

Minutes for the regular National Finance Committee meeting April 12, 2022.

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

Attending: Nick Arena, Elizabeth von Gunten, Julie Hewitt, 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 Pacifica General Counsel Arthur Schwartz.

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. Review February 2022 Financials (30 minutes)
7. Report from Executive Director on Pacifica's Financial Position (45 minutes)
8. Motion Updating Pacifica Transaction Limits (15 minutes)
9. Motion: That the NFC recommend to the PNB that a special meeting be convened devoted to an assessment of current financial situation and options to maintain solvency and retire debt with any discussion about personnel matters held in closed session. (Susan Young and Sean Kelly McPherson) (10 minutes).
10. Budget Timelines and schedule for NFC review of budgets for FY22 (5 minutes)
11. Adjourn no later than 10:15 PM (ET)

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

The Committee discussed the motion.

Chair's Announcements 8:40 PM (ET)

"Tonight we will review the February 2022 Financials and hear a report from Executive Director Stephanie Wells."

Minutes 8:40 PM (ET)

Motion: (R. Paul Martin) "To approve the minutes of the March 22, 2022, NFC meeting. (Passed without objection)

Review February 2022 Financials 8:41 PM (ET)

The CFO told the committee that YTD February 2022, Pacifica's revenue was down 14% vs. last year with expenses down 1% and that the YTD deficit for Pacifica was currently over \$500,000. She said that she was surprised but happy to see that Listener Support was higher for KPFT, WBAI and WPFW, but that there still needs to be substantial movement in those areas. She said that she knew that we need to keep doing on-air fund raisers but that we need something bigger to get us through this situation and that even the big stations' numbers need to go up. She said that the focus needs to be on what the next step is. She said that Pacifica is in a cash flow crisis at the moment and we should discuss where we're going. She said that she was hoping to get the March financials out well in advance of the next meeting. She said that in some on-air fund raisers the costs for the amount of revenue realized is too high. She said that NETA is not able to get reports out of the fund raising software that could tell us what the actual net is from the on-air fund raisers. She said that for one station's on-air fund raiser last month the phone bank had cost about \$12,000 and that although the on-air fund raiser had raised about \$100,000 there were also costs that the station had paid and will be paying to programmers who were raising the revenue. She said that there's not a lot to talk about because nothing's changed.

The committee discussed the CFO's report. In answer to a request that she comment further on revenue being up at some stations the CFO said that based on the February financials KPFA's Listener Support had been about \$400,000 last year but about \$220,000 this year. She said that she'd reached out to see if that was an error, but it was not. She said that KPFK had raised about \$110,000 in February 2022, versus about \$190,000 in February 2021. She said that something more significant is going to happen there because there are a lot of past due payables at KPFK. She said that at KPFT their Listener Support had been about \$142,000 but this year it was about \$49,000. She said that the Staff is struggling and that their average per day is pretty low. In answer to a question the CFO said that KPFK had had an emergency on-air fund raiser that had collected about \$34,000 which was an average of about \$2,700 per day. She said that KPFK wasn't using a call center for this on-air fund raiser, they were using a consultant. She said that living payroll to payroll is not a successful way to operate and that we have significant past due payables. She said that Pacifica is at a point where significant changes must occur in the next month or two. She said that four units are currently not paying vendors in order to make payroll and that it's going to be extremely critical for us to have a true aged payables report. She said that such a report is challenging to get because every unit does things differently. She said that the stations for which NETA is not doing daily tracking of check writing, invoices, etc. will be critical and they need to change how they're doing that work. She said that all units have to send in invoices so NETA can keep track and they need to know what's out there right now.

The KPFK Director said that February looked dismal but that KPFK was directed by the PNB last year to engage immediately in an emergency on-air fund raiser based on anything tried and true and that resolution was only implemented this March under new Management. She said that it's producing as they'd hoped it would and it's buying them time to get the rest of things in order.

In answer to a question the CFO said that the work on a new Chart of Accounts has taken a back seat. She said that they've started getting information for the audit and that they're ready to upload things to the portal for the auditor. She said it will take a few more weeks. She said

there's still a good deal of work to be done on it but it's moving along. She said that she wants to get the March financials done and then she'll be able to work on audits for weeks.

In answer to a question the CFO said that she could send the Pacifica Radio Archives (PRA) draft FY22 budget out for the committee to look at.

The KPFK treasurer said that she could check the draft FY22 KPFK budget and that except for the phone bill the expenses are pretty much known. She said that the problem with that budget is the revenue. She said that it's a big deficit budget and there's no telling what the revenue will be.

The CFO said that we have to keep in mind that at some point utilities will get cut off for non-payment of bills. She said that there were big issues with HVAC at KPFK because it's hot there and you can't work in an office without air-conditioning in July. She said that when there is a \$1,000,000 deficit budget what can we do to address it? The CFO said that at some point some stations will not be able to fund their health care premiums plus two payrolls in the same month. She said that we're at a point where we want to cover day to day expenses but we have to catch up on paying bills. She said that KPFK has tens of thousands owed in just utility bills, and that about \$15,000 for the postage machine was past due. She said that she was concerned at this point, with the bills not being paid, that creditors may start pulling U-Haul trucks up to take back leased equipment. She said that she is also concerned about utilities being cut off for non-payment of bills. She said that the balance on the FJC loan is due in October, and that has to be renegotiated. She said that Pacifica is also having to pay settlements from lawsuits. She noted that only KPFA and WPFW are paying Central Services fees and this impacts the National Office and PRA.

Motion: (Kim Kaufman) "To extend the time for this item by five minutes." (Passed without objection) 9:16 PM (ET)

There was a discussion of the need to have conversations with General Managers about these problems. The General Counsel said that there has to be some strategy, that we can't say to a General Manager to do it, we have to come up with plans. He said that a lot of the money Pacifica owes is owed to lawyers. There was a discussion of WBAI's Emergency Tower Fund on-air fund raiser. The need to improve the appeal of Pacifica's product, the air, was discussed.

Report from Executive Director on Pacifica's Financial Position 9:24 PM (ET)

The Executive Director told the committee that revenue and expenses are something she and the CFO look at every day in a realistic and conservative way. She says they have to decide what to pay, and some weeks we can't pay any past due bills at all because we need to make payroll. She said that we need to take a realistic look at revenue versus expenses and we have to take fund raising seriously. She said we need to look at creative ways to raise money and keep listeners who are donating continuing to donate. She said that we're lacking in stewardship, and that there's not a lot of follow-up with lapsed donors. She said that she speaks with General Managers on a regular basis and she's building relationships with General Managers and Program Directors. She said that she is stressing to General Managers that budgets are a living

document. She said that one of the things she's working on is working with the CFO and reviewing old 990s and revenue for each division and figuring out what we spend for each dollar raised. She said that if the ratio is not good we have to figure out what we need to do to close that gap. She said that she's looking at what can we do now or later and what can't we do now or later or at all. She said that she would create a document for the NFC and PNB on what the options are. She said she's talked to a lot of people about options and that they all have to be discussed, even Chapter 13 bankruptcy, and we have to look at all of the options and decide to not put bankruptcy on the table. She said that we don't want the power turned off at KPFK, and she wondered if we should talk to the electric company, but she doesn't want to put us on the electric company's radar. She said she told the KPFK General Manager to keep a lookout for bills, she said that the postage machine we don't really need and she's looking to end that contract. She noted KPFK's issues with phone bills and PRA's need for a separate air-conditioning unit, she said the KPFK one is old. She said that with KPFT looking for a new building that once they find one they can have capital campaign drives for naming rights for rooms, etc. She said she's talking with General Managers to figure out ways we can do this with fund raisers. She said that she told the General Managers to ask for higher payments for membership. She said that we should make the base membership price higher. She said that some donors were donating 25¢ a month. She said that she knows that the General Managers are under a lot of pressure financially and that Staff are stepping up to the plate. She said that she 100% has faith that we'll turn it around. She said that we need to take a realistic look at what to do long and short term. She said that our budgets are not conducive to getting grants. She said that a \$100,000 grant for a Spanish language program for KPFK is there but we have to show that we have \$100,000 in the bank for KPFK before the government will reimburse us. She said that there are opportunities out there and that some organizations are eager to support us. She said that we need to clean things up a bit more and show we have fiscal responsibility and we're doing good fiscal management. She said that we have to focus long term on what we have to do and also what to do to close the gap between dollars raised and dollars spent. She said that she wants General Managers and Staff to have a better grasp on budgets. She said that there is potential for grants from foundations. She said that as we look long term to raise more revenue we need to have a realistic look at the reality of where we are right now so we're not running from payroll to payroll. She said she wants to have all of the stations cooperating with each other. She said that she would have a plan for the NFC to review, in various formats, so everyone can look at it.

The committee discussed the Executive Director's report. The need to retire the FJC loan and some settlements we have to pay for was discussed as was being more competitive with radio.

The Executive Director said that what some government grants wanted was videos of the radio shows so we need to move seriously to look at the on-line options of what we provide. She said she wants people to tune in and stream Pacifica and know it's Pacifica and we have to do it with the archives as well. There was a discussion of how it's easier to raise money for a specific thing than for general operating expenses. A member noted that Pacifica still has no social media profile, that we need a brand and we need to engage with people on social media. The Executive Director said that she totally agreed about social media and said that the stations' Web sites and apps needed to be redone.

There was a discussion of fund raising talent and differences between producers in their ability to successfully pitch. There was also a discussion of how national programming would have to be done so as not to usurp local programming, and the reality of resistance to national programming.

Motion Updating Pacifica Transaction Limits 10:13 PM (ET)

The maker of the original motion said that she'd gotten her first substantial feedback on the motion less than an hour before the start of this meeting and would like to take it into account. She said that she wanted to incorporate that and bring the motion back. There was a discussion.

Motion: (Elizabeth von Gunten) "To extend the time for the meeting by two minutes." (Passed without objection) 10:17 PM (ET)

The discussion continued.

Adjourned 10:20 PM (ET)

Submitted by R. Paul Martin, Secretary.