

WBAI Treasurer's Report  
October 11, 2017

The National Finance Committee (NFC) met on September 12, and October 10, 2017. The local Finance Committee met on August 10, September 7, and October 5, 2017.

At the August 10, 2017, local Finance Committee meeting there was no quorum. The committee met anyway. The General Manager attended this meeting and handed out a number of financial documents that he'd prepared. He said that the goal for the Summer 2017 'thon was \$252,000 with a daily tally goal of \$12,000. During this 'thon the station was off the air for about 1½ days, and it was extended by a week. The General Manager told the committee that the 'thon had gotten a tally of about \$238,000 which would come out to a daily tally of about \$8,500, or just under \$9,000 a day if you don't count the day and a half when the station was off the air, but pitching anyway. The Summer 'thon continued for another three days after this but I have not seen a tally for those days.

The General Manager said that he had last paid the Empire State Building (ESB) tower rent bill on May 23, 2017.

The General Manager told the committee that over the course of some months earlier in 2017, the station had lost a lot of BAI Buddies due to the actions of the companies that were handling these contributions. He said that about half of the BAI Buddies have been lost one way or another through being dealt with for WBAI by more than once company. The committee discussed this with the General Manager and he said that he'd send a full explanation of how this happened the next day. I have not received that explanation yet.

Toward the end of the meeting the General Manager gave me some materials, including what he said was the contract, for the Yellow Magnet company that was supposed to be promoting selected WBAI programming on-line. He told me to determine if the entire committee should see it.

The General Manager said that WBAI was going to partner with the Apollo Theater for a semi-political event.

The committee went over some draft FY18 budgets that the General Manager had brought. Of the three budget proposals one, that proposed a \$9,500 a day basis for the 'thons in FY18, was thought to be most realistic. It projected WBAI spending 141 days pitching and also projected that WBAI would end FY18 with a deficit of about \$440,000. The General Manager's FY18 budget proposals were later rendered moot when the National Office assigned the task of preparing the WBAI FY18 budget to someone else.

The September 7, 2017, local Finance Committee meeting had a quorum, but the General Manager did not attend, as he'd said that he would when we'd set the meeting date at the August 10, meeting. The morning of the meeting the General Manager sent me an E-mail wherein he said, "I am away taking care of my children in College and may not make it backnon (sic) time."

The committee members had hoped to go over his proposed FY18 budget with the General Manager at this meeting. There was also the issue of the local Finance Committee having asked for years to get certain financial documents a couple of days before our meetings, and the General Manager not complying with this request.

The General Manager had also told me that he had heard that the CFO had hired someone to do WBAI's FY18 budget.

At this meeting the committee looked over the Yellow Magnet materials that the General Manager had given me at the previous meeting. There were no lawyers present, but it was not entirely

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clear that it was a contract at all. The materials included a lot of what looked like promotional pages and called for WBAI to pay Yellow Magnet \$10,000 on February 1, 2017, and \$5,000 on the first of every month after that through October. The General Manager had already told us at an earlier meeting that the initial \$10,000 retainer had been paid. The entire agreement would cost WBAI \$50,000. The document provides for a cancellation of the agreement, "... with 30-days written advance notice, either party (WBAI or Yellow Magnet) may terminate this project. No questions asked. Fees for the termination month must be paid-in-full," emphasis as in the original. The unsigned document had a place for the date and for the signatures of Berthold Reimers and Tony Bates. Neither the date of the agreement nor any signatures were on the copy that the General Manager had given me.

The local Finance Committee wondered, among other questions, about the authority of a consultant, Mr. Bates, to be a signatory to a contract that committed WBAI to \$50,000 in fees.

The General Manager was not at this meeting to answer questions, and the committee passed the following motion, which I subsequently E-mailed to the NFC, the interim Executive Director and the CFO, with copies to the local Finance Committee, the WBAI LSB and the WBAI General Manager.

**Motion:** "Because of the lack of response from the WBAI General Manager the local Finance Committee is asking the interim Executive Director and the CFO of Pacifica for the following information:

1. A copy of the policies and procedures regarding spending limits that any employee including General Managers can spend without authorization.
2. Who authorized whomever signed a contract with Yellow Magnet with a \$10,000 retainer to do so? The committee wants a copy of that written permission.
3. The committee wants a copy of the full, signed contract with Yellow Magnet."

The day after the September 7, 2017, local Finance Committee meeting the General Manager sent me an E-mail apologizing for having not attended the meeting and at the end of the E-mail said, "I will send you also Financial information:

1. Cash in BOA
2. Cash in Chase
3. Outstanding payables we will pay
4. Outstanding payables we will not pay
5. Empire State Building last bill ( as soon as I can scan documents again)
6. You received the audited financial statement for 2015 - did you discuss it
7. The latest statements from the National office needed some adjustments.
8. Gary Null's event P&L
9. ChrisHowardevent P&L."

To date I have not received that financial information.

At the September 12, 2017, NFC meeting the Pacifica Radio Archives (PRA) draft FY18 budget was the main topic.

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The CFO confirmed that someone other than the WBAI General Manager was preparing the WBAI draft FY18 budget, saying that it's important that a budget give realistic numbers and the National Office was not getting that from WBAI. He said that the person hired to do the WBAI FY18 budget is familiar with the latest audit, and the CFO expects good results. The CFO said that this is the condition when we don't have a qualified Business Manager at the station.

The CFO said that he anticipated the NFC getting to the five station budgets in late September or early October. The CFO reported that the National Office Staff was very busy; they're still wrapping up FY15, which he said is a huge cleanup project. He said that there was incorrect accounting from 2010, to 2015, and the National Office Staff is removing those transactions from the Great Plains accounting software. He said that they can't start the FY16 audit until the cleaning up is finished.

The CFO said that Pacifica is behind in the pension audit for FY15 and FY16, because the general audits hadn't gotten done for those years, but those pension audits are now in process. The CFO said that **for FY15 and FY16 stations have not paid their pension obligations**, and the National Office Staff is busy with these serious compliance issues. He said that Pacifica is in default if the full amount of the pensions is not paid. He said that the interim Executive Director and he must submit action plans because he's told that the penalties will be very heavy if we don't remove this default soon.

The CFO said that the FY16 audit preparation is a major project and it will take some time before the auditors can be invited in. He said that apart from the pension audit and the general audit being late, the 403b audit needs to be done. He said that the Audit committee has appointed auditors for the retirement plan 403 audit. He said that the National Office was very busy with all of these requirements.

The CFO sent budget evaluation worksheets out, he said that they should be included along with the budgets. He said they'll give us a good idea as to how realistic the budgets are; he wants to identify trends like the number of days spent pitching, and he said that from these worksheets we would know quickly if those budgets are realistic or not. He said that each station should give an estimate of its obligations and outstanding bills, and whether they have a plan to make those payments. He said that the LSBs should ask for that worksheet to be filled out before each budget is approved. I will send a copy of that worksheet to the LSB.

At the October 10, 2017, local Finance Committee meeting the General Manager once again did not attend. The committee discussed whether or not Pacifica has spending limits on General Managers or whether a General Manager may spend any amount of money without authorization from the National Office.

It was stated during the meeting that a cart was playing on WBAI asking for volunteers to come take pledges. There was a question as to such a practice being allowed, if volunteers would be taking callers' credit card numbers and other information.

I reported to the committee that the interim Executive Director had told me that the WBAI General Manager had told him that he was cancelling the contract with Yellow Magnet. The interim Executive Director said he had been asking the General Manager for any reports Yellow Magnet had generated, what they were doing for the station, etc. and the interim Executive Director told the General Manager that we should cancel it if they were not providing enough services to justify what they were being paid.

Also on October 5, the Pacifica Foundation made the following official statement about what had happened the day before, "Judge Lebovits denied WBAI's motion for 'unconscionability,' and gave

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ESRT a summary judgment of \$1.8 plus million, plus attorney's fees. The latest invoice from ESRT was for \$2.4 million, including fees up till last month. Pacifica's national board of directors will meet Thursday night to decide the next steps for the station."

"All stations should continue doing what they are doing - bringing great news, music, and public affairs that the other stations won't let you hear," stated Bill Crosier, Interim Executive Director of the Pacifica Foundation. "There's going to be some pain involved to come up with the money for the judgement, but we will get through it."

"In a statement to staff, Crosier said, 'We do have some options, but they are more limited now, and none are easy.'"

The October 10, 2017, NFC meeting convened and a motion was immediately made to adjourn to an executive session. I objected on the basis that an executive session requires specific notice for seven days. The Chair ruled that the motion was in order because it was an emergency meeting to discuss urgent and important financial and legal matters, and in my appeal of that ruling the Chair was upheld. The NFC then met in executive session. The following is the report out from that meeting, "The NFC went into executive session to discuss financial, real estate and legal issues of a confidential nature regarding the consequences of the Empire State Building judgement."

There has been discussion about WBAI's accounting methods and the station's use of accounting software that's different from what the rest of Pacifica is using. I wanted to see how well WBAI Management can account for Listener Support revenue. Because I didn't want to end up involving other producers in the scrutiny of Management on the topic of how much money they'd raised, I asked the General Manager to tell me the tallies and fulfillment rates for my pitching shifts over two years. The General Manager complied with this request and said, "It took me 2 hours and 12 minutes to get this done (sic). My question is: Was this really worth my time. If I assigned this to anyone else it would have taken 4 hours." I was surprised to read about how long this had taken because the General Manager had repeatedly told the local Finance Committee that such an operation would take him only five minutes. The tally information the General Manager sent me was not the same as the information I had gotten from writing down my own tally details while at the station. Also, the General Manager did not tell me what the fulfillment rate for any of the pitching shifts was. It is important that Management be able to account for the actual Listener Support that the station is getting. If accuracy at the small scale is questionable then the overall figures may be inaccurate as well.

The WBAI Fall 2017, 'thon is ongoing. Management has posted the results of the first eight days of pitching. They are a total tally of \$82,759 which is a daily tally of \$10,345. This is actually better than Management's most recent FY18 budget proposal of \$9,500 a day, which nevertheless results in a deficit of about \$440,000. This 'thon is supposed to go from October 2, to October 29, 2017. If the current pace can be kept up the final tally would be close to \$280,000.

The Empire State Realty Trust (ESRT) which now manages the ESB has won a \$1.8 million judgement against WBAI and Pacifica. As I have previously reported, Pacifica has a total debt to all creditors of about \$8 million. Mailing lists are full of speculations about what can be done about this. I give WBAI Management's idea of bringing political pressure to bear upon the ESRT and making them relent a very slim chance of being successful. The \$1.8 million will have to be paid. The ESB tower rent

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accumulates at more than \$50,000 every month, and according to the lease will do so until the end of 2020. There are those who have been pushing to sell WBAI for years, and they are given a lot of fuel by this judgement. There are those pushing a PSOA as a solution, but that does nothing for WBAI. Some have said that a PSOA would result in an influx of money to Pacifica. This is not the case. All that would happen would be that Pacifica would still have that \$1.8 million debt to deal with. And, as I've said in the past, what entity would go for a PSOA for WBAI that would require that they pay four times the going rate for the ESB tower rental? The lease would not be obliterated by a PSOA.

The pension plans are in arrears. That's another big bill for all of Pacifica, and that bill will need to be dealt with soon, or else there will be sizeable fines levied. It may require up to \$1 million to make those pension plans whole.

These are difficult times for WBAI and Pacifica. While WBAI is leading the way in terms of financial distress the other Pacifica stations are following along. There are many ideas about what to do now, I hope that WBAI can survive the current financial crisis as well as the efforts of those in governance and Management to fulfill their various agendas.

The next NFC meeting is scheduled for October 18, 2017, but it will be in executive session, "To discuss confidential legal and financial matters," and the next, probably open session, NFC meeting is scheduled for October 24, 2017. The next local Finance Committee meeting is set for November 2, 2017, at 7:00 PM at WBAI 388 Atlantic Ave. 3<sup>rd</sup> floor, Brooklyn, NY 11217. The public is invited to attend.

R. Paul Martin  
WBAI LSB Treasurer