

WBAI Treasurer's Report
January 12, 2022

The National Finance Committee (NFC) met on December 14, and 28, 2021, and January 11, 2022. The local Finance Committee met on January 5, 2022. All of these meetings were held by teleconference.

At the public session of the December 14, NFC meeting the issue of Pacifica stations doing third-party fund raising came up. This issue, where a station pitches to raise money for an entity other than the station doing the pitching or some other part of Pacifica, has been criticized in the past for not adhering to the rules and regulations regarding such third-party fund raising. The following motion was passed, **Motion:** (Elizabeth von Gunten) "The NFC recommends to the PNB that it adopt the following motion:

Whereas current Pacifica third party fundraising practices present unresolved financial, regulatory, and policy issues; and

Whereas Pacifica policy is to conduct all business in compliance with current Pacifica bylaws and policy, and all applicable laws and regulations;

Therefore be it resolved that Pacifica shall pause all third party fundraising immediately and until all outstanding financial, regulatory, and policy issues are identified and resolved, and appropriate Pacifica policy and procedures are adopted by the PNB, documented, and implemented at all Pacifica stations. All findings and proposals pursuant to this resolution shall be reported to the PNB at each PNB meeting until all outstanding issues are resolved." (Passed 6 for, 3 against)

At this meeting the interim CFO was absent due to a health issue. Filling in for her was the Controller of the National Educational Telecommunications Association (NETA) Julia Kennard. Ms. Kennard went over the October financials and said that with regard to revenue the consolidated Net Income for Pacifica was about \$109,000 which was about 66% less than the prior year. She said that with regard to revenue all of the stations were down, except for WPFW which was up by about 22%. She said that with regard to expenses WBAI was up about 42% mostly in premiums and premium shipping.

After the public session on this date the NFC went into an executive session. The report out from that executive session was that the NFC had gone into executive session to, "Review the confidential Management Letter from the FY20 audit."

At the December 28, 2021, NFC meeting the interim CFO told the NFC that the committee should consider her recommendation to make NETA Controller Julia Kennard the next interim CFO starting in January. The interim CFO said that she was resigning as interim CFO and she was hoping to retire from NETA in about 18 months. She said that Ms. Kennard would be the NFC's main contact with NETA. She said that other people from NETA who had been working with Pacifica would still be there and that as we move forward the quality of the work will be there. She said that her intention was to stay involved with helping Ms. Kennard until February.

The NFC passed the following **Motion:** (James Sagurton) "The NFC recommends to the PNB that on the resignation of the interim CFO Anita Sims that the PNB replace her with Julia Kennard

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Controller of NETA as interim CFO consultant.” (Passed without objection)

The NETA Controller said that she wanted to get the message out to stations about what the priorities are for consistency and how they record things. She said that she wanted to institute standard accounting practices at Pacifica and let the General Managers and Business Managers know that certain things need to be done in the course of a month. She said that getting some reports done on the 15th of the month is late. She said that she wanted to get all of the Pacifica stations, the Pacifica Radio Archives, the Pacifica Affiliates Network and the National Office on a schedule. She said that with one station, which is the least consistent with regard to a Chart of accounts, she has to match up invoices and checks to make a financial report and doing that takes up a day of work. She said that another issue is that they need to have a system where if people add accounts they tell NETA because some stations just add their own types of items and NETA has trouble trying to work out what their expenses really are. After this meeting she wrote to the NFC saying that an expense item named “ACD Direct,” which is the answering service used by WBAI during on-air fund raisers, had been posted as a telephone expense rather than fund drive expense.

The NETA Controller said that she wanted a centralized list of when all of the stations’ on-air fund raisers are held, and that it would be nice if she got a narrative regarding their financial activity from all of the stations. The NETA Controller told the NFC that some stations just send NETA a pile of checks at the start of a month which requires that NETA create a financial statement from that pile of checks when they don’t know what the checks are for. She said that sometimes she has to ask after the fact why a station is paying a business owner when the bill is from the business. (A copy of the NETA Controller’s “Pacifica Foundation Financial Narrative for November 2021” is appended to this report.)

The NFC discussed moving all stations closer to compliance with a comprehensive system that would help NETA create financial documents sooner. This would help to get the audits out on time and would allow Pacifica Management and governance to get a more accurate picture of the state of the network’s finances and to get that picture in a more timely manner.

At the January 5, 2022, local Finance Committee meeting the committee voted to hold an election for committee Secretary at the next meeting.

The local Finance Committee discussed the issue reported in the December 8, 2021, Treasurer’s Report regarding concerns that with WBAI having been two months in arrears on its Tower Rent that the WBAI General Manager was concerned that if the station became three months behind in its rent payments that 4 Times Square could take the station off the air. The committee was told that the listeners were responding well to the Emergency Tower Rent Fund Drive that WBAI Management had announced. A couple of days before this local Finance Committee meeting the interim Program Director had sent out an E-mail saying that WBAI had raised a little over \$50,000 in the Tower Fund Drive. The draft FY22 budget projects Tower Rent to come to \$174,000 over the course of a year. The General Manager’s Accounts Payable Aging Summary for November 17, 2021, showed the Tower Rent to be about \$16,500 a month which would come out to almost \$198,000 a year for Tower Rent. The General Manager has said in the past that the Tower Rent amounted to more than \$17,000 a month, which would result in a yearly expense that would be even higher.

The General Manager emphasized that NETA had shown WBAI ending FY21 with a surplus of about \$61,000. As had been noted in the December 8, 2021, Treasurer’s Report this surplus was the result of WBAI receiving approximately \$256,000 from the Paycheck Protection Program and a bequest of about \$200,000.

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The General Manager had not sent the local Finance Committee any financial documents before the meeting. He sent some after the meeting. The committee discussed with the General Manager that the local Finance Committee has been requesting some financial documents at least a few days before the local Finance Committee meetings so that people can get a good idea of the station's finances and ask questions informed by the latest financial information from the General Manager.

The General Manager apologized for not sending the committee the financial documents before the meeting. He said that he'd been working on quarterly reports and some other things and that it was necessary that he spend more time on these because WBAI's license is up for renewal.

The General Manager said that WBAI owed the Tower Rent and the rent at 388 Atlantic Ave. for January but that the arrearages had been paid off. He said that there was money in the bank but he was using some of that to pay for premiums because the station was falling a little behind in sending them out. He said that he was evaluating what premiums the station was behind on fulfilling so that they can be addressed. He told the committee that he'd pay the Tower Rent the next day after this meeting.

The General Manager said that WBAI had \$24,765 cash in bank, and \$3,599 in the debit card account. He said that the station would be able to make payroll.

The General Manager said that the station had a dispute with PayPal that's been going on for three or four months because a \$5,000 payment to a premium vendor had been paid through PayPal but the vendor can't get the money from Paypal. He said that PayPal will also not refund the \$5,000 to WBAI. The General Manager said he's talking to a lawyer about this.

The General Manager said that there was a \$5,000 donation from a major donor that was being held up because the check was made out to "WBAI" and not "Pacifica." He said that the problem with the bank not honoring checks made out to "WBAI" is something that he can't fix. He said it's something that an officer of Pacifica needed to bring to the bank and tell Chase that WBAI does business as both "WBAI" and "Pacifica." He said that Chase gives him a different story every time he brings this up to them. He said that Chase will cash a \$200 check but a \$5,000 check they send back. The General Manager said that he's been calling the Major Donor repeatedly to try and get them to replace the check with one that's payable to "Pacifica," but he hasn't been able to get in touch with that person.

The General Manager said that two people had made a donation to pay two months of WBAI's rent at 388 Atlantic Ave.

The General Manager said that WBAI has installed corporate match software, but he's not sure how it's working yet. He said that he's getting E-mails from corporations to confirm that people have donated to WBAI, but it's not clear how to track them.

The General Manager told the committee that from January 1, 2021, to December 31, 2021, the station had gotten \$1,065,751 in Listener Support, Corporate Match, Major Donors, car donations, PayPal revenue and with BAI Buddies and Grants excluded. He said that this averages \$88,813 a month which only misses the goal of raising \$100,000 a month by \$11,186. He said that this resulted in WBAI being about \$134,000 short of the revenue goal for the year. He said that in October and November the station had brought in only about \$67,000 and \$60,000. He said that an issue is that Christine Blodale had gotten married and moved to Australia and he is negotiating prices for premiums with her because the return on investment from her premiums isn't what it used to be. The General Manager complained that producers were not coming up with enough premiums. He said that the station has not gotten that many grants yet. He said that the goal for Corporate Matching will bring 10%, or \$100,000, more and that would make a big difference.

I asked the General Manager if he's set up a restricted account for the money brought in to pay

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the Tower Rent for a year. The General Manager said that he had not. I said that not setting up a restricted account could result in the money being raised to pay the Tower Rent not being there when the Tower Rent needed to be paid because the revenue was mixed in with all of the other revenue which is used to pay for general operating expenses.

The issue with the \$5,000 stuck in PayPal which was mentioned earlier was discussed by the committee. The General Manager said that he had made a payment to that vendor for more premiums and the General Manager said that the vendor said that that would finalize most of the outstanding premiums from that vendor. The General Manager also said that the people who had pledged for that premium had been contacted and they had been offered alternatives to the premium that had not been sent out.

The General Manager said that with regard to the arrearage in health insurance premiums that he paid those when he could. The General Manager's Accounts Payable Aging Summary indicates that the arrearage is \$169,988 which is up from the \$150,311 shown on the General Manager's November 17, 2021, Accounts Payable. (A copy of the General Manager's Accounts Payable Aging Summary is appended to this report.)

At the January 11, 2022, NFC meeting the Chair announced that, "On January 10, 2022 Pacifica received a notification from the Small Business Administration that our Economic Injury Disaster Loan (EIDL) application has been modified from \$500,000 to \$2,000,000." This doesn't mean that Pacifica is going to get \$2,000,000 but Pacifica is officially asking for that much.

Most of this meeting was spent on reviewing the WPFW draft FY22 budget.

The interim CFO said that they are working on the FY21 audit. She said that she didn't feel that NETA was ready to share a trial balance, but that she would talk with people about it on January 12. The NETA Controller said that WBAI is the only station that had to run aged payables from *Quickbooks* software.

There was a discussion of a new Central Services formula. It will be on the agenda for the next meeting. It should be noted that the WBAI General Manager is showing WBAI owing \$481,343 for Central Services to the National Office and \$248,160 to Pacifica Radio Archives.

At this meeting a motion was postponed till the next meeting that would allow General Managers, "... to approve on their own authority all reasonable and necessary standard transactions within policy and budgetary guidelines, in amounts up to and including \$5,000 per annum, including all contractual obligations and routine payments previously approved." This is something that's been approved by the PNB in the past, but it's never been enforced. People on the NFC are saying that it would be enforced when this new motion gets passed.

A "Monthly Income Statement For the Two Months Ending November 30, 2021" was presented at this meeting. It shows WBAI running a YTD deficit of \$96,974. A copy of the part of this Income Statement that relates to WBAI will be sent out soon. (A copy of the interim CFO's "Pacifica Foundation Financial Narrative for November 2021," is appended to this report.)

So as of the end of November WBAI was showing a serious deficit, according to NETA. The General Manager's Accounts Payable Aging Summary shows WBAI with \$1,116,999 in unpaid debts, which does include about \$729,000 in unpaid Central Services fees.

It looks like WBAI has not started off FY22 well. The General Manager told the local Finance Committee that the 52 week schedule is not failing. I don't see it making the station self-sustaining any

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time soon. I am concerned that leaving the revenue from the Emergency Tower Fund Drive mixed in with the general operating revenue will end up dissipating that money to expenses other than the Tower Rent, and some months from now WBAI could end up needing to run another Emergency Tower Rent Fund Drive to make up for money spent on other expenses. Meanwhile Pacifica is showing a deficit of \$195,533 for the first two months of FY22. Where is extra money of a substantial magnitude going to come from?

The next two NFC meetings are scheduled for Tuesday January 18, and Tuesday January 25, 2022 at 8:30 PM (ET). The next local Finance Committee meeting is scheduled for Wednesday, February 16, 2022, at 7:00 PM (ET). All of these meetings will be held by teleconference.

R. Paul Martin
WBAI LSB Treasurer

Appendix

Pacifica Foundation Financial Narrative for November 2021

Financial Dashboard

Consolidated Report

Consolidated net operating gain or loss without depreciation: Net income YTD through November 30, 2021 is (\$196K) vs. (\$1K) net loss YTD as of last November showing an overall decrease in income of \$194K.

Total Revenue: Total revenue YTD through November 2021 is \$1.5M vs \$1.8M YTD November 2020, a decrease of \$253K or 14%.

Total Expenses: Total expenses YTD through November 2021 are \$1.7M vs. \$1.8M YTD November 2020, a decrease of \$58K or 3%.

KPFA

KPFA shows a loss for the period of \$74K compared to prior YTD loss of \$47K.

KPFK

KPFK shows a loss for the period of \$101K compared to a prior YTD loss of \$97K.

KPFT

KPFT shows a loss for the period of \$34K compared to a prior YTD loss of \$14K.

WBAI

WBAI shows a loss for the period of \$97K compared to a prior YTD loss of \$65K.

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WPFW

WPFW shows income of \$57K for the period compared to prior YTD income of \$48K.

Profit & Loss Statement

Revenue

Total Revenue YTD through November 2021 is \$1.5M vs \$1.8M YTD November 2020, a decrease of \$253K or 14%.

Listener Support is below prior year at \$1.2M vs \$1.3M for November 2021, a decrease of \$104K.

Major Donor Revenue for YTD through November 2021 is \$84K vs. \$157K YTD November 2020, a decrease of \$73K.

Donations for YTD through November 2021 is \$20K vs. \$47K YTD November 2020, a decrease of \$27K.

Total revenue by unit:

KPFA shows a decrease of \$25K or 5% over FY21.

KPFK shows a decrease of \$195K or 39% over FY21.

KPFT shows a decrease of \$12K or 13% over FY21.

WBAI shows an increase of \$13K or 8% over FY21.

WPFW shows a decrease of \$7K or 2% over FY21.

PAN shows an increase of \$16K or 46% over FY21.

NO shows a decrease of \$20K or 39% over FY21.

PRA shows a decrease of \$22K or 30% over FY21.

Expenses

Total Expenses through November 2021 are \$1.87M vs. \$1.8M YTD November 2020, a decrease of \$58K or 3%.

KPFA shows an increase of \$2K or 0% over FY21.

KPFK shows a decrease of \$191K or 37% over FY21.

KPFT shows an increase of \$8K or 10% over FY21.

WBAI shows an increase of \$45K or 24% over FY21.

WPFW shows a decrease of \$16K or 7% over FY21.

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PAN shows an increase of \$8K or 25% over FY21.

NO shows an increase of \$82K or 49% over FY21.

PRA shows an increase of \$4K or 7% over FY21.

Personnel expenses for the period of November are \$94K less than FY21 at \$996K.

KPFA shows an increase of \$23K or 6% over FY21.

KPFB shows a decrease of \$155K or 43% over FY21.

KPFT shows an increase of \$7K or 22% over FY21.

WBAI shows an increase of \$7K or 7% over FY21.

WPFW shows an increase of \$12K or 12% over FY21.

PAN shows a decrease of \$3K of 12% over FY21.

NO shows an increase of \$15K or 46% over FY21.

PRA shows an increase of \$558 or 1% over FY21.

Administrative expenses for YTD through November 2021 are \$440K vs \$413K YTD November 2020, a decrease of \$27K or 7%.

Programming expenses for YTD through November 2021 are \$172K vs \$133K YTD November 2020, an increase of \$39K or 30%.

Development expenses YTD through November 2021 are \$92K vs \$137K YTD November 2020, a decrease of \$45K or 33%.

Community/Special Events expenses YTD through November 2021 are \$3K vs \$3K November 2020, a decrease of \$179 or 5%.

Net Income/Loss without Depreciation overall YTD through November 31, 2021 is (\$196K) vs. (\$1K) net income YTD as of last November showing an overall decrease in income of \$194K

KPFA YTD through November 2021 is (\$74K) vs (\$47K) in 2020, a decrease of \$28K.

KPFB YTD through November 2021 is (\$101K) vs (\$97K) in 2020, a decrease of \$4K.

KPFT YTD through November 2021 is (\$34K) vs (\$14K) in 2020, a decrease of \$20K.

WBAI YTD through November 2021 is (\$97K) vs (\$65K) in 2020, a decrease of \$32K.

WPFW YTD through November 2021 is \$57K vs \$48K in 2020, an increase of \$9K.

PAN YTD through November 2021 is \$7K vs. \$37K in 2020, a decrease of \$30K.

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NO YTD through November 2021 is \$14K vs \$119K in 2020, a decrease of \$105K.

PRA YTD through November 2021 is \$33K vs \$59K in 2020, a decrease of \$26K.

WBAI 99.5 FM Radio Pacifica Foundation_New

A/P Aging Summary

As of January 5, 2022

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
Accrued Pension					47,500.00	\$47,500.00
ACD Direct, Inc.	5,521.18			7,045.02		\$12,566.20
Associated Press, AP	328.88	328.88	328.88			\$986.64
B&H Photo					-293.96	\$ -293.96
Double Your Donation	2,000.00					\$2,000.00
Empire State Building					0.00	\$0.00
Gary Null & Associates					0.00	\$0.00
Health Care Bill Back	9,838.77	9,838.77	9,838.77	140,472.31		\$169,988.62
NFCB	3,875.00					\$3,875.00
Pacifica National Office - PNO		16,890.00	16,890.00	447,563.62		\$481,343.62
Pacifica Radio Archives - PRA (Central Service)		4,222.00	4,222.00	239,716.50		\$248,160.50
Pacifica Radio Archives - PRA (Premium)				2,302.65		\$2,302.65
Payroll Expenses		1,463.34	1,607.74	142,017.72		\$145,088.80
Radio Research Consortium - RRC - Arbitron					3,455.00	\$3,455.00
Rebecca Myles	-250.00					\$ -250.00
Signius					0.00	\$0.00
Time Warner Cable 388	775.96					\$775.96
Withdrawal					-500.00	\$ -500.00
WPFW					0.00	\$0.00
TOTAL	\$0.00	\$22,089.79	\$32,742.99	\$39,932.41	\$1,022,233.84	\$1,116,999.03