

# MCPB Annual Report for Fiscal Year 2013

John Coate May 2013

## Finances

We started the year (July 1) in the hole. Fiscal year 2012 lost money. Our cash flow was about \$27K in the red, and annual equipment depreciation increased that by another \$22K.

This year is about to end as a turnaround from the poor showing of last year. We expect to finish this year in the black with all bills from this year and last year paid off and only our old, and now greatly reduced, NPR debt remaining of the once huge debt that has largely defined life at this station for the past five years.

How did it happen? We had a very successful one-day pledge drive in August that brought in \$43K. And so began what will turn out to be our best financial year ever. The money and pledges are still coming in from the spring drive, which is now above \$88K (an average spring drive total for us). When you combine that \$87K with the \$43K from the August drive, the \$115K from the fall drive (somewhat better than average) and the \$26K from the February drive, along with the many other contributions throughout the year, we expect to set a new record for donations from the public and for total income in a year. We'll know by how much in July (when the books on this fiscal year are closed and we can post accurate numbers).

Grants from the Corporation for Public Broadcasting (CPB) exceeded our expectations by about \$40K. We aren't completely sure why they gave us more than expected, but it may be related to the 2012 national election. Or perhaps it is just a coincidence that they put the bulk of our annual grant money into our bank account on the *day before* the Presidential election in November. Note that the CPB grant that we usually receive in the summer was given to us back in November. This means that we will be on our own through the summer months, unlike previous years when we get about \$30K in July. This is one of the reasons we *need* to be ahead at this point. Also note that the size of our CPB grants are tied to how much money we raise from our members in a given year. This means that next year's grants won't be so great because last year didn't go as well, but in two years the grants should be very good. This of course assumes that the CPB stays funded, never a given.

This infusion of cash from the CPB, a strong set of pledge drives and some large donations from private foundations allowed us pay our bills lingering from the previous year as well as pay off what we owed to our line of credit from the Savings Bank.

In the past few years we have been so deeply in debt that we were only able to fully pay off our \$75K line of credit for one or two days in an entire year. This year we will have gone a full six months with it fully paid off.

At the time of this writing, our old debt, once more than \$200K, is now at about \$33K. In truth, we could pay it off now and be done with it. But if we do, we won't have enough cash

on hand to get us through the summer without more borrowing, so we will continue to chip away at it.

But for now we are ahead for the year. Expenses will be at budget (\$500K) and income way above it (\$524K budgeted, already above \$605K and growing). Note that this doesn't mean we have a lot of money on hand. We had to use a great deal of this year's profits to pay last years bills, independent of the old NPR debt.

In short, if we can keep it up - treat this year as a baseline rather than a high-water mark - then we will soon be debt-free and on our way to building the KZYX that we know is possible.

Now just to bring things back down to earth a bit, as mentioned above, we will have to borrow heavily from our line of credit in July and August until our next pledge drives get going. That's how it goes when your monthly expenses average \$41.6K.

### **Development and Membership**

The size of the KZYX membership is determined at the end of each calendar year. This is the number of ballots mailed out for the Board of Directors election. Thus, in 2013 we have 2396 members. In 2012 we had 2327 and in 2011 we had 2282. Things are moving in the right direction.

This fiscal year was the third year we expanded our number of pledge-drive days by adding a one-day drive in August and a three-day drive in February. As noted above, the August drive, a true "We need the money to continue at all" affair, brought in a very impressive \$43K. And the February drive gathered \$26K. In total we had 22 on-air fundraising days. This is one more than the 21 days the previous fiscal year. The year before that we did 20. Traditionally KZYX has done 18 days - 9 each in the fall and spring.

If you spot a trend with this, you would be correct. We believe we need more total on-air fundraising days, and they need to be spread out during the year so that we stabilize our cash flow. If this year is an indicator - and we hope it is - the extra on-air drives did not reduce the size of the two main drives. Our goal is to have three one-week drives per year, spaced four months apart. What we plan to do is keep the same 9-day drives we have always done and then add one more large drive in February that is 5-7 days long.

For those of you who listen regularly and dislike on-air drives, we understand, but we ask your patience. We know of no more effective way to convince the huge number of listeners who do not contribute, to do so. Public media raises the most money by asking for it directly. So far, the evidence is that we get more income by increasing the number of on-air fundraising days per year, than we do growing the per-day income while keeping the same amount of days.

We also know that pledge drives alone won't get us there. Improving the product so more people choose to cross the line into donating is crucial.

We hosted a few excellent live events this year: A trip to a Giants Game in October, Red Molly and Katharine Cole at the Anderson Valley Grange in January and our usual holiday auction. This year saw the rise of live events that were mainly produced by an associate of KZYY with our help providing insurance, rents and other cost discounts. We did it with a Richard Thompson concert in Fort Bragg produced by Carole Raye, and a number of times in cooperation with Oak and Thorn. These partnerships are the key reason we exceeded our budgeted events income this year (\$36K vs. 30).

## **Operations**

This fiscal year saw three important areas of improvement:

- We remade our kzyx.org website. All of the work was done for very little expense (about \$1200) by a friend of mine who is a specialist with website installation, student intern extraordinaire Maxence Weyrich, Rob Buch at Mendocino Community Networks, and me. The new site has all of the info that the old site had while being much easier to navigate. The main change is that now the front and center of the home page features blogs for each program where links to archives, announcements of upcoming shows and other important items get posted by the programmers themselves. Programmer participation is voluntary, but activity is growing. At this point I function as the webmaster. But I look forward to the day I can hand off those duties to a qualified volunteer.

- We changed the way we connect to the satellite studios from ISDN (which carries very expensive per-minute phone charges and is a technology that is heading to obsolescence) to using high-speed internet lines which carry cheaper per-month charges. In order to realize its full audio potential, we upgraded our Philo internet service. That upgrade has been installed. We are testing it to see if we have acquired enough bandwidth.

- Thanks to a generous grant from the Community Foundation of Mendocino County and from a couple of private local foundations, we were able to purchase several mission-critical items:

1. A new control console for the main studio.
2. A new programming automation system.
3. A backup FM audio processor (needed to convert audio into an FM signal).
4. A new on-air phone system.
5. New microphones and other studio audio gear.
6. A backup "exciter" – a vulnerable component of the transmitters.

In addition, Katharine Cole donated her 4x4 pickup truck, which means we will be able to get up to the transmitters in any weather.

## **Programming**

We changed the way we broadcast local news from a fulltime staff-produced 30 minute program to a set of news bulletins broadcast at 7:04 and 8:04 AM and 6:01 PM.

The BBC changed distributors and became too expensive for us to continue carrying. Those late night and early morning hours are now filled with a variety of excellent national and international public affairs programs.

We added the excellent *TED Radio Hour* on Fridays at 1 PM. To make room for it, we moved *Open Lines* to alternating Thursday nights at 7. *Mendo Matters* moved to Wednesdays and we cancelled *Alternative Radio*. *Corporations and Democracy* moved to Tuesdays and we cancelled *Your Own Health and Fitness*.

We welcomed a number of new local hosts this year:  
Stuart Campbell hosts Consider This Fridays at 9 AM.  
Bill Taylor and Jaye Moscariello co-host the Farm and Garden show.  
Larry Sawyer hosts All Tango Wednesdays at 2.  
Ackshawn hosts New Slang, on Saturdays at 1 PM.  
Ryan O hosts the Wayward Artisans Guild Wednesdays at 10 PM.  
Jay Newcomber and Andrea La Campagna now regularly host Trading Time.

In addition we did two live broadcasts of candidate forums in Fort Bragg prior to the General election in November. We successfully used our new Internet-based equipment for these broadcasts, which made it much easier.

### **Looking ahead to next year**

We never really know how much money we're going to have in an upcoming year. Sometimes a good year, like the one we're just completing, is followed by a year with much lower income. We hope that won't be the case but we can't guarantee it. To insure that we don't run out of money, we plan conservatively and don't assume that we'll be rolling in dough the next year just because things went well the year before.

With that in mind, we do plan to make improvements and changes.

Most prominently, we intend to create a small studio in Ukiah. We are already acquiring equipment for it. It will probably cost about \$10K for everything we need to create a studio similar in size and capability to the ones we have in Mendocino and Willits. We'll try to save money where we can in the process. One example is that we plan to replace the on-air phone system in Philo with a new system. We can then use the existing system in Ukiah. The main expense will be a suitable control console that has the potential to network in a modern fashion with the new console we purchased for Philo. When we have the gear assembled, we'll find a location. Ultimately the scope and function of this studio can expand. But if it does, that will come after we get it up and running. First things first. We know that many are eager for this to happen. Yes it has been a long time coming. We're going to get there. Be patient.

Of course having a studio in Ukiah makes it more convenient for Ukiah programmers to do their work and our overall carbon footprint improves. But a big motivator for doing this is to improve our chances of developing a new group of local public affairs programmers and

programs. We're looking for new voices, different viewpoints and younger perspectives. This could be our best way of getting there.

As mentioned earlier, we will change to a 3-a-year pledge drive schedule where we keep the fall and spring pledge drives, and add a single 5-day drive in the winter.

### **Thanks**

As always, deep thanks to Beth Lang for producing the Community Calendar every week and to our newest volunteer Adrienne Martin-Anderson, who helps behind the scenes with various production tasks along with occasional on-air time.

We have two departing Board members to thank. Dave Hopmann served two full terms and was Board Chair for three of his six years on the Board. We will miss his sage advice. Luckily he said he would still be available for consultation at times. He is a great friend to KZYX. Doug McKenty served one term as the programmer-elected member. Thanks to Doug for helping listeners understand better some of the Board and management positions on various issues.

A special thanks to Marty Lombardi of the Savings Bank of Mendocino. Marty has been our champion, advisor, friend, supporter and mentor since KZYX began. There were times in the past few years where I am not at all sure the bank would have renewed our credit without Marty vouching that we would fix our financial problems and move things in the right direction. Marty, if you read this, it's been a pleasure every step of the way. I will miss our many talks.

I'm sure all agree that KZYX is more than lucky to have such an extraordinary crew. I have worked with a huge amount of people in my life and none work harder or with more dedication than Mary, Rich, David, Diane, Letitia and Angela.

Thanks to all the volunteer programmers – you are the product and what makes us unique.

Finally, and above all else, to our members, donors, contributors, and helpers of all kinds, we wouldn't be here at all without you. As Tim Bray said recently, "the whole community benefits from KZYX even if they don't know it." Amen. Long may we run.