

## **MCPB General Manager's Report**

July 12, 2010

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This report marks the end of the 2010 fiscal year and the beginning of 2011.

### **Finances**

We'll start with finances this year because it looms so large in the overall reality of the organization now and for the next few years.

Overall FY2010 marked a strong turnaround from the previous three years, which were characterized by loss and accumulating debt. In contrast to the past three years where we lost money in each one (16K, 105K and 87K respectively), this past year we paid our way and paid down on our debts for a net gain of more than \$20K. But, because the second half of the year did not perform as strongly as the first half, we finished the year with some important bills for FY2010 unpaid.

It is true that during the calendar period of July 1 through June 30 we did indeed receive \$562K (the budget target was 560). But any funds received in FY2010 that were tied to the previous fiscal year do not show up as income for FY2010. And again, we also incurred some bills in FY2010 that have not yet been paid off. Thus, while we did pay off more than \$60K in old debts, our net gain at the time of this writing sits at slightly more than \$21K. That number will grow, perhaps by as much as another \$10K, as money comes in that will be credited to FY2010 (such as checks from underwriting contracts we fulfilled last year, and people paying their pledges from April and June).

Again, this is a strong turnaround. But we must consider this to be a solid first lap of a much longer race. If we did not have these debts we would have been able to pay for some important equipment upgrades. But we do have debt, and until we pay it off, important upgrades will have to wait. Unless, of course, if something major breaks requiring us to replace it in order to broadcast at all.

So, 2010 was a good year, but 2011 will have to be better. And 2012 will have to be better still. And this we must do in the face of a very uncertain economy.

The 2011 budget calls for only one significant change: converting the current part-time Membership Coordinator position to full time. This raises the amount of payroll and adds to the health insurance bill, but will more than pay for itself in improved membership growth and service.

Beyond that, the expenses are based on the previous year - with allowances for rising costs, some of which are known (NPR fee goes from \$10.4K to \$12K, satellite connect fee goes from \$7100 to \$7500) and some are estimated.

Two variables should be noted. One is that we received \$30,000 in donations from what were essentially windfalls: we got \$8K from Mendo Mill, a \$12K grant from the CPB for 'hardship' (we did not apply for this - it just came in the mail), and \$10K from Andrea Jacobson right before she died. We were very lucky, and maybe we'll have similar luck this year. But we can't assume it.

The other is the economy itself. The second half of last year was less strong than the first half. The always-larger fall pledge drive was part of that, but mainly I think it was the economy faltering. If it continues to trend downward, it may cost us.

### **Operations**

With a new standby power generator and much-improved studio wiring, the Philo studio is far less prone to power loss than it used to be. Lately there have been some power failures at the Cold Springs transmitter site. This is CDF's responsibility. We hope they fix this problem soon.

Looking ahead, our main equipment needs are a new main control board so that we can fully operate it remotely, which we cannot currently do. This will reduce those remaining times of dead-air that still do happen. Also, the current control board, while functional, has a problem of wires breaking under the 'hood' which is also the cause of downtime. Because a board replacement will cost more than \$10K, it is not budgeted this year. If we get a 'windfall' donation we may opt to apply it to this purchase.

Along the same lines of equipment needs that we can't afford to put in the budget but may purchase if we get a windfall, are at least three replacement office PCs that seem on the verge of failing, plus a new office network server. In addition, the ISDN unit at the Willits studio may need repair or replacement so that it broadcasts equally well in each channel.

Looking ahead longer term, for us to be even more reliable in times of bad weather and emergencies, we need to develop redundant systems in case something fails along the chain of equipment and cabling that creates the broadcast signal.

### **Programming**

We anticipate moving Democracy Now! back to its original 4 PM slot. If we do that, we have decisions to make about the programming that now runs in the 4-5 PM slot. Free Speech Radio News may move to 6:30. That means some of those programs will have to be moved. Scheduling changes are tricky. Stay tuned.

We're constantly on the lookout for reliable and talented people who want to host programs. In particular, we seek proposals for new public interest programs.

### **Membership**

Our best way of counting membership growth is by noting the number of ballots we mail out for the annual board election. By that method, our membership grew by a net of 152 people from the previous year. Some were new members and many had been members in the past and came back to us either through our mailings to 'lapsed' members or through their own volition. It is clear that we need to continue to strive to bring back lapsed members into the fold.

We know from an Arbitron report that we have a weekly cume audience total of about 20K. So, we are about average for public radio stations where it is 10:1 (KQED is the same). But we also know that there are community stations in this country that beat that average. We need to be one of them. It is my hope and plan for us to get our membership above 3000.

In order to get there, we need to make our product – the programming and the signal that carries it – appeal more strongly to people compared with everything else competing for their attention. That gets harder every year as iPods, iPhones, satellite radio, internet streaming, etc proliferate more in the population we serve. Moreover, those media devices are most popular with younger people, without whom the station will have no future. The good news is that radio is still very important to young people in markets where there are offerings they like. If we want a future beyond a few more years, we need to provide that to enough of them that we can someday have someone to pass this on to.

### **Underwriting**

Largely due to the economy, we saw a fall off in cash deals for underwriting while maintaining a strong trade component. Our goal was high last year and we fell short (80K budgeted, 40K actual). The goal this year is a makeable \$50K in cash. Trade should remain at about \$25K.

### **Events**

We had a better year doing events last year and seem to be hitting some rhythm with the current crew, which means we should be able to go above last year's \$50K and get to \$55K or possibly

more. We include in this category the Luau, a couple of concerts, auctions, a booth at the county fair and at least one speaker.

**The Proposed 2011 Budget:**

ACCOUNT NAME	2010 BUDGET	2010 Actual (as of 7-6-10)	2011 BUDGET
<b><u>INCOME</u></b>			
Donations	5000	123830	160000
Donations In Kind	1500	169	300
Fundraising Events	20000	50618	55000
Membership	270000	171821	190000
Major Donor Giving	50000		0
Underwriting	80000	39523	50000
CPB Operating Grant	95000	94357	92000
CPB Rural Bonus	32500	32500	32000
Other Grants	6500	14105	5000
<b>TOTAL INCOME</b>	<b>560500</b>	<b>526923</b>	<b>584300</b>
<b><u>EXPENSES</u></b>			
Advertising/Promotion	900	630	530
Bank Charges	8000	5224	5500
Board of Directors Expenses	100	440	100
Board Election Expenses	350	1508	1500
Broadcast Equip < \$3000	5000	2213	2300
Supplies/Small Equipment	1000	3260	3500
Dues & Subscriptions	14,400	14,876	16,275
Equipment Rental	2300	3049	3000
Fundraising Expenses	7000	17,555	25,133
Insurance	8250	7119	9160
Interest Expense	500	3755	3140
Meals & Lodging	1500	1554	1215
Office Supplies	1400	2653	2500
Gross Employee Wages	232,500	244,108	266,300
Employee Benefits	33500	36390	33,900
Worker's Comp	2500	2509	2500
Employer's Payroll Taxes	16,000	21078	24,000
Postage & Delivery	11,000	6295	6500
Premiums/Incentive Gifts	2000	3489	3200
Printing	1500	2853	3000
Professional Development	500	1600	1000
Administrative Professional fees	16,400	17,155	15,000

Broadcast Engineering Consultant	3300	0	1200
Other Consultants	5400	0	1000
Programming Fees	48,200	48,066	52,000
Recruitment Expenses	200	0	300
Rent	32,500	28,371	29,000
Repairs & Maintenance	2400	2306	2400
Satellite Interconnect Fees	7800	7100	7500
Security	300	181	181
Taxes	1300	1250	1250
Telephone/Internet	21,700	18,197	19,000
Travel Expenses	2500	3805	3500
Utilities	6500	6429	6500
<b>TOTAL EXPENSES</b>	<b>498,700</b>	<b>515,018</b>	<b>553,084</b>

(Note that any amount in income above expenses goes to pay debts until we pay them all.)