

WBAI Treasurer's Report
July 14, 2021

The National Finance Committee (NFC) met on July 13, 2021. The local Finance Committee met on June 16, 2021. Both of these meetings were held by teleconference.

At the June 16, 2021, local Finance Committee meeting the committee discussed the proposal raised at a recent NFC meeting of Pacifica selling off an audio asset as a non-fungible token (NFT) along the same lines as the issue had been discussed at the June 9, 2021, LSB meeting. The question of whether an NFT would make economic sense for Pacifica was raised.

The General Manager sent the committee a report a couple of hours before the meeting had started. He told the committee that the \$200,000 bequest from the Michael Herman Estates had finally come through. He said he'd sent it to the National Office in two transactions because the bank wouldn't allow more than \$100,000 to be sent at once. He said that this would take care of 12 months of WBAI's Central Services fees and that a third of it would go towards paying off the big loan. He said that the station had about \$20,000 cash in bank and about \$2,200 in PayPal. He said that WBAI had a \$5,000 credit on PayPal and that all together the station will have about \$27,000 in cash. He said that WBAI would be getting a discount on its *Allegiance* bill.

He said that the station had fallen behind on shipping premiums, but was catching up. He said that in April and May WBAI had spent about \$40,000 on premiums. He said that when the station had extra cash he spent it on premiums. He said that the station had 755 premiums outstanding out of 1,300, and more will be shipped out. (A copy of the General Manager's report is appended to this Treasurer's Report.)

The General Manager said that the attached Accounts Payable Aging Summary shows WBAI with about \$1,000,000 in outstanding bills. The General Manager said that WBAI averages a deficit of about \$27,000 per month.

The committee discussed the bequests and other large sums of money that Pacifica has gotten over the years but not credited WBAI with.

The General Manager said that if the station could afford it, or get it done for free, we should get a professional survey done regarding what size listenership WBAI has among the prison population. He said that he thought that this might favorably impress the Corporation for Public Broadcasting (CPB).

The General Manager told the committee that he would start working on the draft FY22 budget and could bring in a first draft to the next local Finance Committee meeting.

NFC meetings scheduled for June 22, and June 29, were postponed due to people working on getting the FY20 audit completed on time.

At the July 13, 2021, NFC meeting the interim CFO said that all of Pacifica is showing an overall increase in income of \$1.1 million for FY21 through May 31, however this is due to the first Paycheck Protection Program (PPP) loan of \$1.2 million that was forgiven in full. Without that PPP loan becoming a gift Pacifica would have shown a net deficit of something close to \$100,000.

The interim CFO said that through May 31, WBAI shows a net loss of about \$143,000,

(MORE)

which is very slightly better than last year, but this figure includes WBAI's share of the PPP loan-turned-gift which amounted to about \$94,000. So without the PPP money WBAI's actual performance is significantly worse than last year through May 31. The interim CFO's report shows WBAI's expenses being down by about \$8,000 with personnel expenses down about \$30,000. (The interim CFO's narrative is appended to this report.)

The interim CFO said that the second PPP loan should be forgiven in a couple of weeks. She said that Pacifica has submitted an application to have it forgiven. She said that she thinks there is a paperwork bottleneck at the Small Business Administration which handles the PPP loan and the forgiveness of it. She said that National Educational Telecommunications Association (NETA) had recently gotten an E-mail saying that the forgiveness of the loan was in process.

One NFC member said that Pacifica had started FY20 better than it had started FY21. He said that the May 31, financials show what he called a financial deterioration at three of the five Pacifica stations, with only KPFA and WPFW doing a little better when you don't count the PPP money.

In answer to a question about the FY20 audit the interim CFO said that on June 30, she had sent the FY20 audit to the same individual attorney she'd sent the FY19 audit to as per the interim Executive Director's instructions. During the course of this meeting it turned out that the attorney to whom the FY19 and FY20 audits had been sent is not in fact an employee in the California Attorney General's office. He works for an organization called Attorneys for Non-profits. He had sent the FY19 audit on to the Attorney General's Office. At this meeting we were told that June 30, was not in fact the deadline for Pacifica's audit. We were told that Pacifica had filed for an extension in February and that for the 990s and the audit the deadline was actually August 16.

I told the NFC that we had always been told that the deadline for audits was June 30, and this is going back years though a number of Pacifica Executive Directors and CFOs. I am now wondering why we were operating under a misapprehension that the California Attorney General required a completed audit by June 30, for all of these years. The interim CFO said that the FY20 audit is completed, but they want to see about restating it to show lower pension expenses, which should have a good effect on Pacifica's bottom line in the audit.

At this meeting we were told that the CPB does have a June 30, deadline for the audit to be done. However, since Pacifica's membership in the CPB had been terminated, Pacifica has to re-apply as a new entity attempting to join. We were further told that the deadline for applying to join the CPB had come and gone on May 19, 2021. So Pacifica is going to have to wait until next May to apply for CPB membership. The NFC Chair said that after Pacifica applies for CPB membership next year we will have to show a full year of near perfect performance and an increase in listenership to then receive grant money from the CPB.

The interim CFO said that she has attempted twice to call the senior VP she knows at CPB in order to start the conversation of where do we start, and she wants to tell them that we're now current with our audits. She said that she wants to know the process from beginning to end.

Despite some crossed signals, for the first time since June 2012, Pacifica is current in its

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audits. I see this as a major triumph for Pacifica and those who are struggling to keep the entire foundation alive and going into the future. Having current audits will also help WBAI, as an individual station, to apply for grants. Grants from grantors other than the CPB could help WBAI's financial position a lot.

Pacifica's total bottom line looks better, but that's with the gift that had been the PPP loan counted in, and in a few more weeks the second PPP loan will also become a gift. That will probably make Pacifica overall look like it's in great financial shape. What has to be borne in mind is that next year we are not going to get any PPP loans that will turn into gifts. Without that added \$2.4 million in FY22 Pacifica will probably continue its financial downturn unless its programming can garner more revenue or the stations, especially WBAI, can get substantial money from other sources.

There is plenty of peril in the coming months. I am not optimistic about Pacifica's and WBAI's future. We need to figure out ways to increase the bottom line.

The next local Finance Committee meeting is scheduled for Wednesday, July 21, 2021, at 7:00 PM (ET). The next regular NFC meeting is scheduled for Tuesday July 27, 2021, at 8:30 PM (ET). Both of these meetings will be held by teleconference.

R. Paul Martin
WBAI LSB Treasurer

Appendix

The General Manager's Report



WBAI LSB Finance Committee Report – June 16, 2021

1. 2021-06-19: In Chase Bank: \$20,490.96 and \$2,212.09 in PayPal
2. Rent at 388 Atlantic (Office) \$5,300.00 is current
3. 4 TIMES SQUARE is current
4. Payroll is current
5. Healthcare Billback of June 2021 of \$9,898.78 is past due

(MORE)

6. Phone and cable bills are current
7. Call Center Allegiance is past due because WBAI is waiting for an adjustment of the bill. Allegiance is compensating for deliverables they did not fulfill yet.
8. Our consultants are paid up to date (see my previous report for salary details)
9. We were falling behind on shipping premiums because of the transition to Allegiance but we have caught up quickly.
 - a. In April & May 2021 WBAI spent close to \$40,000.00 on Premiums.
 - b. Since we began Allegiance and using 212-209-2950, we have 755 premiums outstanding out of about 1,300 pledged for.
10. WBAI Buddy is still averaging \$18,000.00 per month
11. We made two PRA payment of \$4,222,00 each.
12. WBAI Aging Summary below.

WBAI 99.5 FM Radio Pacifica Foundation_New						
A/P Aging Summary						
As of June 16, 2021						
Description	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
RRC - Arbitron		3,455.00				3,455.00
Boku			624.00			624.00
Clean Water Revival		8,625.00				8,625.00
Renee Lynn				136.64		136.64
Short-Term Debt	0.00	12,080.00	624.00	136.64	0.00	12,840.64
Accrued Pension				2,500.00	106,614.58	109,114.58
Payroll Expenses				20,628.01	211,708.81	232,336.82
Health Care		9,898.78			100,877.19	110,775.97
Mid-Term Debt	0.00	9,898.78	0.00	23,128.01	419,200.58	452,227.37
Pacifica National		16,890.00	16,890.00	16,890.00	529,333.62	580,003.62
PRA		4,222.00			218,606.50	222,828.50
Withdrawal					-500.00	-500.00
Long Term	0.00	21,112.00	16,890.00	16,890.00	747,440.12	802,332.12
Bequest (6-16-2021)		-200,000.00				-200,000.00
Long Term (revised)		-178,888.00	16,890.00	16,890.00	747,440.12	602,332.12
TOTAL	\$ 0.00	-\$156,909.22	\$17,514.00	\$40,154.65	\$1,166,640.70	\$1,067,400.13
Wednesday, Jun 16, 2021 10:24:18 AM GMT-7						

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13. Profit and Loss – According to WBAI’s QuickBooks our P&L from 10/01/2020 to 05/31/2021 is -\$216,414.50. We average a deficit of 27,051.81 per month. This does not include credit for the recent PPP Loan for Payroll and Healthcare and does not include the \$200,000.00 Bequest check we received on behalf of Michael Herman Estates that we will use entirely to pay the National Office for 10-20 to 09-21 (FY ’21) Central Service.

14. In March 2021 WBAI’s deficit was \$14,757.98 and in April it was \$6,796.29

15. I continue to worry that our total reliance on Gary Null, Christine Blodale, Tony Bates and Mimi Rosenberg to make the money for us is not sustainable. We are encouraging producers to continue to pitch BAI Buddies and set a goal for every show they do without pre-emption. We are using Margaret Prescod more regularly and she is successfully raising funds.

Pacifica Foundation Financial Narrative for May 2021

Financial Dashboard

Consolidated Report

Consolidated net operating gain or loss without depreciation: Net income YTD through May 31, 2021 is \$1M vs. (\$84K) net income YTD as of last May showing an overall increase in income of \$1.1M. This is due to recognition of the first PPP loan of \$1.2M that was forgiven in full.

Total Revenue: Total revenue YTD through May 2021 is \$8.5M vs \$7.8M YTD May 2020, an increase of \$757K or 10%.

Total Expenses: Total expenses YTD through May 2021 are \$7.5M vs. \$7.8M YTD May 2020, a decrease of \$348K or 4%.

KPFA

KPFA shows income for the period of \$457K compared to prior YTD income of \$217K. (PPP \$343K)

KPFK

KPFK shows a loss for the period of \$1.5K compared to a prior YTD loss of \$350K. (PPP \$322K)

KPFT

KPFT shows a loss for the period of \$63K compared to a prior YTD loss of \$25K. (PPP \$35K)

WBAI

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WBAI shows a loss for the period of \$143K compared to a prior YTD loss of \$144K. (PPP \$94K)

WPFW

WPFW shows income of \$222K for the period compared to prior YTD loss of \$58K. (PPP \$111K)

Profit & Loss Statement

Revenue

Total Revenue YTD through May 2021 is \$8.5M vs \$7.8M YTD May 2020, an increase of \$757K or 10%. (PPP \$1.2M)

Listener Support is above prior year at \$6M vs \$5.7M for May 2021, an increase of \$315K.

Major Donor Revenue for YTD through May 2021 is \$220K vs. \$404K YTD May 2020, a decrease of \$184K.

Donations for YTD through May 2021 is \$92K vs. \$760K YTD May 2020, a decrease of \$668K.

Total revenue by unit:

KPFA shows an increase of \$258K or 10% over FY20. (PPP \$365K)

KPFB shows an increase of \$162K or 8% over FY20. (PPP \$322K)

KPFT shows a decrease of \$77K or 15% over FY20. (PPP \$35K)

WBAI shows a decrease of \$7K or 1% over FY20. (PPP \$94K)

WPFW shows an increase of \$222K or 21% over FY20. (PPP \$111K)

NO shows an increase of \$22K or 5% over FY20. (PPP \$282K)

PRA shows an increase of \$43K or 37% over FY20. (PPP \$47K)

Expenses

Total Expenses through May 2021 are \$7.5M vs. \$7.8M YTD May 2020, a decrease of \$348K or 4%.

KPFA shows an increase of \$18K or 1% over FY20.

KPFB shows a decrease of \$189K or 9% over FY20.

KPFT shows a decrease of \$39K or 9% over FY20.

(MORE)

WBAI shows a decrease of \$8K or 1% over FY20.

WPFW shows an increase of \$57K or 7% over FY20.

NO shows a decrease of \$328K or 25% over FY20.

PRA shows no change over FY20.

Personnel expenses for the period October – May are \$195K less than FY20 at \$4.2M.

KPFA shows an increase of \$86K or 6% over FY20.

KPFK shows a decrease of \$180K or 13% over FY20.

KPFT shows a decrease of \$29K or 16% over FY20.

WBAI shows a decrease of \$30K or 7% over FY20.

WPFW shows a decrease of \$36K or 8% over FY20.

NO shows a decrease of \$114K or 45% over FY20.

PRA shows no change over FY20.

Administrative expenses for YTD through May 2021 are \$1.9M vs \$2M YTD May 2020, a decrease of \$120K or 6%.

Programming expenses for YTD through May 2021 are \$610K vs \$572K YTD May 2020, an increase of \$38K or 7%.

Development expenses YTD through May 2021 are \$654K vs \$669K YTD May 2020, a decrease of \$15K or 2%.

Community/Special Events expenses YTD through May 2021 are \$14K vs \$64K May 2020, a decrease of \$51K or 79%.

Net Income/Loss without Depreciation overall YTD through May 31, 2021 is \$1M vs. \$84K net loss YTD as of last May showing an overall increase in income of \$1.1M (PPP loan forgiveness \$1.2M).

KPFA YTD through May 2021 is \$457K vs \$217K in 2020, an increase of \$240K. (PPP \$365K)

KPFK YTD through May 2021 is \$1.5K vs (\$350K) in 2020, an increase of \$351K. (PPP \$322K)

KPFT YTD through May 2021 is (\$63K) vs (\$25K) in 2020, a decrease of \$38K. (PPP \$35K)

WBAI YTD through May 2021 is (\$143K) vs (\$144K) in 2020, an increase of \$724. (PPP \$94K)

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WPFW YTD through May 2021 is \$222K vs \$58K in 2020, an increase of \$164K. (PPP \$111K)

NO YTD through May 2021 is \$487K vs \$118K in 2020, an increase of \$368K. (PPP \$282K)

PRA YTD through May 2021 is \$85K vs \$42K in 2020, an increase of \$43K. (PPP \$111K)