

WBAI Treasurer's Report
April 8, 2020

The National Finance Committee (NFC) met on March 24, 2020. The local Finance Committee had been scheduled to meet on March 18, 2020, but the station's General Manager sent out an E-mail on March 15, that said in part, "WBAI will not welcome any listeners at 388 Atlantic Avenue and anyone who shows up will be turned back," so the local Finance Committee meeting had to be cancelled.

At the March 24, 2020, NFC meeting the issue of coming up with a practical Central Services formula was again discussed. This formula is supposed to determine how much each station must pay in Central Services fees to the National Office so that the National Office can meet Pacifica's expenses over the course of a year. There have been any number of Central Services formulas over the years. Since some stations, including WBAI, have been unable to make their full Central Services payments based on formulas that had been set up in recent years the NFC has been trying to come up with a formula for FY20 that will actually result in the projected Central Services fees being paid. The NFC has been considering whether the formula should simply have each station paying 20% of the National Office's annual expenses, or be based on each station's Total Revenue, Membership or Listener Support revenue. It has usually been based on the station's Listener Support revenue, but the NFC has not formally decided on this yet for FY20. The formula will also need to determine just what percentage of whichever basis the NFC chooses should be assigned to each station. A complicating factor is that the stations will also be assessed for the interest payments on the loan and there is also the huge principal payment on that loan which is now due in a little over 11 months.

The NFC discussed just what the National Office will need for FY20, and it was proposed to base the formula on the National Office's projected Total Expense. The NFC had previously estimated that the National Office would need about \$1,500,000 for FY20, but some NFC members believe that another \$100,000 should be added to that. The interim CFO noted that there are many outstanding Accounts Payable that are six months old or older and that Central Services are needed to pay those off. She said that adding up the Central Services that are still owed comes to about \$755,000 which would go a long way to paying off those Accounts Payable. It was noted that the National Office's expenses went up almost \$400,000 in FY19. The interim CFO said that a lot of that increase was legal expenses. In the course of this discussion some of us got into a back and forth with one of the people who was a part of the so-called Pacifica Restructuring Project which had tried to replace the bylaws. That person tried to blame a lot of the legal bills on WBAI. He was opposed in that assertion. The NFC did not reach a decision on a Central Services formula at this meeting.

During a discussion about Accounts Payable the interim CFO brought up the fact that NETA charges Pacifica \$27,500 a month for accounting services, and that Pacifica was in arrears to NETA by about \$168,000. The interim CFO said that NETA is using a line of credit to subsidize the balance. Pacifica needs NETA to continue handling our accounting, and losing them due to non-payment of their fees would be a disaster.

A day of nationwide programming on all Pacifica stations specifically to pay off a large

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amount of the current Accounts Payable was discussed. The issue of programming at the stations being able to generate adequate revenue was brought up, and one NFC member suggested that something besides the programming was needed since the stations have not been able to pay full Central Services fees for years.

The need to get the audits done so that Pacifica and the stations can apply for grants was brought up.

After some discussion the following motion was passed, **Motion:** (James Sagurton) “The NFC recommends to the PNB that they immediately consider a national on-air fund raiser and other fund raising efforts to expedite past due payment for the audits and the accounting services from NETA.” (Passed without objection)

There was a discussion of getting all of the stations to use the *MAS 500* accounting software that NETA uses so that revenue and expenses could be determined much faster than they are now.

The NFC Chair said that Listener Support revenue seemed to be up according to a Monthly Income Statement For the Four Months Ending January 31, 2020, which the Chair had sent to the NFC just before the meeting.

There may be some uncertainty in some of the numbers in that statement. I sent the spreadsheet to the WBAI General Manager and he said that the statement shows Consultant/Temps/Contractuals for January 2020, as costing \$29,377 for WBAI, but his accounting shows that expense as only \$5,768. The General Manager said the Income Statement shows WBAI’s Interest/Bank Charges as \$65,413 in December but his accounting shows \$1,008 for that expense. He also had differences with some of the numbers in that statement under Development Expenses. He said that all together his calculations using the *Quickbooks* software show WBAI’s deficit for the period as being \$82,606 as opposed to the Income Statement’s deficit for WBAI of \$170,007. I’ll be bringing the General Manager’s differences with the Monthly Income Statement up at the next NFC meeting.

The General Manager has put out a report of his own and people should read that.

Even though this NFC meeting happened after the attempt at hijacking Pacifica by the strategy of replacing the bylaws had failed there were still attacks on WBAI during this meeting, and attempts to try to show WBAI is a light that’s even worse than the reality.

So the bylaws hijacking has failed. That’s good. The interim CFO says that WBAI is being credited for the bequests that went to Central Services arrears in the past year. That’s also good.

There are, however, some financial issues that are not good at all. Pacifica is looking at expenses for this bylaws replacement referendum that may amount to over \$100,000 counting both the actual cost of running the election and the legal expenses.

The WBAI General Manager has told me that the station is losing some of the BAI Buddies (the station’s sustaining membership project) because people are out of work due to the shutdown of almost everything due to the COVID-19 pandemic, this trend is not really bad yet, but the pandemic measures are still new. I am seeing other non-profit entities having serious fund raising difficulties at this time for the same reason.

The General Manager gives a figure of \$82,606 for WBAI’s deficit through the end of

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February. That's a significant deficit and it adds to the deficits of years past.

The next on-air fund raiser should be in May. It's possible that the self-isolation/self-quarantine protocols will still be in place then. If they are we can expect that WBAI, and all of the other Pacifica stations, will have a very poor Spring on-air fund raiser. Even if the self-isolation/self-quarantine protocols are lifted or partially lifted by May the economy will not just snap back. We may see a lot of people just trying to get back on their feet and so listeners will have less to contribute to WBAI.

The Accounts Payable for WBAI and Pacifica are very large. NETA is owed over \$168,000 and they have had to take out a line of credit in order to keep going. Pacifica needs to catch up with payments to NETA. Without NETA Pacifica would have no way to even figure out what its financial situation looks like.

The interest payments on the loan will have to be made by the stations very soon, they've been getting paid by an escrow account but that's going to be depleted soon. I have calculated that WBAI's share of those interest payments will amount to about \$4,200 a month. WBAI hasn't even been able to keep up with its Central Services payments. How the station could pay an extra \$4,200 a month on top of that, in a damaged economy, is a question I don't see an answer for.

All of Pacifica is in a race with time to get the FY19 audit done by the extended deadline of June 30, so that we can get CPB and other grants. There is an issue of some Pacifica employees still not fully cooperating with NETA to get the numbers to the auditors. Some Directors have said that there's a big plan to pay off the approximately \$3,200,000 principal of the loan. I hope that works out.

I've been a pessimist about WBAI's and Pacifica's finances for some time. With this damaged economy, and people trying desperately to survive, things have gotten worse. The last quarter of every fiscal year is always a lean time for Pacifica. It may well be worse than usual this year. Maybe the big one day on-air fund raiser for audits, etc. will do a lot to get Pacifica out of its financial hole. If it doesn't we're going to be facing some hard decisions in the coming months.

The next NFC teleconference meeting will be on April 14, 2020, I have been in touch with Otis Maclay about running the local Finance Committee meeting as a teleconference using the same MaestroConference service that Pacifica uses for the PNB meetings and the PNB committee meetings. I have to get familiarized with the service and I will be polling the local Finance Committee members regarding when they could make such a meeting.

R. Paul Martin
WBAI LSB Treasurer