invoice or breakdown for fees above the retainer. She said that it was roughly in excess of \$120,000. The Executive Director elaborated that the National Office was working on every station's expenses and that they needed the documentation and invoices that corresponded to each of those expenses but that that hasn't happened. She said that they were not seeing at the national level justification for some of the expenses that are occurring at each of the stations if they have debit or credit cards.

There was a discussion of payments, documenting expenses and questioning some of them. The Executive Director said that some vendors require payment plans and that with some there is an agreement that says we'll pay when we get a lot of money. Some vendors have asked the National Office to send notarized documents and they question some expenses. The Executive Director said that she and the National Business Manager do bank reconciliations and that they need invoices from consultants.

In answer to a question regarding the \$988,000 Aged Payables that are of concern the Executive Director said that she could give the committee a breakdown of what those \$988,000 Aged Payables are in executive session. She said that every Aged Payable to a vendor is of concern and that if she discussed them in open session the vendors may hear and that could cause problems.

Motion: (James McFadden) "To extend the time for this item by 10 minutes." (Passed without objection) 9:45

The committee discussed Central Services fees. The Executive Director said that the Central Services payments needed to be shown as a line item in expenses and not as a bizarre stand-alone chart. She said that she and the National Business Manager have to pull that chart out once the reports are made and then manually put in the Central Services reduction. She said that she was hoping that as we move forward when we review the financials on a deeper dive she could have the National Business Manager on the call because she understands the logistics of the pulling of the spreadsheets, things that go into *Great Plains*, why things are coded certain ways and why we don't get correct coding from some Business Managers and General Managers. There was a further discussion of the coding issues.

The Executive Director said that some stations put everything in Donations and don't break it down. She said that WBAI was having underwriting but they're not stating their PSAs as underwriting.

The committee discussed how much the Executive Director should report in open session. A member said that she can't ask who should be doing what in open session because that may be a personnel issue, and that the Executive Director should be careful about what she says in open session and that otherwise we're asking for trouble. The Chair noted that discussing embarrassing financial matters was not a valid reason to go into executive session.

In answer to a question regarding how not having the audit for FY22 might affect Pacifica's application for membership in the Corporation for Public Broadcasting (CPB) the Executive Director said that the CPB application had been based on past audits and that not getting the FY22 audit done was not a CPB issue, although it was an issue for taxes, the California Attorney General's Office, etc. She said that if Pacifica gets CPB membership the CPB will want current audits and also financial reports that would be based on the CPB's system. The Executive Director said that if we had \$78,000 we could do the FY22 audit, and that if we had about \$35,000 we could start it. She said that if the CPB comes back and demands Pacifica's latest audit she'll have to tell them that the latest audit was from two fiscal years ago.

There was a further discussion of the way that Central Services fees were shown on the Income Statements and how they disadvantaged KPFK.

Motion: (Sharon Adams) "To extend the time for this item by 15 minutes and the time for the meeting till 10:30 PM (ET)." (Passed without objection) 10:03 PM (ET)

Adjourned to executive session 10:03 PM (ET)

Submitted by R. Paul Martin, Secretary.