

WBAI Treasurer's Report
July 8, 2020

The National Finance Committee (NFC) met on June 23, 2020. The local Finance Committee met on June 17, 2020, both meetings were held by teleconference.

At the June 17, 2020, local Finance Committee meeting the General Manager said that WBAI had cash in Chase Bank of \$14,974.71 and \$8,332.79 cash in PayPal. He told the committee that as of that date WBAI had paid in full the rent at 388 Atlantic Ave., the Tower Rent at 4 Times Square and the Payroll & Healthcare billback. He said that the phone and cable bills were current and that the call Center (Signius) was paid up to May 31, 2020. He said that payments to consultants Christine Blodale, Jesse Lent, who is the Assistant to Leonard Lopate, Morning Show hosts: Johanna Fernandez and King Downing and webmaster Chris LaPilusa were all up to date. He said that regarding premiums WBAI had paid \$5,000 for Christine Blodale premiums and \$7,100 for Gary Null premiums. The General Manager noted that if one removes the interest payments on the loan from WBAI's books then the accounting of the National Educational Television Association (NETA) and WBAI Management are within 2% of each other.

We discussed with the General Manager the fact that NETA says that the loan has to be carried on WBAI's books until the audits are done.

The General Manager said that the Spring on-air fund raiser was averaging a tally of about \$4,484 per day versus the budgeted \$7,500. He said that he was continuing his plan to have a "softer fund drive" and make a tally of \$4,500 per day for 60 days instead of \$7,500 for 30 days. It should be noted that the WBAI draft FY20 budget projected WBAI pitching for 143 days. An additional 30 days would bring it to 173 days of one form or another of pitching. The General Manager said that he was evaluating the "softer pitch" strategy as the Spring on-air fund raiser merges with the Summer on-air fund raiser. He said that the station was averaging two to three hours of pitching instead of the usual 10 plus hours of daily pitching; he said that he would personally prefer that the station pitch for 5 hours daily.

The General Manager presented the local Finance Committee with an Accounts Payable Ageing Summary which shows WBAI with about \$786,660 in Accounts Payable as of the time of this local Finance Committee meeting. A copy of the General Manager's Accounts Payable Ageing Summary is included as an Appendix to this report.

The General Manager sent the committee an accounting of the first 41 days of the Spring on-air fund raiser which showed a total pledged of about \$188,324 and a fulfillment of about \$164,885.

The committee discussed the responsibility for the expenses incurred for the month that WBAI was off the air in the Autumn when WBAI's on-air fund raiser was cut short by an unauthorized incursion by certain elements of the Pacifica Foundation. The consensus was that WBAI cannot be logically held responsible for any debts or shortfalls for that month.

It was noted that the PNB has been discussing a financial emergency that has shown up at KPDK. With this problem there will be less funds available in Pacifica to help stations like WBAI that are struggling. A motion before the PNB would have stations reduce their expenses

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by the an amount equal to the deficit that they're running. This directive would be very hard for WBAI to comply with because WBAI has very few Paid Staff and expenses for rent and utilities can't be cut without the station going off the air. It was noted that WBAI's monthly deficit has been reduced to about \$20,000 to \$25,000 over the past few months. Counting in deficits from the time when WBAI had been taken off the air would make things look even worse.

The committee discussed the fact that Christine Blodale does pitches that are paid for by each station individually. It was stated that since they're the same pitch with just the phone numbers and a few other words changed that the stations should try to get a deal for all of Pacifica on those pitches. The necessity of WBAI producing its own premiums was discussed. The General Manager said that there will be training in pitching techniques given to Staff soon.

The committee passed the following motions.

Motion: (Cerene Roberts) "Whereas during the month of October 2019, early in a fund drive, in an out-of-process seizure that included dismantling the main studio, mass dismissal of staff, and forced remote programming, WBAI was not under the control of local management and was being programmed by/from Berkeley and Washington, D.C., be it hereby resolved

That the WBAI LSB Finance Committee recommends to the WBAI LSB that it request of the PNB that WBAI's Central Services payment for October 2019, be waived." (Passed without objection)

Motion: (Cerene Roberts) "Whereas, a WBAI bequest of approximately \$85,000 was used in 2017, as a matching fund in a national fundraiser; the WBAI LSB Finance Committee recommends to the WBAI LSB that it request of the PNB that WBAI's Central Services be credited for that amount." (Passed without objection)

Motion: (Cerene Roberts) "Whereas, in 2018, the remains of a New Jersey estate left to WBAI/"Pacifica Foundation New York" totaled approximately \$60,000 but was received and retained at the National Office, the WBAI LSB Finance Committee recommends to the WBAI LSB that it request of the PNB that WBAI's Central Services be credited for that amount." (Passed without objection)

It should be noted that the Treasurer and the WBAI Director on the NFC have been taking the positions outlined in these motions in discussions on the NFC for some months.

At the June 23, 2020, NFC meeting the NFC Chair brought us the good news that Pacifica has been awarded about \$1.2 million in a Paycheck Protection Program (PPP) loan from the government. This is the plan that helps to pay salaries so that workers don't get laid off during the Covid-19 pandemic lockdown. The NFC was told that Pacifica already has the money and Pacifica Management would be doling it out to the stations. If Pacifica can refrain from laying Staff off for long enough, much of the loan actually gets forgiven. *Some* of the money can be used for other expenses, but 60% of it must be used for payroll, and that is the amount of the

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loan that will be forgiven if Pacifica meets the other criteria. This will help all of Pacifica a great deal as the money that would otherwise have been used for payroll can now be used for paying Central Services fees and other expenses. Apparently, some amount of the PPP money can also be used to pay the interest on debt, which will probably be helpful with the approximately \$70,000 interest per quarter that Pacifica has to pay on the loan. It should also help to pay some of the money owed to NETA for doing the accounting. It was reported that some of the details of the PPP loan had changed in the previous weeks

At this meeting the interim CFO talked about setting up templates for the FY21 budget. She said that Pacifica needed to review its Chart of Accounts and probably standardize it.

I asked the interim CFO about the audits. At the time of this NFC meeting the FY18 audit was *still* not finished. Apparently, however, only the final “Going Concern” letter needed to be done by the auditors, so it’s close. **As of the posting of this Treasurer’s Report the FY18 audit was not posted on the Pacifica Web site. This also means that the FY19 audit has not been done yet, and so Pacifica has missed the June 30, 2020, deadline for that audit. This means that Pacifica will miss another year of possible Corporation for Public Broadcasting (CPB) grants.**

As reported in last month’s Treasurer’s Report Pacifica was to have paid a debt of \$137,506 to the CPB for past overpayments of grants which had happened years ago. I am seeing that Pacifica Management has been scrounging up funds to pay that debt and it looks to me like it will probably get paid very soon, if it hasn’t already been paid off.

At this meeting the NFC began to talk about the FY21 Budget timeline. The timeline is what we use every year to try and schedule the work on the budgets with the goal of having the budgets actually being approved by the PNB and in place by the October 1, start of the fiscal year. As the interim CFO noted above, the process hasn’t produced any PNB approved budgets for some years, and for some time before that the budgets had gotten approved late. Some new NFC members are in a hurry to get the timeline finalized, but it might be better to take some more weeks to work on it in order to get a timeline that will work in the current Pacifica atmosphere.

The PPP loan coming through was a pleasant surprise for Pacifica. People in Pacifica are very upbeat about Pacifica also getting the Economic Injury Disaster Loan (EIJL), which will be even larger than the \$1.2 million PPP loan, although the EIIL will probably have to be paid back. The EIIL will have a long term for repayment. The injection of cash into Pacifica, especially since most of it is earmarked for payroll, may save the entire Foundation, if it isn’t squandered.

The provision of the PPP loan that will relieve the stations from having to come up with the interest on that approximately \$3.2 million for a little while should help get Pacifica through the Summer months, when revenue typically is at a low ebb.

A counterbalance to the infusion of cash from the government is that Pacifica will not be getting any CPB grant revenue. CPB Community Service Grants would have helped Pacifica a great deal, and they would have been *all* cash revenue none of which would have had to be paid back. I suppose we can thank those people at stations who were less than fully cooperative with NETA in terms of providing financial information for the auditors for missing the grants.

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As reported in last month's Treasurer's Report, Pacifica has been thrown out of the CPB music licensing service. I know that one solution, having all of the stations join the National Federation of Community Broadcasters (NFCB), has been suggested. I am also hearing that Pacifica is looking into taking on the prodigious clerical work required to keep on the legal side of copyright law in-house. A previous Executive Director had said that he wanted all Pacifica stations to become members of the NFCB, it looks now like that would have been a very healthy idea. Pacifica can't afford to be sued for a legitimate copyright infringement.

WBAI's Spring on-air fund raiser merging into the Summer on-air fund raiser requires calculations which are different from the ones used in the past to determine if the on-air fund raiser is going well or not. The General Manager's \$4,500 a day goal for 60 days would raise a tally of about \$270,000. With an assumed fulfillment rate of about 88% this very long on-air fund raiser would result in real revenue of about \$237,600 to carry WBAI through to the Fall on-air fund raiser in October. It's possible that in conjunction with the government loans, especially the PPP loan that doesn't all have to be paid back, this might suffice. But a "soft pitch" goal of \$4,500 a day will produce quite a deficit over the course of a year, and we do not know yet what sort of attrition of listenership will result from so many days spent pitching in the course of a year.

Overall I am still pessimistic about WBAI and Pacifica, but for the short term I think that the finances will not be quite so pressing. But we can't consider these next couple of months a rest period. With the really unfortunate loss of the CPB grant money for this year we are still in pretty bad shape and if we can't find a way to make all of the stations, including WBAI, more financially healthy we may be merely putting off some crises to next year. And we can't forget that the principal on the big loan is scheduled to come due in less than nine months.

The next NFC meeting will be on July 14, 2020. The next local Finance Committee meeting is scheduled for Wednesday, July 15, 2020; it will once again be a teleconference meeting.

R. Paul Martin
WBAI LSB Treasurer

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Appendix

**WBAI 99.5 FM Radio Pacifica Foundation_New
A/P Aging Summary**

As of June 16, 2020

	1 - 30	31 - 60	61 - 90	91 and over	Total
4 TIMES SQUARE - 4					
Times Square	318.40				318.40
Awakening Dynamics				2,600.00	2,600.00
Christine Blodale		3,000.00			3,000.00
Gary Null & Associates				6,451.00	6,451.00
Pro Format				4,314.30	4,314.30
Signius				0.00	0.00
Withdrawal				-500.00	-500.00
Short Term Debt	318.40	3,000.00	0.00	12,865.30	16,183.70
Payroll Expenses	-175.45			59,681.13	59,505.68
Health Care Bill Back				61,677.91	61,677.91
Mid Term Debt	-175.45	0.00	0.00	121,359.04	121,183.59
Accrued Pension (???)				61,614.58	61,614.58
Pacifica National Office	8,445.00	16,890.00	16,890.00	364,844.22	407,069.22
Pacifica Radio Archives	4,222.00	4,222.00	4,222.00	167,942.50	180,608.50
Long Term Debt	12,667.00	21,112.00	21,112.00	594,401.30	649,292.30
TOTAL	\$12,809.95	\$24,112.00	\$21,112.00	\$728,625.64	\$786,659.59

Tuesday, Jun 16, 2020 09:47:08 AM GMT-7

Note: Debt to the National Office calculated as of January 01, 2017