

WBAI Treasurer's Report
June 12, 2019

The National Finance Committee (NFC) met on May 14, and 28, and June 11, 2019. The local Finance Committee met on June 6, 2019.

The new interim CFO of Pacifica is Tamra Swiderski from the National Educational Telecommunications Association (NETA). She officially started work on June 1. She is a part time employee of Pacifica, and she is also a part time employee of NETA. The interim CFO's employment agreement goes to the end of 2019, but if a permanent CFO is hired in the next 90 days Pacifica can plug that permanent CFO into the position. The PNB is responsible for conducting and concluding a search for a permanent CFO. The Executive Director said that the interim CFO will complement the work of other NETA people and the auditors, and that she will produce important financial information.

At the May 14, 2019, NFC meeting Director Chris Corey of KPFA was reelected Chair, and therefore the PNB Treasurer, and I was reelected Secretary of the committee.

The Executive Director said that the FY17 audit was coming to a close and that the FY18 audit ought to be ready by the end of June. He said that once this is all done the interim CFO will be able to provide reliable financial information.

At this meeting the former Chair of the PNB said that the interest payments on the loan would be about \$22,000 to \$23,000 a month and then after 18 months almost \$3.3 million would be needed to pay off the principal of the loan. The NFC wants to see the full loan documents. The Executive Director said that he wasn't sure when the stations would learn what their individual obligations would be in paying the interest on the loan. The Executive Director said that talks were ongoing with the Public Media Company to explore options to refinance the loan.

The NFC made the case for current income statements, cash flow projections for the rest of FY19, and balance sheets that will be critical for planning for the loan and budgets; additionally, this would help to assure donors and grantors.

Regarding the vacating of the former Pacifica National Office in Berkeley, California the Executive Director said that many boxes of key financial and employment documents that NETA needs to do their work were shipped to NETA headquarters, and they scanned and discarded a significant amount of obsolete material. He said that the savings per month will be over \$5,000 with utilities and other expenses.

At this meeting the Executive Director said that we were still on target to get the field work for the FY18 audit done by the end of May, despite delaying some of the field work by a week or two. He said that the FY17 audit was coming to a close and that the FY18 audit ought to be ready by the end of June. He said that once this is all done the interim CFO will be able to provide reliable financial information.

At this meeting I informed the NFC that WBAI's new projected deficit for FY19 would be about \$318,000.

At this meeting the NFC voted to hold regular meetings twice a month, on the second and fourth Tuesdays for the next 12 months, as opposed to meeting only monthly as had been done last year.

On the day of the May 28, 2019, NFC meeting the Executive Director sent the NFC information on the Public Media Company that Pacifica is dealing with including the documents that the Public Media Company had presented to him and former PNB Chair Nancy Sorden along with things that had been discussed with current PNB Chair Grace Aaron. That information is confidential.

The Executive Director also said that the Public Media Company allows the Treasurers and Directors to log in and see financial information, we just have to get our General Managers to let the Public Media Company know to give us access.

The NFC had previously requested that the Business Managers of Pacifica provide current income

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statements and cash flow projections for the rest of FY19. The Executive Director had set a May 24, deadline for that, but he told the NFC that not all stations had complied. The WBAI General Manager had been on vacation for the entire time, but the Executive Director told the committee that the WBAI General Manager had said he'd get the information sent by June 5. The NFC was told that the interim CFO was going to have a number of financial documents to present to the committee by the June 11, meeting.

At this meeting the NFC did a review of the Spring 'thons which showed that none of the stations were performing well, with some coming in at between 52% to 60% of their goals. In light of its on-air fund raiser shortfalls KPFT said that they needed to revise their FY19 budget which had previously been approved by the NFC.

The Executive Director said he'd been in contact with the interim CFO seeking more financial information for the NFC and he said that the interim CFO gave a good explanation for the timeline they're working with and why she and NETA were not in a position to give that information on May 28. He said that the interim CFO said they anticipate having a combined Profit & Loss Statement through February 2019, for the June 11, 2019, NFC meeting. The Executive Director said that NETA's focus has been on gathering audit information for FY17 and FY18 and bringing the National Office current for FY19. He said that NETA had just completed recording National Office cash and inter-company transactions from April 2018, through March 2019.

The Executive Director said that Pacifica needed to contract with NETA to create uniform financial practices across the network.

The Executive Director discussed the Nielsen Portable People Meter (PPM) data and getting someone from the Radio Research Consortium to show station personnel how to deal with it. He noted that PPM data shows it's usual for radio stations to have 50% to 65% of their listeners prioritizing them. But that under 5% of Pacifica listeners prioritize the Pacifica stations.

The local Finance Committee met on June 6, 2019. The General Manager handed out a number of documents on paper at the meeting. The bank statement, along with what the General Manager told the committee, put WBAI's cash in bank situation on that date as around \$45,000. The General Manager said that the books were reconciled, including the station's PayPal account, to May 31.

We discussed an accounting report summary from NETA dated May 22, 2019, which noted that WBAI was behind on Central Services payments and owed about \$101,000 to the National Office. The General Manager said that he'd made some payments. The issue here is that Pacifica had forgiven the arrears of more than \$4,000,000 that WBAI had accumulated in the years before FY17, but that the National Office insisted that it would more strict from then on. WBAI still missed many Central Services payments after that. The result is that on the books WBAI is still paying off Central Services payments that are in arrears. It will probably be quite a while before WBAI becomes current with Central Services payments.

So far WBAI owes \$29,554 in separate Central Services payments to the Pacifica Radio Archives (PRA) for FY19. The General Manager agreed that this is the case.

The NETA accounting report summary noted that WBAI had not been able to fully fund its payroll and that while WBAI had caught up somewhat the station still owed about \$24,000 that it had to borrow from other stations.

In the discussion about the General Manager's spreadsheet for the Spring 2019, on-air fund raiser the committee found a number of discrepancies in the numbers that the General Manager agreed were inaccuracies and he said he'd look into them.

The General Manager gave the local Finance Committee an accounts payable aging summary which showed that as of June 6, 2019, WBAI had about \$107,000 in short term debt. This does not count accrued pension payments and Central Services payments. The General Manager did give me a document showing the source of an \$800,000 bequest, I was told that this information is confidential, but he did not send me the

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contract for the new copying machine, which he'd previously said he would do.

As mentioned in the previous Treasurer's Report the General Manager told the committee at its April 25, 2019, meeting that there had been about \$64,000 in unexpected expenses. The local Finance Committee had asked him to present a revised draft FY19 budget for submission to the NFC. He said he would do that. At this meeting he presented the old draft FY19 budget. The local Finance Committee and the NFC are still waiting for the revised budget from the General Manager.

At this meeting the General Manager said that the computer had lost some financial data. Members of the local Finance Committee and LSB have been telling the General Manager to implement effective computer backups for years.

The General Manager said that WBAI is no longer paying for financial help from the KPFK Business Manager now that NETA is taking over. There were discussions of what shows the General Manager thought raised significant revenue for the station and about PRA and the marketing of programs to raise revenue.

The committee discussed with the General Manager the status of his efforts to get the \$70,000 bequest from the Jim Krivo estate credited to WBAI and applied to the station's outstanding Central Services payments. The General Manager said that he has asked NETA to make sure that entries are done right so that WBAI gets credit for payments to the National Office.

The WBAI sponsored journey to Peru for eight days in November was discussed. This item was mentioned in the April 10, 2019, Treasurer's Report. The General Manager said that the Errors and Omissions insurance for this event has not been acquired yet. It was suggested that the station decide what revenue it would like to realize from this trip.

The General Manager said that WBAI needed about \$300,000 more revenue per year and that if we got CPB grants that would help a lot. He mentioned again that the interim Development Director can't file for other grants due to Pacifica not having any current audits to present to potential grantors.

Following up on the Executive Director's statement that the Treasurers should get their General Managers to inform the Public Media Company to give them access to that company's resources I asked the General Manager to inform the Public Media Company that I should be given that access.

At the June 11, 2019, NFC meeting the new interim CFO attended for the first time, the NFC now has its full bylaws mandated complement of 11 members. At this meeting the Executive Director said that he is working with the interim CFO and a worker from NETA on establishing a "financial dashboard" which can be made available to each of the five stations as well as PRA and maybe the affiliates. He said that the dashboard will present monthly, quarterly and annual dashboards. The Executive Director is working with NETA to determine what information should be on the dashboards. He said he'd tell the General Managers about this on Wednesday. He said there'd be a programming "dashboard" for Program Directors too. He is soliciting recommendations for what should be on the two types of dashboards and asked that people send him or the interim CFO E-mail about it.

The people who provided the loan have asked for an audit confirmation letter. The Executive Director said that the letter they sent had the dollar amount of the loan wrong, but he got them to correct it. This letter is in regard to the lender's need to be audited.

The interim CFO said that the financial dashboard would be at a high level so that LSB members could read and understand it and the NFC would get more detailed financial information.

The NFC discussed again getting the details of the loan that was taken out to pay off the Empire State Building bill. The Executive Director explained that there are confidential parts of the loan. He will check with the PNB about getting the NFC the information it will need to make decisions about budgets, etc.

The interim CFO reported to the NFC that the FY17 audit is almost complete, they just need to make a few final footnotes; they have a deadline of June 30, 2019, to fully complete and approve it. She said that the FY18 audit is being worked on. Another NETA worker is working with Business Managers to get what he

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needs for the audits. She said that once the FY18 audit is done and NETA has been in charge off Pacifica's finances that the FY19 audit should be completed about three or four months after the close of FY19. She said that she didn't have any new financial information for the NFC at this meeting because NETA is having technical difficulties with the *Great Plains* software and with some entries getting posted to their financial report writer. She said that they've had to seek external IT support. She said that she can get a Profit & Loss Statement and maybe a balance sheet soon. She said that she's hoping to get March and April financials in those documents, and that once they're caught up that maybe at the NFC meetings on the second Tuesday of each month they can present the prior month's financials.

The interim CFO said that a previously unreported loan or lease had shown up for WBAI. When I asked about this she said that it involved the lease at 4 Times Square. The interim CFO is looking into this.

The interim CFO said that NETA is still having trouble getting some financial information. She said that the way that *Great Plains* works is that you have to close out one fiscal year before you can move to the next one. She said that right now the last closed period is September 30, 2016, and they are still working on the FY17 audit. She said that once they have enough information on FY17, they'll push the button and close it and go on to FY18.

The interim CFO said that the stations that already have Business Managers will keep them and that WBAI and WPFW will have their finances handled directly by NETA. She said that there are some financial management accounting practices that were performed for WBAI and WPFW that are not standard, and so there's a lot of cleanup that's needed. She said that NETA will make sure that all stations employ best practices around financial management accounting in the future.

The NFC talked about a new budget timeline for FY20. This topic will probably be brought up at the next NFC meeting.

The Executive Director brought up the idea of using software called *Sales Force* and a company that would take the entire database of Pacifica members and would send out frequent direct mail requests for funds and would use that database in other ways designed to get the maximum amount of revenue from the Pacifica members. He referred to it as a turnkey solution that wouldn't require much effort from Pacifica. He said that the company assured him that the database information would not be used for any other purpose than to raise funds for Pacifica. This proposal will be discussed again in the future.

The Executive Director has brought up the issue of underwriting to the NFC. I have seen a very detailed motion that he would like to see passed by the PNB. I will note that the issue of underwriting came up at the November 29, 2006, WBAI LSB meeting when an interim General Manager brought some proposals for a "recovery plan" to the LSB. One of those proposals was to explore underwriting. After some discussion the LSB **unanimously** voted to take the underwriting proposal off the list.

The WBAI 2019, Spring 'thon went from April 29, to June 2, a total of 35 days.

The daily tally from the interim Development Director showed a total tally of \$238,242 for an average daily tally of \$6,807. The General Manager's spreadsheet says that the final tally was \$253,257 for an average daily tally of \$7,236. The budgeted goal was \$7,500 a day, which comes out to a final tally of about \$262,500.

The interim Development Director's tally included the revenue from the Saturday morning ticket promotions. This should not be in the 'thon's tally. I do not know if the General Manager included those donations in his tally.

Also, the campaign to raise \$10,000 to complete the new master Control build out continued during the regular 'thon. I don't know if any of those pledges are included in either the General Manager's or the Development Director's tallies.

WBAI and Pacifica's financial situation is still a mess, but with professionals from NETA taking over the finances, along with initiatives proposed by the Executive Director, it is at least a dynamic mess now, and

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people are talking about solutions. This is a great improvement over the previous general acceptance of haphazard accounting procedures and people who can't understand the software they're paid to work with. Pacifica must very soon prepare to start paying those interest payments on the loan. Those payments of about \$22,000 to \$24,000 a month should start in September or October, from what we're being told. The NFC is beginning to talk about this. We're hoping to get more information so that we can advise Pacifica and the PNB about what to do. At this time I'm not even looking at the balloon payment of what we're now told will be about \$3,300,000 in March of 2021.

The next NFC meeting will be on June 25, 2019, and the next local Finance Committee meeting will be on July 11, 2019.

R. Paul Martin
WBAI LSB Treasurer