

WBAI Treasurer's Report
August 9, 2023

The WBAI local Finance Committee met on July 19, 2023. The National Finance Committee (NFC) met on July 25, and August 8, 2023. All of those meetings were held by teleconference.

At the July 19, 2023, local Finance Committee meeting I told the committee about the Executive Director's idea about holding national on-air fund raisers to decrease expenses on the network such as the current elections, the health benefits payments that are in arrears and the audit. I told the committee that not everyone seemed to agree with the idea of doing those national on-air fund raisers. The General Manager told the committee that with regard to a national on-air fund raiser that we have to find different people to do them and different ways of organizing a national on-air fund raiser. He said that we also need different premiums that might work instead of ones that we've used for 10 years. He said that dismissing a national on-air fund raiser out of hand doesn't make sense, but that the national on-air fund raisers are not planned well, they have only one premium. I noted that we don't have tons of options for fund raising but we do have the air and that's potent. A local Finance Committee member said that we should approach the current tenant of the ground floor café at 388 Atlantic Ave. to see if WBAI could do fund raising events there. The committee discussed this form of fund raising. I noted that in the past when a national on-air fund raiser was needed all of the stations were just told that all of Pacifica was doing one and they got together and did it, but these days some stations want to opt out. It was noted by a member that Pacifica needs to raise hundreds of thousands of dollars, not just small amounts. The General Manager said that in the past all of the stations collaborated on the national on-air fund raiser coming up with different premiums from different regions, and it was all well coordinated, not just done simultaneously, and that we used to make \$100,000 a day on those national on-air fund raisers. Another member said that national on-air fund raisers can interfere with stations' on-air fund raisers and it would be good if we could design them so that parts of it could be played on different days on different stations and used over again around the network.

It was suggested that WBAI make a new T-shirt premium and change the design every few months so that people would want to donate for the latest one. The General Manager said that he wasn't against small premiums, but that T-shirt premiums don't make money, or not enough money. The committee discussed raising the membership rates and having premiums that result in a higher net revenue.

The General Manager said that WBAI owed about \$60,000 to 4 Times Square where WBAI's transmitter is, and about \$50,000 to the call center for about eight months of service, the station owed about \$39,000 in rent to 388 Atlantic Ave. He said that WBAI needs to pay Central Services fees, and that in the past the station had not always paid them but had been able to pay the other bills. He said that the current situation is like a red flag, and Pacifica has to come up with about \$120,000 for back health insurance premiums or we're going to lose health benefits. He said that he'd gotten a letter about that from the health insurance company and that it's a big thing. The General Manager said that one entity in Pacifica was most likely not going to make its

(MORE)

July 31, payroll. **Note: due to the way that payroll is handled for Pacifica if one station or division can't make its full payroll on time then no payroll checks go out to any part of Pacifica.**

The General Manager said that the National Office also has other bills in arrears like liability insurance premiums. He said that he was making a local report but these were all related and that the whole network was in jeopardy. He said that the station needed to generate about \$60,000 a year from PSAs, which he said was what we used to get from the Corporation for Public Broadcasting (CPB) grants. He said that the call center is putting pressure on WBAI and wants the station to sign a contract where WBAI would pay the current bill and pay \$7,500 a month to deal with the arrears. The General Manager talked about having the pledge line ring at WBAI first and only go to the call center if no one picks it up. He said that this could reduce the call center's bill from about \$6,500 a month to maybe \$500 a month. But WBAI would have to sign that contract with the call center because they have control over the 212-209-2950 pledge line phone number, and they may not want to yield control of it back to WBAI without some guarantee that they'll be paid what they're already owed.

The General Manager commented on the Executive Director's proposal to have all Pacifica accounts in one bank, he said that he didn't oppose having all of the bank accounts in one bank, but he said that bank should not be Bank of America. He noted that the *QuickBooks* accounting software that he uses does not interface well with the Bank of America system.

The committee discussed the idea of sending out a letter to be placed in all Pacifica newsletters, and sent to the entire membership, coming from the Executive Director and signed by all five General Managers and the Corporate Counsel. It was suggested that another letter would go to Major Donors breaking down everything that's going on with Pacifica's finances with follow-up calls to Major Donors asking for big money.

Other ideas were brought up at the meeting. With regard to one of them the General Manager said that a two week on-air fund raiser was a terrible idea and it had just been proven that such an on-air fund raiser doesn't work.

In answer to a question the General Manager said he never thought that hiring someone to help raise funds was a viable situation. He said that the station was already sending appeals to the membership in the newsletter. He said that the person who'd been recommended, whose name was never mentioned to the committee, should have analyzed things and come back with ideas that would generate enough money so we'd have plenty of cash to pay them, but they had come back and asked for money up front and a contract.

A motion to urge the General Manager to reserve 10% of every payment connected to a premium for the purchase of such premiums failed. The General Manager said the motion, if passed, would call for micro-management and that there was already collaboration to get the premiums paid for and shipped, although sometimes something would fall through the cracks. There were also concerns that the station's cash flow issues would cause problems with the implementation of such a plan.

A lot the July 25, 2023, NFC meeting was taken up with a review of the KPFK FY23 Budget. It's a deficit budget, as WBAI's FY23 draft budget was, but WBAI's did not go to a

(MORE)

vote on the NFC after objections were made to it because it was a deficit budget. The KPFFK draft FY23 budget, which had actuals for about the first six months of FY23 projections for the period of April to September 2023, was sent to the PNB for their review.

At this meeting the Executive Director told the committee that the consolidated financials for May had been completed and she would send them out the next day. She said that she had been strongly encouraging stations to make whatever payments they could toward their Central Services fees because Pacifica was facing a payroll deficit for the second July pay period. She said that the second payment to the National Elections Supervisor (NES) was due a couple of days after the meeting, and that the first payment to Simply Voting for the elections was also due then, and that there were large employee health care payments that needed to be made by July 30. She said that she'd been having meetings, making phone calls and texting General Managers to see what they had in their accounts and ask if they would be willing to make a payment to their Central Services fees and possibly send a little bit extra so that Pacifica could cover some existing payments that were due so that there wouldn't have to be a significant reduction in non-Union employees' salaries. There was also the possibility of a penalty for not making the health care payments. She said that official notices would be going out from the health insurance companies within 24 hours after the meeting. She said that she'd reached out to legal counsel about what would be the best way for Pacifica to let employees know that there will be pay reductions and a loss of health insurance. She said that she was awaiting instructions from legal counsel.

At this meeting we were told that we could send out the "Pacifica Foundation Consolidated Monthly Income Statement For the Seven Months Ending Sunday, April 30, 2023 through April 30" to the public. I sent it out right after this meeting.

I asked the Executive Director about the status of the FY22 audit. She said that there was no money for the FY22 audit and so it was not happening at that time.

At the August 8, 2023, NFC meeting the Executive Director said that KPFA had covered the \$20,000 payroll shortfall that Pacifica had been facing. She said that KPFA and KPFFK had covered their health insurance premiums and had helped to cover the Pacifica Radio Archives' health insurance premiums. She said that there had been a difficult time paying the health insurance premiums for WPFW, WBAI, the National Office and the Pacifica Affiliates Network. She said that KPFT had provided about \$52,000 to help cover the \$60,000 that was due but WBAI was able to provide \$5,900 toward the health insurance premiums and the remaining \$2,100 that was needed was covered by the National Office. She said that the first payment for the NES had been \$13,800, and the second payment would be \$15,967 because the NES's time doing the job would be extended and the National Office was able to cover that. She said that Pacifica had been significantly behind on the amount owed to the Simply Voting company that handles the electronic voting for the current Pacifica elections. She said that the invoice was for \$20,897 and half needed to be paid. She said that the PNB had passed a motion to encourage the PNB and LSB members to raise the money. She said that as of last night's meeting the amount raised was \$4,900. She said that \$1,550 was donated by members of the KPFA LSB, nothing from the KPFFK LSB, \$1,750 from KPFT LSB members, \$400 by PNB members, \$300 from

(MORE)

WBAI LSB members and \$900 from WPFW LSB members. The Executive Director said that she would reach out to all who have donated. She said that there were areas of concern with Accounts Payable. She said that as of last week total cash in bank for all of Pacifica had been about \$290,000 and Total Accounts Payable were over \$2 Million. She said that the Accounts Payable of concern amounted to about \$988,000. She said that it looked like Pacifica will run into another payroll shortfall this week. She said that a lot of stations were holding on-air fund raisers and they'll try to raise more for payroll. All of the money for payroll has to be in place by Friday. She said that stations that were saying that they'd be short were keeping track of what their shortfall might be. She said that she and the National Business Manager would see if payroll reduction will be needed. She said that she'd met with the General Managers and Directors that morning to discuss the issue. She said that another issue of concern that was due to a lack of payment was that they had been told the day before this meeting by the insurance brokers that the majority of Pacifica insurance policies had been cancelled. She said that Pacifica would still have Workmen's Compensation insurance and health insurance was still in effect due to the above mentioned payments. She said that what's been cancelled was earthquake insurance in Los Angeles, the equipment insurance for all stations including broadcast, studio and towers, property and casualty insurance, general liability insurance, excess liability insurance and media liability insurance. She said that Management needs to figure out if they need to limit exposure to liability by restricting access to Pacifica buildings by non-employees and see if we have to go all-remote again. She said that she was talking to other insurance brokers and that the insurance brokers don't want to work with the stations individually because they didn't want the stations all calling them, which had started earlier that day. She said that she was looking for some stations being able to deal with things like earthquake insurance. She said that questions about lack of insurance affect who can go into the buildings. She also said that she was looking into what effect this may have on some of our loans because the buildings being used for collateral were no longer insured.

The Executive Director said that the insurance companies had allowed Pacifica to pay one month and owe a number of months, but that since this has been going on they no longer want to accept just one month, they want two months of payments at a time moving forward.

In answer to a question the Executive Director said that the interest payments had not been made on the Economic Injury Disaster Loan (EIDL). She said that she'd been notified that Pacifica is in default on that loan and that the matter had been turned over to the United States Treasury Department for collection. She said that Pacifica owed \$26,193 in interest payments on the EIDL.

The Executive Director said that the National Office was working on every stations' expenses and they need the documentation and invoices that correspond to each of those expenses but that hasn't happened. She said that they were not seeing at the national level justification for some of the expenses that are occurring at each of the stations if they have debit or credit cards.

I asked the Executive Director about the audit and how not having one for FY22 might affect Pacifica's application for membership in the CPB. She said that the CPB application had been based on past audits and that not getting the FY22 audit done was not a CPB issue, although it was an issue for taxes, the California Attorney General's Office, etc. She said that if we get

(MORE)

CPB membership they'll want current audits and also financial reports that would be based on the CPB's system. The Executive Director said that if we had \$78,000 we could do it, and if we had about \$35,000 we could start it. She said that if the CPB comes back and demands Pacifica's latest audit she'll have to tell them that the latest audit was from two fiscal years ago.

The NFC did not get around to looking at the financials through the end of May at this meeting.

The NFC then went into executive session. Unfortunately there was an oversight and the committee has not yet come up with a report out from that executive session, although I think it will be very easy to produce one at the next NFC meeting.

Well, that information from the Executive Director is a lot to take in. It was pointed out that the insurance policy payments were something that had been covered by Central Services fees, and because so many stations, including WBAI, have not been making either their full Central Services fee payments or not making any at all the National Office cannot pay the insurance premiums.

Various vendors are now demanding that Pacifica and the individual stations pay their bills that are in arrears. That adds up to a lot. Having a core Accounts Payable of \$988,000 when every payroll is full of drama and stress does not look like a rosy future.

We'll all see what happens, but my pessimism has only grown with these latest financial revelations. There are also rumors going around about super-wonderful loans that will save Pacifica and on the other hand rumors about imminent collapse of Pacifica. Folks should resist getting stampeded by rumors.

The next NFC meeting is scheduled for Tuesday August 22, 2023, at 8:30 PM (ET). The next local Finance Committee meeting is scheduled for Wednesday, August 16, 2023, at 7:00 PM (ET). These meetings will be held by teleconference.

R. Paul Martin
WBAI LSB Treasurer