

WBAI Treasurer's Report
December 14, 2022

The National Finance Committee (NFC) met on November 15, 22 and 29, and December 6, and 13, 2022. The local Finance Committee met on November 30, 2022. All of these meetings were held by teleconference.

At the November 15, 2022, NFC meeting the Executive Director told about plans for having a national day of fund raising on New Year's eve or New Year's Day. She also talked about the National Educational Telecommunications Association (NETA) also helping Pacifica with accessing some data in the *Great Plains* software. She said she'd spoken to the CEO of *Allegiance*, the software and service that Pacifica uses to keep track of listener donations, and they had us on their "do not serve list," but that after she'd talked to them she'd been able to negotiate payment plans with them. She said that she was still working on it. As a result *Allegiance* did not shut down the "donate" button, and other features of the software that Pacifica uses to keep track of donations. She said that they were sympathetic to our problems.

The NFC adjourned to an executive session after that. The report out from that executive session was, "The NFC met in executive session to discuss contractual and financial matters of a confidential nature. No decisions were made."

At the November 22, 2022, NFC meeting the Executive Director said that she was working with each division in Pacifica to make sure they made payroll; she said that they were still short as of the day of the meeting. She said that she'd just found out that there's a lien of less than \$1,000 on a National Office storage unit in Berkeley, CA where art work from years ago that people said appraised for less than when donated was stored. Some people think that the art work can be used for fund raising purposes. She said that with regard to outstanding bills, vendors have been helpful and cooperative when she'd called them to extend due dates or for making little payments toward a bigger bill. She said that she'd been focusing on making payroll and the building and tower rent for WBAI.

NFC members asked about not getting financial documents from the National Office. The Executive Director said that she was also concerned. She said that the National Office had had to hire someone to come in to deal with Pacifica's *Great Plains* accounting software because apps were not speaking to each other. She said that she had bank statements from the stations and other divisions but no access to their bank accounts and she had to rely on what they send in. She said that she was also getting other people to look at the *Great Plains* problem.

The Executive Director said that it would be wonderful to get consolidated bank statements at the end of every month. Now she gets some *QuickBooks* information from WBAI but that information does not always match with the bank statements. She said that the National Office didn't have account access for WBAI, WPFW, KPFT, KPFA and Pacifica Radio Archives (PRA). She said that the only ones they can see are the Pacifica Affiliates Network (PAN), the National Office and KPFA. In the course of discussion of this issue it turned out that the old signatory issue was happening again because NETA was gone and the banks all wanted people's names to be listed as signatories in order to give them view-only access to the accounts. The Executive Director made a pitch for having all accounts for all Pacifica stations and divisions in only one bank instead of the many that need set up new

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signatories whenever there's a change. She said that there were also PayPal accounts, Venmo accounts and other ways that stations handle money that the National Office ought to be able to see.

The Executive Director said that view-only access on accounts should include the PNB Chair Vice-Chair in addition to the Executive Director and National Business Manager in order to have checks and balances and that just the General Managers and Business Managers should have access to signing checks. The lack of view-only access was cited as a reason why the National Office can't generate Monthly Income Statements in a timely way now. The PNB had mandated that view-only access was mandatory throughout Pacifica and the fact that it wasn't happening was an issue that had to be dealt with. It was suggested that Pacifica try to get the banks to grant view-only access to all bank accounts by title.

At this meeting the NFC also discussed the idea of what to do if Pacifica is unable to make the entire payroll. Deferred payments to Paid Staff was discussed.

The NFC went into executive session after this and the report out was, "The NFC met in executive session to discuss personnel, financial, real estate and legal issues of a confidential nature. No decisions were made."

At the November 29, 2022, meeting the Executive Director told the NFC that the payroll that was due on November 30, had been funded in time. She said that WBAI got past the shortfall just in the nick of time and everyone would get paid. She said that Pacifica had to immediately start looking for how to make the next payroll. She noted that the National Office was making sure that it would have enough to cover the FJC loan interest payment on December 31.

The Executive Director said that they were still working on the *Great Plains* problems. She also said that there had been some progress regarding view-only access of bank accounts, but she and the National Business Manager still were unable to look at most accounts.

At this meeting I was asked to send along the latest version of the WBAI draft FY23 budget. I asked the General Manager is what he'd sent to the LSB was the latest. He said that it was and I sent the draft budget to the Executive Director and the NFC.

The NFC then considered and passed the National Office draft FY23 budget pending the creation of a new Central Services formula.

Before the November 30, 2022, local Finance Committee meeting I was sent the text of a motion passed by the PNB that related to the local Finance Committee. The relevant part of the PNB's motion said,

"Only those affiliated for voting purposes with a particular local station (and only that local station) may serve as voting members of a committee of that Local Station Board.

"For committees that deal with confidential financial and/or personnel matters, only Local Station Board delegates for that station may be voting members of the committee and only Delegates of that LSB, PNB Directors and a duly elected and then serving Local Station Board Secretary and/or Local Station Board Treasurer, may participate in or hear the proceedings of any executive session."

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The WBAI local Finance Committee has had an influx of new members from other Pacifica stations over the past few months. This PNB motion says that they are no longer voting members of the committee. My interpretation is that this means that those persons are no longer members of the local Finance Committee period, since anyone may come to the WBAI local Finance Committee meetings and speak. We'll see how this works out.

The local Finance Committee discussed the current financial crisis at Pacifica. We were informed that so far the PNB had authorized the *exploration* of a sale of the KPFK building, not the actual sale. A person from KPFK told the committee that the KPFK LSB had voted unanimously not to sell, but to raise money in other ways. The other ways did not sound adequate to me.

The General Manager told the committee that WBAI had about \$9,000 cash in bank and Accounts Payable of about \$1.3 million and on December 1, that figure would increase. He said that the troublesome items are the need to catch up with 4 Times Square because we'd owe 3 months of Tower Rent the next day. He said that the station needed to raise about \$100,000 but only raised about \$70,000. He said that having 4 Times Square taking us off the air for maintenance and inspections had seriously hurt on-air fund raising. He said we needed more premiums. He said that the new budget has a lower deficit due to PSAs, and the goal was to raise about \$30,000 per month with PSAs. He said he'd put \$18,000 in the draft FY23 budget from that source. As the committee discussed the station's finances the General Manager said that from January 2022, to the date of this meeting the station had raised an average of about \$97,500 per month.

I noted that the General Manager had been saying that the station needed to raise an additional \$25,000 or so per month to break even but that didn't count Central Services payments. I noted that we needed to consider Central Services payments as serious obligations, and that it might take an addition \$50,000 a month to reach a break even point with Central Services fees getting paid.

The committee discussed fund raising from the latest Gary Null film. The General Manager told the committee that the station didn't have enough cash to pay for space, but he was hoping to run it at SOB's in February. He said that he wanted to make SOB's a hub for WBAI events. A copy of the General Manager's "WBAI 99.5 FM Radio Pacifica Foundation_New ACCOUNTS PAYABLE Aging Summary As of November 30, 2022" is attached to this report.

At the December 6, 2022, NFC meeting the committee once again discussed a Central Services formula. The Central Services formula that had been passed most recently in January 2021, and which at a later meeting I was informed had indeed been approved by the PNB, has not been applied. Meanwhile WBAI is not the only station not paying its Central Services fees.

The Executive Director said that she was 98% confident that Pacifica would make payroll for December 15. She told the NFC that she was looking at Accounts Payable and payables of concern. She said that the *Allegiance* and ASCAP bills were of concern. She said that the interest on the FJC loan was due on December 31, and she had Pacifica's General Counsel talking to FJC about that and discussing with them what would happen if we can't pay the full amount. She noted that we might be a little late with that payment. She said that an audit has been requested of Pacifica's 401 3b and retirement pension plans. She said that this audit is done annually and she'd spoken with the auditor and they'd sent some requests for information. She said that they'd be looking at 2017, and later. She said that the National

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Office was still working on the *Great Plains* server issues and experts were looking at it.

The Executive Director said that with regard to view-only access progress was being made. She said that the National Office had view-only access to all major accounts, but not to some PayPal, Venmo and other accounts. She said that the *Allegiance* account was over 120 days past due and payments needed to be made to them. She said that Pacifica still owes NETA about \$40,000, but they're still helping us.

The NFC discussed the "PACIFICA FOUNDATION-NATIONAL OFFICE Consolidated Monthly Income Statement For the Eleven Months Ending Wednesday, August 31, 2022" which I had sent to the LSB and the local Finance Committee on December 7. The Executive Director said that this was the last Income Statement from NETA. She said that the Central Services listings on lines 134 through 147 of the Consolidated tab of the spreadsheet were not actually based on the official Central Services formula and the amounts owed were a little higher than would really be the case.

In answer to a question the Executive Director said that as far as she knew the Major Donors line had not been broken out of the Listener Support line in the spreadsheet that the NFC had seen that night despite the note on that line. She said various forms needed to be revised so that the National Office could get good information. She said that the former CFO had not been comfortable with the August Income Statement spreadsheet.

The NFC then went into executive session. The report out from that executive session was, "The NFC met in executive session to discuss the financial ramifications of a recent court ruling and financial matters of a confidential nature."

At the December 13, 2022, NFC meeting the Executive Director said that Pacifica would make payroll this period. She said that Pacifica still had the same Accounts Payable which included the ones of most concern to us. She said that she was working with vendors, particularly insurance ones. She said that she wanted a grace period before the insurance cancellation dates she'd been given. She said that she was negotiating with the insurance companies on this, but she still had some concerns. She said she was working on on-air fund raisers and letting people know where their outstanding bills were. She said that Pacifica did not have the funds on hand to pay the FJC loan interest payment that's due on December 31. She said that the General Counsel is asking them for few grace days or letting us pay what we can and then extend that out. She said that this issue was keeping the National Business Manager and herself awake at night.

The NFC once again discussed long motions regarding what to do with regard to the revenue from the sale of the KPFK building. This is part of the "exploration" of the topic authorized by the PNB.

The NFC then took up the issue of maybe "zeroing out" all Central Services fees that are owed. This was a contentious topic. I brought up the issue of WBAI having to back-fill its Central Services fees and not getting credit for \$500,000 to \$700,000 and maybe more than that which Pacifica had gotten through WBAI in the Summer of 2019, and which ought to have been credited to WBAI's Central Services arrearages. No decisions were made and this topic will definitely be revisited in the future.

The NFC then went into executive session and the report out from that executive session was, "The NFC met in executive session to discuss financial matters of a confidential nature."

Pacifica is, in my opinion, entering into a new era. Since the PNB has authorized the exploration

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of the sale of the KPFFK building, without yet authorizing the sale, a distinction without a difference in my opinion, things are changing. But things had been going to change for some years. It's important to state what's really happening. Pacifica has been illiquid for years. "Illiquid" describes an organization that lacks sufficient cash flow to meet its current obligations, but which has assets that could be used to pay those obligations. If an organization is illiquid for some amount of time it will usually start to liquidate those assets. This is exactly the situation that Pacifica is in now. This is better than what it looked like had been happening in the past. Decisions were being made to hold on to everything and just not pay bills, and of course that made some bills increase. The danger there was that that kind of rigidity could have made Pacifica very vulnerable to bad acts by people who, again in my opinion, are hostile to Pacifica. Some people have said that Pacifica was or is actually insolvent. This is not the case. When an organization is insolvent they have neither the cash nor the assets available to meet their obligations. It's important to make the distinction between illiquidity and insolvency. An insolvent organization can file for Chapter 11 voluntary bankruptcy, but that organization may then be forced into Chapter 7 involuntary bankruptcy, which can result in the organization just being dissolved. In fact some people on the west coast actually tried to have a receiver appointed to rule over Pacifica not long ago. A receiver is frequently appointed by a court to take over an organization in Chapter 7 bankruptcy. That receiver can dispose of assets to pay creditors. If Pacifica had kept on denying the financial reality it might well have been moved on by some entity and, depending on the caprice of some court, a move to force a receiver on Pacifica might actually have succeeded. Years ago a radio station in California was in bad financial shape. It filed for Chapter 11 bankruptcy. A creditor forced it into Chapter 7 bankruptcy, and in the end that creditor bought that station's license for less than market value. That's the sort of thing that one must watch out for. It has also happened that an organization has ended up paying creditors more than a dollar for every dollar it owed them due to a bankruptcy decision.

This is why acting to liquidate assets is actually an action that can protect Pacifica. If handled intelligently the sale of assets could save Pacifica whereas holding rigidly onto all saleable assets while continuing to run up bills that are very long past due could have resulted in a sudden end for the foundation. **It's important to remember that Pacifica is illiquid, not insolvent.**

That having been said more change must come. Any revenue realized from the sale of the KPFFK building must not be squandered. And Pacifica must make some changes in order to survive into the near future. WBAI and most of the other Pacifica stations can't pay their bills, and without Central Services payments the National Office and Pacifica Radio Archives have to run national on-air fund raisers that don't always raise enough revenue to solve their financial problems for long. So change will happen in some way. We need to help to make the changes good for Pacifica and for WBAI.

All of this is happening in the context of Pacifica politics. That makes for uncertainty. Pacifica is now making the decision to walk along the edge of a precipice rather than deciding that it can jump into the precipice and fly away freely. Pacifica lives in interesting times.

The next NFC meeting is scheduled for Tuesday December 20, 2022, at 8:30 PM (ET). The next local Finance Committee meeting is scheduled for Wednesday, January 4, 2023, at 7:00 PM (ET). These meetings will be held by teleconference.

R. Paul Martin
WBAI LSB Treasurer

APPENDIX

**WBAI 99.5 FM Radio Pacifica Foundation_New
A/P Aging Summary
As of November 30, 2022**

	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
4TS - 4 Times Square	17,358.02	17,565.55				34,923.57
ACD Direct, Inc.		6,784.81	8,012.25	25,249.82		40,046.88
Anastasia Alexiadis					2,000.00	2,000.00
Associated Press, AP					986.64	986.64
AT&T	(84.89)					(84.89)
BMI Music Square					1,331.00	1,331.00
Bob Hennely	375.00					375.00
Felipe Luciano	250.00					250.00
Fortunato Flores					(270.00)	(270.00)
Foster Garvey PC					725.00	725.00
Fusion			19.53		428.68	448.21
Health Care Bill Back					172,002.52	172,002.52
Lylburn Downing					1,166.67	1,166.67
NFCB					3,875.00	3,875.00
or Books					140.39	140.39
			16,890.0			
Pacifica National Office - PNO		16,890.00	0		616,463.62	650,243.62
PRA (Central Service)		4,222.00	4,222.00		281,936.50	290,380.50
Paul DeRienzo					1,088.00	1,088.00
Payroll Expenses	2,014.51				145,088.80	147,103.31
Power Cooling, Inc					835.00	835.00
Protekt					1,584.67	1,584.67
Radio Research Consortium					1,065.00	1,065.00
The Commons Foundation	5,300.00	5,300.00	5,300.00			15,900.00
Time Warner Cable 388			76.17		11.80	87.97
		25,212.	34,424.			
TOTAL	0.00	6450,858.06	25	1,255,709.11	1,348,846.04	