

WBAI Treasurer's Report
August 12, 2015

The National Finance Committee (NFC) met on July 14, July 28, and August 11.

At the July 14, meeting the NFC was able to review an income statement for the eight months ending on May 31, 2015. That statement showed Pacifica being \$144,581 better than budgeted. It was noted, however, that without the KPFA bequests of about \$950,000 the entire network would have been significantly worse than budgeted.

At the July 8, 2015, LSB meeting the General Manager had reported to the LSB that, "I currently can't produce any substantial report on finances because I have 3 accounting interns that have been trained and are making all the entries into Quickbooks. Once that is completed, I will be able to run budget to actual, forecast and project 2016 budget." The income statement from the National Office indicates that WBAI's revenue is worse than budget by about \$482,000, with "Listener Support" being about \$172,000 short of budget. The WBAI General Manager's report lumped other sources of income in with the tally from the Spring on-air fund raiser. "Salaries and Related" is up by \$51,000, and the "Consultants" line is higher than budgeted. Total expenses are listed as being \$101,000 better than budgeted, making for a bottom line of WBAI being about \$381,000 worse than budgeted overall as of May 31.

At that time the National Office cash flow showed that WBAI had not made a "Central Services" payment since February, had not paid for its employees' health benefits for June or July, and did not fund a \$7,000 pension contribution which adds up to about \$127,000 which WBAI owed to the National Office at the end of May.

At the July 28, 2015, NFC meeting the Executive Director reported that, as a result of a loan of \$55,000 from KPFA, that the auditing firm Armenino LLP had been paid for their work on the recently completed FY13 audit. This allows them to be engaged to do the FY14 audit, which is overdue. At this meeting the NFC received a consolidated income statement through June 30, 2015. This statement showed WBAI about \$479,000 short of budget on revenue. In good news, expenses were under budget by about \$87,000. The station was about \$392,000 worse than budgeted overall. The station was reported to be about \$100,000 in arrears on "Central Services" in this income statement.

At this meeting the Executive Director reported that he had been in New York City a couple of weeks previously for in-person meetings. He was assisting with WBAI's negotiations with the Empire State Building (ESB). He said that he couldn't talk much about this in open session. He said that the actual liability of the current lease at ESB is staggering. WBAI has been making partial payments on its tower rent for a number of months. The Executive Director said that he was gravely concerned about the contractual liability for WBAI being about \$300,000. The ESB says the number is larger than that. There are ongoing negotiations to make adjustments with the cooperation of the ESB. He said that if Pacifica is held to the contract it will make it extremely difficult to operate.

As a result of that report the NFC passed the following **Motion:** (Brian Edwards-Tiekert) "That the NFC notice an executive session for discussion of the negotiations at WBAI for 9:30 PM (ET) on August 11, 2015." (Passed without objection).

The NFC then adjourned to an executive session the report out of which is, "The National

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Finance Committee met in closed session to discuss those aspects of the financial crisis at KPDK that require confidentiality, including matters related to individual employees, and union negotiations the premature exposure of which would compromise the business interests of the organization.”

At the August 11, 2015, NFC meeting WBAI’s poor financial performance was discussed. In an E-mail, part of which was read during the meeting, the NFC Chair said, “Even with partially-deferred transmitter payments, WBAI is already unable to keep current on Central Services. If the trend persists, it won't be long before WBAI has to choose between rent and payroll ... we need to know ahead of time what contingency plans management has for restructuring station operations.”

As reported in the June 10, 2015, Treasurer’s Report there was to have been a report at the April 14, 2015, NFC meeting on what WBAI was doing regarding its financial deficits. Before that meeting WBAI’s General Manager sent me an E-mail apologizing for not being able to provide the NFC with any information at that meeting. I passed this E-mail on to the NFC. The General Manager ended his E-mail saying, “... please accept my apologies and allow me a few days to get back in touch with you.” The General Manager did not follow up on this item.

At the August 11, 2015, NFC meeting it was reported that there is a strategic planning working group headed by Director George Reiter of KPDK. It has been meeting.

The consolidated income statement through June 30, 2015, from the National Office shows WBAI \$325,312 in the red, which is \$392,350 worse than budgeted, and yet there’s the entire Tower rental being carried as an expense of \$424,981. I estimate that about \$330,000 of that figure is accrued. This shows how big a factor the ESB rental issue is in WBAI’s finances, and that it has the potential to cause problems that would court solutions from Pacifica that would not be good for WBAI.

The question of how the currently ongoing Pacifica-wide elections are going to be paid for was briefly discussed at this meeting. The Executive Director said that the stations’ Fall on-air fund raisers will need to raise enough money to pay for them. With the poor performances of the recent on-air fund raisers at the stations, and with the National Office having serious cash flow problems due to stations not paying their Central Services fees, the issue of paying for this election may cause problems later this year.

At this NFC meeting it was reported that the auditing firm Armenino LLP has sent the National Office audit samples they would like to receive before they begin the FY14 audit. This should allow them to complete the audit more quickly. The Executive Director said that he was cautiously hopeful that the stations’ Fall on-air fund raisers would also be able to cover this expense.

The NFC then adjourned to an executive session meeting the report out of which is, “The National Finance Committee met in closed session to discuss proprietary contractual information the premature exposure of which would compromise the business interests of the organization.” Unfortunately, the WBAI General Manager was not at this teleconference meeting, although attempts were reportedly made to get him on the meeting via a three way cell phone connection.

The local Finance Committee met on July 30, 2015, at 388 Atlantic Ave. At this meeting the General Manager said that the consolidated income statement through June 30, 2015, from

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the National Office was not accurate. At the local Finance Committee meeting the General Manager said that the Executive Director and he still disagreed on his use of Quickbook to do the station's finances instead of the Great Plains software that the rest of Pacifica uses.

The General Manager reported that WBAI was about \$511,000 short on Listener Support YTD. The General Manager reported a \$45,000 major donation and \$19,625 in bequests to the station. WBAI has received \$10,000 from an estate. At this meeting the General Manager said that the station had about \$8,000 cash in bank. He said that the BAI Buddy program is producing a revenue of about \$156,000 monthly.

The General Manager said that WBAI now owes CCNY \$35,000 in back rent because someone in Pacifica called CUNY, the parent organization of CCNY, and told them that WBAI had not paid this rent.

The General manager said that WBAI is about \$110,000 in arrears on its Central Services payments.

The General Manager said that he had gotten the FY16 budget format from the National Office on July 16, and that in two to three weeks he would be able to provide a draft budget.

There was a discussion of the necessity for the General Manager to back up the financial data he has on the office computer.

The General Manager said that the details of the negotiations with the ESB were not for discussion in an open local Finance Committee meeting but that there were options on the table.

The next NFC meeting is on August 25, 2015, and the next local Finance Committee meeting is on August 13, 2015.

The Summer 2015, on-air fund raiser is over. The station has provided daily totals of the tally. They were used to create the table below.

Day	Date	Tally	Total to date	Budgeted	Difference	Total Difference
Monday	2015-07-20	\$4,715	\$4,715	\$15,476	(\$10,761)	(\$10,761)
Tuesday	2015-07-21	\$8,070	\$12,785	\$15,476	(\$7,406)	(\$18,167)
Wednesday	2015-07-22	\$10,980	\$23,765	\$15,476	(\$4,496)	(\$22,663)
Thursday	2015-07-23	\$12,155	\$35,920	\$15,476	(\$3,321)	(\$25,984)
Friday	2015-07-24	\$12,650	\$48,570	\$15,476	(\$2,826)	(\$28,810)
Saturday	2015-07-25	\$6,385	\$54,955	\$15,476	(\$9,091)	(\$37,901)
Sunday	2015-07-26	\$4,610	\$59,565	\$15,476	(\$10,866)	(\$48,767)
Monday	2015-07-27	\$7,680	\$67,245	\$15,476	(\$7,796)	(\$56,563)
Tuesday	2015-07-28	\$6,330	\$73,575	\$15,476	(\$9,146)	(\$65,709)
Wednesday	2015-07-29	\$20,010	\$93,585	\$15,476	\$4,534	(\$61,175)
Thursday	2015-07-30	\$10,325	\$103,910	\$15,476	(\$5,151)	(\$66,326)
Friday	2015-07-31	\$8,820	\$112,730	\$15,476	(\$6,656)	(\$72,982)
Saturday	2015-08-01	\$6,530	\$119,260	\$15,476	(\$8,946)	(\$81,928)
Sunday	2015-08-02	\$5,245	\$124,505	\$15,476	(\$10,231)	(\$92,159)
Monday	2015-08-03	\$6,485	\$130,990	\$15,476	(\$8,991)	(\$101,150)
Tuesday	2015-08-04	\$6,565	\$137,555	\$15,476	(\$8,911)	(\$110,061)
Wednesday	2015-08-05	\$13,560	\$151,115	\$15,476	(\$1,916)	(\$111,977)

The daily average was \$8,889. This is well below the budgeted daily tally. The General manager reported that as of that date the on-air fund raiser had brought in about \$70,450 in cash.

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With the revenue down to the degree that it is WBAI is in bad trouble financially. The rest of Pacifica is not in good enough shape to bail the station out if it needs major help with payroll or other urgent bills. KPFA's windfall of about \$950,000 is just about depleted. The National Office is struggling because the stations have not been paying their Central Services fees. There may not be any way to cut WBAI's expenses more. The ESB negotiations are crucial for the survival of WBAI.

WBAI and Pacifica are in a dire financial position. It has recently been discovered that some people in California, including the former PNB Chair, incorporated something called the KPFA Foundation which was set up to get the Pacifica Foundation's assets if Pacifica should fail. The other principal of the KPFA Foundation is lawyer Dan Siegel who has in the past advocated selling WBAI.

The future does not look good.

Correction: On the July 8, 2015, Treasurer's Report I said that, "At the June 10, 2015, LSB meeting the General Manager reported that the Spring on-air fund raiser had ended with a tally of about \$420,000. Three days before that on-air fund raiser ended the tally was \$237,318. I look forward to seeing the General Manager's written report showing how about \$92,000 was raised in the final three days of that on-air fund raiser." In fact the tally shown three days before that on-air fund raiser ended was \$328,043. In preparing the report I had copied the wrong cell from the spreadsheet. Sorry for the error.

R. Paul Martin
WBAI LSB Treasurer