

WBAI Treasurer's Report
December 9, 2020

The local Finance Committee met on November 18, 2020. The National Finance Committee (NFC) met on November 24, and December 8, 2020, all of these meetings were held by teleconference.

At the November 18, 2020, local Finance Committee meeting the WBAI General Manager told the committee that for October WBAI was \$20,000 behind the budgeted goal. He said that the station was averaging about 2.6 hours a day pitching. He said it was a pretty decent month. He told the committee that WBAI had made most of its payments except for Central Services. He said that the station had two preemptions and had some days with one hour of pitching instead of three or four; he said that the station has not been getting new premiums in a very long time. He said that since something had been going on between WBAI and Gary Null the interim Program Director hadn't been focused on using his premiums much. The General Manager said that on the day of this meeting they had used one of Gary Null's premiums and it had made about \$3,000 in an hour, which was about \$200 short of the daily goal. He said that the station has to try to look at these things and be flexible and keep going. He said that he'd gotten a note that the bequest for about \$200,000 will be here in another month or month and a half because a family member of the bequest donor made a filing that was resolved but which will delay WBAI's receipt of the money. The General Manager said that this was because court dates are not as regular as they used to be before the pandemic. He said that the station was getting premiums shipped out, and he got sick at the station by helping to ship them the day before this meeting. He said that WBAI had received a letter for another bequest but he had no idea how much it's for. He said that he was sending it to general counsel to follow up and see how much it is. He said that there was also another bequest that was bequeathed to the station and he didn't know what the amount of that one was either. He said he'd been calling and leaving messages asking about the amount but he hasn't gotten an answer yet. The General Manager said that the *Allegiance* software implementation starts on December 15, 2020, when he will have a work session with the people handling this to see what they have done with the data and to see if they can move data from *Volusion* to *Allegiance*. He said he had met a number of times with some LSB members about this. He described *Allegiance* as a more sophisticated version of MEMSYS. *Allegiance* is a customer relationship management system. The General Manager said that the most important aspect of the *Allegiance* software was that it incorporated the E-Commerce aspects of *Volusion* and the station could put all of the information around the premiums into it. He said that *Allegiance* can also mine the data from subscribers. He said that it, along with other software which the General Manager did not name, could do searches of public files on the Internet and see if the person donating to WBAI has millions of dollars in assets. He said that all of WBAI's membership lists will be consolidated in one list in *Allegiance*. He said that the software can figure out if there are duplicate memberships and that with it the station can do campaigns, and will be able to do comprehensive follow-up on a regular basis. He said that the *Allegiance* software will also incorporate the station's Constant Contact database. He said it would make reports much easier to generate. He said that the yearly subscription cost for

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Allegiance was just a bit more than what the station has been paying to *Volusion*. He said that the station has been paying *Volusion* about \$390 a month. He said that he wants to get *Allegiance* going soon because it will make getting out the yearly tax letters to donors much easier, and the old method costs a couple of thousand dollars to do and with *Allegiance* WBAI would be able to generate and ship the tax letters from 388 Atlantic Ave. And that alone would result in a net savings.

There was a short discussion between the General Manager and me about *Allegiance* holding all of our important data.

The General Manager said that *Volusion* had forgotten to raise our rates due to our higher volume and the WBAI Web Master had been able to negotiate with *Volusion* that they would not increase WBAI's payment rate for several months. He said that the higher *Volusion* rate would have been more than the *Allegiance* rate will be. Further discussion revealed that the *Allegiance* software would do things like sending automatic reminders for lapsing members and notify everyone when credit card information needed to be updated; it would also prepare membership lists for elections. The General Manager said that *Allegiance* would also facilitate doing projects and partnerships with other organizations. The General Manager said that it can also do things in social media. He said that his only issue is that we will probably under utilize it. The General Manager said that we need a grant to get a part time person to manage the social media campaigns. He said that it's very complicated and he can't run it. The General Manager pointed out that former interim Executive Director John Vernile had already signed a three to four year contract for *Allegiance* and the money had already been spent. He said that for WBAI paying \$300 to \$400 a month was a small cost.

The General Manager said that some people around Pacifica like *Allegiance* and some do not.

The local Finance Committee spent some time addressing the objections of one member who did like how the General Manager had met with some LSB members regarding the use of *Allegiance*.

At the November 24, 2020, NFC meeting the interim CFO had sent the draft FY21 budget for the National Office to the committee. She told the committee some details of the National Office draft FY21 budget. Total Operating Expenses for the National Office amounted to about \$1.4 million and it was noted that if all Central Services payments are made that they will not equal this amount. It should be noted that WBAI is in serious arrears for Central Services payments.

The interim Executive Director said that what was raised from the national on-air fund raiser was almost comparable to what the one E-mail from Lew Hill's son had raised. She said they were putting the shows from that national on-air fund raiser on the Web site to continue raising money from them and their premiums. She said it's important to have the on-line donation line. The interim CFO said that they would definitely track it.

The motion regarding SCA revenue that had been passed by the WBAI LSB and sent to the PNB was referred to the NFC by the PNB. There was discussion about how implementation of that motion would affect the National Office budget. The interim CFO said that there is SCA

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revenue coming in and she is booking it to the National Office operating account. The NFC had a short discussion of the proposal that SCA revenue be credited against stations' Central Services fees. The interim Executive Director said that national Staff administer the SCA facilities and it's not an in-house station operation. She said that we can do paper maneuvers to make the stations feel better, but it doesn't help us. She said that in the end it comes down to what we can pay for and what we can't and that proposal would give us a false image of what we're doing at each station.

The interim Executive Director said that when we finish the next audit we can then get back into the Corporation for Public Broadcasting (CPB). She said that KPFT and KPFK will not qualify for Community Service Grants (CSG) due to their lower Listener Support numbers. She said that all of that criteria get skewed with the SCA revenue moving. She said that we need to strengthen the National Office to deal with shortfalls. She said that she'd been hoping to pick up payroll shortfalls at KPFK and WBAI with the national on-air fund raiser. She said we're facing shortfalls there and that the National Office covers a lot of things, but the SCA proposal would obscure it. She said that it depends on whether we want to go with reality or not.

The interim CFO noted that two stations, KPFK and WBAI, did have a cash flow problem with meeting payroll. She said that combined they are about \$38,000 short. WBAI was short by about \$10,000 and that KPFK was short by about \$28,000. She said that NETA was going to talk to the interim Executive Director to see if we can borrow from Peter to pay Paul to make sure that we can meet payroll, which had to be funded by the day after this meeting. The NFC was told that the WBAI General Manager was going to make another deposit the day after this NFC meeting.

The interim Executive Director said she was hoping for another Paycheck Protection Program (PPP) loan. She said she hoped that we could last long enough to get a second PPP loan should it occur, but Pacifica needs to cut expenses wherever possible. She said that it was unsustainable for Pacifica to keep covering these shortfalls.

The NFC once again discussed a Central Services formula. The interim CFO had sent the committee some historical notes about it. As had been reported in previous Treasurer's Reports WBAI and other stations are chronically, and pretty deeply, behind in their Central Services payments. The difficult part of coming up with a Central Services formula is that it will need to fund the National Office but so many stations are in arrears with their Central Services payments. The reality is that Central Services payments are needed and probably need to be increased, but it is also a reality that a formula that doesn't result in the payments actually being made will not result in the needed funding. WBAI frequently needs to borrow money from the National Office in order to make payroll. If the National Office doesn't have the money, and if it can't be borrowed from other parts of Pacifica, there will be a problem.

At the December 8, 2020, NFC meeting the committee discussed migrating its mailing list in light of the demise of the Yahoo! Groups list that it has been using since 2004. The NFC passed the following motion: (Chris Cory) "That we use our existing E-mail addresses for the next two weeks while we resolve the group E-mailing, and resolve this issue among our alternatives at our next regular meeting." (Passed without objection)

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The interim CFO presented the October 2020, financials at this meeting. The document is in need of some corrections, but it is overall the best information we have about the detailed finances of Pacifica and all of its parts. For FY20 all of Pacifica ended the fiscal year with a deficit of \$893,363.31. For the lone month of October 2020, Pacifica showed a net income of \$169,339.58. For FY20 WBAI ended the fiscal year with a deficit of \$313,081.86. For the lone month of October 2020, WBAI showed a net loss of \$31,242.64 which is the largest deficit in Pacifica for the month. This is an even deeper deficit than the \$20,000 behind the budgeted goal that the General Manager had reported to the local Finance Committee at the November 18, local Finance Committee meeting.

The interim CFO sent the NFC a document named "Pacifica Foundation Financial Narrative for October 2020." The part about a comparison to the prior year, a standard comparison for determining the financial situation, is not valid for WBAI in this case since for October 2019, WBAI was hijacked and not functioning. A copy of this narrative is appended to this report.

The interim CFO proposed that draft budgets should go to NETA first so they can ask questions of Management and then submit the draft budgets to the NFC for review. The NFC already has the draft FY21 budgets from most of the stations and other units in Pacifica. KPFT is having some internal disputes regarding their draft FY21 budget and they have not submitted it to the NFC. They also have a new General Manager. The KPFK LSB passed a motion last month to reject the draft FY21 budget proposal from their General Manager as unrealistic, so they haven't submitted a budget to the NFC either.

I asked the interim CFO about some things she'd previously agreed to send the NFC members. One was a list of who at the various stations is not cooperating with the preparation of the FY19 audit. She said that she declined to reveal this in open session since she has to work with these people. So it looks like we won't be finding out who hasn't been cooperating with the important audit. The other thing I asked about was that the interim CFO had said she'd write to the NFC detailing why she believes that Pacifica is at a "tipping point." The interim CFO said that they had done a lot of work on this issue but they don't feel comfortable sharing that yet. She said she's getting more information from Business Managers. She said that as soon as she finishes getting this information she will send it to the NFC, she just wants to make some observations to go with the spreadsheet. She says that NETA needs to see the outstanding payables from the stations which they do not see yet.

Regarding the 500 items that were outstanding for the FY19 audit the interim CFO and NFC Chair said that it was really a total of about 500 questions that the person handling this at NETA asks each station or non-station unit in Pacifica. We were told that a lot of information has come in since the audit and that the NETA person handling this hopes to do a fresh trial balance in the coming week and will know more in January.

The NFC will probably not pass a single budget before the end of the first quarter of FY21. It is likely, however, that there will be a lot of activity in this regard in the next couple of months. This is still an improvement on what's been happening with regard to draft budgets in Pacifica for the past few years.

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It's becoming clear on the NFC that Pacifica is in serious financial trouble. The trouble is reflected in the difficulty the NFC is having in coming up with a Central Services formula. It comes down to a question of how to come up with a formula to fund the National Office with Central Services fees when we know that a substantial portion of those fees are not going to be paid. The FY19 audit is taking longer than had been expected. The FY20 audit can't be started until the FY19 audit is done, and the FY20 audit will need to be finished no later than June 30, 2021, if Pacifica is to qualify for any CPB funding.

Some station Managements are at odds with their LSBs over whether or not their figures on which they'll base their budgets are realistic. The bylaws hijackers may be causing more financial damage to Pacifica by their campaign rhetoric. This is not unlike the damage caused to democracy in the United States of America and around the world by a defeated president who will not acknowledge his reality.

That big loan with a principal of over \$3,000,000 comes due in five months. Maybe something is being done that will extend the loan or otherwise make it not a disastrous deadline, I don't know. I have received no information about this. Central Services are still not getting paid in full and even if they were they couldn't fund the National Office. WBAI, KPFT, the Pacifica Affiliates Network and the Pacifica Radio Archives have started FY21 with deficits. I am still pessimistic regarding Pacifica and WBAI's financial survival at this time.

The next local Finance Committee meeting is scheduled for Wednesday, December 16, 2020, at 7:00 PM (ET) and the next NFC meeting is scheduled for Tuesday, December 22, 2020, at 8:30 PM (ET). Both of those meetings will be held via teleconference.

R. Paul Martin
WBAI LSB Treasurer

Appendix

Note: in the below narrative from the interim CFO NO is the National Office and PRA is the Pacifica Radio Archives.

Pacifica Foundation Financial Narrative for October 2020

Financial Dashboard

Consolidated Report

Consolidated net operating gain or loss without depreciation: Net income YTD through October 31, 2020 is \$169K vs. \$250K net income YTD as of last October showing an overall decrease in income of \$81K.

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Total Revenue: Total revenue YTD through October 2020 is \$1.1M vs \$1.3M YTD October 2019, a decrease of \$182K or 14%.

Total Expenses: Total expenses YTD through October 2020 are \$935K vs. \$1.03M YTD October 2019, a decrease of \$100K or 10%.

KPFA

KPFA shows a gain for the period of \$29K compared to a prior YTD gain of \$87K. This is due to a 22% decrease in income.

KPFK

KPFK shows a gain for the period of \$67K compared to a prior YTD gain of \$133K. This is due to a 5% decrease in income.

KPFT

KPFT shows a loss for the period of \$13K compared to a prior YTD gain of \$74K. Despite a 60% drop in income.

WBAI

WBAI shows a loss for the period of \$31K compared to a prior YTD loss of \$50K. Revenue has increased 63% and expenses have increased 20%.

WPFW

WPFW shows net gain of \$65K for the period compared to prior YTD gain of \$103K.

Profit & Loss Statement

Revenue

Total Revenue YTD through October 2020 is \$1.1M vs \$1.3M YTD October 2019, a decrease of \$181K or 14%.

Listener Support is a little below prior year at \$935K vs \$979K for October 2019, a decrease of \$44K.

Major Donor Revenue for YTD through October 2020 is \$25K vs. \$6,500 YTD October 2019, an increase of \$18K.

Donations for YTD through October 2020 is \$1,400 vs. \$185K YTD October 2019, a decrease of \$183K.

Total revenue by unit:

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KPFA shows a decrease of \$89K or 22% over FY20.

KPFK shows a decrease of \$22K or 5% over FY20.

KPFT shows a decrease of \$83K or 60% over FY20.

WBAI shows an increase of \$36K or 63% over FY20.

WPFW shows a decrease of \$16K or 7% over FY20.

NO shows a decrease of \$23K or 61% over FY20.

PRA shows an increase of \$4K or 206% over FY20.

Expenses

Total Expenses through October 2020 are \$934K vs. \$1M YTD October 2019, a decrease of \$100K or 10%.

KPFA shows a decrease of \$31K or 11% over FY20.

KPFK shows an increase of \$44K or 18% over FY20.

KPFT shows an increase of \$5K or 10% over FY20.

WBAI shows an increase of \$17K or 20% over FY20.

WPFW shows an increase of \$22K or 20% over FY20.

NO shows a decrease of \$177K or 73% over FY20.

PRA shows no change over FY20.

Personnel expenses for the period October – October are higher than FY20 at \$592K vs. \$557K for FY20.

KPFA shows an increase of \$6.6K or 4% over FY20.

KPFK shows an increase of \$41K or 23% over FY20.

KPFT shows an increase of \$6K or 27% over FY20.

WBAI shows no change over FY20.

WPFW shows a decrease of \$6.7K or 12% over FY20.

NO shows a decrease of \$30K or 65% over FY20.

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PRA shows no change over FY20.

Administrative expenses for YTD through October 2020 are \$219K vs \$315K YTD October 2019, a decrease of \$97K or 31%.

Programming expenses for YTD through October 2020 are \$62K vs \$80K YTD October 2019, a decrease of \$17K or 21%.

Development expenses YTD through October 2020 are \$58K vs \$74K YTD October 2019, a decrease of \$15K or 21%.

Community/Special Events expenses YTD through October 2020 are \$2K vs \$6K October 2019, a decrease of \$4K or 64%.

Net Income/Loss without Depreciation overall YTD through October 31, 2020 is \$169K vs. \$250K net gain YTD as of last October showing an overall decrease in income of \$81K.

KPFA YTD through October 2020 is \$29K vs \$87K in 2019, a decrease of \$58K.

KPFK YTD through October 2020 is \$67K vs \$133K in 2019, a decrease of \$66K.

KPFT YTD through October 2020 is (\$14K) vs \$74K in 2019, a decrease of \$88K.

WBAI YTD through October 2020 is (\$31K) vs (\$50K) in 2019, an increase of \$19K.

WPFW YTD through October 2020 is \$65K vs \$103K in 2019, a decrease of \$37K.

NO YTD through October 2020 is \$67K vs (\$91K) in 2019, an increase of \$158K.

PRA YTD through October 2020 is (\$2K) vs (\$6K) in 2019, an increase of \$4K.