

WBAI Treasurer's Report
August 12, 2020

The National Finance Committee (NFC) met on July 28, and August 11, 2020. The local Finance Committee met on July 15, and August 5, 2020, all of these meetings were held by teleconference.

At the July 15, 2020, local Finance Committee meeting the committee discussed the Chart of Accounts. The General Manager said that the auditors had left a uniform Chart of Accounts. He said that he spent four months re-doing the *Quickbooks* software to conform with that Chart of Accounts.

The committee was told that the debt of \$137,506 that Pacifica owed to the Corporation for Public Broadcasting (CPB) for past overpayments of grants which had happened years ago had been paid off.

The General Manager told the committee that the station had \$21,899 cash in bank. He said that he and James Sagurton had met with NETA regarding the "going concern" part of the FY18 audit. He said that NETA was not getting all of the invoices on a timely basis because he hasn't been going to the office that often during the lockdown, but he has given NETA full-view access to the WBAI bank accounts so that they can see all invoices.

The General Manager discussed a letter of credit which the Management of 4 Times Square wants for six months of rent. This is something that had been supposed to have been done when WBAI moved to 4 Times Square, but with the Paycheck Protection Program (PPP) loan from the government coming through it was finally able to be done. But the basic fee to 4 Times Square is higher now than it had been a year and a half ago so this letter of credit will now be for about \$78,000. The General Manager said that the basic fee for 4 Times Square is now \$12,730.80 a month. The General Manager said that according to the National Educational Television Association (NETA) WBAI's monthly expenses are about \$116,197, but with miscellaneous things it averages about \$124,000.

The General Manager said that WBAI's Accounts Payable are about \$799,000. He said a big part of that is the call center.

The General Manager outlined his plan for pitching 25 days per month for three or four hours a day with a goal of a tally of about \$4,500 a day. In his draft FY21 budget the General Manager projects 300 days of on-air fund raising. He said that if this new way of doing on-air fund raising doesn't work he'll go back to the old way of pitching.

The General Manager said that premiums are challenging because he and Matt Mazza need to get many premiums shipped.

When asked about the PNB motion of June 11, 2020, which mandates that all units (excluding the National Office) should provide within one week to the NFC, the PNB and the interim Executive Director a plan that balances expenses and revenues if the units in the preceding six months have had expenses that exceeded revenues the General Manager said that he had not sent in a plan, but that he would. He said that he had been aggressively pushing the BAI Buddy sustaining memberships. He said that he wanted every BAI Buddy to get two more BAI Buddies. He said that producers pushing BAI Buddies was a part of the new 52 week schedule with fewer preemptions.

The General Manager said that once WBAI can break even for three months in a row he would like to negotiate getting some of the past Central Services debt written off.

The General Manager said that some of the pension charges were a mystery to him, and he would have to talk to the NETA people about it. At a later meeting he said this was happening. He said that the National Office has said that the consultants that have been around for a while will have to go onto the payroll as employees. The General Manager said that he didn't see where WBAI could cut any of its

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expenses.

The General Manager said that WBAI had gotten a bequest of \$10,000, but the check was not made out correctly with the payee being only "WBAI." The General Manager said that he sent the check back with a request that it be made out properly with the payee as "Pacifica/WBAI."

At this meeting the local Finance Committee began to work on the WBAI FY21 draft budget. The draft budget submitted by the General Manager projects Listener Support at \$1,022,325 and a Total Revenue of \$1,499,172. The General Manager projects Total Expenses at \$1,355,209 for a year end deficit of \$109,381. He said that there will be a severance payment to the former interim Development Director and he will not make a new hire for a while. He is projecting about \$35,000 in grants, and he said that WBAI will do mail drops to raise more money. He told the committee that he thinks that the fulfillment rate will actually be about 81.4%. The General Manager is projecting that by May 2021, the station will be able to do public events again, and Broadway will reopen next year which will allow the on-air ticket donations to resume.

The committee discussed getting more corporate matches.

At this meeting the following motions were passed:

Motion: (Cerene Roberts) "The WBAI Local Station Board's (LSB) Finance Committee recommends to the WBAI LSB that it recommend to the Pacifica National Board (PNB) that

Whereas, there are sometimes disputes about the amount and causes of monies said to be owed by units to the National Office and/or to each other, be it resolved

That the PNB direct the N.E.T.A. Interim Chief Financial Officer to produce a monthly statement reflecting each unit's Central Services assessment, health bill-back, pension plan, legal expenses, quarterly FJC loan interest payment, and any other charges and credits with both the National Office and with other units; and further

That beginning September 2020, the statement shall be emailed to each unit head and Business Manager by the 25th of each month, and compiled and submitted to the Executive Director, the Treasurer, and the PNB on that date." (Passed without objection)

Motion: (Cerene Roberts) "The WBAI Local Station Board (LSB) Finance Committee recommends to the WBAI LSB that it recommend to Pacifica National Board (PNB) that

Whereas, precautions about the COVID-19 pandemic have forced remote conduct of governance meetings that would normally have been held in person, and there are cost (and privacy) issues that come with the use of various telephone / video services, be it resolved

That the PNB direct its Technology Taskforce or, if necessary, require the Interim Executive Director to have tech staff assess various options and prepare a report on the comparative costs, ease of use, and accessibility for blind, low vision and non-hearing individuals availability of audio/video that can be posted to kpftx.org without much extra work, as well as the privacy of content and user information. Current Pacifica tech services, such as Maestro, shall be included in the comparison." (Passed without objection)

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Motion: (Cerene Roberts) “The WBAI Local Station Board (LSB) Finance Committee recommends to the WBAI LSB that it recommend to Pacifica National Board (PNB) that it require its Finance Committee (NFC) to review the financial operations of the Pacifica Radio Archives, the Affiliates Unit Program, and the National Office each quarter; and further

That the PNB Secretary is to promptly remind Local Station Board officers that they are to have the LSBs review and report to the PNB on station budget adherence / deviation each quarter.” (Passed without objection)

At the July 28, 2020, NFC meeting the Chair made some announcements that included:

NETA is working on Pacifica Foundation’s tax returns (990s), an extension to August 15 has been applied for and granted.

WBAI has received notice of a \$210,000 bequest. It has been confirmed that assets are available to fully fund the stated amount. It was the Chair’s understanding from the General Manager that 30% of this bequest will go to pay for ‘the big loan’ and the rest will be used to retire other WBAI obligations.

At the June 11, 2020 Meeting of the Pacifica National Board (PNB) a resolution was adopted that directed, among other things, that, “all units (excluding the National Office) should provide a plan within 1 week to the NFC, the PNB, the Management Team and the interim Executive Director that balances expenses and revenues if the units in the preceding six months have had expenses that exceeded revenues. (ie, if a station's expenses are exceeding its income by 10% the plan should show an expense decrease of 10%).” Treasurers were requested to remind their respective General Managers of the need to submit those plans immediately. (For WBAI this had already been done.)

Another PNB resolution required the General Managers to provide NETA with online view-only access to their station’s bank accounts. The process will save Pacifica money by reducing the amount of time it takes NETA to do our accounting. It will also save our General Managers and Business Managers a lot of effort, as well as facilitate timely accounting and a much improved work flow on our audits.

At this meeting the interim CFO told the committee that NETA had sent out a draft of the FY18 audit. She said that the auditors did add in that they have substantial doubt about the organization’s ability to continue as a going concern. The interim CFO said that the interim Executive Director thinks some of the auditor’s opinions may affect Pacifica’s position in a year or so. The interim CFO said there was also a Management Letter but she didn’t have the latest one. In answer to a question the interim CFO said that the FY18 990s were filed a year ago, and that the FY19 990s were being worked on to be filed by August 15, 2020. I asked why the FY18 990s are not posted on the Pacifica Web site. The interim CFO said that the FY18 990s were done but they were being amended. Part of the delay is that while the 990s were initially filed electronically their amendment must involve signed papers that the interim Executive Director said are being sent out tomorrow. **The interim CFO said that Note 12 on page 24 of the FY18 audit says that Pacifica has a deficit of more than \$4.6 million.** The interim CFO said that two months of payroll and benefits payments for all units had been disbursed from the Paycheck Protection Program (PPP) loan. She said that they’ve been paying outstanding bills and they have not exhausted the funds in the PPP loan yet. She said that we will probably go through it by September. The interim CFO said that the first \$150,000 of the PPP loan has been forgiven.

The NFC discussed the possible need to amend the PNB motion of June 11, 2020, and of the possible need to put an enforcement mechanism in that motion since none of the plans that had been supposed to have been sent within one week had been sent in by the date of this meeting.

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The NFC discussed whether Pacifica would get the \$2 million limit for the Economic Injury Disaster Loan (EIDL) or if Pacifica would only be eligible for a \$250,000 loan.

At this meeting all of the stations said they were either going over their station's draft FY21 budget proposal or they would be doing so soon.

The NFC once again discussed a formula for Central Services fees. A spreadsheet that was to have shown the options for this formula was to have been sent around but it hadn't been. So the issue was put off to the next NFC meeting.

The issue of Pacifica's Chart of Accounts was discussed at this meeting. Some members reported running into miscoded items as they were preparing draft budgets. The interim CFO said that NETA has someone working on the Chart of Accounts and that it was important that all stations are using the same Chart of Accounts. I remember that Pacifica had re-done the Chart of Accounts not that many years ago. I don't know yet if NETA is making a new one or using the one Pacifica started using only a few years ago. When the interim CFO sends the document around I should be able to find out.

The interim CFO said that Pacifica has paid NETA \$200,000, out of the PPP loan and that Pacifica owes about \$60,000 in payments to NETA now. She said she considered that things are fairly current at this point.

At the August 5, 2020, local Finance Committee meeting the following motion was passed:

Motion: (Cerene Roberts) "The WBAI LSB Finance Committee recommends to the WBAI LSB that it recommend to the PNB that NETA provide monthly statements to the PNB and each GENERAL MANAGER of the payment status of all SCA and HD channels." (Passed 4 for, 1 against, 3 abstentions)

The General Manager told the committee that the former interim Development Director's severance payments would end on September 20, 2020. He said that WBAI had paid \$43,272 as its share of the \$137,506 payment to the CPB. He said that WBAI had \$1,473.82 cash in bank and \$332.79 in PayPal. The General Manager gave the committee a chart showing WBAI's Accounts Payable Aging Summary which totals about \$779,000. The General Manager said that up to July 31, 2020, WBAI was in the red by about \$115,000. He said that he's trying to reconcile with NETA on what we owe. He said that he was looking into social media and Internet to generate more BAI Buddies.

The General Manager presented the committee with a report which I have appended to this report.

One part of the General Manager's report says that he continues to worry that the producers are sitting back and relying other producers to make the money for WBAI. I have told the General Manager before that most producers come to WBAI to communicate, and only a few come to the station to hawk merchandise. While some producers have readily accessible merchandise to dispose of or are able to purchase premiums to offer on the air, most do not, and the General Manager needs to understand that ultimately it is the quality of the air that will attract and keep loyal listeners to WBAI.

The local Finance Committee continued working on the draft FY21 budget. The fulfillment rate was discussed. The General Manager said that the projected 78.4% fulfillment rate would result in Listener Support of about \$939,000 not the \$1,022,325 he had projected. This will need to be corrected. The committee discussed the General Manager's assumptions about his new pitching protocols. **The General Manager is projecting a deficit at the end of FY21 of \$109,381.** Some members of the local Finance Committee voiced the opinion that the General Manager's deficit FY21 budget will not be acceptable by the NFC and/or PNB.

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At the August 11, 2020, NFC meeting the KPFA Director gave the committee his analysis of Pacifica's financials on a six month rolling review, year to date (YTD). It covers the first six months of calendar year 2020, because that's the time period covered by the PNB motion of June 11, 2020. He did his analysis for all of Pacifica. His analysis for WBAI shows about a \$200,000 loss for those six months and about a \$214,000 deficit for FY20, so far. The largest loss in Pacifica has been WBAI's. As it turns out this is better than WBAI had done last year. But the analysis shows that according to the June 11, PNB motion WBAI is going to have to either cut expenses or raise revenue by 28%. He noted that if all of the stations bring themselves up to the break even point this will not allow for repayment of the principal on the big loan, only operating expenses will be paid for.

I brought up the WBAI General Manager's assertion that WBAI is only running a deficit of about \$155,000. The interim CFO said that NETA records payroll, insurance and benefits and that those are not showing up in the General Manager's *Quickbooks* accounting. She said that the last she'd heard the WBAI General Manager did agree with NETA's numbers. After some discussion with the Chair the interim CFO said that maybe NETA needed to send the WBAI General Manager information like payroll expenses, etc. twice a month so he can put it into *Quickbooks*. There was a short discussion of the impact of the pandemic on fund raising, especially off-air fund raising.

It was speculated that the next round of the PPP loan will focus on restaurants and small businesses. How this will relate to Pacifica is not known. The interim CFO said that Pacifica will have greater leeway with the Economic Injury Disaster Loan (EIDL).

The interim CFO said that the engagement letter has gone to the interim Executive Director, so the same auditors will be working on the FY19 audit, which should be able to begin very soon now. The interim CFO said that they hope to get the FY19 audit done very quickly, in under six months.

I asked the interim CFO if the 990s for both FY18 and FY19 were finished. She said that they were but they are being amended and this is why they're not on the Pacifica Web site yet.

I asked if Pacifica was qualifying for the \$2 million EIDL loan and was told that it had been applied for but it hasn't been approved yet. The approval is complicated by the WBAI General Manager having applied for the PPP and EIDL loans on his own for WBAI early this year. He has withdrawn his application, but the fact that it was ever done seems to be confusing the people who are handling approval of the EIDL loans. The interim Executive Director said that Pacifica has gotten the initial \$10,000 of the EIDL loan and that shows that the application is pending.

The interim Executive Director said that all of the banks are re-credentialing and that's consuming time.

The stations all reported that they are working on their draft FY21 budgets.

The interim Executive Director said that Pacifica may be hiring a permanent Executive Director and if that happens it will be a large expense because that person will also want to hire a Staff.

There are some good things happening for Pacifica, but overall the financial situation is still grim. Four of the five stations are running deficits as of the end of June. The Summer months are usually lean for Pacifica, and this situation is likely to be exacerbated by the economic upsets to listeners caused by the pandemic. The PPP loan may have saved Pacifica for a few months. If Pacifica gets the \$2 million EIDL loan it may even be possible that the principal of the big loan could either be paid off, by adding some money to that loan, or at least the big loan principal could be knocked down to a more manageable level. That latter would involve refinancing the loan, however. From what we've heard on the NFC the people handling the EIDL loan are swamped and have stopped answering their phones in an effort to

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work their way out of the paperwork deluge.

WBAI is going to propose a deficit FY21 budget, and we don't know how that will sit with the rest of Pacifica. The June 11, PNB motion requires a balanced financial situation, but there's nothing to cut at WBAI and the prospect of raising either \$115,000 or \$200,000, depending on whom you think has the right numbers, in a couple of months is really slim.

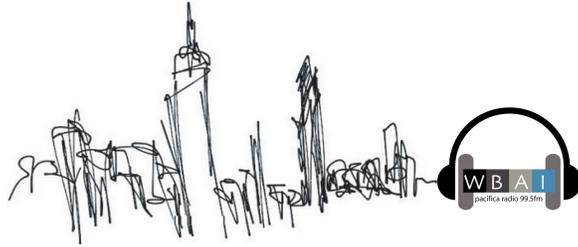
Will Pacifica hire another Executive Director whose first instinct will be to take an ax to WBAI? Will stations be able to last into FY21? If so how far will they get before illiquidity overtakes all of Pacifica? The auditors don't think we'll make it.

So government loans are keeping Pacifica above water for a while longer, and if we get the big EIDL loan we may go on for much of FY21. The question of the big loan principal is still there. The continued loss of revenue at most of the stations is still happening. With all of this and an uncertain future I am still pessimistic about Pacifica's future.

The next NFC meeting will be on August 25, 2020. The next local Finance Committee meeting is scheduled for Wednesday, August 26, 2020, as a teleconference meetings.

R. Paul Martin
WBAI LSB Treasurer

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WBAI LSB Finance Committee Report – August 05, 2020

1. **2020-06-16:** In Chase Bank: \$1,473.82 and \$332.79 in PayPal
2. **Rent at 388 Atlantic** (Office) \$5,300.00 is not yet paid for August 2020
3. **4 TIMES SQUARE \$15,224.22** has been paid
4. **Payroll & Healthcare** Billback have been covered by the PPP loan
5. **Phone and cable bills** are current.
6. **Call Center (Signius)** is paid in full up to July 31, 2020.
7. **Our consultants** are also paid up to date - By Consultant I am talking about Christine Blodale, Assistant to Leonard Lopate (Jesse Lent), Morning Show hosts: Johanna Fernandez & King Downing, webmaster Chris LaPilusa
8. We are catching up on shipping premiums – I go to the office twice a week and work with Matt Mazza. We have 1,700 outstanding including about 500 GN premiums we are waiting for.
9. Development Director is no longer working at WBAI – by September 2020 the severance expenses would be made up because we still have an opening.
10. **Normally**, we would start getting ready to do the Summer (July funddrive). We are evaluating our success/failures and we will reassess the soft funddrive. Note: We are averaging 2 to 3 hours of pitching instead of the usual 10 plus hours dily. I would personally prefer 5 hours daily.
11. **BAI Buddy is flourishing:**
 - a. April 2020: 1,085 buddies \$16,614.73
 - b. May 2020: 1,124 buddies \$18,028.45

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c. June 2020 1,200 buddies \$17,613.45

d. July 2020 1551 buddies \$18,241.53

12. WBAI's first two weeks of the 52 weeks schedule is currently averaging \$4,483.90 per day versus budgeted \$7,500.00. Our plan is to have a softer fund drive and make \$4,500.00 per day for 60 days instead of \$7,500.00 for 30 days. Of course making more would help pay Central Service. We are worried that the daily rates are going down from \$6,000.00 per day the first 2 weeks.

Day	Date	Hours	Daily	Net	Hourly	Wkly hourly Ave	Goal	Variance
Monday	7/20/2020	2	\$ 2,643.22	\$ 2,104.52	\$ 1,321.61		\$ 3,571.43	\$ (928.21)
Tuesday	7/21/2020	3	\$ 3,070.65	\$ 2,537.40	\$ 1,023.55		\$ 3,571.43	\$ (500.78)
Wednesday	7/22/2020	4	\$ 5,229.47	\$ 3,822.68	\$ 1,307.37		\$ 3,571.43	\$ 1,658.04
Thursday	7/23/2020	3	\$ 837.95	\$ 509.70	\$ 279.32		\$ 3,571.43	\$ (2,733.48)
Friday	7/24/2020	2	\$ 3,734.75	\$ 2,844.62	\$ 1,867.38		\$ 3,571.43	\$ 163.32
Saturday	7/25/2020	1	\$ 1,200.00	\$ 800.00	\$ 1,200.00		\$ 3,571.43	\$ (2,371.43)
Sunday	7/26/2020	3	\$ 1,351.65	\$ 1,351.65	\$ 450.55		\$ 3,571.42	\$ (2,219.77)
Sub-Total		18	\$ 18,067.69	\$ 13,970.57	\$ 1,003.76	\$ 2,581.10	\$ 25,000.00	\$ (6,932.31)
Monday	7/27/2020	1	\$ 2,648.33	\$ 2,648.33	\$ 2,648.33		\$ 3,571.43	\$ (923.10)
Tuesday	7/28/2020	4	\$ 4,153.88	\$ 2,850.80	\$ 1,038.47		\$ 3,571.43	\$ 582.45
Wednesday	7/29/2020	3	\$ 4,559.38	\$ 4,448.18	\$ 1,519.79		\$ 3,571.43	\$ 987.95
Thursday	7/30/2020	3	\$ 4,883.17	\$ 4,198.32	\$ 1,627.72		\$ 3,571.43	\$ 1,311.74
Friday	7/31/2020	3	\$ 2,756.79	\$ 2,052.93	\$ 918.93		\$ 3,571.43	\$ (814.64)
Saturday	8/1/2020	3	\$ 2,966.62	\$ 2,528.30	\$ 988.87		\$ 3,571.43	\$ (604.81)
Sunday	8/2/2020	1	\$ 1,234.63	\$ 1,016.05	\$ 1,234.63		\$ 3,571.42	\$ (2,336.79)
Sub-Total		18	\$ 23,202.80	\$ 19,742.91	\$ 1,289.04	\$ 3,314.69	\$ 25,000.00	\$ (1,797.20)

13. I continue to worry that the producers are sitting back and relying on Gary Null, Christine Blodale and Mimi Rosenberg to make the money for us. We are encouraging producers to continue to pitch BAI Buddies and set a goal for every show they do without pre-emption.

14. Good News – The 2018 Audit is completed, and we started the 2019 Audit. I had to invest two full days to provide NETA with data they required such as Major Donors, events

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over \$5,000.00, lobbying if any, fundraising consultant and the arrangement and ROI (Return on Investment).

15. We have been Making half of Central Service payments. The unexpected CPB bill of \$43,272.00 unfortunately kept us from paying another two and a half months of Central Services. See our Aging Summary below.

WBAI 99.5 FM Radio Pacifica Foundation

A/P Aging Summary

As of August 3, 2020

Description	1 - 30	31 - 60	61 - 90	91 and over	Total
Accrued Pension				61,614.58	61,614.58
Gary Null & Associates				6,451.00	6,451.00
Health Care Bill Back				51,460.21	51,460.21
Pacifica National Office	8,445.00	8,544.35	8,445.00	385,669.27	411,103.62
Pacifica Radio Archives	4,222.00	4,222.00	4,222.00	176,386.50	189,052.50
Payroll Expenses				59,505.68	59,505.68
Signius				0.00	0.00
Sweetwater	256.83				256.83
Withdrawal				-500.00	-500.00

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TOTAL	\$12,923.83	\$12,766.35	\$12,667.00	\$740,587.24	\$778,944.42
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Monday, Aug 03, 2020 09:02:32 AM GMT-7

16. Profit and Loss – According to WBAI’s QuickBooks our P&L for FY 2020 (from 10/2019 to 07/31/2020) we are -\$114,932.44 in the red or \$11,493.25 per month. Below is comparison between NETA Vs. WBAI’s P&L from 10/2019 to 06/ 2020.

Expenses			Total
NETA			\$ 1,273,564.08
WBAI			\$ 1,206,796.83
Variance			\$ 66,767.25
Consultants	May-20	Jun-20	Total
NETA	\$ 39,771.79	\$ 28,182.65	\$ 67,954.44
WBAI	\$ 16,366.68	\$ 7,616.68	\$ 23,983.36
Variance	\$ 23,405.11	\$ 20,565.97	\$ 43,971.08
Gross Salaries		Jun-20	Total
NETA		\$ 52,383.02	\$ 52,383.02
WBAI		\$ 31,234.96	\$ 31,234.96
Variance		\$ 21,148.06	\$ 21,148.06

- I need advice from NETA to do JE for the PPE Loan credit to account for the \$21,148.06 but we need to look into the difference in Consultants fees.

- WBAI’s Budget was given to you and I also sent explanations for the discrepancy calculated for the variance in funddrive revenue. The other factor to consider is the ability of WBAI to raise \$100,000.00 per month or \$25,000.00 per week.