

WBAI Treasurer's Report
January 10, 2018

Neither the National Finance Committee (NFC) nor the local Finance Committee have met since the last LSB meeting. The NFC meeting scheduled for December 26, 2017, was cancelled, and the local Finance Committee members have not yet been able to come to a consensus on when to hold another meeting.

The CFO has issued an Income Statement for the period ending September 30, 2017. This is basically our first look at a financial assessment for FY17. About this Income Statement the CFO says that, "we will be making some revisions as these are also the year end statements."

The Income Statement shows WBAI finishing FY17 with a deficit of \$569,572.

All of Pacifica ended FY17 with a deficit of \$217,747. This means that Pacifica would have been about \$350,000 in the black were it not for the WBAI deficit.

The Income Statement shows WBAI with an increase in Listener Support of \$269,862 as compared to FY16, and it shows WBAI with an increase in Total Revenue of \$213,157 as compared to FY16. WBAI's Total Operating Expenses were up by \$99,424 over FY16.

This Income Statement is the usual mixture of cash and accrued accounting, so Central Services in the amount of \$253,344.00 is added to WBAI's Total Operating Expenses and that brings the Total/Net Expenses to \$2,176,353.80. **WBAI did not pay any Central Services fees that were credited to FY17.**

All together, for FY17 WBAI is coming in just under \$114,000 better than in FY16. It's an improvement, but WBAI is still showing a large deficit for FY17 and the station was nowhere near self-sustaining.

Here are the bottom lines for Pacifica:

Station or unit	Net Income (Net Loss)
Consolidated	(\$217,747)
KPFA	(\$187,186.56)
KPFK	\$52,811.22
KPFT	(\$102,828)
WBAI	(\$569,571.70)
WPFW	(\$146,291.38)
National Office	\$581,331.87
Pacifica Radio Archive	\$153,987.61

In the table above any dollar amount in parentheses is negative, also cash and accruals are mixed in the Income Statement, e.g. the National Office's Net Income includes accrued Central

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Services fees, not all of which were actually paid. Still, the Income Statement gives us a rough snapshot of Pacifica's financial condition for FY17. It is to be noted that it does *not* show the deficits from previous years, which means that it does not reflect the Empire State Realty Trust (ESRT) judgement, among other items.

As reported in the December 13, 2017, Treasurer's Report, the California Attorney General has given Pacifica a deadline of February 10, 2018, to get its FY16 audit filed. By the end of December the CFO had told the NFC that the National Office had found that some stations were still seriously behind in completing the financial documents needed for the FY16 audit to get started. NFC members have been asking the CFO about the status of the FY16 audit, but there's been no new information as of the date of this report. **Should Pacifica's tax exempt status be revoked by either of two California entities it will be a disaster.** Pacifica stations would not be able to pitch on the air, donors could not get any tax benefits from having donated to a Pacifica station, Pacifica would have to pay taxes of all sorts, including income taxes, sales taxes and property taxes, and Pacifica might be hit with a retroactive tax bill going back for a year or more. **The FY16 audit must get done by the deadline or the deadline must be negotiated to a later date.**

For the past number of months there has been a lot of talk about putting Pacifica into Chapter 11 bankruptcy. The interim Executive Director and CFO have put out E-mails with citations from attorneys aggressively pushing for a PNB vote to file for Chapter 11 bankruptcy. The cost of the bankruptcy itself has been quoted as costing Pacifica between \$750,000 and \$1,000,000. On top of that there would be a great deal of work required to complete all of the legal and financial filings that would be required in bankruptcy, and they would have deadlines attached to them. Pacifica can't get its annual audits done on time, would Pacifica be able to handle the filings necessary in a bankruptcy procedure so as to meet deadlines and avoid serious problems caused by a botched bankruptcy filing?"

I am seeing reports that some southern California people have secured a bridge loan of \$2,000,000 to pay off the summary judgment amount from the ESRT judgement. I am hearing that an escrow account has been set up for these funds. This loan should remove the threat of asset seizure that everyone in Pacifica has been concerned about for a couple of months now.

There have been newspaper articles in California and even some broadcasts on KPFA promoting bankruptcy and blaming all of Pacifica's financial troubles on WBAI, and promoting the selling of WBAI's license in order to raise money. There are still people gunning for WBAI.

The WBAI December 'thon was scheduled to run from December 4, through December 17. The station began to suffer interruptions to its broadcasts due to power failures and what has been described by the Operations Director as, "a major failure at the WBAI transmitter site." The 'thon was not on the air for the last days it was scheduled for. There were additional off-air days after this, until a new part was brought to the transmitter site to replace a part that had failed. The

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daily tally posted by WBAI Management only covered the first nine days of the projected 14 day 'thon. In that time the tally had reached \$78,874 which comes out to a daily tally of \$8,764. This was below the tally that WBAI Management had projected for this 'thon.

Management has announced that the WBAI Winter 'thon will begin on Monday, January 29th, with a planned end date of Friday March, 2nd.

The crisis of the ESRT judgement and seizure of assets seems to have metamorphosed into the need to pay off a loan over some period of time; that loan must be repaid in full, with interest. There still remains the need to get the FY16 audit done by February 14, 2018. There is still the issue of the past due funding of pensions that will cost in the high six figures, and the need to pay the fines that will result from Pacifica's tardiness in posting a separate audit of those funds and actually funding them. WBAI has not paid the Empire State Building (ESB) rent since May, and that probably amounts to between \$500,000 and \$600,000. Pacifica's finances are *still* in a precarious state.

As I've mentioned in previous Treasurer's Reports, we are not getting timely accounting from the National Office, and not much accounting at all from WBAI Management. Governance cannot function properly if local and national Management are distracted by other things and are not keeping us updated on the local and national finances. The WBAI General Manager has not attended a local Finance Committee meeting in months.

Assuming that Pacifica is able to retain it's not-for-profit status the road ahead is still very difficult. Some way or another things will change, and those involved in the governance of Pacifica cannot play their role if Management keeps them in the dark about financial and other issues.

The NFC will probably resume meeting before the end of this month. The local Finance Committee is being polled for its next meeting.

R. Paul Martin
WBAI LSB Treasurer