

WBAI Treasurer's Report
May 9, 2018

The National Finance Committee (NFC) met on May 8, 2018. The local Finance Committee met on April 26, 2018.

At the April 26, 2018, WBAI local Finance Committee meeting the General Manager was in attendance. During his report he complained that the National Office was not in fact doing the WBAI draft FY18 budget, as they had said that they would do. The General Manager brought draft budget proposals for FY18 and FY19 to the committee meeting. They were not full draft budgets with assumptions pages and other ancillary spreadsheets. The General Manager's FY18 draft budget projects an end of fiscal year deficit of \$135,174. The General Manager's FY19 draft budget projects an end of fiscal year surplus of \$328,535. These numbers need to be gone over in detail. The short summary is below.

Draft FY18 Projection	
Total Revenue	\$1,862,119
Total Expenses	\$1,743,949
Income (Loss) Before Central Services	\$118,170
Central Services	\$253,344
Net Income (Loss)	(\$135,174)

Draft FY19 Projection	
Total Revenue	\$1,970,185
Total Expenses	\$1,388,306
Income (Loss) Before Central Services	\$581,879
Central Services	\$253,344
Net Income (Loss)	\$328,535

All of Pacifica is facing the necessity to repay the loan that was recently acquired. The big question is how will the station budgets deal with the interest payments, which start in about 16 months, and the final principal repayment, which will come due in about 34 months. The General Manager told the committee that his proposal for paying off the loan is that every station in Pacifica should pitch an extra two days per on-air fund raiser, starting with the current on-air fund raiser, which he is projecting will raise \$200,000 every time this is done. He projects doing this through the July 2021, on-air fund raisers. The General Manager projects that this would raise \$3,400,000 to pay off the loan. The total loan is, however, larger than that.

The question of how realistic such a projection is, considering all of the factors involved, will require some analysis. **Can stations whose on-air fund raisers are heavily premium-based raise that much revenue by appealing to their listeners for the purpose of paying off a loan?**

The General Manager gave the local Finance Committee a document that indicates that through the end of the second quarter of FY18 WBAI has raised about \$692,500 in all on-air fund raisers. The General Manager's document shows a fulfillment rate of about 80% for these on-air fund raisers.

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At the April 26, 2018, local Finance Committee meeting the General Manager told the committee that WBAI had \$28,300 cash in bank.

Regarding the budget projection the General Manager told the committee that the Tower Rent at 4 Times Square would be about \$16,000 a month and that WBAI would save about \$40,000 per month or about \$480,000 a year over what the Tower Rent had been. **Whatever the Tower Rent at 4 Times Square turns out to be WBAI will save a significant amount, and this should make a big difference in the station's finances.**

The General Manager said that the BAI Buddy project is currently bringing in more than \$12,000 a month. The General Manager wants to get that up to \$15,000 a month. The General Manager said that the Saturday morning ticket donation project is bringing in about \$3,000 a month. The General Manager said that WBAI's Web income is about \$4,000 a month.

The General Manager told the committee that WBAI is doing very well with the audits that are being put together. He said that the station has a good relationship with the auditor, she has sent him the latest Chart of Accounts for Pacifica, and that the auditor may help to bring the General Manager's favorite accounting software, Quickbooks, to WPFW. There being no CFO at this time it is not known how the National Office would view two stations not using the standard Pacifica accounting software.

During this local Finance Committee meeting the General Manager handed out a memo from the Operations Director outlining some issues related to the move of the WBAI transmitter to 4 Times Square. The memo says that the Durst Foundation has given WBAI funding assistance to buy new equipment. The memo says that WBAI is currently negotiating the purchase of a new Nautel GV 7.5 A transmitter which will be installed at 4 Times Square. WBAI will also purchase a used Armstrong FM-2000B transmitter from KPFT as a backup transmitter. The memo also states that WBAI will be doing an inventory "as soon as possible." The memo goes on to say that a new AudioArts D16 broadcast mixing board will be installed at WBAI's 388 Atlantic Ave. location. There will also be upgrades to the LAN at WBAI. The memo says that an upgrade to the studio call-in telephone system at 388 Atlantic Ave. is being looked into.

During this local Finance Committee meeting there was a discussion about how WBAI could help to repay the loans. There was a question of how large a member base WBAI has. The General Manager told the local Finance Committee that the station had sent out about 12,000 tax letters to donors at the beginning of 2018. It was noted during the meeting that this number may not accurately reflect WBAI's membership base owing to the station catching up with premiums the fulfillment of which was much delayed. A spreadsheet from the Treasurer of KPFK showing the number of ballots sent out in the 2016, Pacifica elections indicates that WBAI had 7,627 members at that time. The number of members at WBAI and Pacifica was discussed in this regard at an NFC meeting.

The local Finance Committee discussed the BAI Buddy project, the sustaining membership project at WBAI. There was a discussion of whether or not soliciting BAI Buddies on the air was really pitching, and whether such solicitations might affect the Spring on-air fund raiser, which is now ongoing. The General Manager was of the opinion that soliciting the sustaining memberships in the single month between the Winter and Spring on-air fund raisers would not adversely affect the current on-air fund raiser. The General Manager had given all producers goals to get new BAI Buddies who would be credited to their programs, with the promise that the station would eliminate one day of regular pitching for every 85 new BAI Buddies. That goal was only met when the Spring on-air fund raiser was underway. There was a discussion of the fact that WBAI.ORG is not set up to easily allow listeners to become a BAI Buddy for a specific program. Most of the new BAI Buddies in April were credited to "All WBAI Shows." The General Manager said that the interim Development Director would be calling people who had become BAI Buddies but had not chosen a specific program to see if proper credit could be assigned.

In answer to a question the General Manager confirmed that all of the WBAI property that had been put in storage after WBAI had left the 120 Wall St. location has been lost. The station had stopped paying the monthly fees for the storage unit and after a while the storage company had sold off the contents of the units.

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During the discussion of this topic the General Manager said that a lot of what had been put into storage was “junk.” He also said that the Master Control console was torn out and damaged when 120 Wall St. had been vacated. A full list of what was put into storage was not available during that meeting, but included in the storage had been three studios with consoles, open reel tape recorders and other equipment.

In answer to a question the General Manager said that the decision to spend \$50,000 for the Yellow Magnet contract was his alone and that no one higher up in Pacifica had given authorization for that expenditure. The Yellow Magnet company’s final report said that WBAI’s lack of adequate cash flow had halted the original project that had been contracted for and that Yellow Magnet had told WBAI that pursuing the BAI Buddy project was the best thing to do.

In answer to a question about the revenue from the Art Auction, which the General Manager had said at the October 2017, LSB meeting would bring in a net of about \$100,000 the General Manager said that he would ask the interim Development Director for that information. Previous attempts to get this information from the interim Development Director have not been successful.

The General Manager said that WBAI would be getting another \$180,000 from the Boulton Family Trust soon. The General Manager complained that WBAI is not getting Central Services credit for the bequest from the Krivo estate. This is an issue that will need to be taken up with the National Office, whenever a substitute CFO is in place.

The General Manager told the local Finance Committee that a WBAI listener has passed away and in his will he has left his entire estate to WBAI. The estate consists of a house in Piscataway, New Jersey. The General Manager wants to make sure that WBAI either gets the money from the sale of the property or else gets credit from Pacifica for it. The General Manager indicated that Pacifica might just consider it a donation to Pacifica that has no relation to WBAI, which would be absurd. The General Manager said that the house was not in good shape and that if sold it would raise between \$100,000 and \$180,000. The committee discussed the possibility of fixing up the house and renting it out as an asset that would produce long term revenue. This is another issue that will need to be taken up with the National Office. We have been told that the person making the bequest included in his will the stipulation that if the executor of the will did not want to continue that Pacifica would become the executor. We were told that the original executor does not want to continue. How this part of the will is going to affect things I do not know.

The General Manager gave me the projected and actual expenses and revenue from seven off-air fund raisers dating from December 2015, to April 2018. There are a number of off-air fund raisers that I have been asking about for years. I am hoping that the General Manager will answer my questions about those soon, as well.

At the May 8, 2018, NFC meeting the need to repay the loans was discussed. It should be noted that the Treasurers on the NFC have not seen any of the loan documents. The NFC Chair said that in about 16 months Pacifica will need to start paying the interest on the loan. There was a discussion about just how much Pacifica would have to pay per month, with estimates ranging from \$250,000 to retire the entire debt to paying off the interest at about a tenth of that figure. Various ideas, including refinancing the debt, were discussed and estimates were made of how many more listeners would be needed for Pacifica overall to be able to handle the payments. The NFC Chair said that with the first 18 months of interest payments folded into the loan that the total debt would amount to about \$4,000,000. The issue of advertising what’s on the air at Pacifica stations now or improving the programming before investing in such advertising was discussed. This is a topic that has been argued in Pacifica for quite a few years.

One proposal was that each station should be tasked with paying its share of the loan based on the number of members it has. The station would pay an amount based on its percentage of the total Pacifica membership. As already noted the KPFK Treasurer has shown that WBAI’s membership stood at 7,627 for the 2016, election. At that time Pacifica’s total membership was 48,836. So under that formula, and assuming that

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WBAI's membership is not substantially different now, the station would probably be tasked with paying about 16% of the loan. The exact policy for the loan repayment has not been revealed yet, but that policy will need to be formulated very soon.

The FY18 and FY19 budgets proposals were discussed at this meeting. Some stations are almost ready to make FY18 budget proposals. It is the third quarter of FY18, so there is not that much guesswork to be done on those. The National Office was supposed to have done the WBAI FY18 budget, but hasn't, as noted earlier in this report.

At its April 10, 2018, meeting the NFC voted to create a FY19 budget timeline by setting the deadlines for the various stages of the budget process two weeks earlier than they had been for previous years. It is looking doubtful that the FY19 budget timeline is going to be adhered to.

I raised the issue of the PNB not asking the NFC to review and recommend anything regarding financial issues facing Pacifica, and the fact that the NFC has not been privy to the full loan information. No one has given me a reason why the NFC is not being consulted as it has been in the past.

The Spring WBAI on-air fund raiser is ongoing. The daily information that Management puts out shows that the first six days have raised \$39,465 for a daily average of \$6,578. This is an exceptionally poor performance. The General Manager has talked about daily goals of \$11,000 and \$15,000 as necessary for the station. I hope that the pace of this on-air fund raiser picks up soon. This is not a good time to have an on-air fund raiser perform significantly worse than the already poor on-air fund raisers that the station has had over the past couple of years.

With the resignation of the CFO having taken effect last week Pacifica may not have a good handle on its finances at all. This is not good. I have not seen any proposals from the PNB Strategic Planning Committee. We just have to hope that they can come up with something that will work.

The next NFC meeting will be on June 12, 2018, and the next local Finance Committee meeting will be on May 31, 2018.

R. Paul Martin
WBAI LSB Treasurer