

WBAI Treasurer's Report
December 9, 2015

The National Finance Committee (NFC) met on November 18, 24 and 30, 2015. The NFC attempted to meet on December 8, 2015, but it failed to achieve quorum and that meeting was cancelled. The WBAI local Finance Committee met on December 3, 2015.

During the period since the last Treasurer's Report the NFC has been going over draft FY16 budget proposals.

At the November 18, 2015, NFC meeting the KPFT FY16 budget was passed on to the PNB with the proviso that KPFT, "... adjust its budget to accommodate cash payments totaling \$13,694.16 to catch up on past-due pension obligations. And add \$1,500 per month catch-up payments for inter-company payables that KPFT owes." This was the second FY16 budget approved by the NFC.

At this meeting the NFC took up WBAI's draft FY16 budget proposal, which showed a deficit of about \$326,000. The WBAI General Manager attended this meeting. The General Manager told the NFC that the past year was not good, and told about paying the Empire State Building (ESB) \$12,000 a month while accruing the remainder of the rent. I told the NFC what I've said to the LSB, that the accrued rental expense would be more than \$500,000 for FY16. Without this accrual WBAI's draft FY16 budget would show a surplus of around \$189,000. I did note that the revenue side of the WBAI draft FY16 budget did not look so good, I noted that the Fall on-air fund raiser had ended with a tally of about \$274,000 and so missed the budgeted goal of \$420,000 by more than \$145,000. (**Note:** the later version of the WBAI draft FY16 budget proposal listed the goal for this on-air fund raiser at \$460,000.) I went over the numbers that show that at the daily tally rate of the Fall on-air fund raiser it would take well over 200 days of pitching to realize the Listener Support revenue in that draft budget. In terms of formal accounting there is no way that WBAI will come out with a FY16 budget that is balanced. The NFC decided that a further discussion of WBAI's situation *vis-a-vis* ESB would have to occur in an executive session. The WBAI General Manager told the NFC of his optimism regarding WBAI's on-air fund raisers and other revenue generating activities. The General Manager also said that about \$30,000 will be added to the Fall on-air fund raiser's final tally by pledges not yet reported by the DeMile Center, which keep their own tally during on-air fund raisers.

The NFC expressed concern about WBAI's finances, the General Manager said that he would send the NFC a Power Point presentation by the end of the week about how this would all work out. In fact, this Power Point presentation has not yet been sent to the NFC.

The November 24, 2015, NFC meeting opened with an executive session with the WBAI General Manager present. The report out of this executive session meeting is, "The National Finance Committee met in Executive Session to discuss litigation costs, and proprietary information related to contract negotiations over WBAI's tower rental lease."

The open session of this meeting also included the WBAI General Manager and there was more discussion of the WBAI draft FY16 budget proposal. In the new version shown to the NFC at this meeting the deficit had increased to \$401,629. The goal for the Fall on-air fund raiser was increased to \$460,000 which made the shortfall of that on-air fund raiser about \$185,000. The WBAI General Manager claimed that the shortfall was only about \$160,000. Part of this budget

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revenue is based on the Saturday morning ticket donations being done weekly and generating \$61,443 for FY16. In this draft budget there appears to be a lot of general revenue lumped into Listener Support, which both increases the amount of Central Services fees that WBAI will owe to the Pacifica National Office and which can also run afoul of CPB rules for reporting Listener Support. During the NFC discussion of the draft budget the General Manager was optimistic, talking about bringing in someone from Los Angeles to manage the December on-air fund raiser and make a higher daily tally. The General Manager's projected daily tally is about \$5,000 a day higher than what the Fall on-air fund raiser actually tallied. There were a number of questions from NFC members regarding the General Manager's projections about Major Donors and bequests, the General Manager said that he'd send the information to the NFC as soon as he got back to his computer. (**Note:** this information was not sent.) The NFC asked the General Manager to return on November 30, with any changes he wanted to make in the draft FY16 budget proposal, along with information regarding the credit card charge backs on premiums, major donors, bank charges and consultants.

At the November 30, 2015, NFC meeting the WBAI General Manager did not show up, and he did not send the NFC a new draft FY16 budget proposal nor did he send any other information. The NFC dealt with other stations' budget proposals and the Pacifica Radio Archives (PRA) budget proposal.

The local Finance Committee met on December 3, 2015. The General Manager did not attend this meeting, although he had said he would. The local Finance Committee discussed the current state of WBAI's finances as we know them. There were no motions passed at this meeting.

The December 8, 2015, NFC meeting was cancelled due to the lack of a quorum after 35 minutes had passed since the posted meeting start time. The WBAI General Manager had sent me the ESB lease document which I had passed on to the NFC.

I have argued for years that the WBAI ESB lease contract should be made public, but the proposal has been voted down every time. I can say that the General Manager said that he had been sending this document to the Pacifica National Office for years because they needed it. I can also say that this lease does not appear to be the lease that I have seen in the past. It appears to be a lease document for the actual room that the transmitter occupies at ESB, not the much more expensive lease that involves the tower rental and expenses. **This raises the question of whether or not the Pacifica National Office actually has a copy of the WBAI lease that WBAI is paying \$12,000 a month on and accruing about \$43,000 in deferred rent on monthly.** This is something that needs to be resolved very soon.

The PNB Treasurer and NFC Chair announced that he will not be available for meetings after the next NFC meeting, which is scheduled for December 14, 2015, and he is pressing to have the NFC vote on all outstanding budgets at the next meeting, so he can send a full report to the PNB before he leaves on a trip to Cuba. He is of the opinion that even with the ESB rent at \$12,000 a month WBAI cannot continue to operate. There will probably be a motion at the next NFC meeting regarding WBAI with the intention of alerting the PNB to the financial situation at WBAI.

In my November 11, 2015, Treasurer's Report I reported that the General Manager said

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that WBAI will realize very little revenue from a recent Gary Null fund raiser. Gary Null has contacted me and told me the following: that for the off-air fund raiser mentioned by the General Manager the planning from WBAI's side was inadequate. He said that he usually has someone set things up ahead of time in a theater. For this event WBAI did not get back to him beforehand to arrange for the technical issues of the event. WBAI chose a small church for the event, which turned out not to have professional equipment, and there was no one there to set things up. After a while someone from WBAI showed up and this person, whose name Gary Null does not know, demanded to be paid \$500 before he would set anything up, and they were unable to run through a preview of the DVD presentation before the event's start time. No one from WBAI Management showed up for the event. Gary Null said that about half way through the presentation the film stopped and the person who'd been paid \$500 to handle the technical side of things did not know what to do. He said that the WBAI General Manager did not order enough books for the event and Gary Null had to give a lecture instead of the planned presentation, and he had to essentially compensate those who showed up for the event who had paid for it and had not gotten the promised premium at it.

From hearing the presentations of the draft FY16 budgets from all of the Pacifica radio stations, as well as of the Pacifica National Office and PRA I have to say that Pacifica is in very bad shape. WBAI is obviously in danger of really not being able to pay its bills, other than the ESB rent bill, and the drop in the station's ability to raise revenue on the air is very concerning. But the other stations are all projecting very small surpluses at the end of the year. To me the other stations are just manipulating the numbers so that they come out with a positive bottom line, and "optimism" abounds. There is also the possibility that KPFK will get a decision from its arbitration hearings that will result in a large bill that they will need to pay. They may also have to lay off a significant number of their Paid Staff, which will also mean that KPFK will have to come up with severance pay for them. If that happens there could be a Pacifica-wide financial crisis because there may not be enough cash available in all of Pacifica to make up KPFK's sudden payroll expenses. There are any number of other things that could happen to any other part of Pacifica that could also cause a sudden cash crisis. And some of these budgets look to me like they will not result in an actual surplus at the end of the year, or even well before the end of FY16.

I have been putting out Treasurer's Reports for quite some time now that are not optimistic about the financial future of Pacifica, and there is a possibility that, absent windfalls, stations will be unable to pay their bills in FY16, maybe in the second or third quarter. There is no plan that I know of for what to do in such an eventuality.

The next NFC meeting is set for December 14, and there is another one set for December 22, but that one may be cancelled. The next local Finance Committee meeting is set for January 7, 2016.

R. Paul Martin
WBAI LSB Treasurer