

WBAI Treasurer's Report
September 9, 2015

The National Finance Committee (NFC) met on August 25, 2015, and September 8, 2015. The local Finance Committee met on August 13, 2015, and September 3, 2015.

At the August 13, 2015, local Finance Committee meeting the General Manager said that he disagreed with the Income Statement from the National Office, he called it inaccurate.

The General Manager said that WBAI needed a backup plan regarding the Empire State Building (ESB) rent, he said that there is nothing in writing regarding the current deferred payments. He said that the Executive Director and the *pro bono* lawyer were consulting about the ESB issues. The General Manager said that WBAI needed to get politicians to side with us about the ESB and help us reach a final agreement.

The General Manager reported that WBAI was 100% caught up in Central Services payments to the Pacifica Radio Archives (PRA) but that the station is behind on Central Services payments overall by about \$110,000. He also said that the \$35,000 WBAI owes to WHCR will probably be written off by CUNY eventually.

The General Manager handed out a balance sheet at this meeting, but he said that he does not stand by it. In fact the balance sheet had duplicate figures for FY12 and FY15 YTD which is very unlikely to be right.

The General Manager said that he is still using Quickbooks™, but that he is doing it on his own time. He said he would have good numbers for the committee at its September 3, 2015, meeting.

The General Manager said that Verizon still owes us \$61,000 but that we'd have to sue them to get it. He said he'd send one of the local Finance Committee members the E-mails regarding the Verizon issue to see if he could help, however by the September 3, local Finance Committee meeting this had not been done.

The General Manager estimated that WBAI's total indebtedness was \$677,304 of which \$571,622 is the deferred ESB rent. This leaves all other outstanding bills totaling \$105,682 as of August 13, 2015.

The YTD Profit & Loss Statement, on a cash basis, given to the committee by the General Manager on August 13, 2015, shows WBAI in the black by \$9,832. This is interesting.

At the August 25, 2015, NFC meeting the National Office Income Statement for the ten months ending July 31, 2015, was reviewed and it was noted that it looks like the lumping of other revenue into WBAI's Listener Support is still happening. Listener Support is what the Central Services fees are based on, so this could cost WBAI extra Central Services fees in the future. In addition, this mis-reporting of revenue clouds the real situation regarding Listener Support and the other revenue sources. The Major Donor line is only \$1,520, this is at variance with what WBAI Management has reported. Personnel expenses are worse than budgeted by about \$41,000 in the National Office Income Statement. The National Office income statement says that Total Operating Expenses are better than budget by about \$107,000 which is good news if it's true. Office Supplies are worse by budgeted by about \$28,000 which needs an explanation.

Total Revenue is off by \$634,918 according to the National Office Income Statement. This is one of the figures that the General Manager disagrees with.

The Tower Rental (ESB) numbers on the National Office Income Statement do not jibe with any other numbers that I have seen on this issue. The National Office has been informed of this and I am hoping that this will be reconciled soon.

Another question about the National Office Income Statement regards the Community Events line which is \$600; given the number of such events WBAI has been holding this seems very low.

There was a discussion at this NFC meeting about the WBAI General Manager using Quickbooks™ instead of the Great Plains software that the rest of Pacifica uses. The National Office Financial Planning and Analysis Manager offered to teach the WBAI General Manager to use the Great Plains software.

The NFC passed the following motion, "**The NFC recommends to the PNB that it have the Executive**

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Director direct Management at all units to use the same accounting platform.” (Passed 8 for, 0 against, 1 abstention)

It was reported at this meeting that the National Office on paper has an income of about \$557,000 YTD but about \$276,000 of Central Services payments have not been collected; the real income through July is about \$281,000 of which about \$142,000 was paid to the auditors leaving about \$139,000 cash as of July 31. The National Office had negotiated with lawyers and other vendors that had previously sued Pacifica for monthly negotiated payments, these average about \$30,000 per month leaving about \$100,000 for salaries, etc. Stations are having difficulties paying Central Services payments. After one month of not being able to collect Central Services payments from the stations the National Office is afraid that they will have difficulties paying bills.

At the September 3, 2015, local Finance Committee meeting **the General Manager told the committee that the Business manager, who is in Texas and serves a total of three stations, will be tasked with preparing the WBAI FY16 draft budget.** He also told the committee that WBAI had made five months of Central Services payments. He said that health benefits, payroll and rent have all been paid. He said that WBAI may get a \$6,000 discretionary grant from the City Council.

The General Manager handed out two Profit & Loss Statements, one based on cash and one based on accrual, and a Balance Sheet. He said that the cash based Profit & Loss Statement was the one that he had 100% confidence in.

The General Manager said that he refuses to learn the Great Plains software,

The General Manager told the committee that it's the National Office that's lumping revenue under Listener Support. The National Office has previously said that it's just using the figures that local Management sends it.

The Profit & Loss Statement the General Manager gave out says that WBAI's Net Operating Income was \$14,472 as of the date of the meeting. But the overall debt wipes that out many times over.

The General Manager told the committee that WBAI had \$2,000 cash in bank on that date. He also said that WBAI owed about \$160,000 minus ESB and outstanding Central Services fees.

Regarding premiums, the General Manager said that the station doesn't have the premiums to send to people who've paid for them. There were quite a number of premiums stacked up in the Conference Room where this local Finance Committee meeting was held, and one local Finance Committee member said that Management has been holding up the shipping of those premiums for more than a month in order to save \$160 on the shipping costs. Meanwhile complaints from listeners who have paid for the premiums but not gotten them continue to come in.

The September 8, 2015, NFC meeting lasted only three minutes because the meeting was to have been centered around budget discussions but no Pacifica station, nor the National Office nor PRA had brought a FY16 draft budget for the NFC to look at.

At this meeting it was learned that KPFT has installed their new transmitter and is now transmitting at 100,000 Watts and by doing so is no longer in danger of losing its license or having its power permanently lowered by the FCC. We also learned that a reported \$134,000 bequest to KPFT was really for about \$21,000. We were told that the payments for the mailing out of the ballots for the current Pacifica elections, which was to be done on August 29, but which couldn't be done because Pacifica couldn't pay in advance for the mailing, will probably have to wait until the stations are about a week into their Fall on-air fund raisers in order to raise the money to pay for it.

We were also told that WBAI will need assistance is making its next payroll.

Between the National Office's Income Statement to July 31, and the General Manager's Income Statement to August 31, the Total Expenses are different by \$231,408. This needs to be reconciled.

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The next local Finance Committee meeting will be on August 24, 2015, and the NFC is set to meet on all of the remaining Tuesday nights of September.

The General Manager's refusal to learn and use the Great Plains software create a potential collision with the Executive Director's stated desire that all stations use it. I do not know if the PNB has passed the motion from the NFC regarding this.

WBAI Management and the National Office do not agree on the state of WBAI's finances. We are getting conflicting financial statements from the National Office and WBAI Management. **The financial statements must be reconciled or we can have no precise idea of just what's happening with regard to WBAI's finances**, although obviously they are in bad shape. Clearly WBAI is doing better with expenses, but the revenue shortfalls are severe. Without help from elsewhere in Pacifica WBAI would not be making payroll. And that help would not be possible had not KPFA gotten about \$950,000 in bequests earlier this year from listeners who had passed away. The only reason WBAI and the rest of Pacifica are not in even more serious financial trouble is because of the luck of those bequests. How much longer can our luck last?

R. Paul Martin
WBAI LSB Treasurer