

PACIFICA RESTRUCTURING PROJECT

PacificaRestructuringProject.org

We, Pacifica Members, are the final guardians of this unique corporate-free national radio network. Our five stations (WPFW, WBAI, KPFT, KPF, KPFA) and 200+ affiliated community and college radio and internet stations could be powerful and influential at a **critical time** of growing militarism, white nationalist violence, fascists inside the gates, catastrophic climate shifts, not to mention the suppression of the music, culture, and movements that uplifts and keeps us going. Instead, **Pacifica is too dysfunctional to rise to the challenge and is on the brink of financial collapse.**

The best way to **prevent the sale of any of our buildings or the sale or swap of any of our broadcast licenses** is to put in place a strong, stable, credible Board of Directors who can attract and keep a capable and knowledgeable Executive Director and Chief Financial Officer to negotiate with the \$3.25 million lender secured by all our properties, and due in full plus interest on April 1, 2021. In the less than two years since that loan was signed there have been 4 or 5 Executive Directors or “interim” Executive Directors. The lender cannot rely on Pacifica to fulfill its commitments in this dysfunctional situation.

The proposed new Bylaws would turn this situation around by **reducing the Board size from 22 to 11 members**, and by creating a better way for Pacifica’s membership to **directly elect 5 “Station Representative Directors.”** They also provide for the board to choose 6 “At-Large Directors” with the skills and vision and nonprofit experience of substantial and accomplished people with commitments to Pacifica’s core “Peace and Justice” mission. The new Bylaws also preserve members' rights from the current Bylaws. Read more [here](#).

Current board members got where they are through the existing Bylaws, so many of them oppose governance reform. **We are not proposing ourselves as Directors**, but fresh progressive guardians with experience and skill. Please read our rebuttals to their arguments which we will write and post on our web page soon after we read them.

WHY PACIFICA NEEDS NEW BYLAWS

Since 2003, **our Bylaws have not provided a workable way to recruit and elect competent Directors** of the Foundation. Instead, we have elected dozens of “Delegates” to Local Station Boards from polarized and competing “slates”, plus others who lost their election but were seated later to fill vacancies. They have

elected 22 Directors each year from among themselves and have produced **factional and dysfunctional national Boards of Directors each year**, with both sides trying to prevent the other side from accomplishing anything, but eager to **micromanage and interfere in operations**. These dysfunctional boards have been unable to hire and keep competent Executive Directors and Chief Financial Officers to run Pacifica and maintain its books and records properly.

The above has led to **near total financial collapse**. Below are some of the **results of this factional dysfunction**:

- In 2019, the board had 39 open meetings and 23 closed meetings over 44 days.
- At the end of 2019, the board had not completed the audit for 2018, **risking the non-profit status of the Foundation**.
- At the end of 2019, the board had not come up with the plan to pay off a **\$3.25 million loan** due in full, with interest, on April 1, 2021, which is secured by all of Pacifica's buildings, furnishings, equipment, and intellectual property, including that of the Pacifica Radio Archives (everything except the broadcast licenses). **There is no plan and no funds to pay off this loan!**
- **The KPFA building in Berkeley has been scheduled to be sold at auction by the Alameda County Tax Collector** on March 20, 2020 for non-payment of property taxes for seven (7) years! This happened because of failure of Pacifica to file all the documents necessary for its tax exemption each year. We hope this is resolved well before the deadline, but a more functional Board, more interested in helping instead of micromanaging and blaming each other, should have kept this from ever happening!
- There has been a **31% drop in listener donations** from 2007 to 2017 (the last audited report) – was \$12,610,907 in 2007 and \$8,663,786 in 2017. The auditors' reports are posted [here](#).
- There has been a **162% drop in total net worth** from 2007 to 2017 – was +\$7,446,164 in net assets in 2007 and **NEGATIVE -\$4,612,278 net deficit in 2017** (not including broadcast licenses).
- Independent Auditor's 2017 report expressed **serious concerns about the accuracy of Pacifica's financial reports**: "we were unable to obtain audit evidence to support the amounts and disclosures in the financial statements due to difficulties in obtaining sufficient supporting documentation from some of the locations." What this means in plain English is that the door is wide open for misuse of funds and/or embezzlement, among other things, and no one can tell for sure.
- Independent Auditor's 2017 report expressed: "the Foundation has suffered recurring losses from operations and has a net deficit that raises **substantial doubt about its ability to continue as a going concern**."

- Recurrent late filing of Independent Audits has caused the **loss of approximately \$1,000,000 per year** in funding from the Corporation for Public Broadcasting since 2013.
- **Currently delinquent in renewing non-profit registration with the California Attorney General's Office.** (Pacifica is a California non-profit public benefit corporation required to renew its registration every five years.) Read it [here](#).
- Pacifica has been a **revolving door for Executive Directors and Chief Financial Officers.** Since 2003 there have been 19 Executive Directors or Interim Executive Directors (most of them being Board Chairs serving on a volunteer basis while searches were conducted for qualified permanent hires). And since 2003 there have been 7 or 8 CFOs or Interim CFOs.

The Pacifica Restructuring Project is the work of three current Pacifica National Board members, Bill Crosier, Donald Goldmacher, and Mansoor Sabbagh; four former Pacifica National Board members, Sherry Gendelman, Carol Spooner, Akio Tanaka, and Carole Travis; and former Chair of the KPFA Local Station Board Susan da Silva.

PacificaRestructuringProject.org