

WBAI Treasurer's Report  
May 13, 2020

The National Finance Committee (NFC) met on April 14, April 28, and May 11, 2020. The local Finance Committee has not met because of social isolation issues.

At the April 14, 2020, NFC meeting the committee discussed the "Pacifica Foundation Consolidated Monthly Income Statement For the Five Months Ending February 29, 2020." The NFC Chair, Chris Cory, had presented a summary of the document. He noted that WBAI had shown a 4% decline in listener revenue from the same period a year earlier. He noted, however, that the revenue stream had been interrupted in October 2019, due to the coup. He noted that since that time, WBAI had been performing well, with the exception of January, which represents about two-thirds of WBAI's Year To Date revenue. For this same five month period Pacifica's overall listener revenue was up 14% and costs had declined 4%. The NFC acknowledged that the COVID -19 pandemic would probably have an impact on revenue. Interim Executive Director Lydia Blazon said that there are challenges at the National Office that pre-date the pandemic, such as late Central Services payments, and those need resolution.

The NFC discussed Subsidiary Communications Authority (SCA) issues. WBAI's Director on the committee, James Sagurton, told the NFC that the WBAI local Finance Committee and LSB had passed a motion regarding a proposal of how the SCA revenue should be handled. I then sent that motion to the NFC. The NFC Chair agreed that the NFC should discuss the topic at the next meeting.

National Office Personnel Costs are lower because the current interim Executive Director is not being paid and for a period of time there was no interim Executive Director, and for a short time there was no interim CFO. Regarding National Office expenses of about \$261,000 the interim Executive Director said that the PNB and its committees have meetings that all entail phone expenses. **The interim Executive Director noted that the recent bylaws referendum will cost Pacifica about \$102,000 and the question is how to allocate that expense throughout the network.** The interim Executive Director said that she has had to spend time trying to track down details of bills that show up without documentation. She said that Pacifica has to develop policies because it looks to her like we've been making policies up as we go along.

At this meeting the NFC Chair presented a "Shortfall Summary" for Pacifica for the five months ending February 29, 2020. He noted that the stations tend to use the National Office as a slush fund. He noted that the National Office had \$28,118 less in reserve than it had had at the beginning of FY20, and that when stations can't make payroll, the network is less equipped to deal with it now than it was at the start of FY20. **The interim Executive Director said that the National Office had become the credit card for the stations. She said that in this current reality this way of doing things is nonsensical and we need to bring order to it.** She said that at the time of this meeting the National Office didn't have adequate Central Services revenue from stations and yet there are expenditures that only the National Office can pay, like big legal bills. She said that it makes no sense to pay everybody's bills and then bill back to the stations. She said that an analysis must be done to give people an idea of what's happening, and that there was a need to have revenue and expenses in categories because an Executive Director will need it. She said it was very chaotic for her to have to research everything that needs to be paid, and that the NFC needs to come up with recommendations for policies for the PNB. The interim Executive Director and interim CFO were asked to put together a listing of the expenses that seem somewhat nebulous in terms of how they're being spread across the network.

At this meeting the Chair said that the auditing firm has all the information they need for the FY18 audit, and the last bit of information had arrived earlier on the day of this meeting. The interim

(MORE)

Executive Director said that the new Strategic Planning Committee of the PNB has not met yet. She said that Pacifica did apply for the CARES Act loan, and they kept it within realm of not paying it back. She said they could pay Staff, and stations can then make Central Services payments and that NETA can be paid, etc.

At the April 28, 2020, NFC meeting the NFC voted to meet on the second and fourth Tuesdays of every month, subject to revision where necessary.

At this meeting Chris Cory of KPFA and James Sagurton of WBAI were nominated for the position of Chair. Terry Goodman was asked to run the election and he accepted the job. I was the only person nominated to be Secretary so I was reelected Secretary of the NFC.

The NFC had received a "Pacifica Foundation Consolidated Monthly Income Statement For the Six Months Ending March 31, 2020" right before this meeting. The interim CFO said that the consolidated net operating loss was about \$154,000. She said that Listener Support had increased about \$60,000 or about 1%, and Major Donor revenue was about \$168,000. She said that the FY20 numbers are down in comparison to FY19 owing to a gift that had come in during FY19 and which was not repeated in FY20. She said that three stations are still losing money. WBAI was one of those stations.

There was a discussion of letting these monthly statements be distributed right away versus going over them and correcting them before letting them be generally distributed. **The NFC Chair said that part of what led to the invasion of WBAI in October 2019, was that financial statements were let out with no review and they were misinterpreted by some people. The Chair, the interim Executive Director and the interim CFO said that it was better to delay distributing these financial statements until after they could be gone over and possibly corrected.** The Chair noted that most Treasurer's were not sending feedback on the financial statements from their station's General Managers. I will note that as WBAI Treasurer I have asked the WBAI General Manager for feedback on these financial statements, he has given me his feedback and I have passed that feedback along to the NFC. In fact the WBAI General Manager has raised a number of issues with the financial statements that the NFC has gotten. As a result of the NFC Chair communicating with the WBAI General Manager over these statements the NFC Chair agrees that the interest on the loan should not be carried as a WBAI expense. This is a good thing.

The NFC discussed the SCA motion that had come from WBAI to the PNB and then been referred to the NFC by the PNB. The interim Executive Director said that only one SCA related check had come in, and that was for \$10,000 for a Korean Language service using one of KPFA's sidebands. It seems to be the only SCA revenue that's coming in. There was a discussion of the efficacy of having the National Office find and negotiate clients for the SCA sidebands as opposed to having the local station Management handle finding and negotiating with clients. No resolution was reached on the issue at this NFC meeting.

The NFC Chair brought the following to the NFC, **Motion:** "The NFC asserts that assets acquired or debts incurred by the various units belong on the books of the units from which they originate, in accordance with Generally Accepted Accounting principles." The NFC debated this motion. Predictably a lot of issues were brought into that discussion including the old Empire State Building lease, the sale of the Nakopon building at KPFA, the move to 120 Wall St. in 1998 and other issues of a similar nature. In the end this motion was postponed to the next meeting, where it was never put on the agenda. Basically, this motion has died.

The NFC then reached an agenda item named, "Questions of staffing at the national office."

(MORE)

When the NFC got to this item it was proposed to have the NFC go into executive session to discuss it. I opposed this because there had been no notice given of an executive session. **It seems that the admonitions of years ago that we were required to give notice of an executive session are no longer considered operative.** Different PNBs have now viewed the issue of going into an executive session without notice in opposite ways. The NFC went into executive session at this meeting. **In my opinion absolutely nothing of a confidential nature was discussed during this executive session.** The only resolution that came out of it was this report out, “The NFC met in executive session to discuss personnel issues of staffing at the National Office.” This executive session is still in dispute.

At the May 12, 2020, NFC meeting I proposed the following **Motion:** “To lift the secrecy from the executive session held on April 28, 2020.” This related to the executive session meeting mentioned above. The motion was passed. I thought that this had resolved the issue, but *after the meeting* a member said that she would bring a motion to rescind that motion at the next NFC meeting. This may be another Pacifica tempest in a teapot or it could be something that might endanger Pacifica qualifying for the CPB Public Service Grants that Pacifica needs so badly. It is unfortunate that directives from the past and current directives disagree. **In my opinion Pacifica needs an unequivocal statement from its General Counsel regarding the issue of executive sessions and the Open Meeting requirements. This might save a lot of heartache in the future.**

The election results were announced at this meeting and James Sagurton was elected Chair of the NFC. Mr. Sagurton took the Chair after the election results were announced.

The NFC took up an agenda item named, “Discussion of \$80,000 transfer.” This was about money that had been transferred to the Foster Garvey PC law firm. After a lot of discussion the NFC reached the conclusion that the \$80,000 had been a loan from KPFA to the National Office to pay for a retainer, which was apparently used to fight the ultimately successful attempt to regain local control of WBAI. During the course of the discussion the question was raised of whether Mr. John Vernile, who had been interim Executive Director at that time and who had personally led the invasion of WBAI’s premises, had actually been the interim Executive Director while some of these large money transfers, there were two transfers of \$40,000 each, had happened. There were more accusations of “KPFA bashing” and the responsibilities of stations and the National Office were once again discussed.

The NFC again discussed the SCA issues. The interim Executive Director revealed that the Korean language SCA client, Pacifica’s largest such client, has terminated their contract for the sideband. We also heard that the National Office has not received a payment from the SCA client that uses WBAI’s sideband since December. From this and previous discussions it sounds like the SCA service is one of those chaotic areas of Pacifica finances. No resolution was reached on the motion.

The NFC once again discussed a Central Services formula. The interim CFO told the NFC that stations are behind on Central Services payments. She said that over FY19 and FY20 KPFA owes about \$52,000; KPFT owes about \$41,500; WBAI owes about \$294,000; WPFW owes about \$178,000, and KPFAK owes about \$184,000. There was no resolution reached regarding a Central Services formula.

The NFC then discussed the budgeting process. The fact that multiple accounting software platforms are being used throughout Pacifica came up again. Some stations are using the *Great Plains* software, which actually is now *Microsoft Dynamics GP* since the original company was engulfed by Microsoft, the WBAI General Manager uses *Quickbooks* and then send the information to NETA, and NETA uses *MAS 500*. All incoming financial information is put into the *MAS 500* software for the auditors and the National Office. The interim CFO, who is also Executive Vice President of NETA,

(MORE)

again suggested that having all financial information go right to the *MAS 500* software would help to speed things up a lot. The former NFC Chair said that he was submitting a proposal for a streamlined budget process.

The WBAI premises are closed to any people except for Management and Paid Staff due to the social isolation caused by the COVID-19 pandemic. I am hoping that the LSB will pass a motion tonight to allow the local Finance Committee to meet via teleconference for the duration of this emergency. If that motion passes I'll poll the local Finance Committee for a date when members can meet.

The WBAI Spring 2020, on-air fund raiser is currently ongoing. From the daily accountings I've seen it appears to be underperforming. The WBAI General Manager has said that he's implementing a different way of pitching so that less is raised each day but the pitching goes on for a longer time. This is in an effort to not drive listeners away. The General Manager has issued his own report to the LSB which says that after one week the tally was \$37,815 and the daily average was \$5,402. Given that many people are out of work now pitching is going to be especially difficult.

At the next NFC meeting we will need to hear that the FY18 audit has been fully completed. That will allow a bare minimum amount of time for the FY19, audit to be gotten done before the June 30, deadline. Otherwise there will be the potential for a problem with qualifying for CPB Public Service Grants for the upcoming year. All of the stations are in arrears on paying their Central Services fees. The interim CFO has said that funds at the National Office are low and any station needing temporary help with meeting payroll may have a problem. The interest on the loan is eating up the escrow account, and the balloon payment on the loan, over \$3,000,000, will be due in a little over 10 months. That CPB money would really come in handy in these circumstances. The COVID-19 pandemic may have a large impact on Pacifica, and there's no telling where things will go with the Federal Government mishandling the important issues and with the possibility of the disease resurging after states reopen their economies. If the virus resurges again in the Autumn it would be particularly bad for Pacifica. Surveys have found that most Pacifica listeners are older, many are elderly. Those listeners will be potentially especially impacted by a prolonged pandemic. I remain pessimistic about how things are going to work out financially for Pacifica.

The next NFC meeting is scheduled for May 25, 2020, and if the motion to allow it passes I will be polling the local Finance Committee members regarding when they could make a teleconference meeting.

R. Paul Martin  
WBAI LSB Treasurer