

WBAI Treasurer's Report
November 13, 2024

The WBAI local Finance Committee met on October 16, 2024. The National Finance Committee (NFC) met on October 22, and November 12, 2024. all of these meetings were held by teleconference.

At the October 16, 2024, local Finance Committee meeting the committee considered again the draft FY25 Budget proposal. Despite the interim General Manager having said, "I can't and I'm not going to be on that call if Mr. Berthold Reimers remains a member of that committee," he did attend the meeting and told the committee that there had been no changes in the WBAI draft FY25 budget proposal since the last meeting when the local Finance Committee had considered it. He said that it might be more fruitful to talk about the dynamic situation in play now with the result of the sale of the KPFK building and the disappointing yield from that. The committee did talk about that as well as issues related to the WBAI draft FY25 budget.

The interim General Manager's position is that the business structure of WBAI is that Pacifica is WBAI and WBAI is Pacifica. He noted that Pacifica Management had earmarked money from the sale of the KPFK building for various outstanding expenses in Pacifica, including the loans and other debts. The interim General Manager told the committee that the Economic Injury Disaster Loan (EIDL) had been completely paid off and that Pacifica had paid off much of the FJC loan. This was news to me since the Executive Director had been telling us about plans for the proceeds from that sale that were to have resulted in Pacifica having a good nest egg of cash and good terms on the EIDL.

While the sale of the former KPFK building has brought down Pacifica's debt profile the previous plans for the proceeds from the sale of the building would have done more for Pacifica and the stations.

Pacifica National Board (PNB) Director Jim Dingeman attended this meeting and he said that Pacifica had been a victim of California's strict escrow laws which did not allow changes to be made late in the sale. He also said, that if Pacifica had had a better relationship with California state legislators and agencies that something might have been done about that earlier on.

Pacifica walked away from the sale with about \$531,000 in cash. Previous plans had been for Pacifica to have ended up with much more cash than that.

The interim General Manager said that the Federal Communications Commission (FCC) and the Federal Emergency Management Agency (FEMA) had become concerned about the collapse of local radio broadcasting in storm areas during disasters after Hurricane Helene had wiped out Internet service and cell phone service in some areas. He said that the FCC and FEMA were encouraging radio stations to apply for loans for increased generator capacity so they could continue broadcasting in the event of a natural disaster. He said that WBAI was in discussion with the Commissioner of the New York City Office of Emergency Management about getting grants for creating a more robust capacity for the station. He said that he was also having conversations with the landlord at 388 Atlantic Ave. about making the station more robust in terms of resisting natural disasters.

The interim General Manager said that some producers had already gotten sponsorships for their programs.

I asked about the greatly increased revenue from Car Donations in the draft FY25 budget and the interim General Manager said that there had been a tremendous uptick in those donations, with about \$2,400 being deposited in the last month. He said that the station was getting car donations two

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or three times a month now and that the station was on a pace to actually make the \$18,000 a year on Car Donations that the draft FY25 budget projects. He said that there was also more money coming in from Union donations.

By the end of the meeting the local Finance Committee passed the following motion.

Motion: (R. Paul Martin) “To send this draft FY25 budget to the LSB and recommend its approval.” (Passed 6 for, 4 against, 2 abstentions)

The October 22, 2024, NFC meeting was largely taken up by the consideration of the Pacifica Affiliates Network (PAN) draft FY25 budget proposal.

The Executive Director did give a report and confirmed that escrow on the former KPFFK building had closed on October 11, and that the building had sold for \$4,500,000 but the payout had been \$4,350,000 because a deal was made whereby the buyer waived an inspection of the premises if Pacifica knocked \$150,000 off the sale price. The Executive Director confirmed that Pacifica had been paid \$531,027.75 on October 15th. (The document “ED REPORT for PNB Meeting October 17, 2024 – Can be shared with LSBs and COMMITTEES” is appended to this Treasurer’s Report and it gives details of the sale of the former KPFFK building, including the “Seller’s Final Closing Statement,” and other issues from the perspective of the Pacifica Executive Director.)

In answer to a question the Executive Director said that the Third Quarter consolidated financials couldn’t be completed at that time because the National Office didn’t have all of the numbers from all of the stations. She said that they had begun working on the Fourth Quarter consolidated financials.

The committee discussed communications among those involved in Pacifica governance and between those involved in governance and local and national Management.

At the November 12, 2024, NFC meeting the Executive Director reported on the final details of the sale of the former KPFFK building. (Her written report titled “ED REPORT for PNB Meeting November 7, 2024 – CAN BE SHARED Submitted by Stephanie Wells” is appended to this Treasurer’s Report.) She said that ROGERS & COMPANY PLLC will be doing the FY22 and FY23 audits together and should have them filed before the end of calendar year 2024, and that the FY24 audit should be done early in 2025.

In the course of discussions the Executive Director said that about \$154,000 of the proceeds from the sale of the KPFFK building had been used to pay the judgement against WBAI and Pacifica from ACD, the company formerly used to answer calls at WBAI during on-air fund raisers. Earlier in this meeting the Executive Director had also said that any bequests intended for a station needed to go to that station. She told a story of a non-profit she used to be a part of that she had contacted the California Secretary of State’s Office about because they had mis-directed a grant. That unit ended up being closed.

Later in the meeting the KPFT Director and the WPFW Director on the NFC had complained about the ACD call center bill having been paid and the Tower rent arrearage having been paid with proceeds from the sale of the former KPFFK building. The Executive Director explained that the WBAI Tower Rent arrearage had *not* been paid off from the proceeds of the sale of the former KPFFK building but that a generous local donor had put up the money to pay that debt. She also explained that the ACD bill had been part of judgement and had to be paid. She said that WBAI would add the \$154,000 to the

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station's Accounts Payable and would have to pay that \$154,000 back. She said that WBAI was slowly turning around and making progress. She said that the station was working with the property owners to reduce the rent and that WBAI had gotten a new phone system courtesy of a donor. She said that the station was decreasing overall costs and increasing its efficiency. The discussion then turned into complaints about stations incurring expenses and making Pacifica pay them off. The KPFK Director said that she wanted to see a flexible payment plan for WBAI to pay off what it owes Pacifica. When I got a chance I said that I was glad to hear the Executive Director say that sending revenue from bequests to Pacifica instead of the station that they had been intended for would not happen any more because it's happened in the past.

Before this meeting the Executive Director had the NFC Chair send the the "PACIFICA FOUNDATION Consolidated Monthly Income Statement For the Nine Months Ending Sunday, June 30, 2024" to the committee. When I get clearance to release those consolidated financials to the LSB and the local Finance Committee I'll do so. That should happen pretty soon.

So the plans that had been made for the revenue from the sale of the KPFK building have been dashed by a rigid law in California. Instead of the previously announced plan to pay off bills, get KPFK on its feet and set aside maybe as much as \$1,000,000 from the sale for use in various ways Pacifica now has less debt than it had some months ago but it is not nearly as well off in terms of cash as the plans had called for it to be. And some people are angry at WBAI for having had a bill paid off from those sale proceeds.

It's very unfortunate that Pacifica did not get to use the Executive Director's plans for the proceeds of the building sale. It's also unfortunate that some people are trying to exaggerate WBAI's deficits.

It's good that the Executive Director is committed to making sure that any bequests get sent to the stations they're meant for.

So Pacifica is not staggering in debt. That's good. But there is the possibility of a hostile federal government attacking Pacifica and its stations. We're fairly vulnerable to actions from the FCC or other agencies that could be misused by people in power who are used to misusing their power. How ironic it would be if we can pull WBAI and Pacifica out of the financial muck and mire only to be done in as outlined by the *Project 2025* document. I am still pessimistic about WBAI and Pacifica's future.

The next NFC meeting is scheduled for Tuesday November 19, 2024, at 8:30 PM (ET). The next local Finance Committee meeting is scheduled for Wednesday, November 20, 2024, at 7:00 PM (ET). These meetings will be held by teleconference.

R. Paul Martin
WBAI LSB Treasurer

APPENDIX

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LOS ANGELES BUILDING SALE

- Escrow officially closed on the Los Angeles building on Friday, October 11th. Details of the payout are attached. The building was sold for \$4.5M. The payout lists the sale price at \$4,350,000 because the buyer waived its “Physical Inspection Contingency” if the Seller provided a \$150,000 credit off the purchase price at closing. This was necessary based upon the multiple inspections, reports, and corresponding bids stating that the building requires repairs at a considerably higher cost (plumbing, roof, HVAC, electrical, and structural components).
- All liens have been paid:
 - FJC
 - \$1,356,982.27 was wired to FJC on the 14th. Funds are being used to decrease the principal of the loan.
 - FJC stated that during the week of October 21st, they will provide Pacifica with the revised total amount due and payment dates.
 - The brokers are sending FJC a recorded copy of the reconveyance.
 - SBA
 - \$2,154,802.34 was wired to the SBA on the 14th.
 - \$2M was for the principal and \$154,802.34 for interest.
 - As per a phone call with the SBA on 10/16/24, Pacifica will receive a pay-off letter in 6-8 weeks.
 - Grace Aaron
 - \$35,071.72 was wired to Grace Aaron.
 - \$30,481 for principal and \$4,590.72 for interest.
- There was a question asked at the 10/7 PNB meeting regarding having the \$2.1 million in escrow while we continue working to get lien switched. We reached out to the title company and discussed this concept and were told this wouldn’t work because if the money was held in escrow, the lien is not cleared, therefore the transaction cannot close.
- Pacifica received a payout of \$531,027.75 on October 15th.
- Moving Out and Volunteers Needed
 - We must be out of the building on October 25th.
 - KPFFK is asking for volunteers to help with packing, organizing “keep and trash” piles, and the final clean-up. The building must be “broom clean” by the 24th.
 - KPFFK is hosting a “you want it, you take it” event this Saturday, October 19th.

PACIFICA RADIO ARCHIVES and THE ARCHIVE LEGACY DIGITIZATION PROJECT

- Pacifica was awarded a \$30,000 grant from the National Endowment for the Humanities Division of Preservation and Access to help support the expense of storage and storage materials (racks, archival sleeves, dehumidifiers, etc.) for our collection while we continue through the digitization process.
- We received two gifts (\$12,000 and \$1,000 from two anonymous donors) to support the digitization project.
- We received a grant of \$2,500 from the WGBH Educational Foundation for “Preserving Endangered Media.” The funds are being used to offset the cost of two interns who are helping create an item-level spreadsheet inventory of all media approved for digitization, which will include a unique identifier number per item, any information present on the tape or tape label (such as series title, episode title, date, physical format, and duration). Each item will have the matching unique identifier number affixed to the item and box prior to packaging each item as per archival guidelines to be shipped to our digitization vendor.
- One of the highlights of the digitization project is that all the digitized programs will be transcribed. A test of the transcription process has already been completed with the series “This Way Out,” which aired on KPFFK beginning in the early 1970s and include a live broadcast on WPFW of the

first National March on Washington for Lesbian and Gay Rights in 1979. In addition to locating specific clips and interview, the most significant importance of written transcriptions is that Pacifica's archives will be available for the first time for the hearing impaired.

- Below are before and after pictures of the organization and clean up being done in the storage units housing our materials:

LARGE UNIT BEFORE (April 23, 2024)



LARGE UNIT AS OF 10/14/24 (Red and Blue containers are ready for shipment for digitization)



- Below is a basic statement about the status of the Pacifica Radio Archives:
 - The Pacifica Radio Archives department has been restructured and is currently being managed by the Pacifica Foundation national office, this includes licensing and material requests, as well as continuing to oversee the Pacifica Foundation Archive Legacy Project. The Pacifica Foundation Archive Legacy Project, in collaboration with the American Archive of Public Broadcasting, the WGBH Educational Foundation, the Library of Congress, and the Mellon Foundation, is the cataloguing, digitization, transcription, curation, and storage of the historic 80,000+ collection of the Pacifica Radio Archives. In addition to saving this priceless collection, the Pacifica Foundation will maintain the intellectual property and licensing rights of the collection and will continue to own the physical materials after digitization.

AUDIT AND TAXES

- The 2022 and 2023 990s (state and federal) will be filed before calendar year end and the 2024 990 to be filed within the first 45 days of 2025.
- The cost of the audit and filing of taxes will be paid from the proceeds from the sale of the Los Angeles building).
- If there are material changes that might warrant an amended return, then one will be filed and submitted to the IRS.
- The audits for FY22 and FY23 will be compiled jointly, which will lessen the expense. FY24 will be completed as a stand-alone audit. We have requested a new engagement letter from the audit firm to reflect the joint FY2022 and 2023 audit.

NATIONAL PROGRAMMING

- Following the success of the national coverage of the RNC and DNC conventions, we are producing national coverage of election night. The evening is being produced by WBAI, WPFW, KPFT, and our affiliate station KBOO in Portland Oregon. KPFK, KPFT, WPFW, and WBAI will be airing the evening's programming. KPFA has a special event planned that evening, so we will be "going live" to their event for updates.
- WBAI's weekly program, ***We Decide: America at the Crossroads 2024***, hosted by Jenna Flanagan, is being produced as national programming, relevant to any station in our network and including our 250+ affiliate stations. Each weekly program includes local campaign reporting being generated by Pacifica's affiliates Election Coverage 2024 under the direction of Executive Producer Lisa Loving, from our affiliate station KBOO community radio in Portland, Oregon. Each program includes in-depth interviews, as well as dispatches from our Pacifica affiliates, about how Americans are stepping up to the 2024 turnout challenge amidst serious voter suppression efforts in multiple states. Campaign dispatches (curated by Lisa Loving) are being produced by Pacifica affiliate stations WSLR Radio in Sarasota, Florida; WORT in Madison, Wisconsin; KEPW LP-FM in Eugene, Oregon; and the Hudson Mohawk Magazine.



Glen Oaks Escrow

6100 San Fernando Road
Glendale, CA 91201
(818) 502-0400

Seller's Final Closing Statement

Property	Escrow Officer Eric Rustigian	Prepared	10/11/2024
3729 Cahuenga Boulevard	Seller Pacifica Foundation Inc	Closing	10/11/2024
(Studio City Area) Los Angeles, CA 91604		Disbursement Date	10/11/2024
Escrow # 110-190097-ER		Title by	Chicago Title Company
Title # 112412011			

	Debit	Credit
Primary Charges & Credits		
Sale Price of Property		\$4,350,000.00
Prorations/Adjustments		
County Taxes (\$5,639.09) 10/11/2024 to 01/01/2025		\$2,506.26
Payoffs/Payments		
Payoff to FJC	\$1,356,982.27	
Estimated Principal: \$1,356,982.27		
Payoff to SBA	\$2,154,802.34	
Principal : \$2,000,000.00		
Interest through 10/9/2024: \$152,511.99		
Additional Interest (\$150.68/day) 10/10/2024 through 10/15/2024: \$1,054.76		
Interest To 10/18/24: \$1,356.16		
Interest To 10/23/24: \$753.43		
Interest Paid: \$-874.00		
Payoff to Grace Aaron	\$35,071.72	
Principal : \$30,481.00		
Interest through 10/10/2024: \$4,531.45		
Additional Interest (\$8.47/day) 10/11/2024 through 10/14/2024: \$59.27		
Government Recording and Transfer Charges		
Recording Fee - Lien Release (#15)	\$26.00	
City Transfer Tax (Deed) to Los Angeles County Recorder's Office	\$19,575.00	
County Transfer Tax (Deed) to Los Angeles County Recorder's Office	\$4,785.00	
Commissions		
Listing Agent Commission to Jones Lang LaSalle Brokerage, Inc./Beverly and Company, Inc.	\$217,500.00	
Title Charges		
Overnight Fee to Chicago Title Company	\$50.22	
Owner's Title Insurance to Chicago Title Company	\$5,867.00	
Sub Escrow Fee to Chicago Title Company	\$62.50	
Escrow Charges		
Escrow Processing/Doc Prep Fee to Glen Oaks Escrow	\$250.00	
Settlement or Closing Fee to Glen Oaks Escrow	\$5,190.00	
Miscellaneous Charges		
Natural Hazard Disclosure Report to MyNHD, Inc.	\$89.95	
Notary Signing Service - Lien Release to Evelina Vardanyan	\$150.00	
Notary Signing Service to Vivica N. Ramirez	\$100.00	

	Debit	Credit
Other Payoffs to Pacifica Foundation Inc	\$531,027.76	
Property Taxes - 1st Half to Los Angeles County Tax Collector	\$5,639.09	
Property Taxes - Past Due to Los Angeles County Tax Collector	\$15,337.41	
	Debit	Credit
Subtotals	\$4,352,506.26	\$4,352,506.26
Due to Seller	\$0.00	
Totals	\$4,352,506.26	\$4,352,506.26

LOS ANGELES BUILDING SALE

- The keys to the Cahuenga building were handed to the building’s new owner on Friday, October 25th. The new owner allowed us to have the piano picked up on October 30th. It is being stored in a piano-specific climate-controlled storage facility.
- All liens have been paid:
 - FJC
 - \$1,356,982.27 was wired to FJC on the 14th. Funds are being used to decrease the principal of the loan.
 - Awaiting paperwork on total amount now due and payment schedule.
 - SBA
 - \$2,154,802.34 was wired to the SBA on the 14th.
 - \$2M was for the principal and \$154,802.34 for interest.
 - As per a phone call with the SBA on 10/16/24, Pacifica will receive a pay-off letter in 6-8 weeks.
 - Grace Aaron
 - \$35,071.72 was wired to Grace Aaron.
 - \$30,481 for principal and \$4,590.72 for interest.
- Pacifica received a payout of \$531,027.76 on October 15th. Below is what has been paid from the proceeds (after payments of liens) to date:

Vendor	Description	Amount
Deposit from Los Angeles building sale after payment of liens		\$ 531,027.76
ACD	WBAI Call Center outstanding balance	\$ 154,722.00
Allegiance	Outstanding Balance (PNO, WBAI, KPFK)	\$ 75,618.64
Best California Movers	PRA - Moving from Cahuenga to storage facilities (two days)	\$ 5,892.00
Constant Contact	Local Board Elections email service (May through Oct)	\$ 1,897.27
Funds to cover KPFK PR Shortage	KPFK Payroll Shortage	\$ 6,202.74
Healthcare Insurance	KPFK Oct and Nov Healthcare	\$ 15,390.62
Jackson Nov Rent	KPFK Office Rent	\$ 2,925.00
Jackson Nov Rent	KPFK Office Rent	\$ 2,181.00
John Gilkey Piano Movers and Storage	KPFK - Piano Moving and Storage for one year	\$ 2,500.00
Junk Luggers	PRA - Junk Removal from storage facilities	\$ 630.00
Junk Luggers	Junk Removal from Chauenga building (two days)	\$ 5,237.00
Lowe's and Home Depot	PRA and KPFK - Moving Supplies	\$ 99.60
Renee Asteria	NES Balance due	\$ 32,520.00
Southern California Edison	KPFK Tower Electric bill	\$ 7,151.67
Uhaul Truck Rental	PRA - Moving from Cahuenga to storage facilities (four days rental and gas)	\$ 616.85
Uline	PRA packing boxes outstanding bill	\$ 2,315.48
Total as of 11/7/24		\$ 315,899.87
TO BE PAID		
Rogers & Company	Audit and taxes (2022 and 2023)	\$ 106,550.00
TOTAL		\$ 422,449.87
REMAINING FUNDS		\$ 108,577.89

PACIFICA RADIO ARCHIVES and THE ARCHIVE LEGACY DIGITIZATION PROJECT

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- One of the highlights of the digitization project is that all the digitized programs will be transcribed. A test of the transcription process has already been completed with the series “This Way Out,” which aired on KPFK beginning in the early 1970s and include a live broadcast on WPFW of the first National March on Washington for Lesbian and Gay Rights in 1979. In addition to locating specific clips and interview, the most significant importance of written transcriptions is that Pacifica’s archives will be available for the first time for the hearing impaired.
- Pacifica Foundation historic papers are being consolidated and scanned then sent for storage and safekeeping (climate-controlled ephemera storage site) at the Historical Society of Wisconsin.
- The majority of found station folio program guides have been digitized and will be available on the Internet Archive website. There are missing issues which may be found in many of the unmarked boxes that are being processed. Two copies of each are being stored with Pacifica and remaining are being sent to the Historical Society of Wisconsin.
- Below is a basic statement about the status of the Pacifica Radio Archives:
 - The Pacifica Radio Archives department has been restructured and is currently being managed by the Pacifica Foundation national office, this includes licensing and material requests, as well as continuing to oversee the Pacifica Foundation Archive Legacy Project. The Pacifica Foundation Archive Legacy Project, in collaboration with the American Archive of Public Broadcasting, the WGBH Educational Foundation, the Library of Congress, and the Mellon Foundation, is the cataloguing, digitization, transcription, curation, and storage of the historic 80,000+ collection of the Pacifica Radio Archives. In addition to saving this priceless collection, the Pacifica Foundation will maintain the intellectual property and licensing rights of the collection and will continue to own the physical materials after digitization.
- Below and on the following page are before and after pictures of the organization and clean up being done in the storage units housing our materials:

BEFORE (April 23, 2024)



AFTER (as of October 23, 2024)



LARGE UNIT BEFORE (April 23, 2024)



LARGE UNIT AS OF 10/14/24 (Red and Blue containers are ready for shipment for digitization)



AUDIT AND TAXES

- The 2022 and 2023 990s (state and federal) will be filed before calendar year end and the 2024 990 to be filed within the first 45 days of 2025.
- The cost of the audit and filing of taxes (\$106,550) will be paid from the proceeds from the sale of the Los Angeles building). The audits for FY22 and FY23 will be compiled jointly, which has lessened the total expense. FY24 will be completed as a stand-alone audit. Engagement letter from the audit firm is attached.
- If there are material changes that might warrant an amended return, then one will be filed and submitted to the IRS.

PACIFICA NATIONAL PROGRAMMING – LIVE COVERAGE OF THE 2024 ELECTION

- Following the success of the national coverage of the RNC and DNC conventions, Pacifica produced live national coverage of election night. Kudos to the following Pacifica staff who organized and managed the evening's coverage:
 - **Ursula Ruedenberg - Pacifica Affiliate Network Manager**
 - **Keziah Glow – WBAI iPD**
 - **Bob Hennelly – WBAI iGM**
 - **Katea Stitt – WPFW PD**

ABOUT the ELECTION NIGHT COVERAGE:

- Hosted at Pacifica's Sister stations and reports from throughout our affiliate network. Guests and commenting experts included leading figures in the American labor, social justice, and peace movements not usually featured on the corporate news media. Bringing presidential vote results, down ballot races, and important local initiatives and issues.
- Spanning the country as results unfolded, the special live broadcast followed results, beginning on the East Coast and moving West as the night progressed.
 - Hosting moved across the country in this order:
Washington D.C.: WPFW--Pacifica with Dr. Julianne Malveaux and the WPFW news team
New York City: WBAI-Pacifica with Jenna Flanagan and Paul De Rienzo.
Houston TX: KPFT-Pacifica with Egberto Willies
California: KPFK-Pacifica with Thandisizwe Chumurenga and Sylvester Rivers
KPFA-Pacifica with Mitch Jeserich
- Reporters from network affiliates called in with crucial events and results throughout the night. The following Pacifica Affiliate stations provided updates from the field throughout the evening's broadcast: WUTU - Albany GA, WNUC – Detroit MI, KDRP - Phoenix AZ, WPPM - Philadelphia PA, WSLR - Sarasota FL, Austin Airwaves - Austin TX, WORT - Madison WI, WPVM - Asheville NC, KNVC and Sierra Nevada Ally - Carson City/Reno NV, KUGS - Bellingham WA, KBOO - Portland OR, and KAKU - Maui HI
- Coverage started at 8:00 PM ET / 7:00 PM CDT / 6:00 PM MT / 5:00 PM PT
WBAI remained covering this event until Associated Press reported a projected winner.
- On November 6, 2024, the coverage continued with "A National Post Election Conversation" - Mitch Jessrich (KPFA) hosted a two-hour live national call-in show following election day, inviting radio listeners to share their experiences, thoughts, and feelings. News Headlines were provided during each hour.
- WBAI's weekly program, ***We Decide: America at the Crossroads 2024***, hosted by Jenna Flanagan, is being produced as national programming, relevant to any station in our network and including our 250+ affiliate stations. Each weekly program includes local reporting under the direction of Executive Producer Lisa Loving, from our affiliate station KBOO community radio in Portland, Oregon. Each program includes in-depth interviews, as well as dispatches from our Pacifica affiliate stations WSLR Radio in Sarasota, Florida; WORT in Madison, Wisconsin; KEPW LP-FM in Eugene, Oregon; and the Hudson Mohawk Magazine.

(tahhn-dee-SEEZ-way shii-moo-RING-gah)

October 25, 2024

Ms. Stephanie Wells
Executive Director
The Pacifica Foundation
3729 Cahuenga Blvd., West
Los Angeles, CA 91604

Dear Ms. Wells:

It is our pleasure to write this letter confirming our understanding of the terms and objectives of our engagement, and the nature and limitations of the services we will perform on behalf of The Pacifica Foundation (“the Organization”) for the years ending September 30, 2023 and 2022.

Audit Scope and Objectives

We will audit the financial statements of the Organization, which comprise the statements of financial position as of September 30, 2023 and 2022; the related statements of activities, functional expenses, and cash flows for the years ending September 30, 2023 and 2022; and the related notes to the financial statements (“the financial statements”). Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America (GAAS), and we will provide an opinion on it in relation to the financial statements as a whole, in a report combined with our auditor’s report on the financial statements:

- Schedules of Financial Position by Division
- Schedules of Activities by Division
- Schedules of Expenses by Division

We will also prepare Internal Revenue Service (IRS) filings for the year ending September 30, 2023 and 2022, as outlined in the fees schedule on page six of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor’s report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Reasonable assurance is a high level of assurance but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Revenue Recognition
- Management Override of Controls

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

Other Services

We will prepare the Organization's federal forms 990, and state forms CA-199 and CA RRF-1, for the years ending September 30, 2023 and 2022. We will also assist in preparing the financial statements of the Organization in conformity with U.S. generally accepted accounting principles based on information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants (AICPA). The other services are limited to the financial statement and tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management will furnish all the information necessary for the preparation of any tax or information filings, and Management represents that the information supplied to us will be accurate and complete to the best of its knowledge. The written and oral information supplied by Management and the financial statements will be the only source of information for the preparation of the filings, and we will not independently verify the information. In the event of an audit by taxing authorities, the Organization may be asked to produce documents, records, or other evidence to substantiate the items shown on the tax or information returns. We will advise management with regard to tax positions taken in the preparation of the tax return, but management must make all decisions with regard to those matters.

The Organization is responsible for timely and accurate payments of any taxes, where applicable, and for timely and complete submissions of any tax or information returns we prepare on the Organization's behalf, or that we submit electronically pursuant to the Organization's authorization.

Certain communications involving tax advice are privileged and not subject to disclosure to the IRS. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, the Organization's management, employees, Board members, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making drafts of financial statements, all financial records, and related information available to us, and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws and regulations. You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

You agree to assume all management responsibilities for the tax services, financial statement preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other Matters

We understand that the Organization will prepare any confirmations requested and will locate any documents or invoices selected by us for testing. While our firm may draft the financial statements as a convenience to facilitate the audit process, management assumes responsibility for those financials and is ultimately responsible for the preparation, accuracy, and completeness of the financial statements.

Jorge Diaz is the engagement Principal and is responsible for supervising the engagement and signing the report, or authorizing another individual to sign it. Unless terminated earlier as defined below in the fee section, our audit engagement ends on delivery of our audit report, and the engagement to prepare any tax or information returns ends upon delivery of those returns.

Our fees for the services listed above will be based upon the estimated time of our personnel assigned to the engagement. The total fees will be **\$106,550** allocated as follows:

	<u>2022</u>	<u>2023</u>
Audit of financial statements	\$ 50,000	\$ 50,000
Preparation of form 990 and forms CA-199, and CA RRF-1	<u>2,800</u>	<u>3,750</u>
Total fees	<u>\$52,800</u>	<u>\$53,750</u>

Unless otherwise mutually agreed to, fees for services will be billed as follows, and are payable upon submission:

- 50% of audit fees by the audit commencement date.
- 50% of audit fees 30 days after audit commencement.
- 100% of tax fees at the time the draft returns are submitted for review.

All fees for audit and tax services must be paid to RC prior to issuance of final report or filing of tax returns.

In addition to the above, out-of-pocket expenses are for charges incurred directly in connection with our work for your organization. We generally charge clients for direct costs incurred on their behalf, such as travel, postage, courier, confirmation fees, etc.

We reserve the right to suspend or terminate services for nonpayment. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our audit report or tax filings, and any fees due (prorated if applicable) and out-of-pocket expenses incurred through the date of termination are payable to our firm. We are not responsible for third-party fines, penalties, or other costs or consequences should our services be suspended or terminated for nonpayment of fees.

The above fees are based on the time we estimate it will take us to complete the services requested and are designed to be fixed. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations.

If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in additional time and effort on our part. If we encounter significant delays or difficulties, we will confer with the Organization before proceeding.

Time and expenses incurred by us in response to any regulatory inquiries, subpoenas, or other legal proceedings related to the Organization or this engagement would be reimbursable, and the Organization shall indemnify us and hold us harmless from any liability, damages, fees, expenses, and defense costs relating to misrepresentations by management. Unless we are restricted under any federal or state statute, we will apprise you of any communications we receive related to legal proceedings or regulatory actions.

In connection with this engagement, we may need to communicate via email transmission to members of management, employees, the governing body, or others connected to the services being performed (i.e., the Organization's attorneys, financial institutions, or accounting service providers). As emails can be intercepted, misdirected, or otherwise disclosed to unintended third parties, we cannot guarantee or warrant that emails from us will be delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility for interception or unintentional disclosure of emails transmitted by us in connection with the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

The audit documentation for this engagement is the property of Rogers & Company PLLC and constitutes confidential information. However, we may be requested to make certain audit documentation available to regulators pursuant to authority provided under law or regulation. If requested, access to such audit documentation will be under the supervision of Rogers & Company PLLC personnel. Furthermore, upon request, we may have to provide copies of selected audit documentation to regulators, and they may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

While you will provide us with various financial records and other data for us to conduct the services, the Organization is responsible for maintaining its records and data. Independence regulations stipulate that we may not be the sole source of storing records for an audit client. Additionally, requests of records are governed by AICPA professional standards, including ET section 1.400.200. This section stipulates that *member working papers* are not required to be made available to a client or other parties, such as successor auditors. All other records requests related to our audit, (i.e., *client-provided records*, *member-prepared records*, or *member work products*) may

be provided, subject to us obtaining the Organization's authorization and consent prior to releasing those records.

Our firm, as well as all other major accounting firms, participates in a "peer review" program covering our audit and accounting practices. This program requires that we periodically subject our quality assurance practices to an examination by another accounting firm. As a part of the process, the other firm will review a sample of our work.

It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us in writing.

To ensure that Rogers & Company PLLC's independence is not impaired under the AICPA Code of Professional Conduct, you agree to inform us before entering into any substantive employment discussions with any of our personnel. Additionally, during the term of this agreement and for a period of one year following the issuance of our audit report, the Organization agrees that it will not, directly or indirectly, solicit, engage, permit to be engaged, or hire any Rogers & Company PLLC current or former employee to provide attest services to the Organization, either independently or in association with another entity, without the written prior consent of Rogers & Company PLLC.

The only tax services covered during this period are those listed in the above fees. This agreement does not cover services to prepare filings related to property taxes, sales and use tax, escheat, payroll, employment, corporate registrations, charitable registrations, 990-N filings for chapters, subordinates, branches, or affiliates, or any other federal, state, or local tax or regulatory filings, or for responding to assessments and requesting penalty abatements. We are, however, available to address questions that the Organization may have in these and related areas.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Our responsibility as auditors for other information in documents containing the Organization's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. If you intend to reproduce and publish the financial statements and our report thereon in an annual report, they must be reproduced in their entirety. Inclusion of the audited financial statements in an annual report or similar document should be done only with our prior approval. You are responsible for providing us the opportunity to review a final draft version of such documents before issuance, and prior to our audit report date, or as soon as practicable thereafter.

The Organization is responsible for the other information included in any annual report or similar document. Our work will consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our audit report.

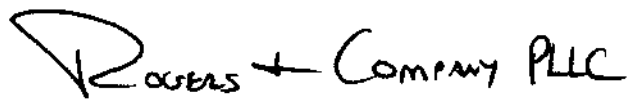
With regard to publishing the financial statements on your website, you understand that websites are a means to distribute information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the website with the original documents you might provide to us.

Reporting

We will issue a written report upon completion of our audit of the Organization's financial statements. If applicable, our report will address other information in accordance with AU-C 720, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. Our report will be addressed to the Board of Directors. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

We appreciate the opportunity to be of service to the Organization and believe this letter accurately summarizes the significant terms of our engagement. If you agree with the terms of engagement as described herein, please sign this letter and return a copy to us, and retain a copy for your records.

Yours very truly,

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

ROGERS & COMPANY PLLC

The services described in the foregoing letter are in accordance with our request. The scope of services, responsibilities, fees, and other terms as described herein are acceptable to us and are hereby agreed to. We further affirm and acknowledge that those charged with governance within the Organization have been apprised of the scope, responsibilities, and terms of this engagement, and have had the opportunity to review the communications set forth within this agreement.

Ms. Susan Young
Chair, National Board of Directors
The Pacifica Foundation

Date