

WBAI Treasurer's Report
April 8, 2015

The National Finance Committee (NFC) met on March 24, 2015. The CFO announced that the Pacifica FY13 audit had been finished. He said that the auditors were working on the Management Letter. The CFO sent the NFC a copy of the audit and several spreadsheets which he said included supporting data for the FY13 audit. He also sent the NFC unaudited financial documents for FY14 and an "Interim Preliminary Statement of Activities (Unaudited) For the Five Months Ending February 28, 2015." The spreadsheets were sent to the NFC right before the meeting started, and a number of NFC members couldn't get the spreadsheets to open in various brands of spreadsheet software.

The FY13 audit shows WBAI with a deficit of \$866,155 as of September 30, 2013. Adding in the deficit accumulated from previous years the audit shows WBAI with a net deficit of \$4,419,106. A *lot* of that is the past Central Services fees. It is possible that some of those past Central Services fees may be written off in the future.

At the March 24, 2015, NFC meeting the CFO went over the spreadsheet for the first five months of FY15. He said that WBAI has a deficit of about \$142,000 versus about a \$117,000 budgeted surplus, mainly due to a revenue shortfall of about \$313,000. This means that WBAI was doing more than \$258,000 worse than budget as of the end of February. This has raised some concern on the NFC.

In looking at the spreadsheet it was noticed that almost all of WBAI's revenue for that five month period was listed as being "Listener Support." The CFO said that WBAI was lumping the revenue into the "Listener Support" line and he said that if WBAI Management breaks down the revenue details it can still be reclassified by the National Office.

Lumping almost all of the station's revenue into "Listener Support" is a problem. For the FY15 budgets the "Central Services" fees were assessed on an average of the previous four years' "Listener Support." If the FY16 budgets handle "Central Services" fees the same way WBAI will be assessed on revenue that should not be included as a part of the calculation of the levy.

Another problem with lumping almost all of the revenue in the "Listener Support" line is that WBAI ends up not being able to accurately account for the sources of its revenue. When revenue is miscategorized in this way it inflates the actual "Listener Support" line and makes it difficult or impossible to figure out just what the station's real "Listener Support" level is and masks whether other revenue lines are doing well or are deficient.

It is ironic that 99.5% of the station's revenue is in the "Listener Support" line.

The CFO told the NFC that the National Office is working on the schedules for the FY14 audit, which is due on April 14. The auditing firm had not, as of March 24, agreed to do Pacifica's FY14 audit. The CFO said that he had recently spent two or three weeks working with a new interim Business Manager at KPFK trying to rectify that station's financial records. KPFK has a large backlog of basic bookkeeping that needs to be done. If even one station cannot come up with the records needed by the auditors then the FY14 audit cannot be completed.

The CFO has previously said that an additional extension of the deadline for the FY14 audit could be applied for. This would give the National Office and the auditors, whomever they may be, an additional several weeks to get the FY14 audit completed. The CFO said that he could have the FY14 audit done in two months. The odds of Pacifica getting any CPB funds for

FY14 or FY15 are very slim. There may also be some other consequences of the loss of CPB support.

The NFC has asked that the Treasurers of WBAI and KPFK report at the next meeting on what their stations are doing regarding their financial deficits. I am attempting to get the General Manager to tell me what his plans are in this regard.

At the March 24, NFC meeting the CFO reiterated his statement from a previous meeting that WBAI and WPFW would each be getting a part time Business Manager.

The local Finance Committee had scheduled a meeting for March 19, at 388 Atlantic Ave., however at the last minute it turned out that we still couldn't use that space owing to its not being handicapped accessible.

I have asked the General Manager when the construction on 388 Atlantic Ave. will be done and when he can make a meeting with the local Finance Committee. Last night he got back to me and said that the first floor at 388 will be open by next Friday. I have asked the General Manager how to go about reserving the first floor meeting space at 388 Atlantic Ave. for a local Finance Committee meeting. I will be polling the local Finance Committee for what day the members can meet, and we will set up that meeting.

A lack of accurate financial documents has been a problem throughout Pacifica for more than a year now. We are finally getting some documents, but they may not be as useful as we would like, the lumping of almost all revenue into a single line is one example of a lessened usefulness. The NFC will meet next on April 14, and we will go over the financial documents that we'd gotten on March 24, with an eye towards trying to find out more precisely what the state of Pacifica's finances are.

I am seeing challenges on an open E-mail list to the accuracy of the FY13 audit. These issues will most probably be a large part of the agenda at the April 14 NFC meeting.

R. Paul Martin
WBAI LSB Treasurer