

WBAI Treasurer's Report
December 14, 2016

The regular WBAI LSB meetings for October and November 2016, were never called; this Treasurer's Report will cover the period from the last Treasurer's Report delivered on September 14, 2016.

The National Finance Committee (NFC) met on September 20, and 27, October 18, November 1, 15, 22 and 29, 2016. An October 25, meeting was cancelled because there were no budgets to consider. The local Finance Committee met on October 6, November 3, and December 8, 2016.

Because the CFO resigned effective September 16, 2016, the NFC meetings have been getting less information than had been the case when the CFO had been a regular attendee. The NFC has been considering draft FY17 budgets from the five stations, the National Office and the Pacifica Radio Archives (PRA).

During the consideration of KPFK's draft FY17 budget, the KPFK General Manager said that the station had lost in arbitration when its Unionized workers filed grievances regarding layoffs and hours cuts that violated the Union Contract, she said that KPFK would have to reduce their Central Services payments to the National Office by the amount of the settlement agreement, which is about \$200,000. As previously noted, **this is important to WBAI because when WBAI falls short in its ability to pay critical bills, like payroll and health insurance premiums, the National Office is needed to help out.**

At the September 20, 2016, NFC meeting the following was passed:

Motion: "The NFC recommends that the PNB direct the interim Executive Director and the general managers of all units to constitute a revenue increase planning group including four of their own members and 3 members of the PNB elected by the PNB, to focus on developing a plan for increased revenue generation, including necessary steps to be taken and a timetable for carrying them out, to present to the PNB at a special meeting on or around October 20."

This was a motion to have the people who've been in charge of doing things all along take charge of the things they are already supposed to have been doing. It was a pretty silly motion.

At the September 27, 2016, NFC meeting Michael Novick was elected to be Chair of the NFC, and thus Treasurer of the PNB. There were no new budgets to be considered. There was an executive session of the NFC on that date. It mostly discussed issues that were not confidential and so the official report out from that executive sessions is, "The NFC met in executive session to discuss confidential personnel matters and passed the following motions:

1) "To request from the National Office information about who is being paid to handle the FY15 audit schedules and reconciliation information for WPFW and WBAI, and information on the state of completion of the FY15 audit."

2) "To have a regular open session meeting on October 25, 2016."

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3) “The NFC charges the Chair with preparing a letter in collaboration with the interim Executive Director to each unit head and Business Manager specifying the information needed by the NFC to complete its budget recommendations.”

The October 18, 2016, NFC meeting focused on budgets. The following motion was passed, **Motion:** “To approve the Pacifica Radio Archives FY17 budget with the proviso that it incorporate a cash flow projection for FY17 and correct any errors that appear in the spreadsheet.”

Just before this meeting began we got the preliminary P&L from the National Office for all of FY16. It shows WBAI with a FY16 end-of-year deficit of \$622,788. It also shows WBAI's end-of-year deficit for FY15 as \$553,006. So the deficit in FY16 is just short of \$70,000 worse than the one in FY15. If we consider that the monthly accrual of the difference between WBAI's nominal tower rent and what we pay the Empire State Building (ESB) is \$36,000 then, assuming the accrual will disappear after negotiations end, the station's deficit for FY16 would be \$190,788, which is still a lot of money.

Other Pacifica stations are doing badly as well. All of Pacifica ended up with a deficit of \$718,527 which, removing WBAI's ESB accruals, could come down to \$286,527.

At the November 1, 2016, NFC meeting the National Office budget was considered; the NFC took no action on the draft FY17 National Office budget proposal. The following motion was passed, **Motion:** (Cerene Roberts) “That the NFC propose that the PNB schedule a special budget meeting for December 8, 2016.” The motion was rescinded at a later meeting because it was clear that there would be not enough budgets for the PNB to consider.

At this meeting SCA income was also discussed.

At the November 15, 2016, NFC meeting there was resistance from some members to hearing about an update on the status of the FY14 audit, but the committee did get to hear about it. The NFC Chair said that the interim Executive Director had told the KPFK LSB that the National Office had sent another payment to the auditors and that the FY14 audit would be released. The Chair also said that the audit either had been released on November 11, or would be released on November 18.

The following motion was passed, **Motion:** (Cerene Roberts) “That the NFC Chair shall coordinate with network station management to schedule their appearances at NFC meetings to discuss the budgets.”

Also, at this meeting the NFC discussed the following motion passed by the PNB:

“SCA (SUBCARRIER) MOTION

Subsidiary Communications Authority (SCA) Income, informally referred to as a station's “subcarrier(s)” rental is currently applied to the National Office budget before individual stations' monthly Central Service payments / shared services are assessed and therefore has the effect of reducing the overall amount due to the

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National Office from all the stations.

We are a family of stations and should collaborate with and support each other, however, the present application of SCA income obscures the contribution of individual stations and deprives individual stations of the ability to use subcarrier rental to offset the sometimes significant cost of using the space where the station's antenna/transmitter is located; therefore,

Be it hereby resolved, that effective January 1, 2017, while all payments will continue to be collected by the National Office, ninety-five percent (95%) of SCA* rental fees for use of any station's subcarriers and/or High Definition channels shall be credited to that station's Central Services accounts with the National Office as described below and the remaining five percent (5%) shall be retained by the National Office for such purposes as equipment, accounting, and legal and other related services:

Where a station owes itemized and documented Central Service payments to the National Office, 75% of each rental payment received by the National Office will be applied to the arrears and 20% to current Central Service changes.

Where a station is current on its itemized and documented Central Service payments to the National Office, the full 95% of each rental payment received by the National Office will be applied to current Central Service charges.

Further, the Interim Executive Director is to provide confidential copy of all existing contracts to the respective General Manager and to the PNB within 30 days of passage of this motion, and

That an accounting of all SCA related income and expense since January 2009 including billing and payment of legal and collection fees, and maintenance and upgrade costs, and any other expense, be submitted to the respective General Manager and the PNB within 75 days of its passage of this motion, and further

The PNB shall be allowed a review period of up to 20 days for all pending and each future contracts.”

The NFC was told that the National Office had essentially exercised a line item veto and had said that we should only calculate the SCA credits as if each station were current on Central Services payments because otherwise the calculations would be too cumbersome. The NFC still needs to figure out the stations' Central Services payments in light of the above motion.

At the November 22, 2016, NFC meeting the committee voted *not* to hear any updates on the audit status. The FY14 audit had not been released by this date.

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The NFC discussed the WPFW and WBAI draft FY17 budgets, neither of which was ready for serious consideration.

The NFC passed the following motions: **Motion:** (Barbara Whipperman) “To rescind the motion recommending that the PNB meet on December 8, 2016, for a special budget meeting.”

Motion: (Cerene Roberts) “That the NFC recommend to the PNB that it hold a special budget review and approval meeting on January 12, 2017.”

The NFC also held an executive session meeting on November 22, 2016, the report out from which is, “The NFC met in closed session on November 22, 2016, to discuss proprietary business matters of the foundation the disclosure of which could adversely affect business relationships.”

At the November 29, 2016, NFC meeting the committee voted to hear about any updates on the audits. The NFC Chair reported that the FY14 draft audit had been submitted. The FY14 audit was still not publicly posted as of this date.

At this meeting the NFC had extensive discussions regarding the calculation of the PNB’s motion regarding SCA income and Central Services payments. No motion was passed regarding this, however.

The status of the various draft FY17 budgets was discussed at this meeting. The following motion was passed.

Motion: “The NFC recommends to the PNB to adopt a motion directing the interim Executive Director to have the GENERAL MANAGERS of WBAI and WPFW submit balanced budget proposals for their stations and direct the national finance staff to produce a revised budget for the National Office incorporating new income estimates and Central Services payments based on the PNB SCA credit motion by Dec. 13, 2016.”

During the discussion about the above motion the WBAI General Manager came to this NFC meeting with a draft FY17 budget proposal. There are still questions about it and some of it still appears to not be completed.

There was an executive session NFC meeting after the public session; the WBAI General Manager attended that meeting. The report out from that meeting is, “The NFC met in executive session and discussed its report out from the previous executive session and individual personnel and proprietary business matters related to the WBAI budget.”

A P&L for October 2016, was sent out by the National Office, and it shows WBAI as being \$102,616 in the black, which would be quite good compared to previous financial statements. It must be remembered that WBAI was in its Fall on-air fund raiser for all of October. This apparent good news must be considered in light of the other figure in this P&L which seems to amend the previous FY16 preliminary P&L by saying that WBAI ended FY16 \$757,380 in the red. With the ESB accrual taken out this would mean that WBAI had finished FY16 with a deficit of \$325,380 which would be not at all good.

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The local Finance Committee met on October 6, November 3, and December 8, 2016. At the October meeting the General Manager told the committee that WBAI was up to date with payroll and health insurance premiums and that the station was probably only showing about a \$15,000 deficit. In a handout he projected the station as being about \$64,416 in the red for the period October 1, to October 15, 2016. During discussions he said that the total accrual of WBAI's ESB rent amounted to about \$1.4 million.

During this meeting he also told the committee that he had given the list of Major Donors to then LSB member Bob Lederer. This would have been done during the election period. At a later local Finance Committee meeting Mr. Lederer confirmed that he had the list of Major Donors and said that nothing had been done with the list.

At a PNB teleconference meeting on October 13, WBAI General Manager Berthold Reimers said, "I am planning on not going back to the Finance Committee meeting because all they were doing was badgering me," and after some back and forth he said, "Anyway, I'm not going to go to those meetings anymore." He had committed at the October meeting to attend the November 3 meeting.

The WBAI General Manager did not attend the November 3, 2016 local Finance Committee meeting. At that meeting the local Finance Committee asked the Treasurer to send the General Manager an E-mail citing what we had already asked him to provide the committee with, and to cc: the local Finance Committee and the interim Executive Director. The following was sent out.

----- Forwarded Message -----

Subject: [wbailsbfinance] Berthold, we need to have you attend the next WBAI local Finance Committee meeting on December 8.

Date: Mon, 28 Nov 2016 06:59:15 -0500

From: 'R. Paul Martin' rpm@glib.com [wbailsbfinance] <wbailsbfinance@yahoogroups.com>

Reply-To: wbailsbfinance@yahoogroups.com

To: 'Berthold Reimers' <berthold@wbai.org>

CC: WBAI LSB Finance Committee <wbailsbfinance@yahoogroups.com>, PNB <pnb@pacifica.org>, Lydia Brazon <hlp@igc.org>

Berthold, at the October 6, 2016, WBAI local Finance Committee meeting you agreed that you would attend the November 3, 2016, WBAI local Finance Committee meeting. Yet at the October 13, 2016, PNB teleconference meeting you announced that, "I am planning on not going back to the [WBAI local] Finance Committee meeting because all they were doing was badgering me," and after some back and forth you said, "Anyway, I'm not going to go to those meetings anymore."

Despite your previous commitment to attend, you did not show up at the November 3, 2016, meeting.

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It is not badgering for the local Finance Committee to ask the General Manager questions about the finances of the radio station. It is in fact an important part of the job of the local Finance Committee to do so.

Below is the request from the local Finance Committee regarding what we'd like to see from you before the local Finance Committee meetings. You'll note that this request was originally sent to you 2½ years ago, and the local Finance Committee has been requesting your compliance with these requests ever since then.

You have been presenting the committee, when you have attended, figures that you have frequently put together minutes before coming into the meeting. Sometimes we get some of the financial information requested below, but often we do not get such information, and we never get all of the information requested below, which would help to show the actual state of WBAI's finances. When questions are asked you sometimes say you'll get back to us on them, but you seldom do so. You have more than once said you'd attend a meeting and then you have not shown up.

Your actions and inactions make it difficult to assess the state of WBAI's finances, and that does not help the radio station. Please let me know that you'll attend the WBAI local Finance Committee meeting on Thursday, December 8, 2016, and that honor the committee's often repeated request below.

----- Forwarded Message -----

Subject: A request from the local Finance Committee
Date: Wed, 14 May 2014 10:50:45 -0400
From: R. Paul Martin <rpm@glib.com>
To: Berthold Reimers <breimers62@earthlink.net>

Hi, Berthold. The local finance committee passed the following motion last week.

"The Finance Committee asks the WBAI General Manager to provide to the Finance Committee Chair at least three days prior to any Finance Committee meeting the following six items:

1. Cash balance;
2. Detailed aging report for accounts payable;
3. The prior calendar month's cash receipts;
4. The prior calendar month's cash expenses by category;
5. Any new or outstanding court rulings, awards or settlements with respect to WBAI;
6. Bequests and foundation grants."

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The General Manager attended the December 8, 2016, local Finance Committee meeting. There was a discussion of the Fall on-air fund raiser which ran from October 4, through November 6. The tally, from the information Management had given out, came to \$358,881, which is a daily average of about \$10,254 a day. The goal for this on-air fund raiser, in the latest draft of a FY17 budget proposal, was \$450,000 after 30 days of pitching, which would be a daily average of \$11,963. At this meeting the General Manager said that the daily figures that the interim Development Director puts out were not correct. He said that the station was actually getting a daily tally of about \$14,000 a day. He said that WBAI is in much better condition than it was two to six months ago. He said that the station owed ESB two months rent, and that he had paid one legal bill and was slowly catching up. He said that he had paid the National Office about \$16,000 in Central Services payments and he had paid PRA two months worth of their Central Services payments. The General Manager said that he had complaints about the current budget template from the National Office. He said that he also has issues with the National Office regarding their categorization of items for the budget. This relates to the "lumping" of revenue into the Listener Support line which doesn't belong in that line, a complaint which has been noted in previous Treasurer's Reports. He said that all listeners will get a mailing asking for money, and that the BAI Buddy program is getting more members. He said that WBAI will be moving to a new Web site (Web host) and that some parts of the Web site are being updated, including individual program pages. They'll have BAI Buddy buttons on them to facilitate getting people to become sustaining members.

WBAI is still in bad shape. It's good to see the October numbers being a little less awful, but that latest total for FY16 counterbalances that with an even larger deficit. As I am finishing up this report I am seeing a report from Tracy Rosenberg that \$95,000 has been seized from various Pacifica bank accounts by lawyers who had not been paid for defending then interim Executive Director Dan Siegel years ago. If the report is accurate, this seizure of funds could impact the next payroll, which could be an additional serious problem.

The next NFC meeting will be on December 20, 106, and the next local Finance Committee meeting is scheduled for January 5, 2017.

R. Paul Martin
WBAI LSB Treasurer

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