

WBAI Treasurer's Report
May 8, 2019

The local Finance Committee met on April 25, 2019. At this meeting the General Manager told the committee that someone who claims to hold a copyright on an on-line image had filed suit against WBAI and Pacifica last November because one producer had used an on-line image of his on her "upcoming programs" announcement. These are the announcements seen on the first page of WBAI.ORG. The image was on WBAI.ORG for two or three days.

The person who brought suit **sent his subpoena to 288 Atlantic Ave.**, the wrong address for WBAI. So WBAI never got it. He also sent his subpoena to the Pacifica National Office in Berkeley, CA. The National Office never acted on it. When people from the National Educational Telecommunications Association (NETA) went to the National Office recently they found that mail had not been opened for months.

The lawsuit went to court and of course no one from Pacifica or WBAI was there so a default judgement for \$15,000 was entered. The person bringing the lawsuit and his lawyer went to the bank WBAI uses and informed them of the judgement. The bank, Chase, automatically puts a hold on accounts that have a judgement against them for double the amount of the judgement, \$30,000 in this case. But then Chase did this for all four WBAI accounts. **So WBAI had a bank hold on \$120,000 of funds.** The General Manager told the committee that as a result of the frozen accounts WBAI couldn't pay bills, although he told the committee that he'd paid some bills out of his own pocket.

The General Manager contacted a lawyer who agreed to represent WBAI *pro bono* in this case. The case went before another judge the day after the local Finance Committee meeting. The General Manager said that in researching this issue he'd found that the suit was for \$10,000 for the claimant and \$5,000 for his lawyer, but the General Manager said that he found that they cannot sue for more than \$250 for the lawyer. The General Manager said that WBAI's *pro bono* lawyer had offered the complainant \$1,000 to make the suit go away.

The General Manager said that WBAI Management would tell producers that they have to be more careful about what images they use so that the station doesn't get sued again.

UPDATE: I have been informed that when the *pro bono* lawyer went to court the judge knocked down the amount of the judgement by a great deal and vacated the previous judgement because of the inaccurate address that the notice had been sent to in Brooklyn. So WBAI's bank accounts have been unfrozen. I have also been informed that the plaintiff's lawyer is claiming he's owed a lot more for this case and that WBAI Management will be fighting this claim too.

The General Manager told that local Finance Committee that this case shows that it is important that Pacifica have an east coast lawyer who can react to legal issues in New York and Washington, D.C. for WBAI and WPFW respectively. The General Manager told the committee that currently all three lawyers retained by Pacifica are in California.

The General Manager told the local Finance Committee that people from NETA had gone to the National Office recently and had shipped 34 boxes of documents to their North Carolina headquarters. The General Manager said that WBAI has had to buy a new copying machine. He said that the old one had stopped functioning. He said that he believes that WBAI got a good deal

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on the new copying machine. The General Manager said that he would send me a copy of the contract for the new copying machine.

The General Manager told the committee that he has been informed that the Boulton Family Trust, from which WBAI has received bequests of a substantial size in the past, has millions of dollars more to give out, and that WBAI may be included in some of those bequests as well.

The General Manager said that a bequest from a different source should be coming to WBAI soon. He said that that bequest would be for about \$800,000. The General Manager said he would send me information regarding what the source of this bequest is.

The General Manager said that work on the new Master Control Room was stalled because the station needs \$15,000 to \$20,000 more for equipment. These are unbudgeted expenses. He said that WBAI has spent about \$6,000 on the project so far, and was getting substantial donations of labor and expertise to build it.

The General Manager said that the station was about \$64,000 over the draft FY19 budget so far, and that this included about \$30,000 in unanticipated spending.

It appears that WBAI is heading to a net deficit for FY19 of about \$318,000.

The General Manager said that the station can't tell what WBAI events are netting during the on-air fund raiser. He has previously said that he will not be calculating projections for expenses and revenue for off-air events.

The General Manager said that on-air Staff need training in how to pitch, and that only six or seven producers really make money for the station.

The committee discussed that \$800,000 bequest that should be coming to WBAI soon. The General Manager thinks that it might be good to put all of it towards repaying the loan that Pacifica took out to get out from under the Empire State Building (ESB) contract last year. It will be remembered that there are some in Pacifica who do not want WBAI to even be credited with giving bequests for WBAI to Pacifica. This may be worked out between the General Manager and the Executive Director, however.

The General Manager was to have sent me information on the source of that \$800,000 bequest, the contract for the new copying machine and a revised draft FY19 budget which would show the new expenses and deficit. I reminded him of this in an E-mail on April 29, but have not gotten any of those materials as of the time of publication of this report.

The General Manager gave the committee an Accounts Payable Aging report. It shows, among other accounts payable, that as of the day before the local Finance Committee meeting WBAI owed 4 Times Square \$19,449, owed accrued pension expenses of \$61,614, owed a "Health Care Bill Back" of just under \$30,000. In addition it shows that WBAI owed Central Services payments to the National Office of \$271,949 and to Pacifica Radio Archives of \$129,944. The Accounts Payable report still contains the expenses for the ESB Tower Rent. The General Manager has informed the committee that this item, which no longer really exists, will be included in the Accounts Payable until the audits are done and the item can be fully retired. So the Accounts Payable Aging report shows that ESB is owed \$2,377,945 which brings WBAI's Accounts Payable to \$2,936,264. Without that ESB charge it looks like WBAI's Accounts Payable would be about \$558,319.

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The General Manager also handed the committee members a Profit & Loss Statement covering the period January 1, 2019, to April 25, 2019. It shows a Listener Support revenue of \$316,596 and a Total Revenue of \$337,723. It shows Total Expenses of \$374,274 which, with other expenses of about \$15,860 results in a net income of (\$64,217) which is the approximately \$64,000 deficit for FY19 mentioned earlier.

The WBAI Spring 2019, on-air fund raiser is currently ongoing. Scheduled to go from April 29, to June 2, 2019, Management has posted the daily tallies for the first week. The total tally through this past Sunday was \$51,766 for an average daily tally of \$7,395 which is a bit lower than the daily tally of \$7,500 projected in the draft FY19 budget. The interim Program Director sent out an E-mail yesterday saying that the station had had a tally of over \$10,000 in the past day or two.

We are hoping to get the deliverables that the General Manager had said he'd give me on April 25, soon. As reported in previous Treasurer's Reports the local Finance Committee has requested that the General Manager send the usual financial documents to me a couple of days before the committee meets. That way the committee members could discuss them with the General Manager in a less hurried manner.

The National Finance Committee (NFC) has been informed that the interim CFO is not doing the job any longer, this was expected to happen. The PNB is looking to hire an interim CFO and then a permanent CFO. That person will interface with NETA on all of Pacifica's finances.

The NFC has now been populated with 10 if its mandated 11 members for 2019, the CFO office being vacant. We'll see if the new NFC continues trying to put together FY19 budget proposals to send to the PNB. It's actually time for Pacifica to be starting work on its FY20 budgets and maybe that would be a more productive effort than trying to put together budgets for a fiscal year that's already half way through its third quarter. Exactly what role the current Pacifica governance structure will play in relation to the NETA, which we have been told will determine the Central Services fees and will play a large role in accounting for Pacifica's finances and therefore in projecting its draft FY20 budgets, should become apparent as Pacifica starts work on the FY20 budgets. I will note that the NFC has still not been informed of the details of the loan that Pacifica took out last year. From what we've been told it seems that the first payment of interest on that loan will be due this September.

The next NFC meeting is scheduled for May 14, 2019, and the next local Finance Committee meeting is scheduled for June 6, 2019.

R. Paul Martin
WBAI LSB Treasurer