

WBAI Treasurer's Report  
January 13, 2021

The local Finance Committee met on December 16, 2020. The National Finance Committee (NFC) met on December 22, 2020, and January 12, 2021, all of these meetings were held by teleconference.

At the December 16, 2020, local Finance Committee meeting the Chair of the KPFK local Finance Committee attended. In the course of the committee's discussions she said that KPFK is doing really badly financially. She said that they had about a \$700,000 deficit last year and are not paying bills on many levels. She noted that they've had to borrow to make payroll and the station's Central Services payments are about \$350,000 in arrears. She said that there are transparency issues at KPFK. The state of KPFK's finances is relevant because WBAI is also behind on its bills and owes substantial Central Services payments. With two stations struggling financially at this level there is less money in Pacifica to help either one when a financial crisis hits. WBAI has needed loans to make payroll, but the station has paid the money back. Insufficient funds could result in one or both stations missing payroll, which would be a very bad development. When WBAI missed payroll in 2013, the station had to cut Staff to a level where the Staff could be reliably paid. This resulted in around 75% of WBAI Paid Staff being laid off. KPFK still has a substantial Paid Staff roll and there are discussions regarding Staff cuts at KPFK. If such cuts were implemented it would probably go a long way to getting KPFK in a more stable financial position.

In his report the WBAI General Manager told the committee that the station has about \$1,000 cash in bank, but he expected that to become about \$7,000 by the next day. He said that in addition WBAI had about \$750 in PayPal. The General Manager went over the Accounts Payable. A copy of the Accounts Payable sheet is appended to this report. The General Manager said that the total debt is about \$1,000,000. He said that the mid-term debt amounts to about \$36,000 to \$37,000 but that he expects to make about \$100,000 a month and that should cover some of the bills.

According to the General Manager's Accounts Payable summary WBAI's total debt is \$1,071,660.04 with Central Services fees owed to the Pacifica National Office totaling \$478,663.62 and Central Services fees owed to the Pacifica Radio Archives (PRA) totaling \$205,940.50 for a total Central Services arrearage of \$684,604.12. This leaves \$387,055.92 in indebtedness to debtors outside of Pacifica.

In discussing revenue the General Manager said that in terms of on-air fund raisers October came in about \$22,000 short of goal, he said that November was a bad month coming in about \$40,000 short and that as of the date of this meeting December was so far about \$4,900 short of its goal. The General Manager noted that in November the station lost five days of pitching to the PRA on-air fund raiser and there were two other days that were a problem. He said that the BAI Buddies project was generating about \$17,000 a month. He said that he's using the Constant Contact service a lot more, and that he's getting a lot of information from a survey. He said the surveys show that listeners are very satisfied with WBAI. He said that he's not going to wait for the National Office to do podcasts and he was going to have WBAI start doing them on its own, while avoiding the use of music on the podcasts as much as possible to avoid having to pay royalty fees. He said we have about 31,000 downloads of the WBAI archives per month. He said that we'd probably use a service called Zen Cast for \$90 a month to do the podcasts.

The General Manager said that we're still waiting for the \$200,000 bequest. He said it was

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almost done, after seven to nine months. He said that there would also be a Boulton Family bequest the amount of which is not yet known.

The General Manager said that the station's accounting is now very close to what the National Education Television Association (NETA) has.

The General Manager told the committee that WBAI has signed a new Union Contract for the first time in about 13 years.

The General Manager said that He's dealing with the *Allegiance* software people, meeting with them to translate the financial data into their system. We have a three year contract with them.

The General Manager and the committee discussed the \$61,000 pension accruals that NETA keeps mentioning. The General Manager said that he had no idea what our pension accruals were. This topic has come up before and NETA and the General Manager have talked about it. We agreed that he would send me in writing *exactly* what he wanted me to ask the interim CFO at the next NFC meeting. I have not yet received anything from the General Manager about this.

There was a discussion of the possibility of austerity measures being imposed on WBAI and there was also a discussion regarding the desire of the General Manager to hire someone to help with fund raising.

The General Manager said the station maintains one phone number that is dedicated to premiums; it goes directly to a recording and every Friday he has volunteers who go through them all and call all of the people and Management is told what is needed. He said that someone with a small consulting fee also helps and this system is working. The General Manager said that outstanding premiums are about 700 to 800 now. He said that they'd gotten a couple of hundred premiums out the day before this meeting. He said this system is working but it's shaky.

The committee discussed podcasts again. The General Manager said he'd write an elaborate report for the LSB about this. He asked if anyone else could come up with something else where we can charge for membership.

At the December 22, 2020, NFC meeting the committee took up the draft FY21 budget proposal of WPFW. The WPFW General Manager attended and the NFC passed a motion recommending approval of the WPFW draft FY21 budget.

I noted that **the rules regarding budget proposals have changed**. The changes were never discussed and approved in any NFC meeting. I argued that a budget proposal at least needs an Assumptions Sheet to accompany the raw budget. There used to be a lot more information contained in the budgets that were submitted to the NFC, and the budget used to be an actual spreadsheet which had formulas in it. The WPFW draft FY21 budget spreadsheet only had numbers in the cells, no formulas. The formulas allow anyone looking at the spreadsheet to see just how the numbers are being calculated. The NFC also used to spend more time on each individual budget. No one else in that the NFC meeting seemed to be concerned about this method of handling budget proposals. In the end, the motion to send the WPFW draft FY21 budget proposal to the PNB stipulated that an assumption sheet and narrative be appended to the budget proposal before it was sent to the PNB.

At this meeting the interim CFO reported on cash flow in Pacifica. KPFK's financial issues were discussed at this meeting.

There was a discussion of what Pacifica would need to do if a station could not make payroll. This has happened quite a number of times in the past, and interdivisional borrowing was always the solution. The interim CFO said that another Paycheck Protection Program (PPP) loan would probably

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be coming and that could be used to help stations make payroll if needed.

The NFC then passed the following set of motions.

**Motion:** “The NFC requests that the PNB pass the following motion, ‘In order to promote transparency and accurate and timely accounting it is resolved that all units will provide NETA with view only access to all of their credit and debit card accounts for verification or review.’” (Passed without objection)

This motion should help NETA to get a better handle on all stations’ financial position, even those that have heretofore been somewhat recalcitrant regarding giving NETA information. WBAI is already doing this.

**Motion:** “The NFC requests that the PNB pass the following motion, ‘In order to promote transparency and accurate and timely accounting it is resolved that all units will provide NETA with a monthly list of outstanding accounts payables for verification or review, said list to be delivered by the 7<sup>th</sup> day of the following month.’” (Passed without objection)

This policy should help NETA and the rest of Pacifica from being unpleasantly surprised by any big bills that show up.

**Motion:** “The NFC requests that the PNB pass the following motion, ‘In order to promote transparency and accurate and timely accounting it is resolved that all units using *Allegiance* membership software will provide NETA with a monthly report showing revenue by cash and pledges received for verification or review, said list to be delivered by the 7<sup>th</sup> day of the following month.’” (Passed without objection)

The WBAI General Manager has already been exploring the *Allegiance* software and learning more about it, as has been noted in this and previous Treasurer’s Reports.

At the January 12, 2021, NFC meeting I got a little surprise. An E-mail with the meeting’s draft agenda and “Chair’s Announcements” was sent out five minutes before the official meeting start time. The announcement began, “Tonight we will review the Budget for WBAI. WBAI General Manager, Berthold Reimers will be presenting.” This was the first that I’d heard that the WBAI draft FY21 budget was being presented at this meeting. In my 12½ years on the NFC I do not recall a station’s budget ever coming to the floor without that station’s LSB Treasurer even being notified. I take this as another symptom of the direction that Pacifica is drifting in.

The WBAI FY21 budget proposal did have formulas in the spreadsheet. This is potentially useful if there needs to be a serious review and/or revision of the budget later in this fiscal year. This draft budget also contained an Assumptions sheet, although it had not been cleaned up as the local Finance Committee had asked the General Manager to do, so it contains irrelevant references to fiscal years going back to 2009. No one on the NFC complained that it’s a deficit budget, showing a year-end loss of \$109,381.

The WBAI LSB has already gone over this draft FY21 budget so there is no need to get into any details about it again. The NFC passed the following **Motion:** (Polina Vasiliev) “The NFC

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recommends to the PNB the approval of the WBAI FY21 budget.” (Passed without objection).

The NFC had just enough time at the end of the meeting to broach the subject of a Central Services formula. Regular readers of these Treasurer’s Report will remember that this topic has been discussed again and again at NFC meetings for quite a few months. The NFC passed the following:

**Motion:** “That the NFC dedicate to the single purpose of finding a Central Services formula a meeting on January 19, 2021, at 8:30 PM (ET).” (Passed without objection)

The NFC did not have a report from the interim CFO on its agenda for this meeting. That’s unfortunate because there are some questions that I’d had for her. One regards the audits. The last information I have is that the FY19 audit is not yet finished. This audit was supposed to have gone pretty fast because NETA had been handling Pacifica’s accounting chores for all of FY19 and should have had the information needed by the auditors to get it done. At the January 14, 2020, NFC meeting the interim CFO told the NFC that the FY19 audit work was starting even while the FY18 audit was winding up. At the March 10, 2020, NFC meeting one of the auditors from the firm of Rogers & Co. said that the FY18 audit had taken more than eight months and it was not done yet. The auditor said that the firm was only focused on FY18 at that time and he couldn’t speak to getting the FY19 audit done by the end of June at that time. The official date of the FY18 audit was July 16, 2020. The FY19 audit should certainly have been started by then, which means that it’s been getting worked on for at least five months.

In order to start qualifying for Corporation for Public Broadcasting (CPB) grants the FY20 audit would need to be done no later than June 30, 2021. If the FY20 audit takes as long to complete as the FY19 audit I can see Pacifica missing the deadline for CPB grants again. If non-cooperation from some stations is what’s holding up the FY19 and FY20 audits I really despair about Pacifica ever being compliant with the rules regarding audits. Maybe at the next regular NFC meeting we’ll be able to hear about the current state of the audits.

Although she did not give a report at this NFC meeting the interim CFO did supply the committee with a “Pacifica Foundation Financial Narrative for November 2020.” For all of Pacifica the Net loss through November 30, 2020, was about \$82,000. A copy of the interim CFO’s narrative is appended to this report.

Well, I had been hoping that the FY20 audit was going to get done on time, but this item has entered the pessimistic side of my ledger now. Declines continue throughout Pacifica. On the up side the NFC has passed two draft FY21 budget proposals on to the PNB, which is an improvement over none getting passed on for most of the last few years. And if any of those budgets get approved by the PNB that will be a marked contrast to the last few years of no budgets having been approved by the PNB.

I have heard nothing official about that big loan payment that’s due on March 31, 2021. Some Pacifica stations are having trouble making payroll and paying other bills. I now suspect that some arrangement regarding the loan principal is the only hope left to avoid losing the real estate that’s been serving as collateral for it.

Will the Stimulus Bill passed last month be a big help to Pacifica? Will a new PPP loan be enough to help Pacifica? Will that Economic Injury Disaster Loan ever come through? If it does how big will it be? The interim Executive Director says she applied for the \$2,000,000 version of the

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Economic Injury Disaster Loan, one other Director says that Pacifica can only expect to get \$250,000 at most. The larger figure would really be helpful. There are a lot of open questions regarding Pacifica's and WBAI's future finances. I remain pessimistic. I still hope that something will happen to change my mind.

The next local Finance Committee meeting is scheduled for Wednesday, January 20, 2021, at 7:00 PM (ET). A special NFC meeting to consider only the Central Services formula is scheduled for January 19, 2021, and the next regular NFC meeting is scheduled for January 26, 2021, both at 8:30 PM (ET). All of these meetings will be held by teleconference.

R. Paul Martin  
WBAI LSB Treasurer

## **Appendices**

### **Pacifica Foundation Financial Narrative for November 2020**

#### **Financial Dashboard**

##### **Consolidated Report**

Consolidated net operating gain or loss without depreciation: Net income YTD through November 30, 2020 is (\$82K) vs. \$27K net income YTD as of last November showing an overall decrease in income of \$108K.

Total Revenue: Total revenue YTD through November 2020 is \$1.7M vs \$2M YTD November 2019, a decrease of \$337K or 17%.

Total Expenses: Total expenses YTD through November 2020 are \$1.8M vs. \$2M YTD November 2019, a decrease of \$229K or 11%.

##### **KPFA**

KPFA shows a loss for the period of \$84K compared to a prior YTD loss of \$24K. This is due to an 18% decrease in income.

##### **KPFK**

KPFK shows a loss for the period of \$84K compared to a prior YTD gain of \$88K. This is due to a 28% decrease in income.

##### **KPFT**

KPFT shows a loss for the period of \$27K compared to a prior YTD gain of \$39K. This is due to a 47% drop in income.

##### **WBAI**

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WBAI shows a loss for the period of \$67K compared to a prior YTD loss of \$71K. Revenue has increased 2%.

#### **WPFW**

WPFW shows net gain of \$28K for the period compared to prior YTD gain of \$36K.

#### **Profit & Loss Statement**

##### **Revenue**

**Total Revenue** YTD through November 2020 is \$1.7M vs \$2M YTD November 2019, a decrease of \$337K or 17%.

**Listener Support** is a little above prior year at \$1.427M vs \$1.418M for November 2019, an increase of \$9K.

**Major Donor Revenue** for YTD through November 2020 is \$45K vs. \$86K YTD November 2019, a decrease of \$41K.

**Donations** for YTD through November 2020 is \$4K vs. \$308K YTD November 2019, a decrease of \$303K.

##### **Total revenue by unit:**

KPFA shows a decrease of \$105K or 18% over FY20.

KPFB shows a decrease of \$198K or 28% over FY20.

KPFT shows a decrease of \$81K or 47% over FY20.

WBAI shows an increase of \$2.5K or 2% over FY20.

WPFW shows an increase of \$31K or 11% over FY20.

NO shows a decrease of \$73K or 70% over FY20.

PRA shows an increase of \$52K or 227% over FY20.

##### **Expenses**

**Total Expenses** through November 2020 are \$1.8M vs. \$2M YTD November 2019, a decrease of \$229K or 11%.

KPFA shows a decrease of \$46K or 9% over FY20.

KPFB shows a decrease of \$25K or 5% over FY20.

KPFT shows a decrease of \$16K or 15% over FY20.

WBAI shows a decrease of \$2K or 1% over FY20.

WPFW shows an increase of \$40K or 18% over FY20.

NO shows a decrease of \$215K or 56% over FY20.

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PRA shows no change over FY20.

**Personnel** expenses for the period October – November are in line with FY20 at \$1.1M.

KPFA shows an increase of \$22K or 6% over FY20.

KPFF shows an increase of \$15K or 4% over FY20.

KPFT shows an increase of \$2K or 4% over FY20.

WBAI shows no change over FY20.

WPFW shows a decrease of \$5K or 4% over FY20.

NO shows a decrease of \$49K or 60% over FY20.

PRA shows no change over FY20.

**Administrative** expenses for YTD through November 2020 are \$424K vs \$538K YTD November 2019, a decrease of \$114K or 21%.

**Programming** expenses for YTD through November 2020 are \$105K vs \$159K YTD November 2019, a decrease of \$54K or 34%.

**Development** expenses YTD through November 2020 are \$130K vs \$192K YTD November 2019, a decrease of \$62K or 32%.

**Community/Special Events** expenses YTD through November 2020 are \$3K vs \$14K November 2019, a decrease of \$11K or 76%.

**Net Income/Loss without Depreciation** overall YTD through November 30, 2020 is (\$82K) vs. \$26K net gain YTD as of last November showing an overall decrease in income of \$108K.

KPFA YTD through November 2020 is (\$84K) vs (\$24K) in 2019, a decrease of \$60K.

KPFF YTD through November 2020 is (\$84K) vs \$88K in 2019, a decrease of \$172K.

KPFT YTD through November 2020 is (\$27K) vs \$39 in 2019, a decrease of \$65K.

WBAI YTD through November 2020 is (\$67K) vs (\$71K) in 2019, an increase of \$4K.

WPFW YTD through November 2020 is \$28K vs \$36K in 2019, a decrease of \$8K.

NO YTD through November 2020 is \$98K vs (\$48K) in 2019, an increase of \$146K.

PRA YTD through November 2020 is \$58K vs \$6K in 2019, an increase of \$51K.

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**WBAI 99.5 FM Radio Pacifica Foundation New**

### A/P Aging Summary

As of December 16, 2020

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