

WBAI Treasurer's Report
February 9, 2022

The National Finance Committee (NFC) met on January 18, and 25, and February 8, 2022. All of these meetings were held by teleconference.

At the January 18, 2022, NFC meeting the draft FY22 budgets for the Pacifica Affiliates Network and WPFW were recommended to the PNB for their approval.

The Controller of the National Educational Telecommunications Association (NETA), Julia Kennard, filled in for the interim CFO at this meeting. She said that NETA's national servers had gone down the previous week and this delayed getting the December financials computed. She said that NETA is working on a lot of budgets and on the audit.

There was uncertainty on the committee about whether or not it had been publicly acknowledged that Pacifica had been approved for the big Economic Injury Disaster Loan (EIDL). The NETA Controller said she'd look for the E-mail that the interim Executive Director had sent her about this.

At the January 25, 2022, NFC meeting the Chair announced that, "There is no new news on the status of Pacifica's application for the Small Business Administration's Economic Disaster Injury Loan."

At this meeting the new Executive Director of Pacifica, Stephanie D. Wells, was in attendance. She told the NFC that it was her eighth day in the job and that it had been a wonderful week so far. She said that she was talking to and meeting the General Managers. She said that she wants to get all of the stations up to the levels where they can be and should be and she was glad to be here.

The Pacifica CPB Compliance Officer and IT Development Director Otis Maclay was at this meeting to talk to the NFC about Pacifica's application to join the Corporation for Public Broadcasting (CPB). Pacifica's Compliance Officer said that the CPB really did want to give Pacifica money, but that they can't unless we conform to what the legislation requires. He said that Pacifica had lost its CPB membership for not returning grant money that we turned out not to be eligible for and because of issues related to audits, meeting notices and transparency. He said that he has a system now to prove that meeting notices are posted. I asked him how far back the CPB might go in seeing if the Open Meetings rules had been complied with and he said that there was no way of telling. The deadline for applying for membership in the CPB will be in May, let's hope that the CPB only considers compliance with the rules from then on. I will note that the CPB Open Meetings rules are just copied from the Federal Communications Commission (FCC) rules.

At this meeting the then PNB Chair Alex Steinberg said that all PNB committees need to be caught up on their minutes and that ratings and diversity of listeners was another factor the CPB considers when admitting an organization to membership. He suggested that the Executive Director appoint someone to make sure that Pacifica is in compliance with all of these CPB issues.

I had an E-mail exchange with Pacifica's Compliance Officer after this NFC meeting and it is not clear if committees of LSBs also need to have minutes posted to comply with the CPB rules.

The NFC Chair noted that the Pacifica CPB Compliance Officer has placed a link to the CPB requirements for Community Advisory Boards at KPFTX.ORG.

At this meeting the NETA Controller told the NFC that NETA is adding someone to the team to get the FY21 audit done on time. She said that Pacifica's National Office servers have been an issue for a while because NETA has no access to them. She noted that Central Services collections were slow; WBAI is very in arrears in its Central Services payments. She said that she'd been working with the WBAI General Manager and he had made adjustments to the WBAI draft FY22 budget.

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During this meeting a member noted that KPFT's and WBAI's numbers were troubling if not appalling. He said that neither station was paying Central Services fees and he said he didn't see how that can be allowed to continue. Another NFC member later said that four Pacifica units were losing money, and that Pacifica was dangerously close to being underwater as an organization.

The NFC reviewed the December 2021, financials. **It was emphasized that the December 2021, financials were unaudited and preliminary and that although they were approved for release to the general public there could still be errors in the numbers.** The NETA Controller, who prepared the spreadsheet, said that the spreadsheet is formatted somewhat differently from what had been done in the past. The new format saves NETA workers hours of work translating files and adding columns and other information by hand.

A copy of the Open Document preliminary spreadsheet is posted along with this Treasurer's Report. It's named "PRELIMINARY_consolidated_financials_through_december_2021.ods"

In that spreadsheet "YTD" means "Year To Date" which in this case means for FY22 through December 31, 2021; "PYTD" means "Prior Year To Date" which covers the same period one year earlier; "YOY Change" is "Year Over Year Change" which is just the YTD minus the PYTD; "YTD Actual" is the actual amount in that particular category for the period ending December 31, 2021, as nearly as could be determined at the time the spreadsheet was created; "FY" means "Fiscal Year" which for Pacifica runs from October 1, to September 30, of the next year, FY22 is the period from October 1, 2021, to September 30, 2022.

The net gain of about \$24,000 for Pacifica was down a lot and the YOY change of \$293,611 was important because it shows that Pacifica is doing worse in FY22 than it had done in FY21. The NETA Controller noted that the \$153,000 increase in expenses for the National Office included \$80,000 in legal fees. She said they're doing what they can to reel in legal costs. During this meeting I noted that Pacifica already had a policy in place regarding who can contact an attorney about Pacifica related business. This is being looked into.

At the February 8, 2022, NFC meeting we were told that the PNB had appointed NETA Controller Julia Kennard as interim CFO of Pacifica.

There had been a plan to start going over a couple of draft FY22 budgets at this meeting, including the WBAI draft FY22 budget, but the new Executive Director Stephanie D. Wells told the committee that the budgets needed further review. She said that there were errors in some of them and looking at previous year's actuals revealed some variances. So NETA will work on those and it's possible that the WBAI budget may get worked on by the NFC next week.

The interim CFO reported that NETA is working on the audit, is working on creating a new Chart of Accounts and is even looking at getting the FY23 budgets scheduled.

During last night's NFC meeting the Executive Director acknowledged that some people may be under pressure to create a balanced budget, which could lead to unrealistic budgets that were doomed to fail. WBAI has had some fantasy budgets over the years, especially in the early years of the WBAI LSB. It's good to see the new Executive Director saying that this is a problem and will not be allowed to happen again.

WBAI is running a deficit of about \$102,000 for the first quarter of FY22, that's obviously not good. It's noteworthy that in December WBAI was running an intense on-air fund raiser for the Emergency Tower Fund, so money was coming in from those efforts, and still the deficit increased through December. WBAI has not been paying its Central Services fees. This means that either other

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stations have to pick up the slack or else the National Office is not going to be funded to the extent necessary, which can adversely affect all of Pacifica. The draft FY22 budget submitted to the local Finance Committee and LSB last year projected a deficit, but the preliminary first quarter actuals suggest that the end of year deficit could be much larger than projected.

The preliminary Monthly Income Statement for the three months ending December 31, 2021, shows that WBAI isn't the only station in financial trouble. At last night's NFC meeting the KPFK Treasurer said that the KPFK General Manager had submitted a draft FY22 budget that projected about a \$1 million deficit. She reported that that budget proposal had been rejected by the KPFK local Finance Committee. WBAI has been relying on help from the rest of Pacifica in order to make ends meet, or come closer to meeting. The latest Accounts Payable that I've seen for WBAI showed that the station was over \$1.1 million in debt. WBAI could end up in a position where the station can't get financial aid from Pacifica due to there not being enough cash available throughout the Foundation. What may happen then?

The next two NFC meetings are scheduled for Tuesday February 15, and Tuesday February 22, 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

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