

Kentucky Equal Justice Center

Executive Committee Meeting

May 12, 2020

Minutes

Members Present: Bob Brown (Chair), Rick Clewett, Chris Frost, Hailey O’Hair (Treasurer), Neva Polley Scott, John Rosenberg (ex officio).

A quorum being present, Chair Bob Brown called the meeting to order at 3:00 p.m.

Paycheck Protection Program

Bob explained that the Executive Committee at its last meeting had authorized KEJC Director Rich Seckel to apply for a federal Paycheck Protection Program loan in an amount representing the non-grant funded portion of KEJC payroll expenses, rent and utilities—no more than 40 percent.

Upon applying, Rich had found that the formula-driven application process generated only an application for the full amount an organization could claim. After consulting with Bob, he had completed an application that included a memo explaining KEJC’s preference for a lower, pro-rated amount. The memo set out specific figures.

KEJC received the full loan amount of \$142,452 in its Chase checking account on May 1.

Bob said that the loan process had required the borrower to certify that the “current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.” He commented that “uncertainty” and necessity were contradictory concepts.

Bob said that SBA had identified a safe harbor period ending May 14, during which entities that might not meet the certification standard for the loans could return them. The question before the Executive Committee was whether to take advantage of the safe harbor and return KEJC’s loan.

Prior to the meeting, in response to an email from Rick Clewett, Rich had sent members a recap of reasons to apply. Rich said they included unusually low cash flow in the first quarter; uncertainty about several pending grants; diminished unrestricted reserves; the level of risk already build into the 2020 budget; and longer term uncertainty about where donor dollars would flow during the COVID-19 crisis.

Rich said it was his inclination to accept the loan, spend it on forgivable expenses without double-dipping against grants, and repay the balance quickly. He said he felt even more strongly than he had when he had signed the certification that KEJC met the standard.

During discussion, Neva said that her board at Legal Aid society had directed her to apply for a Paycheck Protection loan with the goal of protecting jobs. Chris Frost noted that the Executive Committee need not decide now what to do at the end of the eight-week period for forgivable expenditures. Neva commented that Rich’s approach to financial matters typically was thorough and cautious.

Bob invited a motion *nunc pro tunc*, amending the previous motion on the subject to authorize the application for the full amount.

- Motion** Neva Polley Scott moved to amend the previous Executive Committee action to authorize application for the full amount of a Paycheck Protection Program loan KEJC could claim.
- Second** Hailey O’Hair
- Approval** Unanimous

Audit Bid for FY 2019

Rich reported that KEJC Auditor Vickie Richardson had provided him a bid to prepare the KEJC audit and 990 for FY 2019 for \$4,835, just \$20 more than her charge for the FY 2018 documents.

Rich said that the FY 2018 reports had been the third reports under a three-year bid from Vickie. He said that good practice might call for a new pair of eyes on KEJC’s financials from time to time, though the current pandemic might not be a good time for a bid process or a new auditor.

Rich said Vickie had performed the audit for about ten years, though in the past two years an associate did most of the work. Bob commented that he did not see a need for a new auditor.

- Motion** Hailey O’Hair moved to accept the auditor Vickie Richardson’s bid to prepare the 990 and audit report for FY 2019.
- Second** Rick Clewett
- Approval** Unanimous

Rich said that he would reach out to Vickie to initiate the audit process.

Adjournment

The business of the Executive Committee having been completed, the meeting was adjourned.

Reported by

Richard J. Seckel

June 18, 2020