

WBAI Treasurer's Report
October 14, 2020

The local Finance Committee met on September 16, 2020. The National Finance Committee (NFC) met on September 22, and October 13, 2020, all of these meetings were held by teleconference.

At the September 16, 2020, local Finance Committee meeting the General Manager told the committee that cash in bank was \$19,607.34. He said that current debt was about \$18,000 which was mostly owed to 4 Times Square and that mid-term debt was about \$221,000 of which he said that about \$100,000 is the Paycheck Protection Program (PPP) loan for which we haven't gotten credit yet. He said that long term debt amounted to about \$682,000. Attached in the appendix is the General Manager's Aging Summary which shows that **Total Accounts Payable was \$922,949.57** when you include everything including Central Services payments. He said that as of July 31, the YTD deficit was about \$132,000 and in September it was about \$296,000. He said that in July the station had raised about \$118,000 and in August about \$52,000 and so far in September about \$35,000. He said this was better than last year, but that's where we were at that time.

The General Manager asked me to ask the interim CFO about some items that he didn't understand from NETA. I did that and they seem to be talking and possibly clearing up any differences in the accountings. The General Manager said that there had been no meetings with NETA and the General Managers since November.

The General Manager said that there were no new bequests, and that he didn't think we'd realize any before the end of September. He said that we would definitely have a bequest of about \$200,000 some time in FY21.

In answer to a question the General Manager said that it cost about \$120,000 a month to run WBAI, and that we needed to raise about \$122,000 a month to cover that. There was a discussion of the monthly deficit and how it added up to the approximately \$296,000 deficit that the General Manager said was the YTD deficit at the time of this meeting. The General Manager said he'd get back to the committee about that.

There was some speculation on when the station would open up and people would be able to come there again. At the time of this report some places, like restaurants, have opened up. The General Manager said that he was talking to the Union, SAG-AFTRA, about this. I will note that WBAI's studios at 388 Atlantic Ave. are not at this time in a Covid-19 zone that is facing more restrictions.

The question was raised of how WBAI could get clear of debt since the current total debt was over \$900,000 and the station is still accumulating debt. The General Manager said that we have to stop bleeding before we can start to deal with the back debt. He said that we had to hope for bequests and rely on the BAI Buddy project. He said that there was some software named *Allegiance* that was designed for radio membership which could help him to not waste time and it could give more information on listeners and that he liked it because it allowed a station to target program segments, and he hoped using it would help. The General Manager said that each program should generate 25 BAI Buddies per hour per month at \$15 each and that would raise

(MORE)

about \$24,000 more per months and that could stop the accumulating debt. He said that producers posting pre-program and archive notices on WBAI.ORG helps. He said that WBAI's Web site is designed to come up on Google, and that we used to come up very high on Google search and if producers would post pre and post program information on the Web site it will generate traffic. He said that BAI Buddies are not really going down in the age of Covid-19. He said we had four lists of members, the Volusion system doesn't allow an exact list. He said that 95% of people who donate on the Web site are in the Volusion system, BAI Buddies are in the Braintree system, people who are pledging from PayPal is a third list and Constant Contact has around 45,000 to 47,000 people in it. He said none of these lists is coordinated. He is hoping that the *Allegiance* system will do that. A member suggested that WBAI hire a professional person to help us raise money.

Under New Business the committee discussed the current dire financial situation. The General Manager said that as of June 30, 2020, WBAI's average deficit was \$18,300 per month, as of July it was \$19,200 per month, in August it went to \$24,316 per month and in the middle of September it was now \$24,715 per month. He noted that this was a trajectory, but that in Summer time fund raising always gets slower. The General Manager said that there was a lot of talk about how to raise money and noted that he and the interim Program Director are the only Management at WBAI and he wanted everyone to help. There was further discussion of fund raising. The General Manager said that he believes that WBAI's strength is the diversity of its producers and the things they bring to the station.

At the September 22, 2020, NFC meeting the Chair said that the interim Executive Director had asked him to report that she believes the Small Business Administration Economic Injury Disaster Loan is on track and that the September 30, 2020, deadline was not an issue that would negatively affect our application. The interim Executive Director has sent another E-mail to Senator Kamala Harris' office requesting an update on the Economic Injury Disaster Loan application.

The KPFA Director on the NFC said that he had done an analysis and that one station was slightly above water financially and the other four stations were operating at a YTD loss. He said that Directors should start working with other stations to rein in their budgets and get an idea of how to survive the situation. He said that four stations are reporting over 20% operational losses. He said that even after adjusting for extraordinary items, which affected the operational numbers, the numbers still weren't good.

The interim CFO said that KPFA is looking good; KPFK YTD has a net income loss of about \$545,000; KPFT is showing a \$18,227 net loss; WBAI is showing a \$338,343 net loss and WPFW is showing a \$54,452 net loss.

I brought up the need for the interim CFO and the WBAI General Manager to talk about the issues that the General Manager has been raising. The interim CFO said that she would call the WBAI General Manager again the next day about the questions he has regarding some items.

The KPFA Director had a number of specific questions about WBAI's finances. I answered some of them and asked the WBAI General Manager about the rest. The WBAI General Manager then attended the next NFC meeting to give some answers.

(MORE)

The NFC Chair again brought up the bequests that WBAI has not been credited with and which would seriously mitigate or even eliminate the \$338,000 deficit that WBAI was showing on the books through August 31.

At this meeting the NFC once again discussed a Central Services formula.

When it came time for each station to say what their progress on their draft FY21 budget was I told the NFC that the WBAI local Finance Committee had voted to send the draft FY21 budget to the LSB, but that the LSB chose to go into an executive session on September 9, but that the revisions to that draft budget hadn't been delivered by September 9, anyway. I let the NFC know that the WBAI draft FY21 budget came with a year end deficit.

Note: the "NFC – Internal Financial Review and Discussion – Six Month Rolling Review as of August 31, 2020" and the "Various Schemes for Central Services" documents are appended to this report.

At the October 13, 2020, NFC meeting the interim Executive Director was not in attendance. The Chair announced that the WBAI General Manager would attend the meeting to answer the questions raised at the committee's September 22, meeting, and that NETA is now sending the financials directly to the members of the National Finance Committee. He said that for the last four months, and continuing, the interim CFO has been and will be simultaneously copying the P&Ls to the General Managers for their individual stations only.

The WBAI General Manager told the NFC that rumors that WBAI had two sets of books were not true, and he gave a short history of how WBAI's finances had been handled through Staff cuts and the assigning of various other stations' Business Managers, and now NETA. He noted that a number of the questions asked were questions that needed to be directed to NETA. He said that NETA's numbers are close to his but they are not rally aligned with his. There was a discussion with the interim CFO of WBAI's use of the *Quickbooks* software for accounting. This got the NFC into a discussion of Pacifica's Chart of Accounts. **The interim CFO said that there was no uniform Chart of Accounts in Pacifica at this time.** The Chart of Accounts is the list of where every item of revenue and expense goes. It makes it easier to audit the organization if everyone uses the same Chart of Accounts because then anyone can see how stations are doing across the board instead of having to ask about what various items in an accounting summary are and a uniform Chart of Accounts greatly lowers the possibility of misinterpretation of the finances of a station or of Pacifica as whole. The possibility of having NETA set up a new, uniform Chart of Accounts for all of Pacifica was discussed, and some thought that it might cost Pacifica about \$50,000 to have NETA do that. **I told the NFC that Pacifica had in fact revamped its Chart of Accounts some years ago and had made it uniform throughout all of Pacifica. I was amazed that there is now no official uniform Chart of Accounts for Pacifica.** The WBAI General Manager also remembered that the auditors had been paid to make up that Chart of Accounts at some time in the past and that they were sent to all of the General Managers, but that it was not implemented throughout network. I know that there have been questions about how some stations were booking things differently from other stations but I had assumed that this was the result of the unfortunate chaos and lack of institutional memory throughout the Foundation. I still think that this is the case, and that the Chart of Accounts issued

(MORE)

to all Pacifica stations years ago could be distributed and enforced, at a great savings. This is something that needs to be dealt with. I will look and see if I can find the old, official Chart of Accounts and see if that could be adopted.

The interim CFO reported that all stations are still covering payroll, which is good. She said that for FY19, FY20 and up to this month stations have about \$872,000 in unpaid Central Services fees. The interim CFO's information is that WBAI owes \$282,789 in Central Services fees, and \$97,106 in Pacifica Radio Archives (PRA) Central Services fees (yes, PRA is a separate Central Services fee). Everyone on the NFC agreed that this is clearly an unsustainable situation. The interim CFO said that although the National Office will make its October 15, payroll it can't fund its payroll anymore because it's not receiving these Central Services fees. She said that the only reason why they were able to cover their most recent payroll was because KPFA had paid half of their Central Services fees for October. **The interim CFO said that Pacifica is very close to a tipping point.**

The interim CFO said that Pacifica's outstanding Accounts Payable is about \$207,000, and NETA is owed about \$139,000. She said that Auditors are owed \$7,460.

The interim CFO said that regarding the FY19 audit overall progress is steady but slow. She said that some stations have not been responsive to requests for information and as a result there are over 5,000 items outstanding for that FY19 audit. She said that the most fundamental areas not done are accounts receivable and accounts payable. She said that these problems may be tied to the General Ledger, a.k.a. Chart of Accounts, issues. She said that PNB minutes have been requested but not received. She said revenue expense information is spotty and they will need that information for the auditors. I asked the interim CFO why this non-responsiveness is happening again. The interim CFO said that it's critical that we meet the deadline for the FY19 audit and we do not have the luxury of the time that we had with the FY18 audit. The NFC Chair noted that the principal of the loan is due in April 2021, and if we are going to refinance that debt we are going to need to have audits and budgets and be current on interest payments, but the first thing needed will be a current audit, and so we have to get the audits done. He suggested that the Treasurer's push their General Managers and Business Managers to pay attention to this issue. I noted that Treasurer's may not know if their station is non-responsive. I suggested that NETA let us know what stations need to be reminded about this. The interim CFO said that she was sure that NETA could supply us with such a list.

One of the things that came out during this meeting was that NETA is seeing underwriting "going away" for radio and TV stations due to the Covid-19 pandemic. Some people had been proposing that Pacifica start to accept underwriting to try and fix the cash flow problems. I will note that some years ago at a well attended meeting the WBAI LSB unanimously voted that WBAI would not seek underwriting when an interim General Manager had brought the idea up.

At this meeting the NFC once again discussed a Central Services formula. The NFC has been discussing this for many months. This time some progress was made in that it was agreed that the "revenue" model for allocating Central Services payments was the one to use. See Appendix B for the chart about this. Details and contingencies about what to do when, not if, stations can't meet their Central Services payments according to the new formula will have to be

(MORE)

worked out in future NFC meetings.

When the interim CFO said that Pacifica may be at a tipping point that may have been the biggest financial news for WBAI and the rest of Pacifica in the past month. There is obviously a need to raise revenue across the board. WBAI has been joined by KPFK as a station with severe financial problems, and two more stations are close on our heels. The word “unsustainable” has been used a few times, and it’s true. Debt is piled up and revenue is waning. The revenue problems were there before the Covid-19 pandemic showed up, so the lack of adequate revenue is something that’s been chronic for a long time. How to raise more money for Pacifica stations is a question that so far does not have a clear answer.

It’s disheartening to hear that some stations are being non-responsive again when it comes to providing their financial information for the FY19 audit. I’m hoping that once NETA sends the Treasurers the list of what stations are having that problem that a resolution can be rapidly arrived at.

Yes, I am still feeling pessimistic about the financial situation. And now some others are using words like “tipping point.” The next seven months will be ones in which Pacifica will need to accomplish some financial goals that have eluded it for a long time. If we don’t then there may be more turmoil in this fiscal year than Pacifica has ever seen before.

The next local Finance Committee meeting is scheduled for Wednesday, October 21, 2020, at 7:00 PM (ET) and the next NFC meeting is scheduled for Tuesday, October 27, 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 “NFC – Internal Financial Review and Discussion – Six Month Rolling Review as of August 31, 2020” from the KPFA Director on the NFC.

Appendix B is the Various Schemes for Central Services fro the KPFA Director on the NFC.

Appendix C is the WBAI General Manager’s Accounts Payable aging spreadsheet.

Appendix D is the WBAI General Manager’s “WBAI Fundraising - Bequests & Grants” spreadsheet.

(MORE)

Appendix A

NFC – Internal Financial Review and Discussion – Six Month Rolling Review as of August 31, 2020

All figures rounded to the nearest thousand. YTD = Fiscal Year to Date

Division	6 Mo. Gain/(Loss)	Pct on Revs	YTD Gain/(Loss)	YOY Trend	Notes
KPFA	(\$51K)	-3%	\$41K	negative	Bequest PY
KPFK	(\$470K)	-38%	(\$535K)	negative	Bequest PY
KPFT	(\$71K)	-25%	(\$18K)	neutral	
WBAI	(\$220K)	-33%	(\$338K)	negative	
WPFW	(\$127K)	-20%	(\$54K)	positive	
PNO			\$391K		
PRA			\$29K		
Consolidated			(\$484K)	negative	Bequest PY

Summary Findings

Overall, the foundation is trending lower, with listener revenue even with last year, and overall revenue falling \$2M due to a loss of bequest income from last year. The overall loss for Pacifica is \$484K YTD, or 4.8% of revenue.

At this point in the fiscal 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.

(MORE)

Appendix B

Various Schemes for Central Services

	KPFA	KPFK	KPFT	WBAI	WPFW	checksum	revenue
Membership	31%	29%	8%	18%	14%	1.00	
2 yr listener	28%	33%	9%	15%	15%	1.00	16996
Avg 2yr/6mo	33%	29%	7%	16%	15%	1.00	
6 mo listener	37%	24%	6%	17%	15%	1.00	\$3.77
Historical	15%	15%	15%	8%	15%	listener revenue basis	

Monthly Payments

Station	KPFA	KPFK	KPFT	WBAI	WPFW		
Membership	\$37,360.54	\$34,860.00	\$9,549.16	\$21,689.46	\$16,540.83	\$1,440,000	Revenue Basis
6 Mo Listener	\$44,928.31	\$28,805.10	\$7,551.78	\$20,743.49	\$17,971.32	\$120,000	Monthly Target
Current	\$34,666.00	\$36,829.00	\$11,884.00	\$16,890.00	\$15,307.00	\$115,576	Current Formula
Change/mo	\$10,262.31	\$(8,023.90)	\$(4,332.22)	\$3,853.49	\$2,664.32	\$4,424	Monthly Change
Per Mem Dif	\$2,694.54	\$(1,969.00)	\$(2,334.84)	\$4,799.46	\$1,233.83		

NOTE: \$1.44M is the three year average of shortfall for the NATIONAL OFFICE

(MORE)

Appendix C

WBAI 99.5 FM Radio Pacifica Foundation_New					
A/P Aging Summary					
As of September 16, 2020					
	1 - 30	31 - 60	61 - 90	91 & over	Total
4TS - 4 Times Square	15,832.52				15,832.52
Associated Press, AP	328.88				328.88
Christine Blodale	1,500.00				1,500.00
Fusion	423.03				423.03
Withdrawal				-500.00	-500.00
Time Warner Cable 388	762.05				762.05
Sub-Total Short Term Debt	18,846.48	0.00	0.00	-500.00	18,346.48
Health Care Bill Back			10,217.70	61,677.91	71,895.61
Payroll Expenses		35,984.35	54,334.75	59,505.68	149,824.78
Sub-Total Mid Term Debt	0.00	35,984.35	64,552.45	121,183.59	221,720.39
Accrued Pension				61,614.58	61,614.58
Pacifica National Office - PNO	16,890.00	8,445.00	8,544.35	394,114.27	427,993.62
Pacifica Radio Archives - PRA (Central Service)	4,222.00	4,222.00	4,222.00	180,608.50	193,274.50
Sub-Total Long Term Debt	21,112.00	12,667.00	12,766.35	636,337.35	682,882.70
TOTAL	\$39,958.48	\$48,651.35	\$77,318.80	\$757,020.94	\$922,949.57

Wednesday, Sep 16, 2020 04:19:14 PM GMT-7

(MORE)

Appendix D

WBAI Fundraising - Bequests & Grants							
	2018	2018 Bequest / Grant	2019	2019 Bequest / Grant	2020	2020 Bequest / Grant	20 Vs 19 Including Bequest / Grants
January	\$48,717.34	(\$5,000.00)	\$67,851.38	\$0.00	\$62,000.74	\$0.00	(\$5,850.64)
February	\$166,942.23		\$206,892.99	(\$70,947.10)	\$174,952.83	\$0.00	(\$31,940.16)
March	\$116,402.22		\$118,487.22	\$0.00	\$93,504.32	\$0.00	(\$24,982.90)
April	\$28,985.76		\$27,720.23	\$0.00	\$71,654.99	\$0.00	\$43,934.76
May	\$392,872.28	(\$180,000.00)	\$210,539.92	\$0.00	\$189,612.97	\$0.00	(\$20,926.95)
June	\$77,323.12		\$59,078.37	\$0.00	\$110,857.70	\$0.00	\$51,779.33
July	\$64,818.49		\$278,960.70	(\$208,874.63)	\$118,941.80	\$0.00	(\$160,018.90)
August	\$90,364.57		\$102,566.78	\$0.00	\$46,186.95	\$0.00	(\$56,379.83)
Sub-Total	\$986,426.01	(\$185,000.00)	\$1,072,097.59	(\$279,821.73)	\$867,712.30	\$0.00	(\$204,385.29)
September	\$27,825.33		\$31,520.92	\$0.00			2020 Vs 2019
October	\$169,752.03		\$58,485.59	\$0.00			
November	\$98,949.16	(\$6,000.00)	\$102,375.93	\$0.00			
December	\$130,762.90		\$197,686.87	(\$500.00)			
Sub-Total	\$427,289.42	(\$6,000.00)	\$390,069.31	(\$500.00)	\$0.00	\$0.00	\$0.00
Total	\$1,413,715.43	(\$191,000.00)	\$1,462,166.90	(\$280,321.73)	\$867,712.30	\$0.00	(\$204,385.29)

WBAI Fundraising - Excluding Bequests & Grants							
Months	2018	2019	2020	20 Vs 19	%	NETA 2020	Variance - w/ NETA
January	\$43,717.34	\$67,851.38	\$62,000.74	(\$5,850.64)	-9%	\$67,030.58	(\$5,029.84)
February	\$166,942.23	\$135,945.89	\$174,952.83	\$39,006.94	29%	\$168,960.47	\$5,992.36
March	\$116,402.22	\$118,487.22	\$93,504.32	(\$24,982.90)	-21%	\$94,858.05	(\$1,353.73)
April	\$28,985.76	\$27,720.23	\$71,654.99	\$43,934.76	158%	\$76,211.04	(\$4,556.05)
May	\$212,872.28	\$210,539.92	\$189,612.97	(\$20,926.95)	-10%	\$202,319.69	(\$12,706.72)
June	\$77,323.12	\$59,078.37	\$110,857.70	\$51,779.33	88%	\$111,308.95	(\$451.25)
July	\$64,818.49	\$70,086.07	\$118,941.80	\$48,855.73	70%	\$116,972.69	\$1,969.11
August	\$90,364.57	\$102,566.78	\$52,041.13	(\$50,525.65)	-49%		\$52,041.13
Sub-Total	\$801,426.01	\$792,275.86	\$873,566.48	\$81,290.62	10%	\$837,661.47	\$35,905.01
September	\$27,825.33	\$31,520.92	\$35,121.76	\$3,600.84	11%		
October	\$169,752.03	\$58,485.59					
November	\$92,949.16	\$102,375.93					
December	\$130,762.90	\$197,186.87					
Sub-Total	\$421,289.42	\$389,569.31	\$35,121.76	\$3,600.84			

August is what is disturbing & Different from the trend