

WBAI Treasurer's Report
May 12, 2021

The National Finance Committee (NFC) met on May 11, 2021. The local Finance Committee met on April 21, 2021. Both of these meetings were held by teleconference.

During the local Finance Committee meeting of April 21, the WBAI General Manager did not attend, and he did not send any financial information. As a result the committee went down the rest of its agenda. There was nothing discussed that had not been covered in the April 14, 2021, written Treasurer's Report.

A NFC meeting scheduled for April 27, was cancelled after the committee members all agreed that it would be better to allow the interim CFO and other members involved in trying to get the FY19 audit done by the end of April to work on it that night.

The May 11, 2021, NFC meeting was largely concerned with the KPFT draft FY21 budget proposal. There was no report from the interim CFO at that meeting.

A motion was passed that is a bit controversial in that it was described by one Director on the NFC as "just balance sheet stuff." **The effect of the motion will be to allocate one part of each station's Paycheck Protection Plan (PPP) money to that station's Central Services payments this one time.** The first PPP loan was forgiven, Pacifica is waiting for the proper forms to be made available at which time Pacifica will apply to have its second PPP loan forgiven as well. This motion, if passed by the PNB, wouldn't take effect until the second PPP loan is forgiven and becomes a grant.

Motion as amended: "The NFC recommends to the PNB that the portion of PPP funds round 1 and 2 that were not used for the purposes of salary and benefits but instead used to pay Pacifica Foundation operating expenses be credited to the stations' Central Services in proportion to what each station was assessed Central Services in FY2020 for the purpose of ameliorating unpaid amounts to the extent that is possible, or to whatever current accrual account that NETA feels is most appropriate, as soon as both rounds of PPP are forgiven." (Passed without objection)

The maker of the original motion, the KPFT Director on the NFC, provided this small table to show how this would work out. There was some objection that this motion would disadvantage KPFA because that station is the only one that's fully paid its Central Services fees. In the course of the meeting it was found that KPFA would get some benefit from this motion because they do have some small amount of Central Services fees outstanding.

As can be seen from the small chart below the total "other" money, from the PPP loan/grant, which is the part that did *not* go to salaries and benefits, amounts to \$465,628. I asked about the legality of this and was assured that it is legal and wouldn't affect Pacifica's eligibility to have the second loan forgiven.

If this motion had gone to a vote I would not have voted for it. In my opinion it makes the Pacifica stations in general look as if they are doing better financially than they really are, and that is a problem. But there will be plenty of time to reconsider this motion before it could take effect, so the PNB will be able to modify or rescind it if it's found necessary to do so.

In the chart below, the Column labeled "UNPAID" shows the total amount of Central Services fees that are outstanding for each station; the "Station %" column shows the amount of Central Services

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fees that each station is supposed to have paid., and the “Other to” column shows how much of the PPP grant(s) each station will be credited with on paper.

PPPS Other than Salary & Benefits Used to Pay 2020 Central Services			
	UNPAID	Station %	Other to
	CNTRL SVC		CNTRL SVC
KPFA	-	30.0%	139,759
KPFK	220,974	31.9%	148,479
KPFT	51,664	10.3%	47,911
WBAI	151,137	14.6%	67,767
WPFW	62,689	13.3%	61,711
	486,464	100%	\$465,628

I am seeing an E-mail from WBAI Management that says that the station did very well with its on-air fund raising in April. That’s good, and maybe as New York City and environs open up we’ll see more of that. Broadway theaters reopening should certainly help the station’s finances with the revival of the ticket donations. Is this the start of an uptrend for the station? There’s no way to tell. One good month may not be the harbinger of a trend, but we can hope.

There is some danger that the “balance sheet stuff” could lead to delusions of clear sailing ahead financially for Pacifica. The stations are doing a bit better, but that’s largely because of the first PPP loan becoming a \$1.2 million grant. While the second PPP loan will most likely become a grant as well there will probably not be a third PPP loan.

Some very good news is that Pacifica has posted its FY19 audit. The interim CFO, our accounting people at the National Educational Telecommunications Association (NETA) and the auditors are working hard now on getting the FY20 audit done by the June 30, deadline. The interim CFO’s optimism that Pacifica will meet that important deadline seems justified, given that NETA has been getting a lot more of the stations’ finances under NETA’s oversight over the past year. If that FY20 audit gets done on time, and if we can all avoid screwing up any of the other qualifying requirements for Corporation for Public Broadcasting (CPB) membership those CPB Community Service Grants could resume coming to WBAI and Pacifica in the not too distant future. Those CPB grants could make the difference between WBAI breaking even or continuing to run six figure deficits, as the station has done for so many years.

So with or without “balance sheet stuff” things may be getting better. We’ll see.

The next local Finance Committee meeting is scheduled for Wednesday, May 19, 2021, at 7:00 PM (ET). The next regular NFC meeting is scheduled for Tuesday May 25, 2021, at 8:30 PM (ET). Both of these meetings will be held by teleconference.

R. Paul Martin
WBAI LSB Treasurer