

WBAI Treasurer's Report  
November 13, 2019

The National Finance Committee (NFC) met on October 22, and November 12, 2019. The local Finance Committee met on October 16, and 30, 2019.

At the October 16, 2019, local Finance Committee meeting the General Manager told the committee that WBAI had paid five months of Central Services fees in 2019. It is to be noted that most of those payments were credited to filling the backlog of Central Services that WBAI has. The revenue for those payments came from a \$70,000 bequest that WBAI had received.

The committee discussed the Subsidiary Carrier Authorization (SCA) revenue that the National Office gets from the stations. The SCA is a subcarrier of a radio station's broadcast signal that can carry additional information that is not heard by the regular listeners. The National Office takes that revenue directly, a policy arrived at years ago, and the stations, including WBAI, are not credited for it. The SCA revenue from ALL stations in Pacifica amounted to \$280,500 in FY18, \$275,750 in FY19 and is projected to be \$250,313 in FY20. WBAI contributes a substantial fraction of that SCA revenue.

The General Manager and committee members questioned the accuracy of some of the numbers included in the Cash Flow Projection presented by the National Educational Telecommunications Association (NETA) and the interim CFO.

The General Manager went over the history of the negotiations with the Empire State Building (ESB) Management regarding the tower rent. He said that the negotiations begun by him in 2014, were not followed through on by interim Executive Director Lydia Brazon. He is of the opinion that an opportunity was lost for WBAI to pay only \$12,000 a month to the ESB. When ESB Management changed, and became the Empire State Realty Trust the negotiations were no longer possible.

In the course of the meeting the General Manager was asked how he intended to pay the approximately \$310,000 deficit that his FY20 budget projects. The General Manager did not have an answer for that question.

The General Manager told the committee that he had sent NETA everything that they had asked for as preparation for the FY18 audit.

In the course of discussions the committee passed the following **Motion:** (Cerene Roberts) "That the General Manager, the Director on the NFC, and the Treasurer create a fiscal narrative summarizing WBAI's financial situation over the past 10 years." In retrospect I think this motion was not a good one. Trying to cover WBAI's finances in a narrative covering the past decade would produce a lot of verbiage, but it would also show the station's declining finances, as would such a narrative covering the previous decade's finances, and this would not be helpful. Also, the General Manager and I differ on many points. I am generally more pessimistic about WBAI's financial situation than the General Manager tends to be. At the next local Finance Committee meeting I told the committee that I would not be a part of the creation of that narrative. In addition it was suggested that the narrative include some solution to WBAI's chronic financial problems. In my opinion the solution is for WBAI to generate substantially more revenue, but I do not see a realistic plan for doing that.

The committee passed the following **Motion:** (Cerene Roberts) "Whereas the National Office has failed to pay the full salaries of Management personnel, and stands in violation of the court order issued on October 7, 2019, by judge Nervo, the WBAI local Finance Committee urges the WBAI LSB to strongly urge the interim Executive Director to comply with the court order and the laws of New York State." (Passed without objection)

Events have overtaken this motion.

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The General Manager told the committee that he had bought a new Emergency Alert System (EAS) module to that WBAI can legally broadcast as soon as the station is re-connected to the transmitter.

The committee discussed various aspects of the station's finances. The deficit of about \$284,000 that the General Manager projects as the end of year deficit in the FY20 budget was discussed. This is obviously another substantial deficit and where the money will come from to cover it is an open question.

At this meeting the General Manager presented the committee with an accrual based Profit & Loss Statement for FY19 that shows the station ending the fiscal year about \$227,000 in the red.

At the October 22, 2019, NFC meeting the interim CFO was not in attendance. The Chair said he found some of the financial information presented by the interim CFO confusing and that the columns in the cash statement were not labeled well. He said that "cash flow summary" might not be a precise term for what the NFC got from the interim CFO. He noted that we have no balance sheets so it's impossible to say how the cash flow summaries are arrived at. He said that it's not as straight forward as people might think. He noted that the FY19 and FY20 figures are projections and that projections are notoriously inaccurate. He said that a person can almost make any case by looking at these numbers. I'd had a number of questions prepared about the interim CFO'S cash flow projections, but since the interim CFO was not at this meeting I couldn't ask them.

During the discussion I asked if NETA was pulling out. The Chair said that he didn't think NETA was pulling out yet, but he thought that maybe at the end of November they might. He said that NETA was owed \$60,000 at the time of that meeting. NETA would be owed another \$35,000 by the end of November. The Chair noted that it would be bad if we lost the accounting services of NETA. He said that he had spoken to the interim CFO that day and that for FY18 she said the September 30, numbers are being processed and that the accounting was about 40% done at that time. He said that the interim CFO can't generate reports right now because they have half the data and entered half not. The priority is to get information to the auditors. He said that the auditors are currently owed about \$26,000. He said that the auditors would finish the FY18 audit soon and would give it to us once they're paid for it. He said that it probably will be a conditional audit again.

There was a discussion of the situation with regard to WBAI and the shutdown. There were recriminations and personal attacks from those supporting the coup. The NFC passed the following **Motion:** "The NFC recommends to the PNB that we return local control to WBAI on the shortest possible time table on a sustainable manner as it was prior to October 5, 2019." (Passed without objection as amended).

At the October 30, 2019, local Finance Committee meeting the General Manager told the committee that 445 BAI Buddies had left the program, leaving about 668 BAI Buddies still subscribed. This was of course as a result of the October 7, coup. He said that BAI Buddies would bring in only \$9,895 a month now as opposed to about \$15,000 a month previously. He said that the recent off-air fund raiser was a success and while he didn't have the final figures yet the gate was \$2,025 in cash. He said he'd paid the Internet Service Provider, Verizon and Getner, which provides the telephone service for the station. He said checks are coming in. He said that he's rebuilding the BAI Buddy subscriber base, but it's difficult. He said that the interim Executive Director had announced that the WPFW General Manager would be taking over as the WBAI interim General Manager, but in a conversation

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with the WPFW General Manager the WBAI General Manager said he was told by the WPFW General Manager said that he'd never been consulted about that.

The General Manager said that getting 10 more BAI Buddies from each producer at \$15 per month each would go a long way to covering the station's expenses.

The committee discussed having people call listeners to fulfill their pledges, as we've done in the past. These calls should be done by LSB members, in my opinion, and not by just anyone who shows up to volunteer to make calls. Such calls could also help to fix premium problems and ask lapsed members to renew their membership in WBAI.

The General Manager said that the National Elections Supervisor (NES) had asked him for WBAI's membership rolls for the period 2015-2019, and he had sent that information to her. He said that unfortunately the NES had not cleaned the list and had shown WBAI with more members than it really had.

At this meeting the General Manager presented the committee with an Accounts Payable Aging Summary as of October 9, 2019. It showed a total operating accounts payable of about \$148,000 and when accrued pension payments and Central Services fees totaling about \$586,000 were added it brought WBAI's total accounts payable to about \$734,000. This is a huge amount of debt. If WBAI had been able to execute its scheduled October on-air fund raiser some of that debt would have been paid off, but now any substantial reduction of that debt will have to wait to be done in the future.

The General Manager said that WBAI is one month behind in the rent for The Commons and two months behind in paying 4 Times Square.

The committee passed the following **Motion:** (Berthold Reimers) "The local Finance Committee recommends to the LSB that it endorse the idea of crafting a collaborative plan between producers and Management to increase each producer's BAI Buddies by 10." The idea is to increase the number of BAI Buddies for each program by 10 BAI buddies each, not by an order of magnitude for each program.

At the November 12, 2019, NFC meeting the impending deletion of all "content" on Yahoo! Groups by Yahoo! was discussed. I reported that I'd successfully downloaded the files, attachments and messages from the NFC's Yahoo! Group as of the morning of November 5, 2019. I'll note that I've done the same for the two WBAI LSB Yahoo! Groups along with the local Finance Committee's content.

I was recently asked by a former WBAI Paid Staff person about a letter he'd received from NETA telling him that he had a pension payment coming. The letter said that payment would have to wait until the audits on the pension funds were caught up on. This person was one of the many staff let go in 2013. The NFC discussed the pension issue. It turns out that the PNB Audit Committee is overseeing this aspect of things. I asked if there would be fines, which a previous CFO had told the NFC would be forthcoming owing to the mishandling of the pension plans, the NFC Chair said that he has not heard of any fines, but it is still possible that such fines could be levied in the future. The pension plans are complicated and once their audits are done and distributions have been made it is possible that Pacifica could face fines.

The Chair said that NETA is concerned about the Pacifica turmoil and about rumors regarding NETA. He said that NETA has not stopped working for Pacifica, but that the current interim CFO, Tamra Swiderski, would be leaving at the end of November because that's when her contract expires. The Chair said that if we have NETA for a limited time we must have them focus on crucial things, like audits. The NFC started to discuss this but an objection was raised to discussing what may be confidential contract issues on an open call. The next NFC meeting will start an hour earlier than usual

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and will go into executive session to discuss contract issues at its next meeting on November 26, 2019.

There were more disagreements regarding issues around WBAI and the overall finances of Pacifica. The talking points of the interim Executive Director and the people who had advocated making WBAI a repeater station for other Pacifica stations, and members of the so-called "Pacifica Restructuring Project" were trotted out. An example of their talking points is the statement about WBAI not making payroll on time multiple times in the past several months, which leaves out the fact that WBAI repaid the loan of money to pay the payroll soon after the loan was made by the National Office. Objections were raised to these points with their prejudicial framing of the issues. The WBAI General Manager sent the Chair of the NFC an E-mail making a number of points in rebuttal of what some others on the NFC were saying. During these discussions I made the point that all of Pacifica is in the same boat, and that while WBAI was in the lead for not being self-sustaining all of the other stations are following along. Any solution needs to address all of Pacifica.

The Chair said that the NFC should work on a sustainability plan for all of Pacifica. We briefly discussed the various sustainability plans that came out of WBAI some years ago. The chair noted that in the 48 pages of those documents he'd found only about two or three paragraphs that really related to WBAI's financial situation and he said there were no objectives laid out for WBAI then. I didn't think much of those sustainability statements six years ago, with their voluminous "notated" additions, which some authors of parts of the plans thought subtracted from the overall plans. I'll note that those sustainability plans have not been implemented.

At this meeting the following motion was made **Motion:** (Bill Crosier) "The NFC recommends to the PNB that Whereas, when a station repeatedly cannot cover its own payroll and employee benefits, and needs the rest of Pacifica to pay those expenses, it creates a significant problem for Pacifica, and

Whereas, using Central Services funds, that are needed for critical expenses, to instead cover expenses at an individual station thereby makes funds not available for those critical expenses, and

Whereas, when Pacifica does not have CS funds for paying for accounting, HR, audits, pension administration, Pacifica Radio Archives, and other needs, the Foundation risks financial collapse and failure to get audits completed and loss of its tax exemption, Therefore be it

Resolved, that when a station 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, it shall 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."

I made a motion to postpone this motion to the next meeting, and that passed. The NFC went into a committee of the whole after that and both sides of the debate about WBAI made their statements. This motion will probably be voted on at the next NFC meeting.

WBAI has resumed the interrupted Fall on-air fund raiser. The General Manager reports that WBAI's pledge line (516) 620-3602 has been restored. Other things necessary to an on-air fund raiser are also being restored. I do not know how long this current on-air fund raiser is scheduled for, but it will need to do well, especially since it is starting out without all of the usual things that go to support an on-air fund raiser.

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WBAI is in terrible bad shape now. The magical thinking that said that turning WBAI into a repeater station for other Pacifica stations, and the consequent raid that was designed to produce that result, has taken a toll. This has come at a very bad time for the station. While WBAI was in bad shape before, the magical thinking of eliminating personnel and local rents to save money has seriously damaged what is arguably the most important thing for WBAI: the station's relationship with its listeners. After a month of having been taken over quite a number of listeners stopped listening. Some will never come back to WBAI. It is now necessary to let people know that WBAI is really back on the air. Exactly how to efficiently communicate that to the general public is an open question.

So all of Pacifica is in turmoil, with people actually plotting to scrap the bylaws for a sham document that will put a very few people in power, and those people will overwhelmingly be hostile toward WBAI. The finances of Pacifica are worse than they had been a couple of months ago, and we have to hope that we can hang on to NETA to do our accounting chores for us. Many threats loom. I am probably more pessimistic now for WBAI and Pacifica than I have ever been. Meanwhile the plots of the magical thinkers push forward.

The next local Finance Committee meeting will be on December 4, 2019, and the next NFC meeting will be on November 26, 2019, at an earlier time than usual.

R. Paul Martin  
WBAI LSB Treasurer

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