

WBAI Treasurer's Report  
November 12, 2014

The National Finance Committee (NFC) met on October 14, 16, 23, 28 and November 11. The NFC meetings have been all about the FY15 budget proposals. No station appears to be in good financial shape. As reported in my previous Treasurer's Report, money is extremely tight throughout Pacifica. KPFA is projecting a surplus of \$61,715 at the end of FY15. KPFA's budget proposal is projecting a surplus at the end of FY15 of \$13. The current WBAI FY15 budget proposal projects a **deficit** at the end of the fiscal year of \$219,069.

The CFO reported that WBAI has had trouble paying its health benefits bill, and WBAI has been seriously in arrears in its Central Services payments. All of the stations are going to have to pay past due Central Services payments to the National Office and will also have to pay catch up payments to the Pacifica pension fund. The current WBAI FY15 budget proposal has \$75,600 budgeted for "National Office Central Services Catch Up," and \$23,183 budgeted for "Pension Catch Up."

Since the last LSB meeting the WBAI budget has been reviewed at the October 14, 23 and 28, NFC meetings.

The NFC passed a motion that included the following, "During FY15, The National Finance Committee shall review monthly the budget vs. actual performance of all financial units, plus stations' progress on catch-up payments to the National Office."

The WBAI General Manager continues to express optimism about the negotiations with the Empire State Building.

At the October 14, 2014, NFC meeting the following was passed, **Motion:** "The National Finance Committee requests a revised version of WBAI's budget that:

- 1) Maintains fundraising at current levels (until expenses can be reduced).
- 2) Includes pension catch-up payments under 'Cash and Capital.'
- 3) Moves Tax catch-up payments to 'Cash and Capital' from 'Debt Retirement.'
- 4) Does whatever else is necessary to show a balanced bottom line.
- 5) Adjusts PRA contributions to the amounts and schedule submitted by the CFO to the stations." (Passed without objection)

On October 23, 2014, the NFC met in executive session for an hour and a half and the WBAI General Manager participated in that meeting. The official report out for this executive session was, "The National Finance Committee met in executive session to discuss the impact of transmitter rental negotiations that are currently underway, and how they might impact WBAI's budget. It took no action. During the discussion, the committee uncovered concerns regarding WBAI's finances that will be discussed in an open session."

The WBAI General Manager did not participate in the public session meeting on October 23, 2014. Unfortunately the WBAI General Manager did not deliver the expected revised draft FY15 budget proposal until that NFC meeting was almost over. The NFC passed the following, **Motion:** "To proceed with processing all budgets without the WBAI budget."

The National Finance Committee reports the following to the Pacifica National Board:

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WBAI has been incapable of producing a balanced budget with transmitter rent at current levels. Should WBAI secure a rent reduction, it appears to be incapable of paying back rent, even at reduced rates. Even without paying rent, WBAI is currently unable to meet current obligations, including payroll and postage for mailing premiums. The National Finance Committee recommends that the PNB direct national management to explore and develop operational proposals for alternatives.”

The CFO reported that WBAI had not been getting revenue that should have been forwarded to it from the credit card pledges from the Fall 2014, on-air fund raiser. The company that handles this, Global Payments, was withholding payment due to the large number of complaints about premiums that had been paid for by credit card but which had not been received and which resulted in charge backs. The number of charge backs hit the company’s threshold for withholding payments, the CFO said that the threshold is 1%. So the company did not pass the money along. The CFO reported that the charge backs had also caused an overdraft on WBAI’s bank account. The CFO spoke to the company and told them that all of the Pacifica stations use their services and the other stations have a good record with them and not so many charge backs. The company then agreed to resume passing money along to WBAI. This all resulted in delays in WBAI getting money from the Fall on-air fund raiser.

Concern was voiced by Treasurers and Directors of other stations on the NFC about the possibility that now if there are charge backs that deplete WBAI’s bank account into a deficit condition that Global Payments may take the money from those other Pacifica stations’ bank accounts.

The WBAI FY15 draft budget proposal was again discussed at the October 28, 2014, NFC meeting. The issue of the daily tally for WBAI’s on-air fund raisers had been discussed throughout the discussions. The WBAI General Manager had initially proposed projecting a daily tally of \$18,820. The local Finance Committee had passed a motion calling for a projected daily tally of \$15,476. This latter figure was included in the WBAI FY15 budget proposal. It has also been discussed at the NFC. It was noted that for calendar year 2014, the WBAI daily tally has been about \$11,000 a day.

The NFC passed the following **Motion:** (Brian Edwards-Tiekert) “The National Finance Committee Recommends the WBAI budget to the Pacifica National Board for approval with the following provisos:

- 1) that the \$130,000 currently listed under 'debt retirement' be moved to 'Cash and Capital' before its submission to the PNB for approval;
- 2) that PRA Central Services payments be adjusted to reflect the new formula and schedule distributed by Pacifica's CFO;
- 3) that pension catch-up payments be added to 'Cash and Capital' in accordance with the payment schedule distributed by Pacifica's CFO;
- 4) that the PNB direct WBAI to submit a revised FY2015 budget as soon as it reaches any resolution to negotiations over its transmitter rent;
- 5) that the PNB direct WBAI Management to extend any and all fund drives until they have met their budgeted goals, and to increase fund drive goals accordingly if WBAI falls short of budget in other revenue sources;

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6) That the PNB direct that any unbudgeted revenue at WBAI (e.g., from bequests, reinstatement of CPB funding, etc.) be spent according to the following priorities:

- 1) Pension catch-up payments (~\$23,000)
- 2) Fulfilling unfulfilled premiums from previous fund drives (~\$50,000)
- 3) Repayment of WBAI's tax loan (\$156,000)
- 4) Catching up on unpaid central services to the Pacifica National Office.” (Passed without objection)

The latest WBAI FY15 budget proposal projects “Listener Support” revenue of \$1,572,862 with 127 days of pitching. The Fall 2014, on-air fund raiser went over its budgeted number of days spent pitching by four days. The current WBAI FY15 budget proposal keeps the “Tower Rent” at the FY14 levels. Should that line become smaller the WBAI FY15 budget will be adjusted, which *could* result in the station not running a deficit at the end of FY15. That will depend on the exact rental agreed to. Also not included in the FY15 budget at this time is a bequest which the General Manager says will amount to \$1,000,000 in revenue for WBAI. This bequest is not included in the budget because it is still tied up in litigation and there is no telling when the station may get this money.

The local Finance Committee met on November 6, 2014. The General Manager did not attend, but sent a representative to brief the committee, along with some printed documents. The committee went over the documents and asked questions of the General Manager’s representative. The results of those questions will be summarized below as a report from the General Manager to the committee.

The General Manager’s report said that WBAI has paid \$12,000 for the months of July, August and September to the Empire State Building. WBAI still owes some money to one of the other Pacifica stations for a loan to make payroll. The station owes Verizon about \$5,000, owes 388 Atlantic Ave. \$5,300 rent for November. CCNY has written off the back rent that WBAI owes and will not charge the station any further rent. A local Finance Committee member who is associated with the WBAI Community Advisory Board told the committee that WBAI will no longer be using the CCNY studios after February 2015.

The station is setting up a “broadcast studio” at 388 Atlantic Ave. The Treasurer sees a number of problems with this “studio.”

The Park Foundation has promised WBAI a grant of \$15,000. There is another \$15,000 bequest that’s coming in. David Rothenberg has resumed soliciting donations for theater tickets for WBAI, and this is expected to bring in significant revenue. WBAI is generating more premiums in-house, which will lower the premiums expenses. The station is catching up on shipping out past premiums with the efforts of volunteers and interns.

The local Finance Committee discussed the problem of not getting enough financial information. The committee passed the following, **Motion:** “That Noel Jameson prepare a form subject to the approval of the committee to give to the General Manager and ask the General Manager to fill it out before every meeting.” The committee had passed a motion in the past asking for specific financial documents from the General Manager three days before every local

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Finance Committee meeting, but the General Manager refused to comply with that motion.

At this meeting it was revealed that a member of the local Finance Committee has filed an Americans With Disabilities Act (ADA) complaint against WBAI with the U.S. Attorney General over the issue of access to the 3<sup>rd</sup> floor at 388 Atlantic Ave. When WBAI Management didn't reply to the mandated request to enter into mediation about this issue the member also filed the same ADA complaint against the landlord of 388 Atlantic Ave.

The General Manager also gave a report on the Fall on-air fund raiser, but it contained significant inaccuracies.

The WBAI Fall 2014, on-air fund raiser ran for 35 days, four days more than budgeted, and resulted in a tally of \$386,070 against a budgeted goal of \$470,500. The daily average tally was about \$11,031.

The bottom line in all of this is that WBAI started FY15 in deep debt and is projecting a deficit for FY15. If the tower rent is not brought down significantly the station will definitely have very serious, quite possibly insurmountable, financial problems for FY15. If the tower rent *is* brought down to a level that the station can afford it is possible that WBAI could begin to catch up on many of its payments. If that \$1,000,000 bequest comes through pretty soon it could save the station. There are a lot of ifs between the current bad outlook and the station's survival.

R. Paul Martin  
WBAI LSB Treasurer