

WBAI Treasurer's Report
August 10, 2022

The local Finance Committee met on July 20, 2022. The National Finance Committee (NFC) met on July 26, and August 9, 2022. All of these meetings were held by teleconference.

Before the July 20, 2022, local Finance Committee meeting I sent the committee the report and the A/P Aging Summary that the General Manager had sent to the Chair of the LSB right before the July 13, LSB meeting. At the local Finance Committee meeting the WBAI General Manager said that WBAI was in a quagmire and was not doing as well as it should have been doing. He said that WBAI had about \$12,000 cash in bank, and owed three months rent to 388 Atlantic Ave. and two months Tower Rent to 4 Times Square. He said that WBAI would make the July 31, payroll. He said his goal was to make enough to pay one month of Tower Rent after the station had made payroll. He said that the call center was owed about \$17,000 and WBAI had to pay at least \$7,000 of it soon. He said that after making payroll his goal would be to pay the call center and to pay one month of rent at 388 Atlantic Ave. He said that the station had a \$5,000 bequest from New Jersey that has problems. He said that Pacifica's General Counsel had sent a letter to the lawyer handling the bequest saying that WBAI recognizes the Pacifica Foundation and the WBAI General Manager as in charge of WBAI. He said that the lawyer in charge of the bequest said we had to fill out a bail bond paper in New Jersey. At the time of the local Finance Committee meeting this matter was still bring dealt with. The General Manager said that a \$3,400 bequest that's been held at the John Hancock Bank for some time may soon be coming to WBAI because the Executive Director wrote a letter to the bank and the General Manager said that he expected that WBAI would get that bequest in about two weeks.

The General Manager said that the station is still waiting for the \$10,000 from New York City's "Vision Zero" announcements that WBAI has been playing. He said he is hoping that the station gets a contract for the coming year which would give the station \$5,000 a month. He said that the station is running about \$28,000 short in revenue per month. He said that there is another bequest outstanding but he didn't know how much it was. It could be a small amount. He said that the station's fund raising goal was to raise about \$100,000 a month. He said that the station has been about \$137,000 short of its on-air fund raiser goals over the past nine months. The Accounts Payable was \$1,296,703 as of July 12, 2022.

The General Manager said that after 12 years at WBAI he thinks the way to raise money at WBAI is premiums, premiums premiums. He said that if producers do interesting premiums the station makes money. He said that many times he has crossed his arms and considered that it's over, but then a new premium comes out and you do \$5,000 or more an hour. He said that if every show had premiums relevant to their show and did not make it boring to pitch that premium that would help us reach that goal. He said that producers can ask guests to make donations but it's awkward, and sometimes it's difficult. He said that the station needs to get guests to tell their followers on social media that they'll be on WBAI and maybe some of those followers will donate. He said that the station needs to ask people who pledged and haven't paid to pay and we need to reach out to lapsed BAI Buddies. He said that reaching out to small organizations might also help.

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In discussions about the General Manager's Report a WBAI Director said that a large percentage of WBAI listeners are over 70 years of age, but that some millennials are also listening.

At the July 26, 2022, NFC meeting the Chair announced, among other things, that, "A consensus is growing that our current priority should be to create FY23 budgets for all units rather than complete FY22 budgets for the National Office and KPFFK where revenue in those two units is still so uncertain." This is a good idea.

The Executive Director told the committee that she's been focusing on grant opportunities, most of them seem to be related to the west coast because people there are sending her information about grants available in that region. **If some people in the WBAI listening area know about grant opportunities that could directly help WBAI and/or Pacifica it would be good if they'd contact the Executive Director about them.**

At this meeting the CFO told the NFC that the FY21 audit was scheduled to be presented on July 31. She said that she's also trying to focus on developing notes that will help with the transition after September 30, with whomever will take the place of the National Educational Telecommunications Association (NETA) then. She said that she wants to make sure that everything is as organized as possible and she hoped that these notes would be helpful. She suggested that Pacifica look into a document management system. She said that the pandemic forced Pacifica to use one and that once she got used to it it was fantastic. She said that NETA is using software named *DocLink* as their document management system.

The Executive Director said that as a condition of her contract she is not authorized to make hires on her own.

At this meeting the CFO went over the "Monthly Income Statement For the Nine Months Ending Thursday, June 30, 2022" with the committee. (Note: a copy of this income statement is being sent as a separate attachment along with this Treasurer's Report.) That Income statement shows Pacifica running a deficit of about \$965,000 and WBAI as showing a deficit of about \$264,000.

The CFO said that her main concern cash-wise was KPFFK, KPFT and WBAI. She said that WBAI seems to be able to pull it out, but the increase in Accounts Payable in the last couple of months has put the station back on the CFO's radar because the Tower Rent is very high.

A member of the NFC noted that about half of Pacifica's Net Loss was due to KPFFK, about a quarter was due to WBAI and the rest was due to the National Office. And of course the National Office is funded by Central Services fees, and WBAI is about \$600,000 in arrears in it's Central Services payments, according to the WBAI General Manager's A/P Aging Summary As of July 12, 2022.

The NFC considered but did not vote on a "Transaction Limit Policy" motion to limit the amount of unbudgeted expenses that could be committed to in any fiscal year to \$10,000 without further authorization. The motion was postponed to the August 9, NFC meeting. There was a discussion of a new non-disclosure agreement that the PNB wants everyone on all PNB committees to sign. I have some problems with it.

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At the August 9, 2022, NFC meeting we were told that the FY21 audit was finished. The CFO said that the FY21 audit had been submitted to the Audit Committee the night before. It has to be approved by the PNB and then the CFO will send it out. She said that this is the first time in a while that Pacifica has received an unqualified or clean opinion in an audit. Pacifica's IRS Form 990 for FY21 has also been completed. There will be a Management Letter with this audit. The CFO said that the FY21 audit had to be filed by August 15, and she was confident that the deadline would be met.

The CFO said that WBAI was over \$9,000 short of making payroll, and payroll must be sent in by August 11. She said that maybe WBAI can cover it. She said that the station's tally was averaging about \$2,300 per day this month. The NFC Chair said that the WBAI General Manager had told him that the station had brought in about \$5,700 the day before this meeting and he expects WBAI to make payroll. It was noted that KPFK will not be able to make its payroll deposit on time, so the National Office will have to send the difference in. We were told that KPFA's Central Services payment to the National Office was going directly to subsidize KPFK's August 15, payroll. I bring this up to emphasize how thin financial things are in Pacifica at this time. If WBAI runs into serious trouble with paying bills we may not be able to get a bridge loan from the National Office or another Pacifica station to help us out.

The "Transaction Limit Policy" motion came up at this meeting. The following substitute motion was passed. **Motion:** (Kim Kaufman) "The NFC recommends to the PNB that we update the April 2013, spending policy increasing the unbudgeted expense limit from \$5,000 to \$10,000." (Passed 7 for, 1 against, 2 abstentions). I will note that this is a good motion, and it's too bad that it was not enforced in the past.

The NFC was informed of some measures being taken to ensure that the work that NETA has been doing for some years for Pacifica still gets done after NETA isn't working with Pacifica after September 30.

This NFC meeting went into executive session. The report out from that executive session is, "The NFC met in executive session to discuss contractual and personnel issues of a confidential nature."

So it looks like Pacifica's FY21 audit will be done by next Monday, August 15. The IRS Form 990 is also ready. The "unqualified" nature shows how much NETA has improved Pacifica's ability to keep track of and formally account for its finances. And it's really too bad that NETA is leaving soon.

We're told that WPFW is exploring an alternative to the on-air fund raiser approach to funding their station. They are looking to develop more relationships with listeners of means who can drop large gifts on the station here and there. Major Donors help KPFA's bottom line a lot. WBAI has been helped in past years by large bequests, except when, as in July 2019, Pacifica refuses to credit WBAI with a six figure donation. It's been pointed out that this alternative means of raising a lot of money for a radio station requires a great deal of effort, and we're told this sort of thing takes time. WBAI has the *Allegiance* software that can help identify donors who might be amendable to making large donations to the station. It would require a sophisticated approach, and it would take time to get potential large donors on board. It would also have to be

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a labor of love because there's no money to put against such a project. It's possible that other stations besides KPFA and WPFW will be trying out this strategy.

While we have some good news this time, audits and 990s done, two stations able to sustain themselves, KPFT building out their new building and aiming to go live and start pitching effectively on Labor Day, we still have the fact that three stations are not in good shape. We also will have to hope that Pacifica does not fall into the abyss of cronyism when it comes to people hired to replace NETA in the accounting and other roles. Without vigorous, honest governance some stations may fall back to the clubby practices which have produced problems in the past. Things are so thin now, financially, that such a back-slide could do Pacifica in, no matter what else is happening. And of course there are those in Pacifica who are actively causing problems like trying to get the Federal Communications Commission to deny WBAI's license renewal, and those saboteurs have the backing of a majority of one LSB. So I remain pessimistic about Pacifica's long range survival. It's pretty amazing that the organization, and all of its parts, have survived so far.

The next NFC meeting is scheduled for Tuesday August 16, 2022, at 8:30 PM (ET) in executive session "to discuss personnel matters." The next open session of the NFC will be on Tuesday August 23, 2022, at 8:30 PM (ET). The next local Finance Committee meeting is scheduled for Wednesday, August 17, 2022, at 7:00 PM (ET). These meetings will be held by teleconference.

R. Paul Martin
WBAI LSB Treasurer