

WBAI Treasurer's Report  
November 11, 2020

The local Finance Committee met on October 21, 2020. The National Finance Committee (NFC) met on October 27, and November 10, 2020, all of these meetings were held by teleconference.

At the October 21, 2020, local Finance Committee meeting the General Manager told the committee that the station has about \$4,000 in Chase Bank and about \$1,000 in PayPal. He said that short term outstanding payables were about \$8,000, owed mostly to Time-Warner Cable and Gary Null. He said that mid-term debt was about \$221,000. He noted that we haven't been given credit for the Paycheck Protection Program (PPP) loan money and he didn't know how to book it. He said that WBAI's accrued pension and long term debt over 90 days amounted to about \$736,000, and WBAI's total debt was about \$966,000. He said that he was accruing \$2,500 a month for pension plan payments. He said that with regard to his Profit & Loss statement for FY20 he was reluctant to give numbers because it would become the subject of issues with NETA. He said that this is the first set of numbers and that he will discuss them with NETA and they'll go over them to reconcile them. He said that the bottom line for WBAI in FY20 was that the station was about \$271,000 in the red.

The General Manager said that August was a really bad month with WBAI being in the red by about \$79,000 for that month. He said that September had been about \$246 in black. He said that this averages to about \$22,000 in red per month. He said that WBAI has received very little in bequests and grants with the total for FY20 close to about \$12,500 all together. He said that a bequest of about \$200,000 was expected some time this year. He said that based on this he believed that his actuals are pretty solid. He said that he'd gone back to the budget and had updated FY20 with the actual numbers.

I asked the General Manager if he has had the discussion with NETA that we've mentioned a number of times at the NFC and in the local Finance Committee regarding how to book a number of things. The General Manager said that he'd had about three calls with NETA going over discrepancies. He said that they looked into it and they are doing adjustments. He said that NETA's September 30, income statement will reflect that. He said that NETA is also looking into the Chart of Accounts issue. He said that it's complicated because NETA's Chart of Accounts is totally different from his in *Quickbooks*. He said that he'd spent hours trying to reconcile their chart with his and that NETA is aware of that. He said that there needs to be a uniform Chart of Accounts.

In answer to a question the General Manager said that Pacifica's General Counsel is in touch with the people sending the previously mentioned bequest of about \$10,000. He said that Chase bank was putting obstacles in WBAI's way to cashing the \$10,000 check. He said that Chase wants WBAI to file a "dba" which stands for "Doing Business As" and is a formal filing so that an entity can legally do business under a specific name or set of names. The General Manager said he was told that this is a new policy of the bank. He said that Pacifica's General Counsel would handle the filing of the "dba."

In answer to a question the General Manager said that for October the station had brought

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in about \$53,500 but the goal had been \$73,000 so the station was short for the month at the time of this meeting.

It was suggested that the General Manager send the local Finance Committee a regular report to the LSB and the Staff. The General Manager said that Management was too over-worked for that.

At the October 27, 2020, NFC meeting the interim CFO told the committee that for FY20 Pacifica has shown a net loss of about \$847,000 v. a net loss of about \$235,000 for the prior year. The interim CFO's written report "Pacifica Foundation Financial Narrative for September 2020" is included in the appendix of this report. Concerns were raised about the accuracy of some entries in the Monthly Income Statement and the interim CFO said she would look into those.

The interim CFO told the NFC that the National Office probably did not have enough cash to make payroll, but she was hoping for a payment from KPFA. In the end the National Office did make payroll, but this indicates how close things are within Pacifica.

WBAI was able to make payroll.

The interim CFO said that Pacifica is going week to week and that her plan for the National Office is to borrow. The interim CFO said that with the PPP loan money used up and revenue down everyone still has to make payroll. She said that we're also waiting to see when Pacifica can file for forgiveness of the PPP loan.

The KPFA Treasurer said that it was impossible for KPFA to support all of Pacifica and that while KPFA was still positive financially it did not have a lot extra to support borrowing from KPFA. I will note that clearly borrowing money from KPFA is not a sustainable long term strategy for keeping Pacifica afloat.

I asked the interim CFO about her remark at the last NFC meeting about Pacifica getting close to a tipping point and she said that the remark related to the fact that Pacifica is borrowing from Peter to pay Paul. She said that she told the Business Managers to preserve cash for payroll. She said that she's hoping that the Economic Injury Disaster Loan comes through.

At this meeting the NFC once again discussed a Central Services formula. No decision was reached.

At this meeting the NFC passed the following **Motion**: "The NFC requests that the PNB request that the LSBs submit a proposed draft FY21 budget within two weeks to the NFC. If a budget is not submitted within 2 weeks the NFC will begin to create a budget for the stations based on available financial data." (Passed 5 for, 2 against)

I voted against this motion because the NFC is really not in a position to create budgets for recalcitrant station Managements. Typically the NFC has its hands full dealing with budgets that are submitted by stations, and so far the NFC hasn't dealt with any of those draft FY21 budgets. I think the way to deal with stations that do not bother to submit draft budgets is to tell Pacifica Management and let them deal with the General Managers of those stations. The General Managers and Business Managers are, after all, employees of Pacifica.

At the November 10, 2020, NFC meeting the interim CFO told the committee that all of Pacifica is behind on Central Services payments for the National Office by about \$938,000 and

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about \$160,000 behind on Central Services payments for the Pacifica Radio Archives (PRA). WBAI owes \$299,598 for National Office Central Services and \$101,328 for PRA Central Services.

Pacifica's outstanding Accounts Payable amounts to about \$229,000.

WBAI owes the National Office \$24,400 for covering the station's payroll.

The interim CFO said that NETA's opinion of the *Allegiance* software that some Pacifica stations have started to use or are thinking of using is that it's a very good product for keeping track of listeners but it takes time to clean the information up. She said that a lot of media entities use it. The WBAI General Manager has mentioned that he is exploring the use of this software for WBAI.

The NFC discussed flagging larger checks that come in to stations and to the National Office so that the money gets to the station or other unit within Pacifica that the donation is intended for. Right now NETA doesn't see the actual checks, only the entries made by Staff. Having checks above a certain amount automatically scanned in and sent to NETA could help WBAI to get credited, at least, for large donations like bequests that may end up going to the National Office. It's possible that the NFC may have a motion to create a policy on this at a future meeting.

The interim CFO said that the National Office does not have a lot of cash, although they did make payroll. She noted that if the National Office is not getting money they can't pay our vendors. She said that for the payroll prior to this one she thought that we might need to borrow money from a station or some of the affiliates to make payroll. **The interim CFO said that Pacifica is living from week to week and she still stands by that statement. She said that she could give the NFC an analysis of all of the costs and say when she thinks Pacifica will run out of money. The interim CFO said that in some cases we are very close unless the on-air fund raisers generate more revenue.** She noted that we go through this same scenario every payroll.

I asked the interim CFO to in fact send us that analysis and she said she would do that within a few days. I think that this analysis from the interim CFO would be important for everyone in Pacifica to see.

At this meeting the NFC once again discussed a Central Services formula. No decision was reached.

<p><b>Correction:</b> In the October 14, 2020, Treasurer's Report I reported that according to the interim CFO, "there are over 5,000 items outstanding for that FY19 audit." In fact there are 500 items outstanding, not 5,000. I'm sorry for the error.</p>
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WBAI is struggling, as it has been for so many years, but that sort of hand to mouth existence can't go on forever. The Listener Support revenue is not meeting expenses, the station's total debt has reached about \$966,000. The interim CFO stands by her statement that Pacifica is coming to a "tipping point" and that Pacifica is very close to running out of money. Meanwhile WBAI needs to borrow money from the National Office for things like payroll and

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the interim CFO says that Pacifica is operating week to week which means that all of Pacifica, including WBAI, is very vulnerable to anything that might disrupt operations. I am hoping that the interim CFO's promised analysis on how close Pacifica is to running out of money will be sobering for everyone in Pacifica.

Six months from now the principal of the big loan will come due and at this time the National Office and some stations are scrambling to make regular payroll. Most of the Pacifica stations are seriously in arrears with payments of Central Services fees. It may become necessary to ask the affiliates to lend Pacifica money so that the National Office and the stations can make payroll. My overall pessimism expressed in these reports over the years is unabated.

The next local Finance Committee meeting is scheduled for Wednesday, November 18, 2020, at 7:00 PM (ET) and the next NFC meeting is scheduled for Tuesday, November 24, 2020, at 7:00 PM (ET). Both of those meetings will be held via teleconference.

R. Paul Martin  
WBAI LSB Treasurer

## **Appendix**

### **Pacifica Foundation Financial Narrative for September 2020**

#### **Financial Dashboard**

##### **Consolidated Report**

Consolidated net operating gain or loss without depreciation: Net loss YTD through September 30, 2020 is (\$847K) vs. (\$235K) net loss YTD as of last September showing an overall decrease in income of \$612K.

Total Revenue: Total revenue YTD through September 2020 is \$10.6M vs \$12.4M YTD September 2019, a decrease of \$1.8M or 15%.

Total Expenses: Total expenses YTD through September 2020 are \$11.4M vs. \$12.7M YTD September 2019, a decrease of \$1.2M or 10%.

##### **KPFA**

KPFA shows a gain for the period of \$3K compared to a prior YTD gain of \$388K. This is due to a 9% decrease in income.

##### **KPFK**

KPFK shows a loss for the period of \$700K compared to a prior YTD loss of \$129K. This is due to a 25% decrease in income, mainly from major donor gifts in FY19.

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**KPFT**

KPFT shows a loss for the period of \$30K compared to a prior YTD loss of \$115K. Despite a 25% drop in expense, the 13% loss in revenue is causing the overall loss. KPFT is very close to break-even point.

**WBAI**

WBAI shows a loss for the period of \$313K compared to a prior YTD loss of \$363K. Revenue has decreased 11% and expenses have decreased 13%.

**WPFW**

WPFW shows net loss of \$110K for the period compared to prior YTD loss of \$271K. WPFW is the only unit currently showing an increase in revenue, while maintaining overall expenses.

**Profit & Loss Statement**

**Revenue**

**Total Revenue** YTD through September 2020 is \$10.6M vs \$12.4M YTD September 2019, a decrease of \$1.8M or 15%.

**Listener Support** is a little below prior year at \$8M vs \$7.8M for September 2019, an increase of \$224K.

**Major Donor Revenue** for YTD through September 2020 is \$486K vs. \$2.3M YTD September 2019, a decrease of \$1.8M or 79%.

**Donations** for YTD through September 2020 is \$796K vs. \$601K YTD September 2019, a decrease of \$195K or 32%.

**Total revenue by unit:**

KPFA shows a decrease of \$361K or 9% over FY19.

KPFK shows a decrease of \$906K or 25% over FY19.

KPFT shows a decrease of \$104K or 13% over FY19.

WBAI shows a decrease of \$161K or 11% over FY19.

WPFW shows an increase of \$171K or 14% over FY19.

NO shows a decrease of \$595K or 49% over FY19.

PRA shows a decrease of \$14K or 9% over FY19.

**Expenses**

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**Total Expenses** through September 2020 are \$8.7M vs. \$9.5M YTD September 2019, a decrease of \$782K or 8%.

KPFA shows an increase of \$109K or 5% over FY19.

KPFK shows a decrease of \$115K or 5% over FY19.

KPFT shows a decrease of \$114K or 20% over FY19.

WBAI shows a decrease of \$43K or 4% over FY19.

WPFW shows an increase of \$14K or 1% over FY19.

NO shows a decrease of \$591K or 31% over FY19.

PRA shows a decrease of \$42K or 15% over FY19.

**Personnel** expenses for the period October – September are lower than FY19 at \$6.5M vs. \$6.7M for FY19.

KPFA shows an increase of \$107K or 5% over FY19.

KPFK shows an increase of \$44K or 2% over FY19.

KPFT shows a decrease of \$2K or 1% over FY19.

WBAI shows a decrease of \$112K or 15% over FY19.

WPFW shows no change from prior year.

NO shows a decrease of \$163K or 31% over FY19.

PRA shows a decrease of \$12K or 4% over FY19.

**Board Expenses** have decreased \$220K or 73% for a total of \$80K for FY20.

**Administrative** expenses for YTD through September 2020 are \$2.9M vs \$3.4M YTD September 2019, a decrease of \$484K or 14%.

**Programming** expenses for YTD through September 2020 are \$870K vs \$912K YTD September 2019, a decrease of \$42K or 5%.

**Development** expenses YTD through September 2020 are \$982K vs \$1.2M YTD September 2019, a decrease of \$191K or 16%.

**Community/Special Events** expenses YTD through September 2020 are \$69K vs \$205K September 2019, a decrease of \$136K or 66%.

**Net Income/Loss without Depreciation** overall YTD through September 30, 2020 is (\$847K) vs. (\$235K) net loss YTD as of last September showing an overall decrease in income of \$612K.

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KPFA YTD through September 2020 is \$3K vs \$388K in 2019, a decrease of \$385K.

KPFK YTD through September 2020 is (\$700K) vs (\$129K) in 2019, a decrease of \$571K.

KPFT YTD through September 2020 is (\$30K) vs (\$115K) in 2019, an increase of \$85K.

WBAI YTD through September 2020 is (\$313K) vs (\$363K) in 2019, an increase of \$50K.

WPFW YTD through September 2020 is (\$110K) vs (\$271K) in 2019, an increase of \$160K.

NO YTD through September 2020 is \$198K vs \$319K in 2019, a decrease of \$120K.

PRA YTD through September 2020 is \$34K vs \$6K in 2019, an increase of \$28K.