

# ILLI ILLINOIS VALLEY PUBLIC TELECOMMUNICATIONS CORPORATION

## Board of Directors Meeting Tuesday, October 10, 2023 - 4:00 PM

### AGENDA

- |  |               |
|--|---------------|
| 1. Call to Order                                 | Rand          |
| 2. Approval of Minutes                           | Rand          |
| a. Board of Directors Meeting                    |               |
| b. Executive Committee Meeting                   |               |
| 3. Financial Report<br>Financial Update          | Barrick       |
| 4. Chairman's Report<br>Business Plan Discussion | Rand          |
| 5. CEO Report                                    | Julie Sanders |
| 6. Other Business                                | Rand          |
| 7. Adjourn                                       | Rand          |

Meeting was called to order at 4 PM. Present for the meeting Alex Crowley, Amanda Campbell, Andrew Rand, Ashley Spain, Dawn Dinh, Helen Barrick, Jerry Herbstrieth, Dr. John Day, Julie Sanders, Kim Armstrong, Monica Hendrickson, Sally Snyder, Stephen Morris, Steve Shipley: By conference connection were Tamra Swiderski, Wayne Cannon, Andrew Chambers.

Chairman Rand invited members of the audience to make a public comment. After asking for public comment times, there was no member of the public wishing to make a comment. Chairman Rand also advised the members of the public and the media that an executive session was likely under the chairman's report.

Chairman Rand introduced Helen Barrick, WTVP's treasurer. Tamra Swiderski provided updates of the July and August financial statements. Attached to the minutes are revisions to the fiscal year-ending June 2023 and statements for July 2023 and August 2023. WTVP's year-end adjustments for fiscal year ending June 2023 as noted by our auditors at CLA shows WTVP's revised operating loss to be \$624,849. Statements for July 2023 and August 2023 (August year-

to date) show an operating loss of \$90,898 and \$177,341, respectively. Cash flow in July 2023 did not meet management's committed \$422,423. Instead, without knowledge or authorization of the board, senior management borrowed \$100,000 from the PNC line-of-credit and liquidated \$320,000 from the investment account without proper authority. (Without the liquidation of investments and the proceeds from borrowing on the line of credit, cash would have been (50,148) at the end of July) The board deferred accepting the financials until the executive committee could re-review any pending adjustments.

Treasurer Barrick commented that she will work with Tamra at NETA to confirm updated/final statements for July and August of 2023. September 2023's statements are in-process. Additionally, Treasurer Barrick discussed the day-to-day duties she has assumed on behalf of WTVP. The goal, of course, is to find a part-time bookkeeper but until the executive committee is comfortable that we have improved cash flow and positive controls the treasurer will have important duties in the daily operation of the station.

Board members were advised that the operating losses that are still being realized by the station adversely impact cash flow and the station's viability. Questions about what the board should do regarding improvement of operating results were referred to the chairman.

Chairman Rand asked for an executive session to discuss personnel matters. Sally Snyder made the motion to go into executive session to discuss personnel matters. Second by Kim Armstrong. The vote was unanimous. Mr. Rand asked the members of the public to leave until the executive session was finished. He then closed the door to the studio.

#### Executive Session

After a 35 minute executive session, the board returned to the regular meeting. Chairman Rand discussed with the members the need to revise the 2024 operating budget to stem the losses and reverse the negative cash flow. His comments, on behalf of the executive committee are attached to these minutes as "Summary of notes from the executive committee:".

Member Snyder moved to approve the recommendation to lower/revise the station's 12 month business plan (only 8 months of effect are achievable with the plan being implemented beginning immediately) by \$1.5 million. Board member Herbstrieth seconded the motion. The motion passed unanimously.

Julie Sanders commented that she appreciated the board's faith in her leadership. She added that she is being supported by the members of the executive committee and appreciates the difficult role she has. Chairman Rand advised the board members that a contract for human resources with a third party will be implemented after Vice-Chairman Ruckriegel is able to clarify and revise the scope and cost.

The board briefly discussed the scheduled call (10/13) with the Corporation for Public Broadcasting (CPB). Chairman Rand advised the board that he plans to inform CPB of the situation WTVP is in. He further added that CPB has been involved with member stations that have experienced similar difficulties. The station is due to submit the annual grant request from CPB in November. Receiving the annual grant is essential to the viability of the station.

Member Morris suggested and the Chairman agreed to switch meetings to monthly. The station will attempt to find a convenient time for the members to meet.

Chairman Rand thanked the members for their effort during the challenges the station was facing. The meeting was adjourned at 5:35 PM

Summary of notes from the executive committee:

The board of directors has been working with WTVP's management to improve operations since results for the 2022 fiscal year were unfavorable, showing a loss of over \$560 thousand and a reduction in cash from operating activities over \$740 thousand. The fiscal year 2022 audit included over 40 auditor adjustments that had a net effect of reducing our income over \$200 thousand from what was presented to the Board on an interim basis for the year. Since July of 2022, we have also been focused on improving the accuracy of the financial statements and the organization's cash flow results.

In January of 2023 the executive committee increased focus on operating results for the station since management was failing to achieve their promise of break-even operating results and improved cash flow. As far back as March of this year, we again requested revised commitment to WTVP's operating results and cash flow for the remaining months of this fiscal year which ended in June.

Beginning in July and throughout August of 2023, additional oversight of operations has included the executive committee's response to questions raised by our auditors during the audit of the 2023 financials. Please recall on September 6<sup>th</sup> in a special meeting of the board you directed Helen, Sid and myself to provide increased oversight of management and the day-to-day business processes at WTVP.

In the last 60 days, working with the station's audit firm, accountant, and employees, the executive committee has accumulated work papers, documents, and other financial records that provide insight into expenditures and uses of funds at WTVP that were questionable, unauthorized or improper. We believe such expenditures have been stopped and are closely reviewing every proposed or recurring expense the station makes.

Given the oversight duties of your executive committee, (as you recently authorized,) we would today like to discuss in general terms what our strategy to move forward from the on-going and significant financial challenge the station is facing.

We recommend changing course on the budget authorized for FY 2024 following the conclusion of this meeting. We do not believe the revenue goals presented are attainable in this current environment. Our focus is to return the organization to the budget last approved for fiscal year 2019. It presumes a revenue and expense plan of approximately \$3.5M. To do this requires a \$1.5M reduction to the current budget on an annualized basis. We must also be clear that should revenues decline to less than \$3.5M WTVP would need to further reduce costs.

Current cash available plus expected grant funds from CPB are essential to our recommended plan. Our grant application is due in November and requires complete financial statements, including our annual audit. The grant is estimated to be approximately \$1M.

Discussion, approve the reductions.

## Executive Session 10-10-2023

Chairman Rand opened the executive session. He discussed the impacts of the proposed \$1.5 million dollar budget reduction. He also advised the board that the reductions were based on a twelve-month year, four months have already passed. Along with the treasurer and Julie Sanders, the personnel impacts were discussed. The board members informally agreed the reductions were necessary.

Sally Snyder made a motion to conclude the executive session. Jerry Herbstrieth seconded the motion which was passed unanimously.

Mr Rand reopened the door to the studio.