

WBAI Treasurer's Report
January 13, 2016

The National Finance Committee (NFC) met on December 14, 2015. The WBAI local Finance Committee met on January 7, 2016.

The December 14, 2015, NFC meeting was again mostly about draft FY16 budget proposals. The NFC passed a motion to approve the Pacifica Radio Archive (PRA) draft FY16 budget with a proviso that PRA raise \$3,000 per month more than budgeted effective January 1, 2016, or cut an equivalent amount of spending. How they're to accomplish this is not determined. And if they can't accomplish that then the motion says that, "the Executive Director and the CFO will make the cuts in collaboration with the unit head." This is something to keep in mind since WBAI is presenting draft budgets with six figure deficits to the NFC.

The next order of business at that NFC meeting was WBAI's draft FY16 budget proposal. The WBAI General Manager attended this meeting. Minutes before the NFC meeting had started the General Manager had sent me, and I had forwarded to the NFC, a new draft FY16 budget proposal along with some other financial documents. This budget proposes a deficit of \$411,919. The NFC was very concerned with this projected deficit.

The General Manager contested some of the audited actuals that were given for some items in the past. The General Manager said that WBAI has gotten a \$70,000 bequest. The General Manager told the NFC that the Saturday morning theater ticket donations would raise a significant amount of money because a new phone system will be installed in the Conference Room. The General Manager told the NFC that he had lowered the goal for the completed Fall on-air fund raiser by \$70,000 and had raised the goal for the December on-air fund raiser by \$34,000. The General Manager told the NFC that the December on-air fund raiser, which was ongoing at that time, was averaging more than the numbers show for it. In discussing premiums there was concern about some apparent differences in what the General Manager was showing for FY15 and what the actuals in the draft budget proposal were. NFC members expressed concern regarding how realistic the premiums expenses were, and how WBAI was going to increase Listener Support while lowering premiums expenses. The General Manager said that the NFC should trust him on the premiums issue. He also said that WBAI still is behind on shipping out about \$20,000 worth of premiums.

That NFC meeting also passed a motion approving KPFK's draft FY16 budget, with some provisos, the most important one of which says, "That the restoration of staff hours be contingent upon, and proportional to, the achievement of fund raising goals in the budget." KPFK is going into arbitration on the 20 or so grievances that their Union has filed against Management. If KPFK Management reneges on their original stated intention of cutting the Paid Staff hours by 50% for *only* four months they will probably have more grievances to deal with. In my opinion KPFK's budget was not realistic and I voted against approving it.

Before this meeting a copy of the WBAI lease agreement with the ESB was found and posted to the NFC mailing list. I think that this entire document should be released to the public, but the NFC has in the past decreed that it is confidential. It's a good thing that Pacifica and the NFC now have a copy of that lease.

In December the National Office put out a Profit and Loss Statement that showed Pacifica

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ending FY15 \$13,649 in the black. The same Profit and Loss Statement shows Pacifica \$78,712 in the black after the first two months of FY16, after a November deficit of \$181,519. This Profit and Loss Statement shows WBAI ending FY15 with a deficit of \$557,743 but with only a modest \$4,888 deficit after the first two months of FY16.

Although the accrued tower rent accounts for most of that \$557,743 deficit for FY15, there is still a significant deficit from other factors. This means that WBAI is going to have to come to grips with those other factors if the station is to break even, or run only a very small deficit.

At the January 7, 2016, local Finance Committee meeting the General Manager reported that WBAI's total indebtedness at that time was about \$900,000 with about \$783,000 of that the accrued tower rent owed to ESB. WBAI has paid its January rent to neither the landlord at 388 Atlantic Ave. nor the ESB.

The General Manager told the local Finance Committee that WBAI had close to \$30,000 cash between its accounts at Chase Bank, the Bank of America and PayPal. He said that Chase has returned a check for a minor flaw and this may end up costing WBAI the \$7,500 donation it had represented. A former intern came back to help out and discovered that WBAI's finances have not been updated for three months. The General Manager was not certain that WBAI would be able to make its January payrolls without help. The General Manager reported that Pacifica has hired a new CFO. On the NFC mailing list I learned that his name is Sam Agarwal. The General Manager told the local Finance Committee that the new CFO had told him that the National Office will take WBAI's financial information as presented from the Quickbooks software, which the General Manager uses in preference to the Great Plains software which is used in the rest of Pacifica, including at the National Office. The previous Executive Director had demanded that WBAI Management also use the Great Plains software instead of Quickbooks. The National Office has budgeted \$50,000 for a software upgrade of the Great Plains software, so how WBAI using different software for accounting purposes fits in with that I do not know. The General Manager said that the CFO wants WBAI to be able to hire a part time Business Manager who will work out of the station.

The General Manager said that WBAI will not be moving from 38 Atlantic Ave. and that he is looking to line up some Major Donors to help finance a build-out of the third floor. He told the committee that he would like to see the Management offices on the second floor of 388 Atlantic Ave. and have only the radio station operating out of the third floor.

The General Manager said that WBAI is holding events on the first floor and they are attracting people. He hopes to connect those events to the air. He said that five phone lines will be put into the Conference Room and that this will help facilitate the Saturday morning theater ticket donations, and that the theater ticket donations operation may also branch out to Monday mornings. He said that a recent community event had raised money and that Management is looking to do more off-air fund raising events.

I asked if all of the premiums offered in the Summer, Fall and December off-air fund raisers were properly licensed. The General Manager's reply was not reassuring. The local Finance Committee had a frank discussion with the General Manager about the need to make certain that all copyright laws are being complied with and that the station has full documentation

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of its rights to duplicate copyrighted material for use as premiums. The General Manager was strongly advised to consult Pacifica's attorney for advice about this.

The General Manager said that WBAI may be cooperating on Web site issues with WFMU.

The WBAI December on-air fund raiser ran from December 7, through December 20, 2015. The budgeted goal was \$174,000 with a projected daily goal of \$12,429 per day. From information provided by WBAI Management this on-air fund raiser made a tally of \$125,195 which averages out to \$8,943 per day. At a fulfillment rate of 78% that's \$6,976 a day. At that rate it would take about 193 days of pitching to make the station's budgeted Listener Support goal.

After the General Manager reduced its goal by \$70,000 the Fall on-air fund raiser may be said to have missed its goal by almost \$76,000. It averaged a tally of \$7,834.17 per day.

These two on-air fund raisers missed their goal by a combined total of about \$125,000. At a fulfillment rate of 78% that's a Listener Support deficit of about \$97,500 for the first quarter of FY16. The goal for the Winter on-air fund raiser is currently budgeted as \$460,000.

WBAI's financial situation remains bad. Paying Tony Bates to manage the December on-air fund raiser appears to have resulted a tally that's only about \$1,100 a day more than the average during the Fall on-air fund raiser. No concrete plan for monetizing the events at the Commons on the first floor of 388 Atlantic Ave. has been shown to the local Finance Committee. We see that FY15 ended with a six figure deficit, even discounting the ESB accruals, and the station is avoiding a large deficit for the first quarter of FY16 only because of a \$70,000 bequest. WBAI is not self sustaining on a cash basis, and the rest of Pacifica is not doing all that much better. There is the possibility that KPDK could suddenly be faced with a large expense and if WBAI needs some substantial amount of money to help it out over the next few months it is entirely possible that the needed funds could not be found within Pacifica. Under some circumstances Pacifica could find itself in bankruptcy in 2016. What happens to WBAI under those circumstances is anyone's guess, but it probably would not be good. There is still no plan that I know of for what to do if things get much worse financially for Pacifica. None of this should come as a surprise to anyone who has been reading these Treasurer's Reports for any length of time.

The next NFC meeting is set for January 19, 2016, and the next local Finance Committee meeting is set for February 3, 2016.

R. Paul Martin
WBAI LSB Treasurer