

WBAI Treasurer's Report
October 12, 2022

The National Finance Committee (NFC) met on September 20, and 27, and October 11, 2022. The local Finance Committee met on September 28, 2022. All of these meetings were held by teleconference.

At the September 20, 2022, NFC meeting the Executive Director told the committee that there would be national on-air fund raisers once or twice a month. She said that she was meeting with the Union about Employee hour reductions at one station. She said that she'd met with a signal broker about evaluation reports and population counts for signals to get an idea of the values of the Pacifica licenses. A signal broker is a person who handles things like swapping radio station frequencies, selling radio station licences and things like that. She was also going to meet with a second signal broker. She said that she'd also be meeting with brokers about real estate valuations. She had to meet with a broker in each city. She said that appraisals could help Pacifica in many ways.

At this meeting the CFO told the committee that she was mostly engaged with getting things set up for the departure of the National Educational Telecommunications Association (NETA). NETA had been supposed to leave Pacifica on October 1, but they left earlier in order to save Pacifica having to pay them for a full month this allowed Pacifica to put the money saved against the interest payment of about \$48,000 that was due for the FJC loan that was due on September 30. (A copy of an E-mail from the Executive Director that was sent out by the WBAI General Manager to Staff is attached to this report.)

The NFC then met in executive session. The report out from that meeting was, "The NFC met in closed session to discuss personnel, legal, financial and contractual issues of a confidential nature. No decisions were made."

At the September 27, 2022, NFC meeting the Executive Director said that Pacifica was still making the transition to NETA being gone. She said that a couple of NETA employees were helping even though they're not working for Pacifica anymore. The Executive Director said that she was working on trying to get reports on cash on hand on a regular basis and regular payables reports every couple of weeks. She said that WBAI had \$8,387 cash in bank and she was unclear on WBAI's possible outstanding debts but the aged payable was \$110,713; with Central Services arrears and money owed the National Office the aged payable was \$1,313,786. She said that Pacifica was on track to make the FJC interest payment.

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The September 28, 2022, local Finance Committee meeting was dedicated to going over the WBAI draft FY23 budget proposal. The numbers on the draft budget are the same as they were in the September 14, 2022, Treasurer's Report. The General Manager told the local Finance Committee that he was trying to reduce expenses. He said that the social media person was gone

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and wouldn't be replaced, and that one *Morning Show* host had been cut as well. The General Manager said that with those cuts WBAI would show an end of year deficit of about \$21,000 if you didn't count the Central Services arrearage. In a discussion of the BAI Buddies still yielding about \$18,500 a month after the years that the project has been going on the General Manager said that between April 2021, and February 2022, 343 BAI Buddies had dropped off the list. He said this could be due to things like a credit card getting declined for some reason, or a credit card expiring and in some cases people have written to him saying that they can no longer afford the monthly payments. He said that he was having these former BAI Buddies contacted to see if we can get them back. It was suggested during the meeting that a deficit budget might not be acceptable to the NFC and/or PNB this year.

The local Finance Committee didn't decide to send that draft budget to the LSB, so the committee will meet on October 19, in an effort to agree on what to do with WBAI's draft FY23 budget.

The NFC members were invited to attend an executive session meeting of the PNB on September 29. The Treasurer's stayed for a part of that PNB meeting and the report out from that meeting was, "The PNB met in closed session to discuss various options to deal with finances."

At the October 11, 2022, NFC meeting the recently appointed National Business Manager, Markisha Venzant, was in attendance. She had been the KPFT Business Manager and she was mostly at this meeting because the NFC was discussing the KPFT draft FY23 budget proposal.

In the course of discussions of the KPFT draft budget the situation with Central Services was discussed. The Central Services formula has been modified a number of times over the years. The latest version of that formula was passed by the NFC on January 19, 2021.

Motion: "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." (Passed without objection)

WBAI has not been paying Central Services fees regularly, although all large bequests have been sent to the National Office as bulk Central Services payments for years. There is also the problem of a number of bequests that were for WBAI being taken as general donations to Pacifica and WBAI was never given credit for those with regard to the station's Central Services fees. These uncredited donations totaled in the high six figures. But the rap against WBAI is that we never pay Central Services fees. The discussion at this NFC meeting was about what to do about stations that are under-paying their assessed Central Services fees or not paying them at all. The issue is that the National Office and Pacifica Radio Archives (PRA) need those Central Services fees to operate. The Executive Director has been adamant that credits and loans among stations and to stations from the National Office must start to involve actual cash moved to bank accounts

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rather than “stains on paper,” as she put it. The discussions of the Central Services fees came down to some NFC members taking a hard line that the Central Services formula above *must* be applied to all stations with no exceptions, and other members saying that a hard line has proven unrealistic for years, and asking what would be the solution to stations that are not paying their assigned Central Services fees. Hard liners even mentioned turning some stations into repeater stations in such a case. This unfortunately shows an unrealistic approach to the issue. Repeater stations would still have some of the same expenses that regularly run stations have, such as Tower Rent, studio rent, utilities and more, but WBAI’s experience in 2019, shows that on-air fund raising is less productive for the repeater station than it is for a regularly run station.

So the National Office and PRA really have been hurting due to a lack of Central Services payments, but in my opinion a hard line slash and burn approach to trying to get 15% of total revenue is doomed to fail and cause things to get even worse. And of course there are people in Pacifica who are actually *trying* to make things worse.

The NFC has been working on draft FY23 budgets a lot over the past month, and there have been other issues, some of which were dealt with in executive sessions, taking up the time of the committee. There really is a need to figure out how to fund both the stations, the National Office and PRA. And WBAI isn’t the only station that’s operating at a deficit or close to a deficit. NETA’s leaving about eight days earlier than planned last month helped Pacifica pay the approximately \$48,000 interest payment on the FJC loan that came due on September 30. But with NETA no longer handling Pacifica’s finances I’m concerned about things like unbudgeted financial adventures, which may even be motivated by good intentions, and sudden, surprise big bills that had not been known about outside of a small group of people in Pacifica popping up with a serious need to be paid very soon. The unfortunate \$300,000 settlement that Pacifica is being demanded to pay a certain person is one example of a sudden big expense. Pacifica, as with most of the stations now, is hard pressed to deal with its regular, mundane expenses that are known. Surprises can really hurt when money is so thin in Pacifica.

The Executive Director really wants to stop what looks like an inevitable slide from illiquidity into insolvency for Pacifica. As noted in my September Treasurer’s Report she has mentioned signal swaps, the selling of assets, and declaring bankruptcy as things that seriously need to be looked at, and she’s been consulting signal brokers and real estate brokers to learn more about those options. The financial problems are not new. The financial situation has, however, become more precarious. This was inevitable, given how Pacifica has approached its problems over the years. My pessimism is not being lessened by recent developments. Something bad could happen to a station in the current state of affairs.

The next NFC meeting is scheduled for Tuesday October 25, 2022, at 8:30 PM (ET). The next local Finance Committee meeting is scheduled for Wednesday, October 19, 2022, at 7:00 PM (ET). These meetings will be held by teleconference.

R. Paul Martin
WBAI LSB Treasurer

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Appendix

On Sep 22, 2022, at 12:06 PM, Pacifica Executive Director <ed@pacificafoundation.org> wrote:

Good morning -

Effective today, NETA is no longer providing services to Pacifica. Understanding our current financial situation, they felt it would be in Pacifica's best interest to terminate the contract earlier than the scheduled 9/30/22 termination date, thereby decreasing our expenses and placing us in a better position to be able to pay critical expenditures this month.

Markisha Venzant is Pacifica's National Business Manager and is assuming the financial and payroll duties NETA's Julia Kennard had been handling. Markisha has been working closely and training with Julia for the past month. Markisha can be reached at mvenzant@pacificafoundation.org.

Personnel concerns will be directed to me at ed@pacificafoundation.org with our legal counsel involved as necessary.

Health benefit questions will be directed to both Markisha and myself.

Please share this email with your staff - both paid and unpaid - and please share with your LSB Chair.

Feel free to reach out to me with questions.

Please be patient as we move through this transition.

Thank you for your continued work - you all are greatly appreciated!

Stephanie

Stephanie Wells
(she/her/hers)
Executive Director, Pacifica Foundation