

WBAI Treasurer's Report  
December 11, 2019

The National Finance Committee (NFC) met on November 26, and December 10, 2019. The local Finance Committee met on December 4, 2019.

On November 26, 2019, the NFC meeting started an hour earlier than usual. This was a public meeting. The interim CFO told the NFC that the FY18 audit was being worked on. She also gave the NFC a Profit & Loss Statement (P&L) for FY19, she said it was all actuals. This document has turned out to be rather controversial. I challenged some of the numbers in it during this meeting. The document is in spreadsheet format but it only has numbers in each cell. There are no formulas that can check the arithmetic. Also, **the NFC Chair has insisted that the document cannot be shared, that it must stay only among NFC members. He insists that the document is not confidential but that it is "preliminary" or "working" and therefore must not be distributed beyond those who "need to know," such as the NFC and PNB members.**

In that P&L the interim CFO projects a loss for FY19 of Listener Support for all of Pacifica at about \$1 million. She notes an increase in Major Donor donations, which includes bequests. For FY17 she has WBAI showing a deficit of more than \$623,000, for FY18 she has WBAI showing a deficit of more than \$943,000 before depreciation. I was surprised by this because I'd never seen that number before, and I said I'd run that deficit past the WBAI General Manager. The interim CFO has WBAI ending FY19 with a deficit of \$703,000 before depreciation. There are still some blanks in that P&L, and they lead to questions about the accuracy of the document.

In talking to the NFC the interim CFO mentioned that the FY19 revenue includes a bequest of \$750,000 from WBAI, but it only appears in the consolidated spreadsheet tab of the P&L, apparently in July. When asked about making this P&L public the interim CFO said she would wait to let people see the numbers because the audits may affect the FY18 numbers, but she said that the decision of whether or not to make the information public was not up to her. The NFC Chair is taking that to mean that we can't divulge the information in that P&L.

The NFC also considered the motion from Bill Crosier, the full text of which is in the November 13, 2019, Treasurer's Report, which would seek to punish any station that, "... needs the rest of Pacifica to cover its payroll and/or employee benefits and/or other expenses, and does not pay those funds back before second payroll cycle that follows," by forcing it to, " ... lay off employees or cut other expenses to the extent necessary for it to be able to pay its own expenses, but with the exception that this provision may be suspended by a vote of the PNB in cases of natural disaster." This motion was obviously aimed at WBAI. It looks totally unworkable to me. There is no real way to enforce it, unless it would be to shut down that station. Mr. Crosier was among those who came charging into WBAI on October 7, 2019, to shut the station down. The motion failed to pass by a vote of 4 for, 5 against and 1 abstention.

The interim CFO said that her contract was up at the end of November and that another NETA worker would be handling the interim CFO duties for Pacifica. This person whom she named did not attend NFC meetings when he was the interim CFO before.

The NFC then adjourned to an executive session. The official report out from that executive session is, "The committee discussed confidential contractual issues, and also how to catch up on payments to NETA."

The local Finance Committee met on December 4, 2019. At that meeting the issue of the NETA P&L came up. The WBAI General Manager noted that it showed about \$300,000 of interest as a WBAI

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expense, not an expense for all of Pacifica. When I brought up the \$943,000 FY18 deficit from that P&L the General Manager said that it was not a real figure. This casts doubt on the P&L because the interim CFO said that the numbers were all actuals. Regarding the NETA P&L showing a FY19 deficit of about \$703,000 the General Manager said that his calculation shows that WBAI should show an end of year deficit of about \$232,000. Committee members noted that this is still a substantial deficit. The General Manager said that Pacifica paid some bills, e.g. tower rent and payroll twice, during the one month when they had forced local WBAI programming off the air. They used money from WBAI's bank accounts to do this.

The General Manager said that as of December 4, 2019, there were 496 premiums still owed to listeners. He said that some of those would be shipped, and that there would probably be about 290 premiums left to be fulfilled after that. He said those premiums are a collection of small numbers, single digit numbers of premiums of various types. He did not tell the local Finance Committee how those remaining premiums would be dealt with.

Regarding the current on-air fund raiser the General Manager noted that Pacifica Radio Archives (PRA) got a day of the on-air fund raiser, and WBAI had been carrying the impeachment hearings which cut down on the amount of time that could be pitched. He said that WBAI had gotten 100 BAI Buddies signed up. He said that WBAI had \$13,730 cash in bank. The General Manager said that he'd paid the rent for 388 Atlantic Ave. and the tower rent and the phone bill.

At this meeting the General Manager revealed that WBAI's landlord plans to take away quite a bit of space from WBAI on the third floor at 388 Atlantic Ave. One estimate is that the loss will be about 40% of the current WBAI space. This issue is a result of the now former interim Executive Director John Vernile telling the landlord on October 7, that she should rent out the space to some other entity because WBAI would not be using it anymore.

Among the complications of this loss of space is that one of the spaces that the landlord wants to take back is the Operations Room where WBAI's servers and the link between what goes on in the studio and what goes out over the air is processed.

This is another problem caused by the October 7, coup. The local Finance Committee brought up a number of issues, including liability issues, and suggested to the General Manager that he get a lawyer familiar with commercial tenant law in NYC to help with this problem.

The General Manager told the committee that there are two tenants on the second floor that want to expand, but there's no space on the second floor. The landlord was facing the possibility of losing both tenants, who pay their rent on time. So she's offering them space on the third floor. Pacifica has not signed a lease with the landlord yet, and WBAI is frequently behind in paying the rent.

WBAI has only just started broadcasting from the new studio. We can't just abandon all of that and move to some other place, so it looks like we're forced to stay at 388 Atlantic Ave. This could really cramp things at WBAI, and we could have a lot more traffic going back and forth right outside the new Master Control studio.

The General Manager told the local Finance Committee that Arthur Schwartz is now the General Counsel of Pacifica.

The local Finance Committee discussed the question of just how the National Office had spent that \$750,000 bequest that had come from a WBAI listener but which has not been credited to WBAI. It was also noted that the National Office expenses are not much lower than they had been when there was a full office operating with a number of employees. Local Finance Committee members questioned why the Central Services fees remain pretty much the same even though *Democracy Now!* had "forgiven" the

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debt of over \$2 million that had been showing on Pacifica's books.

The General Manager told the committee that as of the date of this meeting WBAI owed \$356,399 in Central Services fees. In his Accounts Payable the General Manager showed the station's operating debt at \$101,838 and outstanding pension payments, National Office Central Services fees, PRA Central Services fees and upcoming payroll of \$691,250 for a total accounts payable of \$793,088. The question of how to pay those accounts payable with only \$13,730 cash in bank was brought up.

The December 10, 2019, NFC meeting was, at times, quite contentious. The committee started out discussing the non-controversial question of what to do about the fact that Yahoo! Groups is removing all files from their service. I have downloaded the NFC's files, but where to put them for the future is an open question. The NFC was told that the Governance Committee was working on a solution for this. The suggestion that Pacifica set up its own servers would require personnel to set up and maintain those servers, and Pacifica can't afford to do that at this time. I will note that I have also backed up the files from the two WBAI LSB Yahoo! Groups.

The NFC discussed the NETA P&L. The NFC Chair said that the P&L was flawed but still valuable. Flaws such as putting all interest on the loan on WBAI's books and not crediting WBAI for that \$750,000 bequest were brought up. The NFC Chair said that he thought that just making notes about flaws in the P&L would be good enough.

The WPFW Treasurer noted that NETA never replies to any of his queries.

The NFC discussed sub-contracting expenses at KPFT, WBAI and WPFW because they are over \$10,000 per month. During this discussion the WBAI General Manager came on the call and there was a very lively discussion of WBAI and its expenses. The General Manager said that WBAI has sub-contracting expenses of about \$85,000 yearly, plus call center and other on-air fund raiser related expenses, which the General Manager went over in some detail. The General Manager went over the problems the station has had in re-establishing its infrastructure needed to raise money from the on-air fund raisers after the coup obliterated so much of that infrastructure. The General Manager refuted some claims that WBAI's expenses are unknown saying that NETA and the interim CFO see those expenses right away because he sends them a scan of everything twice a week. Some NFC members objected to the General Manager being allowed to explain some of these details. The General Manager said that WBAI needs to be able to get grants. He went over a number of grants that WBAI could have easily gotten except for the fact that Pacifica does not have up to date audits. The General Manager explained the source of some of the bequests that WBAI has gotten. There were disagreements on just how much WBAI's deficit is.

The General Manager sent the NFC his own version of a P&L for FY19 showing an end of year deficit of \$232,773.

The General Manager suggested that the weekly meeting of the General Managers, Business Managers and NETA be resumed. It was suggested that more communication would be a good thing.

While the NFC Chair says that the NETA P&L for FY19 is not ready for public consumption there are still those who are trying to use its erroneous numbers to bash WBAI. It is counter productive for all of Pacifica that financial numbers are being put out, and used to argue points, that clearly have problems.

The WBAI 2019, Fall on-air fund raiser officially started on November 18, the General Manager said at last night's NFC meeting. The interim Development Director has been putting out daily

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accountings of the on-air fund raiser starting with November 13. The day of PRA pitching and the impeachment hearings have subtracted from WBAI's tally. The General Manager says that as of December 4, 2019, the tally was \$224,352, which seems to include \$2,279 raised for PRA, for a daily tally of \$6,410. This is well below the budgeted daily tally of \$7,500.

Pacifica remains in turmoil. The questionable P&L from NETA may be making things worse. An interest payment on the loan is due on December 31. I don't know that the stations are putting any money against that interest payment. Pacifica may need to rely on the money left in the escrow account to pay it, which will deplete that account. By my calculation WBAI will be responsible for paying about \$12,600 a quarter for its part of the interest payments, which is about \$4,200 a month. This is based on the motion and the NFC Chair's calculations shown in the September 11, 2019, Treasurer's Report. I doubt if WBAI will be able to come up with \$12,600 by the end of this month. I do question if WBAI should be tasked with that since the station was damaged by the October 7, coup. Still, those interest payments must be paid, and in March 2021, the loan principal of over \$3 million will come due. Part of the contention and motivation for attacks on WBAI from other parts of Pacifica is the result of anxiety over the loan. Not a lot is happening to alleviate that anxiety. Pacifica needs to get more accurate financial numbers or it will not be able to get a handle on the real issues, and that could result in a large disaster. Add to this that there are people trying to wreck Pacifica in order to take KPFA out of the foundation, for their own purposes, and I am pessimistic about WBAI's and Pacifica's future at this point. And while the General Manager's figure of \$232,773 for WBAI's fy1 deficit is a lot less than the P&L's figure it is still quite substantial, and there is no proposal that I have seen to alleviate that deficit/ This is a problem.

The next local Finance Committee meeting will be on January 15, 2020, and the next NFC meeting will be on January 14, 2020.

R. Paul Martin  
WBAI LSB Treasurer