

WBAI Treasurer's Report  
September 9, 2020

The National Finance Committee (NFC) met on August 25, and September 8, 2020. The local Finance Committee met on August 26, 2020, all of these meetings were held by teleconference.

At the August 25, 2020, NFC meeting the Chair told the committee that compliance with the motion passed by the PNB on June 11, requiring plans to balance the budgets of stations that are running deficits hadn't happened. He said that the WBAI General Manager had put out a plan that was being proofed and verified, and he hoped that other stations were too.

At this meeting the interim CFO presented the committee with a document titled, "Internal Financial Review and Discussion – Six Month Rolling Review." A copy of this document is appended to this Treasurer's Report. The interim CFO's summary findings were that overall, Pacifica's finances were trending lower, with listener revenue even with last year, and overall revenue falling by about \$1.7 million due to a loss of bequest income from last year. She said that the overall loss for Pacifica is about \$518,000 year to date (YTD), or 5.6% of revenue. She said that as has been typical of operations this year, four of the five stations are operating at a YTD loss, with the largest losses on a dollar and percent basis at KPFK and WBAI.

I brought up the fact that the WBAI General Manager's figures still differ from the NETA figures. I asked if NETA had contacted the WBAI General Manager about the differences. The interim CFO said that she'd had the NETA Staff tell the General Managers and Business Managers that if they found any differences in the figures to please call them. She said they had not received any replies from the General Managers and Business Managers so far. She said she would contact the WBAI General Manager the next day.

The interim CFO was asked to check and make sure that all Pacifica stations and other units are using the same Chart of Accounts. She said that she would.

It was suggested that the discrepancies in the financial positions between the WBAI General Manager and NETA may be due to how some expenses are being booked in light of the Paycheck Protection Program (PPP) loan. The NFC Chair noted that supplies for the WBAI Master Control build out look like a consulting fee; he asked how WBAI's contribution to the paying off of the Corporation for Public Broadcasting overpayment would be booked. The interim CFO said she'd get back to him on that.

The interim Executive Director told the NFC about the status of Pacifica's Economic Injury Disaster Loan application. She said that she'd been working with Senator Kamela Harris' office on getting this substantial, perhaps as much as \$2 million, loan and she was told that if she hadn't heard back in a week to call the Senator's office again. The interim Executive Director said she wondered if the delay might have to do with the Senator becoming a Vice-Presidential running mate. The interim Executive Director said she'd sent the Senator's office an E-mail the day before this NFC meeting. She said that the forms she'd filled out contained language that says that the application expires on September 30, 2020, and she hadn't had a chance to update Pacifica's information yet. She said she's waiting to hear back. She said she would consider going to the other California Senator but when she filled out the forms for this one they asked if

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you've already contacted someone else. She said she'd pursue this loan application daily again and get a resolution about this. She said that the delay is still related to the WBAI General Manager having also applied for the Economic Injury Disaster Loan. She said that even though the people at the Small Business Administration (SBA) who are handling the applications and approvals for the Economic Injury Disaster Loan understand that the application from the WBAI General Manager is a duplicate they haven't moved on it. Pacifica applied for this loan on April 3<sup>rd</sup>, there is a September 30, 2020, deadline for submissions. Exactly what that deadline is about is a question.

The interim Executive Director said that she did not know if the September 30, 2020, deadline for submissions for the Economic Injury Disaster Loan applied to Pacifica since Pacifica had already applied and had even gotten a \$10,000 bonus upon applying. She said that Pacifica's application is at Level 2 in the process but that she had not been able to get access to the SBA on-line portal for sending the extra information that the loan requires. She said that she was not sure if all of the extra information had to be in by September 30. She said that she was very nervous about the September 30, deadline and would keep on working with the Senator's office and trying to get access to the SBA portal. There are apparently enormous wait times on the phone to get through to the Small Business Administration which is handling the Economic Injury Disaster Loan applications.

At this meeting the interim Executive Director said that she had signed the engagement letter with the auditors for the FY19 audit. These are the same auditors that had done the FY18 audit. She said that things were moving along with the FY19 audit. The interim CFO said that she felt that progress was being made with the FY19 audit and stations have been supplying the things that NETA has asked for.

At the August 26, 2020, local Finance Committee meeting The General Manager said that the interim CFO had E-mailed him, but it wasn't about sending him the payroll and benefits expense information every two weeks. He said she had called him about adjustments to some bills. He said that NETA has to tell him how he should be entering the bills on the books because of the PPP loan. We discussed his giving NETA access to his *Quickbooks* so they could adjust things as they needed. The General Manager said that he'd call the interim CFO about this.

The General Manager told the committee that things were not looking that good since the last local Finance Committee meeting. He said that on-air fund raising hasn't been doing well since August 12. He said there was a big drop in revenue. He said that he has started monitoring things, and that he's received a lot of complaints about the call center. He said he had some specific examples such as being on hold for a long time, and that some people reported that it took 30 minutes to get their pledge in. He said that two nights previously he was at WBAI and Matt Mazza had gotten a call from a listener who had said that they'd tried to pledge through the call center but they didn't know what he was trying to pledge for and so Matt ended up putting the pledge in system. The General Manager said that this makes it difficult to evaluate whether the 52 weeks and daily goals make sense. The General Manager said the call center had started being more diligent with taking calls at the call center. He said he'd investigated the call center, which is run by a company called Signius. The General Manager said that the Better Business

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Bureau said that Signius' center in Tennessee doesn't exist anymore. He said that more research showed that call centers have been hit hard by the Covid-19 pandemic and their workers are answering calls from home. He said that the station was having four phone numbers activated and the General Manager's trying to get those numbers distributed throughout the station so we can use those as alternatives. He said that WBAI doesn't own the 516 number listeners are told to call and so can't divert those calls to the new numbers at the station.

The General Manager said he's also experimenting with new shows with four week trials. He said there's not a lot of pitching going on from WBAI producers and so he's looking at other ways and other people who used to know how to pitch and who used to make money. He said that because of this situation he doesn't have enough information to make decisions about what would work with the budget.

The General Manager said that WBAI had about \$8,000 cash in bank because the station was having to resume paying payroll.

The General Manager said that because of the three weeks of low revenue the August deficit will be high, maybe amounting to a \$60,000 to \$70,000 deficit. He said he'd followed up on the \$200,000 bequest and another bequest is coming and there are another \$10,000 to \$12,000 of small bequests which need more documentation from the National Office. He said that the bank handling these bequests makes it hard to collect on them because they want all kinds of proof. He said that he and the Chair of the PNB had gone to the bank the day before this meeting to deal with the \$10,000 bequest mentioned in a previous Treasurer's Report where the check had been made out incorrectly and he'd had to send that back to them to be corrected. He said that the official name had needed to be changed and now, as a result to the visit to the bank, there are several names that can be used to donate to WBAI. He said that our banking structure hasn't been updated in 20 years. He said that Chase needs to clean up WBAI's banking with whatever modern technology, equipment and rules and regulations they have nowadays so that WBAI can be up to date. He said he's looking at over 300 E-mails about premiums that he needs to follow up on because they can represent money; he said that he's dealing with an intern now that the interim Development Director is gone. I asked the General Manager if he'd factored into his calculations that it was August and we generally have a low revenue at this time. The General Manager said he had compared it to last year. The General Manager said that his laptop had ran out of juice and he had left the cord at the station so he couldn't send the committee that information. He said he would send his analysis from January 2018, to December 2019, and from January 2020 to August 2020, to the committee. He said that if you take out bequests and grants and look only at revenue this year we have \$75,436 more than in January to August of last year. He said that month to month we are raising more money. He said that in July we raised about \$48,000 more than last July, but in August we have \$56,000 less than last August, so July and August balance out with last year. The General Manager's comparison spreadsheet is sent out with this report.

The following motion was made at this meeting:

**Motion:** (Cerene Roberts) "The WBAI LSB Finance Committee recommends to the WBAI LSB that it urge the Pacifica National Board to consider the following motion:

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Whereas, the Pacifica Foundation (AKA Pacifica Foundation Inc.) is a single organization with 5 broadcast stations, and other units,

Whereas, most Pacifica members are connected to the foundation as a result of the programming on their local station, be it hereby resolved,

That where a bequest says "Pacifica" but does not specifically name a station or unit, after a retention of 5% by and for the National Office, credit for funds or asset(s) shall be "booked" to the station where the donor(s) would have had a simple terrestrial listening experience or established a donating relationship. Should a relatively current donor relationship exist with more than one station, the amount, after the national 5%, shall be divided between/among the relevant stations and further

Whereas, a station budget is a spending plan aligned with anticipated and proven income and reflects the organization's needs and priorities, and

Whereas, by requiring that the Local Station Board (LSB) approve the station's budget annually and review its fiscal performance quarterly, the Bylaws make clear that the LSB is to have a major role in the financial operation of its station, and

Whereas, the PNB has the final word on all units' budgets, be it hereby resolved,

That upon receipt of any funds via a bequest or any unexpected source, the General Manager shall notify the full LSB in writing of the amount, the source (unless source confidentiality is required or warranted), any restrictions, and his/her proposed use, and

That the LSB officers are to call an LSB meeting, to occur within 10 days of the manager's notice, to review and vote on the plan and the LSB shall inform the PNB of its recommendations within 3 days of that meeting; and

That upon receipt of any funds / assets directed to the Affiliate program or the Archives via a bequest or any unexpected source, the unit head shall prepare a proposed plan of use and deliver it to the Executive Director within 2 days for review and transmission to the PNB by the 3rd day.

Should such monies be explicitly gifted / granted to the national office, the ED shall deliver her/his plan to the PNB within 3 days.

In all instances, the PNB shall review and vote within 8 days of receipt of a plan, and lastly,

That the PNB Secretary shall promptly distribute the approved version of this motion to each unit's head and Business Manager, all LSB officers, each LSB Finance Committee chair, and for

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integration into the appropriate section of the Pacifica Foundation Financial Policy & Procedure Manual, to the Chief Financial Officer.

This motion supplements and does not replace the existing motion which requires that a percentage of all “windfall” monies be used to address the approximate \$3.1 Million loan expense.” (Passed 6 for, 3 against, 1 abstention)

In my opinion this is not a good motion. It puts the WBAI LSB in a position of trying to bully the PNB into doing things, while WBAI is running s deficit of over \$700,000 and projecting a FY21 budget with a deficit of around \$109,000. Is it really wise for the WBAI LSB to try to micromanage the rest of Pacifica in this manner?

The local Finance Committee went over the draft FY21 budget. The following motion was passed:

**Motion:** (R. Paul Martin) “That the local Finance Committee send the draft FY21 budget to the LSB without any recommendations and send the roll call showing the committee members and other voters to the LSB.” (Passed as amended 10 for, 3 against, 1 abstention)

**At this meeting the General Manager agreed that he would make some changes to the draft FY21 budget that the local Finance Committee had been considering. He was supposed to have sent me that revised budget so I could send it to the LSB. At the time of the posting of this Treasurer’s Report I have not received that revised budget.**

At the September 8, 2020, NFC meeting the Chair announced that the Pacifica Foundation has been removed from Charity Navigator’s “concern rating” and has a 1 star rating now which is an improvement.

The result of a poll at this meeting showed that all five Pacifica stations are using a call center for on-air fund raisers now due to the Covid-19 pandemic.

The interim CFO reported that WBAI is in arrears with Central Services payments for FY20 by \$134,328 and that for FY19 and FY20 the total is \$320,118. This should be adjusted for donations from WBAI, but I think that it will not be.

The interim CFO sent the following information regarding how much each station paid in order to pay off the long standing debt Pacifica has had to the Corporation for Public Broadcasting (CPB) for overpayments in 2012:

	CPB Repayment	
KPFA		\$25,258.00
KPFK		\$41,957.00

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KPFT		\$6,910.00
WBAI		\$43,272.00
WPFW		\$20,109.00
	TOTAL	\$137,506.00

The interim Executive Director reported that in terms of the Economic Injury Disaster Loan we're at the point of waiting for the appointment of a loan officer. She said that she will continue asking Senator Harris' office to help. Regarding actually getting the loan she told the NFC, "You'll know when I know."

I asked the interim Executive Director about that September 30<sup>th</sup>, deadline and she said that when she talks to the people with whom she's dealing on the loan she's reminding them that she wants it to get approved by that date. She said that she's been assured that because we filed on time we're okay. She is still apparently nervous about that September 30<sup>th</sup>, date, however.

I asked the interim Executive Director what Pacifica is doing with regard to the music licensing coverage that we'd been informed we'd lost when the CPB removed Pacifica from the CPB Community Service Grant program. The letter removing Pacifica also said that Pacifica would lose the CPB music licensing service on May 31, 2020. The interim Executive Director said that Pacifica is availing itself with assets at the National Federation of Community Broadcasters (NFCB). She said she'd contacted ASCAP and BMI, etc. and they say that the CPB is still covering us. She said she hasn't received ultimate confirmation of this. She speculated that maybe when we sent the CPB the \$137,506 that that bought us some good favor with them and the coverage has continued.

The NFC also discussed the big loan at this meeting. People are looking for ways to pay part of the principal off and refinance it. It has to be refinanced because no one has come up with any way that Pacifica will be able to pay the approximately \$3.2 million premium when it comes due on March 31, 2021. The interim Executive Director said that she was unclear about whether some of the Economic Injury Disaster Loan could be used to pay down that principal.

Pacifica is still in bad financial shape. If the CPB is really going to continue covering the music service that will be great news. Bad news is that the WBAI General Manager is seeing a serious drop off in revenue for his 52 weeks of modified pitching project. It is possible that this may pick up after the Summer, however. Year to date WBAI is being shown by NETA as being about \$274,000 in the red through July 31. All of Pacifica is showing up as being about \$518,000 in the red for that same period. The Economic Injury Disaster Loan is looking more like we'll get it, from what the interim Executive Director said. We are going into a presidential election that will determine the future of the United States and probably of the world. There is no guarantee that the right-wing will not prevail in that election. We live in unstable times, with a pandemic and social unrest. While Pacifica stations may get an uptick in listeners into early November there is the possibility that in the near future we may not be able to rely on the CPB or other

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revenue and service sources. I have not seen anything that really reassures me about that big loan. With four of the five Pacifica stations being in bad financial shape I still see the outlook as grim. We may know more regarding the success or failure of the General Manager's 52 weeks project in the next month or so.

I cannot convert the General Manager's spreadsheet comparing WBAI's fundraising over the past couple of years to something that can be appended to this report. I am sending that as a separate file which is named "Comparison.xls." I am also sending other documents in the appendix of this report.

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

R. Paul Martin  
WBAI LSB Treasurer

## **Appendices**

Appendix A is the report from the interim CFO at the August 25, 2020 NFC meeting.  
Appendix B is the voting record at the August 26, 2020, local Finance Committee meeting.

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**NFC – Internal Financial Review and Discussion – Six Month Rolling Review**  
**All figures rounded to the nearest thousand. YTD = Fiscal Year to Date**

<u>Division</u>	<u>6 Mo.Gain/(Loss)</u>	<u>Pct on Revs</u>	<u>YTD Gain/(Loss)</u>	<u>YOY Trend</u>	<u>Notes</u>
KPFA	(\$46K)	-3%	\$11K	negative	Bequest PY
KPFK	(\$391K)	-29%	(\$484K)	negative	Bequest PY
KPFT	(\$65K)	-22%	(\$52K)	neutral	
WBAI	(\$160K)	-21%	(\$274K)	negative	
WPFW	(\$134K)	-21%	(\$111K)	positive	
PNO			\$359K		
PRA			\$31K		
Consolidated			(\$518K)	negative	Bequest PY

**Summary Findings**

Overall, the foundation is trending lower, with listener revenue even with last year, and overall revenue falling \$1.7M due to a loss of bequest income from last year. The overall loss for Pacifica is \$518K YTD, or 5.6% of revenue.

As has been typical of operations this year, four of the five stations are operating at a year to date loss, with the largest losses on a dollar and percent basis at KPFK and WBAI.

Please note PNO and PRA show YTD gain due to the accrual of central services fees.

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**Voting records for part of the WBAI local Finance Committee meeting of August 26, 2020**

The motion approved by the local Finance Committee to bring the draft FY21 budget to the LSB without a recommendation had an amendment that said that with the draft FY21 budget I should, “send the roll call showing the committee members and other voters to the LSB.” Below are those roll call votes.

The time is in 24 hour time; 2108 is 9:08 PM (ET), 2218 is 10:18 PM (ET) and 2234 is 10:34 PM (ET)

There were eight members of the local Finance Committee as of August 26. One of them did not attend the meeting. Local Finance Committee members are denoted by the word “MEMBER” next to their name. LSB members who showed up and voted ex-officio are denoted by the words “Ex-Officio” next to their names.

The designation “big motion” is the motion from Cerene Roberts that got approved, the designation “x-10 by 2 minutes to” was a motion to extend the time. The designation “that the local Finance” is the motion to bring that FY21 budget to the LSB.

Time →	2108			2218			2234		
Date: August 26, 2020	big motion			x-10 by 2 minutes to			that the local Finance		
	Yes	No	Abs	Yes	No	Abs	Yes	No	Abs
William Heerwagen MEMBER	1				1		1		
Noel Jameson MEMBER									
R. Paul Martin MEMBER		1		1			1		
Matt Mazza MEMBER				1			1		
Berthold Reimers MEMBER			1			1			1
Cerene Roberts MEMBER	1				1			1	
James Sagurton MEMBER		1		1			1		
Geoffrey Stern MEMBER	1			1			1		
Jack DePalma Ex-Officio		1		1			1		
Sharonne Salaam Ex-Officio	1				1			1	
Hazel Pinder Ex-Officio	1				1			1	
John Brinkley Ex-Officio	1				1				1
Michael D.D. White Ex-Officio				1			1		
Carolyn McIntyre Ex-Officio				1			1		
Deedee Halleck Ex-Officio				1			1		
Ana Garcia Ex-Officio				1					
Shawn Rhodes Ex-Officio				1			1		
Alex Steinberg Ex-Officio				1					1
<b>TOTAL</b>	6	3	1	11	5	1	10	3	3