

WBAI Treasurer's Report
April 12, 2023

The National Finance Committee (NFC) met on March 14, and 28, and April 11, 2023. The local Finance Committee met on March 15, 2023. All of those meetings were held by teleconference.

At the March 14, 2023, NFC meeting a Central Services formula was once again discussed. Officially a motion that had been passed on January 19, 2021, stipulated the Central Services formulas that's in effect. **Note: a new motion replacing this one was passed by the NFC last night. That motion still needs to be passed by the PNB.** The motion passed in 2021, said, "That the Central Services formula be based on 15% of total revenue of the stations calculated quarterly. All revenue is to be included in the calculations; however the cost of air conditioning for Pacifica Radio Archives shall be deducted from KPFK's revenue, and the tower, studio and office rent for all stations shall be deducted from their revenue." It was noted during the meeting that this policy has never really been implemented. It was also noted that the motion doesn't address Central Services fees for the Pacifica Radio Archives (PRA). The NFC discussed the Central Services formula and the needs of the National Office, which were estimated to be about \$1.2 Million to \$1.4 Million annually.

During this discussion the KPFA Treasurer said that WBAI owed Pacifica more than \$8 Million. She said that the figure comes from the FY21 audit. I looked and there, under "Liabilities," along with other items, is the figure \$8,497,813 listed as "Inter-division payables." Looking at previous years' audits I see that this figure has been increasing over the years. It looks invalid. It may be that no one has told the auditors that a Central Services arrearage from years ago was forgiven by Pacifica and so they kept adding to it. Of course the NFC discussed this. The KPFA Treasurer also asserted that the \$3.2 Million Tower Rent owed to the Empire State Realty Trust (ESRT) was a purely WBAI debt. As has been noted many times in the past, no one at WBAI had anything to do with the negotiating of that contract with the ESRT, with the signing of that contract and even WBAI Management had been kept in the dark about the size of the annual escalations of the fees for some time. As has been noted in the past there is a faction from KPFA who are currently petitioning the Federal Communications Commission to deny the renewal of WBAI's license. That flawed "Inter-division payables" item needs to be addressed. It's not that WBAI isn't in debt to Pacifica, but the magnitude is pretty clearly not realistic. The discussion of the huge Liability was at times clearly being used to attack WBAI. This item is being researched and is to be discussed at a future NFC meeting. The Central Services formula for the National Office and PRA will also be brought up again.

At this meeting the NFC voted to meet on the second and fourth Tuesday of every month at 8:30 PM (ET), through March 2024.

The NFC discussed budget timelines. I volunteered to bring information and ideas to the committee based on past practices of the NFC.

At the March 15, 2023, local Finance Committee meeting the assertion being made by some people from KPFA that WBAI owes Pacifica over \$8 Million was discussed. The General

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Manager said that the \$8 Million debt was a fantasy. The possibility that this amount includes an arrearage from the past that had been written off by Pacifica years ago was discussed.

The General Manager told the committee that the most important part of his report was the Accounts Payable Aging Summary. [The General Manager's "WBAI 99.5 FM Radio Pacifica Foundation_New A/P Aging Summary As of March 15, 2023" is appended to this Treasurer's Report.] The General Manager told the committee that WBAI had about \$10,000 cash in bank, and about \$1.5 Million in Accounts Payable. He said that about 10% of the Accounts Payable was for outside vendors and about 90% for monies owed to Pacifica. He said that we owed payroll for more than 91 days amounting to about \$147,000. He said that the station owed health benefits going back for years that amounted to about \$183,000. He said that WBAI owed about \$311,000 in Central Services fees to the Pacifica radio Archives (PRA) and owed the National Office about \$734,000 in Central Services fees. He said that WBAI's total debt to the National Office and PRA amounted to about \$1.3 Million and that the debt owed to outside vendors was about \$157,000. He said that major bills to outside vendors were Tower Rent to 4 Times Square, Studio Rent at 388 Atlantic Ave., listed in the Accounts Payables as "The Commons Foundation," and the call center, listed in the Accounts Payable as "ACD Direct, Inc."

The General Manager told the committee that he'd contacted most of the City Council members and had been following up. He said that one City Council member had set up a meeting that day but he'd missed it because he'd had to prioritize something else. He said that the station continued to get money for playing the Public Service Announcement (PSAs). He said that we could easily project that the station would get between \$7,000 and \$10,000 a month on a regular basis from the PSAs. He said that one of the committee members had sent him documentation that would help with that. He said that he and some producers were meeting with the club called SOB's and were trying to set up quite a number of events there. He said that at the Staff meeting the previous week people had come up with fund-raising ideas. He said that the station would do a full two week on-air fund raiser in May. He said that the Executive Director was pleased with that.

He said that he was going to try to phase out or phase down the call center because it costs the station \$6,000 to \$7,000 a month and it's too expensive. He told the committee that when people call the call center to complain about premiums it costs us money, and the call center has nothing to do with the premiums anyway. He said that he was going to try to get seven phone lines at 388 Atlantic Ave. and he said he would get a PSA on the air to get people to E-mail him and give a time when they can come in on a regular basis and answer the phones. He said that this would be nightmare for him as it was at 120 Wall St., but that was all we could do right now. He said that this would reduce the station's bills by about \$72,000 a year. He said that KPFK has the same system and that if no one answers the call would still go to the call center after several rings; he said that he wanted to use that kind of system. He said that we have prided ourselves on using a call center that's compliant with the law, but that if volunteers answer the phones that may not be totally legal. The General Manager said that he would work with the Executive Director and the PNB Treasurer on this issue. He said that WBAI's parting from the call center has to be friendly and we must let them know that we will pay back the \$55,000 we owe them and get them to port that 212 number back to us. A local Finance Committee member

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suggested that we get bonded volunteers to take the calls at home.

At the March 28, 2023, NFC meeting it was decided to postpone the elections of officers of the committee because of the ongoing vacancy of the KPFK Treasurer position.

At this meeting the Executive Director told the committee that she and the National Business Manager were making great progress on bank reconciliations. She said that the reconciliations had been completed for KPFT and WBAI. She said that they were working through each division in Pacifica so that the audit process can be started. The Executive Director said that she was trying to get all of the divisions to deal with their FY24 budgets. She offered to help all divisions with their budgets. She said that WBAI was looking at the possibility of moving to a less expensive area, which was news to me! I asked the Executive Director about this, and she said that it was not something where we're moving next week. She said that this was a way to make everyone take a close look at their expenses and see where they can reduce, and that this was a way to see if the rented space is being utilized to its fullest, to see if there's another option where we could save money and if so what would that mean, and would it make financial sense to move?

The Executive Director said that the WBAI General Manager had arranged to have a meeting with the call center a couple of days after this NFC meeting to see about centralizing their services for all of Pacifica and getting a more favorable pricing structure.

At this meeting the Executive Director said that she and the National Business Manager were still looking at the financials through the end of February and she expected that the Income Statement through the end of February should be available to everyone in the first week of April.

The Executive Director said that she and the National Business Manager were tracking down credit cards that were billed to Pacifica and they were paying some down and cancelling them, including ones that seem never to be used.

At this meeting the NFC once again discussed a new Central Services formula. Many of the same issues were discussed. A proposal to have "distressed" stations pay 8% of Total Revenue as opposed to paying 15% was floated. Restrictions, criteria to define a station as distressed and requirements to actually pay the lower Central Services fees were discussed, along with the lack of an enforcement mechanism for stations that don't pay. In the end, no motion was passed with regard to a Central Services formula.

At the April 11, 2023, NFC meeting the committee again voted to postpone officer elections until the next meeting because the election for the KPFK LSB Treasurer didn't achieve quorum and will have to be run again. The committee wanted full representation for the NFC officer elections.

At this meeting the Executive Director sent the committee the "Pacifica Foundation Consolidated Monthly Income Statement For the Five Months Ending Tuesday, February 28, 2023" which she had just gotten minutes before the meeting had started. This Income Statement is not being released to the public yet, but it shows WBAI with a Year to Date deficit at the end of February of about \$159,000 and Pacifica overall with a Year to Date deficit at the end of February of about \$443,000.

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The Executive Director reported that the potential buyer for the KPFK building backed out and so the building is back on the market again and brokers are showing it. She said that the brokers are averaging between three and four showings of the property per week. She said that she's been in conversation for a month or so with some people in New York and Los Angeles who are looking to put together five or six investors who might want to buy the building. She said that they are also talking about the possibility of buying the loans that Pacifica has outstanding. She said that she'd been meeting often with a person whose radio station in New Mexico is a part of the Pacifica Affiliates Network (PAN). She said that that station has been getting Corporation for Public Broadcasting (CPB) funding for 27 to 28 years. She said that the PAN Director had put her in contact with him and he's been very helpful in giving Pacifica information about how to apply for CPB membership. She said that one PNB member had been instrumental in arranging these meetings. She said that the General Manager from that New Mexico station had met with her and all of the Pacifica General Managers with regard to the forms that will need to be filled out and information about ratings that will be needed to apply for CPB membership. She said that Pacifica will have to send the CPB our Nielsen ratings for the Spring of FY21 and FY22 and the latest quarter. She said that in the next week or so she will meet with the General Managers and the Business Managers to go over those details. She said that it had been thought that the deadline for applying for membership in the CPB had been May 24, but the CPB had announced the day before this meeting that the application deadline was May 8. She said that she's been talking to a lot of CPB people on the phone and she was seeing about fixing the problems that had gotten Pacifica's CPB membership revoked in the first place.

The Executive Director said that since Pacifica is applying for CPB membership as a single non-profit organization and not as five radio stations that there will be no problem with audience size requirement and Pacifica will meet the minimum number of paid employees that the CPB requires.

There is a question about whether or not Unpaid Staff at stations can submit their work as in-kind donations for CPB grant purposes. I told the NFC and Executive Director about WBAI Unpaid Staff filling out forms for in-kind donations in the 1980s, but then being told in the late 1980s, or early 1990s, that this was no longer something that could be done. This is something that's going to have to be figured out in the future, if Pacifica gets admitted to CPB membership.

The NFC once again discussed a new Central Services formula. The result was the following:

Motion: (Elizabeth von Gunten) "The NFC recommends that the PNB pass the following motion, 'That the central services formula shall be 15% of total station revenue (all inclusive) calculated every month on a six month rolling average, starting nine months before the current month, with the exception of any station suffering acute financial distress (as determined by the PNB), for which central services shall be 8%, for a period of no more than one year, with the remaining 7% to be accrued.'" (Passed 6 for, 3 against)

In the course of discussing this motion the KPFA Treasurer tried to insert language that

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talked about WBAI not being self-sustaining as required by the Pacifica bylaws. This did not get into the final motion.

With this motion WBAI is going to have to pay Central Services fees more often than it has been doing for years. If we don't pay our Central Services fees regularly there will be problems and support for WBAI within Pacifica could erode.

So Pacifica is going to apply for CPB membership, but the deadline for that application is less than a month away. It sounds like things are being done differently this time from the way they were done years ago when Pacifica had been a member of the CPB. Back then the stations were each allotted a certain portion of the CPB grant money, but there were requirements for each of the stations. It sounds like this time Pacifica will get the grant money. That might be a good thing. Most of the stations used to just send the CPB grant money right back to the National Office as their Central Services fees. Maybe if Pacifica succeeds in getting CPB membership the CPB Community Service Grant will replace the Central Services fees and that would relieve a lot of financial stress on the stations, especially stations that are, "suffering acute financial distress," of which WBAI is one. But if Pacifica does get accepted for membership by the CPB there won't be any grants coming from that source for a year or more, so it would be good if WBAI's revenue could be *substantially* increased in the meantime.

At the start of last night's NFC meeting it was announced that a decision had been handed down in the lawsuit that sought to prevent the sale of the KPFK building, remove Directors who had termed out and some other demands. The decision had come down just before the NFC meeting started and **we were told that the judge had not stopped the sale of the KPFK building**, but had ordered that Pacifica follow the bylaws and hold LSB elections and seat delegates by December 31, 2023. The LSB elections were on track to happen this year anyway. People on the call were not sure what the rest of the ruling meant and it would need to be interpreted by Pacifica's General Counsel. It was stated during the meeting that if necessary an appeal of any part of the decision was possible.

WBAI is still under attack by some people in Pacifica. They are not going to stop. Any financial benefits from CPB membership would be realized only a year or more in the future. Central Services fees are going to have to be paid, and 7% of the assessed fee will be listed as a debt to be paid in the future. Most of Pacifica is still in bad financial shape. The sale of the KPFK building, which is delayed now, will help Pacifica for only a short time. Pacifica has a deficit as of the end of February of about \$443,000 and about 36% of Pacifica's deficit is due to WBAI. This gives ammunition to the people who are trying to wreck Pacifica and sell WBAI's license, or in one case who are trying to get the FCC to not renew the license. My previously stated pessimism is not abated. WBAI and Pacifica are facing difficult times.

R. Paul Martin
WBAI LSB Treasurer

APPENDIX

WBAI 99.5 FM Radio Pacifica Foundation_New							
A/P Aging Summary							
As of March 15, 2023							
Description	Current	1 - 30	31 - 60	61 - 90	91 and over	Total	Percent
Amazon.com			21.76			21.76	0%
TST* Something Good Bklyn		23.60				23.60	0%
READYREFRESH BY NESTL					93.44	93.44	0%
AT&T		143.98				143.98	0%
or Books					149.39	149.39	0%
Felipe Luciano		375.00				375.00	0%
Frenchie Davis		375.00				375.00	0%
Bob Hennely		500.00				500.00	0%
Time Warner Cable 388			560.89	2.99		563.88	0%
James Irsay				625.00		625.00	0%
Foster Garvey PC					725.00	725.00	0%
Uline		728.62				728.62	0%
Allegiance Fundraising LLC				607.02	150.00	757.02	0%
Power Cooling, Inc					835.00	835.00	0%
Lylburn Downing					1,166.67	1,166.67	0%
Protekt					1,584.67	1,584.67	0%
PRA (Premium)					2,125.00	2,125.00	0%
RRC - Arbitron					3,510.00	3,510.00	0%
NFCB					3,875.00	3,875.00	0%
The Commons Foundation		5,300.00	5,300.00	5,300.00	10,600.00	26,500.00	2%
ACD Direct, Inc.	6,505.57	6,505.57			42,269.36	55,280.50	4%
4TS - 4 Times Square		16,985.24	16,988.17	16,545.48	7,521.57	58,040.46	4%
Sub-Total - Outside Vendors	6,505.57	30,937.01	22,870.82	23,080.49	74,605.10	157,998.99	10%
Payroll Expenses					147,710.71	147,710.71	10%
Health Care Bill Back		11,548.50			172,002.52	183,551.02	12%
PRA (Central Service)		4,222.00	4,222.00	4,222.00	298,824.50	311,490.50	20%
Pacifica National Office - PNO		16,890.00	16,890.00	16,890.00	684,023.62	734,693.62	48%
Sub-Total - Pacifica		32,660.50	21,112.00	21,112.00	1,302,561.35	1,377,445.85	90%
TOTAL	\$6,505.57	\$63,597.51	\$43,982.82	\$44,192.49	\$1,377,166.45	\$1,535,444.84	100%