

WBAI Treasurer's Report
February 10, 2021

The National Finance Committee (NFC) met on January 19, and 26, and February 9, 2021, all of these meetings were held by teleconference. The local Finance Committee met on January 20, 2021.

The January 19, 2021, NFC meeting was called for the exclusive purpose of *finally* arriving at a Central Services formula. It had been suggested that this could be done in about an hour. After almost three hours of meeting the NFC came up with the following **Motion**: "That the central services formula be based on 15% of total revenue of the stations calculated quarterly. All revenue is to be included in the calculations; however the cost of air conditioning for Pacifica Radio Archives shall be deducted from KPFFK's revenue, and the tower, studio and office rent for all stations shall be deducted from their revenue." (Passed without objection) At least one Director said that he would be making further amendments to this motion when it got to the floor of the PNB.

At the January 20, 2021, local Finance Committee meeting the General Manager did not give any financial documents to the committee. When he got onto the call he told the committee that he was looking for parking as he spoke. He said that off the top of his head December was good, WBAI made about \$140,000 which is more than the station's regular expenses so this made up somewhat for November. He said that the station had raised about \$58,000 up to the date of this meeting in January. He said that the station did not pitch on January 1st, to 3rd, and that they were taking another break that day. He said that he's getting a lot of feedback that the station's programming is good. He said that the station was caught up on its expenses. He said he had no idea when we'd get results from the better programming. He said it might take a year or two. He said that Christine Blodale is still talking to the General Manager about doing on-air fund raising for WBAI. He said that a lot of outstanding payables are caught up on, except for Central Services fees. He said that the outstanding payroll was only about \$3,000 at the time of this meeting. He said he gives an extra \$300 to \$700 on top of the payroll amount every month to catch up. He said that the *Allegiance* strategy group is meeting. He says that the Web master and he are working hard giving the *Allegiance* people reports they ask for so they can run data and clean it up. He said that you have to keep involved with them. He said he has identified some people who will be involved with them regularly. He said they're looking at duplicates, etc. in the database and cleaning it up. He said that *Allegiance* can't eliminate a duplicate if, for example, you have two apartment numbers for the same person. He said that once the database gets fixed we'll never have that problem again and when a listener pledges all of their demographic information will come up immediately. He said that a strategy committee is looking at some people who might help apply for grants for prison programs, housing issues and immigration programs. He said that the podcast idea is on hold right now. He said that he's looking at many different propositions. He said that instead of building new programs that will take a lot of resources maybe he'll just use the Leonard Lopate podcast that WBAI owns and get some funding for it, or some other programs. He said that he wants to limit it to four or five

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podcasts and try to monetize them and see how that works. He said he thought that we could do both. He said he's thinking that opening a hub where any show can do a podcast and focusing on four or five of them and that we can leave space open to build listenership. He said that this was something that should definitely bring in money. *Please note that there appear to be new developments referred to later in this report relating to podcasts.*

The General Manager said the station is maintaining a relationship with Tony Bates and Christine Blodale for pitching programs. He said he was doing a survey of listeners. He said that preliminary results showed that people are happy with WBAI and that that will give us an idea of where to go from here. He said that programming has stabilized and that there are issues with posting to the archives. He said that even though we're not fixing all of the issues the Web master is kind of responsive and follows through. He said that premiums are going out. He said that the station has spent about \$13,000 on premiums. He said that because we're always pitching now it is difficult to keep up with the premiums.

In discussions with the committee the General Manager said that he was looking for ideas from the local Finance Committee on how to raise more money. He said that Covid has decimated our listenership and he hoped that the Corporation for Public Broadcasting (CPB) keeps that in mind. He said that an intern suggested celebrating birthdays on-line to raise money.

The January 26, 2021, NFC meeting was mostly concerned with the Pacifica Affiliate Network's draft FY21 budget proposal and the situation at KPFK. The NFC recommended to the PNB that they approve the Pacifica Affiliate Network's draft FY21 budget. While the NFC passed no motion regarding the financial situation at KPFK the information received at that meeting indicates that KPFK is experiencing a serious financial emergency.

During the discussion of the Pacifica Affiliate Network's finances it came out that Pacifica is a podcast host. The Affiliate Network hasn't been promoting it, they've been working with a lawyer with an eye toward monetizing it. The Pacifica Affiliate Network Director said that any station in the network can use that podcast service right now.

At the February 9, 2021, NFC meeting the Chair announced that Pacifica had received the Paycheck Protection Program loan (PPP) money and the \$1.2 million was deposited in Pacifica's account that day. The interim CFO said that Pacifica had opted to take the money as a lump sum.

At this meeting the interim CFO reported on the November and December financials. The November income statement was summarized in the Treasurer's Report dated January 13, 2021.

At this meeting the interim CFO went over the "Pacifica Foundation Consolidated Monthly Income Statement For the Three Months Ending December 31, 2020." A copy of the interim CFO's narrative for December 2020, is appended to this report.

The interim CFO said that we have made tremendous progress on the FY19 audit. She said that the auditors would have everything by Thursday, and that they are already running trial balances for all of the stations. She said that NETA Staff have worked some weekends and added two people to get the FY19 audit to this point. She said that they were going to start work on the FY20 audit.

When it came time to ask questions I brought up the fact that we have less time to get the

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FY20 audit done than the FY19 audit has taken. The interim CFO said that she didn't know when the FY19 audit would become official and be sent out. The interim CFO said that they'll have a good idea once the auditors get the trial balances. She said that the auditors know about our deadlines. I asked if there was any reason to think that the FY20 audit would get done by the June 30, deadline. The interim CFO said yes, because NETA has been involved with it and that they're further ahead with the FY20 audit than they were with the FY19 audit. The interim CFO said that they were working on it and that she would update the NFC at the next meeting. I also noted that on the Pacifica Web site the FY18 IRS 990 forms have still not been posted. **[Form 990 is a United States Internal Revenue Service form that provides the public with financial information about a nonprofit organization.]** Pacifica is required to file these 990 forms yearly, as well as filing an audit. The interim CFO said she'd check and see who in Pacifica would be in charge of posting them. She said that the FY18 990 is done and that it just hasn't been posted yet. She said she'd update us at the next meeting. The Chair noted that it's become critical to get the audits done, partly because **the California Franchise Tax Board is putting Pacifica on notice that our tax exempt status is in question because we didn't supply them with the audits.** He said that in the past they've been sent a letter saying that the audit is in progress. He said that he hoped that when we tell the California Franchise Tax Board that the auditors have the FY19 audit this week that they will give us a break. The interim CFO said that they have given us until February 15, and that the auditors were going to follow up on it and the interim Executive Director had said that one of the attorneys had engaged with the Franchise Tax Board. The Chair asked if the FY19 audit would be as qualified as the FY18 audit was. The interim CFO said that she had no idea but was hoping that it goes fairly quickly.

The interim CFO said that with regard to the PPP loan money they will process and pay for payroll for February and March and benefits for March and April. The Chair brought up the prospect of the PNB discussing the details of how to disburse the money from the PPP loan. He said that he thought that maybe the NFC should discuss it too.

The interim CFO said that she wants to resume having the weekly meetings between NETA and the station Business Managers. She said that they had ended in the past when the former CFO had left Pacifica.

The committee began going over the November and December financial documents that the interim CFO had sent out. I asked what I considered a very narrow question regarding how the accounting was done for WBAI for the period October 7, to November 7, 2019, since the financial statements compare information from FY21 to information from FY20. The interim CFO said she'd made a note to look at that. This topic was remarked on and other issues got brought into the discussion. The KPFA Treasurer complained about some of what was said during this time and said that no one at KPFA had gotten money pledged to WBAI and she objected to what she called "excuses" being made for WBAI around the October 2019, takeover. The meeting became somewhat disorderly with people talking over each other and disagreeing.

When order was restored the committee discussed the December financials. The interim CFO indicated that the numbers that are seen depend to a great deal upon what the Business Managers key in. This may also account for some revenue sources being lumped in together, which has been an issue in the past.

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The interim CFO said that Pacifica showed a net operating loss YTD as of last December of about \$110,000. Total revenue YTD through December 2020 was about \$3 million vs. about \$3.26 million YTD December 2019, a decrease of about \$303,000 or 9%. With this the interim CFO said that December 2020, was showing improvement. There was a discussion of January being “the telling month” because it’s one of the months where funds are typically at the lowest in Pacifica.

There was a discussion about how the first PPP loan was going to be accounted for. The interim CFO said that now that the first PPP loan has been forgiven for Pacifica that the money from it would be entered on the books as revenue and NETA can do a balance sheet for FY20. **This means that Pacifica essentially got a grant of \$1.2 million in FY20.**

The landing of the second PPP loan of \$1.2 million in Pacifica’s treasury is very good news. It couldn’t have come at a better time. A number of stations were going to have a big problem with making the February 15, payroll. Now any payroll crises should be put off until at least April. WBAI, which was looking at about a \$94,000 deficit for the First Quarter of FY21 should now get that deficit wiped out by the PPP loan money. Since the first PPP loan was forgiven and the money from it is just revenue now I estimate that WBAI’s approximately \$313,000 deficit for FY20 should be reduced by about a third. These are all good things.

The windfall of the PPP loans does not negate the fact that WBAI had not been self sustaining for a long time. The impact of the Covid-19 pandemic is not going to go away soon. It will probably be months before things get back to the pre-pandemic norm. And that assumes that there will be no radical mutations in the SARS-CoV-2 virus that will worsen the pandemic. WBAI still needs to increase its revenue.

The WBAI General Manager has been talking about setting up podcasts for months. The fact that we now have the Pacifica Affiliate Network acting as a podcast host may alleviate a lot of the difficulties which he has been trying to work through. I hope that he and the Pacifica Affiliate Network Director can get together and allow the WBAI General Manager to get the podcasts going that he’s been trying to start up soon. If podcasts of WBAI programming could be monetized that would certainly help the station’s regular revenue.

So we are going to make payroll for the next couple of months. But I have heard nothing new officially about that big loan payment that’s due on March 31, 2021. There are some open questions. Will Pacifica get the \$2,000,000 version of the Economic Injury Disaster Loan that it applied for last year? Will that \$200,000 bequest we’ve been hearing about for WBAI finally come though? We appear to have a little breather right now, but overall things are not exactly rosy. Multiple stations are having financial difficulties. Stations may not be in a position to help other stations that are out of cash later this year. WBAI still has an account payable of over \$1 million. To me the way forward is not clear. My pessimism about the future is buffered by the PPP loan and other positive developments, but the long term still looks rocky.

The next local Finance Committee meeting is scheduled for Wednesday, February 17, 2021, at 7:00 PM (ET). The next regular NFC meeting is scheduled for February 23, 2021, at 8:30 PM (ET). Both of these meetings will be held by teleconference.

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R. Paul Martin
WBAI LSB Treasurer

Appendix

Pacifica Foundation Financial Narrative for December 2020

Financial Dashboard

Consolidated Report

Consolidated net operating gain or loss without depreciation: Net income YTD through December 31, 2020 is \$179K vs. \$289K net income YTD as of last December showing an overall decrease in income of \$110K.

Total Revenue: Total revenue YTD through December 2020 is \$3M vs \$3.26M YTD December 2019, a decrease of \$303K or 9%.

Total Expenses: Total expenses YTD through December 2020 are \$2.8M vs. \$3M YTD December 2019, a decrease of \$192K or 6%.

KPFA

KPFA shows income for the period of \$158K compared to prior YTD income of \$127K.

KPFK

KPFK shows a loss for the period of \$80K compared to a prior YTD gain of \$78K. This is due to a 17% decrease in income.

KPFT

KPFT shows a loss for the period of \$17K compared to a prior YTD gain of \$13K. This is due to a 28% drop in income.

WBAI

WBAI shows a loss for the period of \$94K compared to a prior YTD loss of \$16K. This is due to a 17% drop in income.

WPFW

WPFW shows net gain of \$37K for the period compared to prior YTD gain of \$55K.

Profit & Loss Statement

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Revenue

Total Revenue YTD through December 2020 is \$3M vs \$3.26M YTD December 2019, a decrease of \$303K or 9%.

Listener Support is above prior year at \$2.45M vs \$2.3M for December 2019, an increase of \$133K.

Major Donor Revenue for YTD through December 2020 is \$72K vs. \$130K YTD December 2019, a decrease of \$58K.

Donations for YTD through December 2020 is \$27K vs. \$427K YTD December 2019, a decrease of \$400K.

Total revenue by unit:

KPFA shows an increase of \$6K or 1% over FY20.

KPFK shows a decrease of \$172K or 17% over FY20.

KPFT shows a decrease of \$60K or 28% over FY20.

WBAI shows a decrease of \$56K or 17% over FY20.

WPFW shows an increase of \$19K or 4% over FY20.

NO shows a decrease of \$102K or 62% over FY20.

PRA shows an increase of \$9K or 12% over FY20.

Expenses

Total Expenses through December 2020 are \$2.8M vs. \$3M YTD December 2019, a decrease of \$192K or 6%.

KPFA shows a decrease of \$25K or 3% over FY20.

KPFK shows a decrease of \$14K or 2% over FY20.

KPFT shows a decrease of \$31K or 19% over FY20.

WBAI shows an increase of \$21K or 7% over FY20.

WPFW shows an increase of \$37K or 11% over FY20.

NO shows a decrease of \$178K or 33% over FY20.

PRA shows no change over FY20.

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Personnel expenses for the period October – December are \$49K more than FY20 at \$1.7M.

KPFA shows an increase of \$54K or 10% over FY20.

KPFK shows an increase of \$22K or 4% over FY20.

KPFT shows a decrease of \$6K or 9% over FY20.

WBAI shows a decrease of \$3K or 2% over FY20.

WPFW shows a decrease of \$3K or 2% over FY20.

NO shows a decrease of \$16K or 15% over FY20.

PRA shows no change over FY20.

Administrative expenses for YTD through December 2020 are \$682K vs \$776K YTD December 2019, a decrease of \$94K or 12%.

Programming expenses for YTD through December 2020 are \$183K vs \$243K YTD December 2019, a decrease of \$60K or 25%.

Development expenses YTD through December 2020 are \$201K vs \$267K YTD December 2019, a decrease of \$65K or 25%.

Community/Special Events expenses YTD through December 2020 are \$4K vs \$24K December 2019, a decrease of \$20K or 83%.

Net Income/Loss without Depreciation overall YTD through December 31, 2020 is \$179K vs. \$289K net gain YTD as of last December showing an overall decrease in income of \$110K.

KPFA YTD through December 2020 is \$158K vs \$127K in 2019, an increase of \$31K.

KPFK YTD through December 2020 is (\$80K) vs \$78K in 2019, a decrease of \$158K.

KPFT YTD through December 2020 is (\$17K) vs \$13 in 2019, a decrease of \$30K.

WBAI YTD through December 2020 is (\$94K) vs (\$16K) in 2019, a decrease of \$78K.

WPFW YTD through December 2020 is \$37K vs \$55K in 2019, a decrease of \$18K.

NO YTD through December 2020 is \$67K vs (\$18K) in 2019, an increase of \$85K.

PRA YTD through December 2020 is \$62K vs \$50K in 2019, an increase of \$12K.