

WBAI Treasurer's Report
November 11, 2015

The National Finance Committee (NFC) met on October 19, and 27, 2015, and November 4, 2015. The local Finance Committee met on October 15, 2015, and November 5, 2015.

At the October 15, 2015, local Finance Committee meeting the General Manager said that he had not sent out letters to lapsed subscribers, and he wasn't staying late anymore, that he was working from 9 to 5 now. He said that the interim Development Director is not raising money, but is working on premiums and the Web site.

The General Manager brought a second version of the WBAI draft FY16 budget to the local Finance Committee. That draft budget projected \$1,521,752 in Listener Support revenue for FY16, and a deficit of \$200,785 for FY16. This version of the draft budget also listed \$42,000 in Board Expenses for the fiscal year. The General Manager agreed that this was an error and that he would correct that item. The General Manager said that the Empire State Building (ESB) is not taking WBAI to court and they sent him an E-mail last month asking him for the \$12,000 rent payment when he was late sending it in. The General Manager took this as a positive sign.

The General Manager reported to the local Finance Committee that WBAI gets a check for about \$200 a month from the drug card company that WBAI is involved with. He said that car donation revenue is lower.

At the October 19, 2015, NFC meeting WBAI's draft FY16 budget was discussed with the WBAI General Manager participating. The General Manager said that he'd turned the draft FY16 budget over to the local Finance Committee and that the local Finance Committee didn't like the budget.

He said that he'd gone over the draft FY16 budget again over the previous two weeks. He said that his Quickbooks produced very accurate actual data and he did the draft budget accordingly. He noted the \$200,785 deficit and said that he knew he was not supposed to submit a deficit budget, but that this one is realistic. He said he was leaving it up to local Finance Committee and the NFC to see where they can make adjustments. He said that he couldn't increase revenue much realistically. He noted that the September income statement from the National Office shows revenue of about \$1.4 million for FY15. He said that the difference between the revenue for FY15 and FY16 was due to his not having done the December and 9/11 on-air fund raisers, and he said that he will add those on-air fund raising days back for FY16, which would bring the total number of days pitched to the same as in FY14. He said that WBAI's revenue projection is pretty solid. He noted that WBAI is paying \$12,000 a month to the ESB and the budget is accruing the full, larger rent bill. He said that without that accrued expense the budget will probably be balanced. The General Manager said that the Saturday morning ticket donations program was generating \$3,000 to \$5,000 per week, but for the draft FY16 budget he wanted to be safe and so he has projected it as \$4,000 to \$5,000 per month. He said that there is a phone issue involved but he intends to solve that phone issue.

The NFC expressed concern over the deficit, the revenue numbers and the fact that catch-up payments on last year's Central Services are not in the draft budget. The General Manager said that unless WBAI gets a large donation the station can't do those catch-up payments. The NFC also noted that revenue other than Listener Support is being lumped into that line. The NFC was concerned about the reality of a projected rise in Listener Support revenue and a projected decrease in premiums expenses. The General Manager said he'd send the NFC a report on that in two weeks, and that the Great Plains accounting software that is standard in Pacifica did not properly reflect the revenue.

(MORE)

The October 27, 2015, NFC meeting was mostly concerned with the draft budgets of the National Office, PRA, WPFW and KPFT. All three are experiencing financial difficulties. The WPFW draft FY16 budget showed a net surplus for the fiscal year of about \$20,000. The WPFW General Manager reported that their Fall on-air fund raiser had come in at just under 50% of goal, which was \$350,000. After some discussion it was discovered that their draft FY16 Listener Support line was projecting a \$400,000 goal for their Fall on-air fund raiser. The on-air fund raiser shortfall would result in a six figure deficit. WPFW Management will have to come up with a new draft budget.

The National Office draft FY16 budget shows WBAI paying about \$202,000 in Central Services fees. This revenue for the National Office is *very* unlikely to be realized.

At the November 4, 2015, NFC meeting the third version of the WBAI draft FY16 budget was on the agenda. This version projects Listener Support at \$1,400,552, Total Revenue at \$1,761,791, Total Expenses at \$2,060,930 and an end of year deficit of \$326,535. It also projects a FY15 deficit of \$431,377. At this NFC meeting it was noted that WBAI's accrued ESB rent and utilities add up to almost \$700,000 a year, the ESB could call for payment of the accrued rent at any time and WBAI's Fall on-air fund raiser was doing poorly. It was suggested that Pacifica send in some professional assistance for the WBAI General Manager. The following motion was made, "**Motion:** "The National Finance Committee notifies the Pacifica National Board that WBAI has been unable to generate a realistic budget that does not show a large deficit." I moved to table this motion and it was tabled, but it will come off the table at the next NFC meeting on November 18. The WBAI General Manager is invited to attend that meeting.

At the November 5, 2015, local Finance Committee meeting the General Manager brought the same version of the draft FY16 budget that the NFC had looked at the night before. The local Finance Committee noted that the Consultants expense for FY16 was projected to be \$18,000, which is better than the \$39,937 projection for that line from FY15. The General Manager told the committee that the station's cash flow should be okay, and that the deficit was caused by the accrual of the ESB rent. He said that he will pay most bills up to the end of this month. He said that the December on-air fund raiser will run for 14 days and its goal is not yet determined. He said that he is reaching out to someone who will be paid to manage the December on-air fund raiser. He said that the total cash in WBAI bank accounts was about \$19,000 on the date of this meeting. He said he has paid \$12,000 to ESB and sent a Central Services payment to the National Office. He said he wanted to consolidate the current four bank accounts that WBAI has, and will ask the interim Executive Director for permission to do so.

The General Manager told the committee that some of the formulas in the National Office template for the draft FY16 budgets are wrong, and that the Capital Expenditures totals may be among those.

The General Manager told the committee that there are about seven FTEs and six consultants currently at WBAI. He said that consultants for the previously proposed build-out of the studios at 388 Atlantic Ave. Were paid a retainer of \$2,000 to \$4,000.

The BAI Buddy program revenue is projected to be about \$20,000 lower than in FY15.

The General Manager said that health premiums account for about 60% to 65% of all on-air fund raiser revenue.

The General Manager said that the Fall on-air fund raiser was managed by the interim Development Director and the interim Program Director. The latest figures I have for this on-air fund raiser are through Thursday, November 5, 2015. They show a total tally of \$251,719 after 32 days of pitching. This is an average of \$7,866 per day. At a 78% fulfillment rate this will result in about \$6,136

(MORE)

in revenue per day, or about \$196,341 for the entire on-air fund raiser. At this rate it would take WBAI about 225 days of pitching to achieve the Listener Support goal in the draft FY16 budget. WBAI pitched, officially, for 168 days in FY15.

The General Manager said that people will get their premiums and that he expects to realize about \$410,000 from the Fall and December on-air fund raisers combined.

The General Manager told the local Finance Committee that he wants to put paid Public Service Announcements on WBAI, and get underwriting for the station.

The General Manager said that he was planning to get rid of all of WBAI's 212 area code phone numbers and get new phone numbers, which would all reflect the 718 area code.

During a discussion about the \$61,000 the General Manager has said in the past that Verizon owes WBAI the General Manager said that he had lost many of the relevant E-mails when he was moved to a new computer. It appears that WBAI will not be attempting to get that \$61,000 back from Verizon.

The General Manager said that WBAI will realize very little revenue from a recent Gary Null fund raiser. He said there were about 360 attendees and that after paying for books, shipping and the venue the station will net about \$10 per attendee.

The General Manager's projection of about \$410,000 in revenue from the combination of the Fall and December on-air fund raisers must be viewed in light of what has actually happened so far in FY16. The Fall on-air fund raiser went for 35 days, and the December on-air fund raiser is set to go for 14 days. It seems unrealistic to expect the 14 day on-air fund raiser to raise almost as much money as the 35 day one did, even with other people managing it.

I am no more optimistic in this Treasurer's Report than I was in the previous one. The projections look bad. The idea of accepting underwriting is one that the LSB has unanimously rejected years ago. Selling air time for paid Public Service Announcements is controversial and fraught with dangers. Pitching for more than half the days in FY15 has reduced our Fall on-air fund raiser tally, and pitching for more than 60% of FY16 will probably cause an even sharper shortfall from on-air fund raisers. Meanwhile other parts of Pacifica are in what could be called really bad financial shape, with one of them rivaling WBAI in financial problems. There can be very little help to be expected from the rest of Pacifica, in fact mention was made of the \$31,000 WBAI owes WPFW recently. And then there are those who have already set up an organization to acquire the assets of Pacifica if it should go bankrupt.

The next NFC meeting is on November 18, 2015, and the next local Finance Committee meeting is on December 3, 2015.

R. Paul Martin
WBAI LSB Treasurer