

PUBLIC RADIO CAPITAL



CHAMPION OF PUBLIC MEDIA

**2012**  
ANNUAL  
REPORT



CATALYST FOR CHANGE

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BY THE NUMBERS

Since **2001**, Public Radio Capital has provided consulting services to more than **275** public media organizations. The result: more than **66 million** people have access to public radio and TV stations that are more robust, sustainable, and attuned to community interests.

In **2012**, PRC helped clients in **9** acquisition and financing transactions (including loans from the Public Radio Fund) valued at **\$31.965 million**. PRC consulted with **22** other clients providing a range of services including license valuations, operational assessments and expansion opportunity modeling. In addition, an end of year grant in 2011 of **\$150,000** from the Open Society Institute enabled PRC in 2012 to assist **2** minority ownership organizations in business planning and service strategies, and a grant from FJC: A Foundation of Philanthropic Funds has established a **\$100,000** fund at PRC to spur growth and innovation in public broadcasting.

*\*Based on Arbitron and Radio Research Consortium 2011 and 2012 data*



MANAGERS' LETTER



Hand                      Ken Ikeda

**2012** was a year of challenging world events and big stories—elections, mass shootings, Hurricane Sandy, Mideast chaos—engaging listeners with their public radio stations as never before. There were also countless stories told that illuminated local concerns and shined a light on the daily heartbeat of communities and families. Excellence in journalism, commitment to community, and a mission to connect with and engage people sets public media apart. The same goes for public radio's growing mission in music, whether we are talking classical or alternative, Joshua Bell or Thao and the Get Down.

Thank you for your engagement in our efforts, whether as donor, collaborator, or fellow traveler in the public media mission. We look forward to a year in which together we build a more robust, sustainable, and relevant public media landscape for America's future.

*Ken Ikeda*  
Managing Director

*Marc Hand*  
Managing Director

# CHAIR'S LETTER

*Lyn Grinstein*  
Chair, Board of Directors



Public Radio Capital is driven to be a champion for public media and a catalyst for change. The work we highlight here is about making sure that public media will see communities through today's changing world, to help build a healthy and prosperous future, and to share cultural moments that shape community identity and define local heritage.

2012 was a year of transition for PRC. The new leadership team of Marc Hand and Ken Ikeda led to strategies for growth and service and explored new avenues of impact in public media investment, content and diversity. Our Board of Directors bade farewell to long time member Bill King, whose insights and entrepreneurial zest will be missed, and director of development Anne Hovland transitioned to a limited consulting role with PRC.

We are grateful for the public media clients, funders, and collaborators who view our work as championing public media as well. With your support, we are inspired to see tremendous possibilities for Public Radio Capital. Together, we can continue to make public media an ever greater asset for the American people and the communities we call home.

**“Together, we can continue to make public media an ever greater asset for the American people and the communities we call home.”**



# CLIENT CASE I

## PRC SERVICES SUMMARY



### A NEW STATION AMPLIFIES THE AUSTIN MUSIC (AND NEWS) EXPERIENCE

On November 30, the University of Texas completed the acquisition of FM station 98.9 to strengthen its imprint and flagship station KUT 90.5 FM. The deal was part of \$19.5 million in nationwide radio transactions brokered by Public Radio Capital in 2012.

For KUT, a second station was critical to transforming the popular KUT to all news and information, and, at the same time, reaching further into music programming with an all-new, full-time music service. Stewart Vanderwilt, Director and General Manager of KUT and the new station KUTX is justifiably proud of the newly amplified public radio presence in Austin.

"At KUT we've tried to build a service that is as identified with the community we serve as with the programming we bring to the community. We live in an iconic state in a unique city. Identity is really strong: the state capital, a research university and high tech hub, but the city's brand is built around its connection to music.

**"Every community has its unique characteristics—successful stations lean into those in some way.**

**We needed to grow with the city we serve.**

**Two separate programming streams on two strong FM frequencies make that possible.**

**Public Radio Capital made the difference for us, bringing its expertise in financing and deal making to a complex transaction that had plenty of twists and turns along the way."**

**—Stewart Vanderwilt**



Public Radio Capital provides comprehensive services to strengthen and expand public media in communities nationwide.

#### **We help clients:**

- Acquire radio and TV channels
- Secure financing for public radio expansion
- Understand the value of their license
- Assess and evaluate strategic business options
- Negotiate Public Service Operating Agreements
- Access working capital loans

#### **In addition, we:**

- Promote public radio opportunities in local communities, at industry conferences and in the financing community
- Track and publish financial trends and sales activity for noncommercial stations
- Partner with public radio advisors, national foundations and local organizations to implement projects that strengthen the public radio industry.

Fans admire the lights at the KUT sponsored 2012 Sing-Along and Holiday Stroll in Austin.



Bay Area violinist Kevin Zhu, 12, was featured on *From the Top*, broadcast on KDFC and public radio stations around the country.

Pianist Jon Nakamatsu in the studios of KDFC with station on air hosts Hoyt Smith and Diane Nicollini.



Photo by Jeffrey Freymann-Weyr/KDFC



The staff at KUTX celebrate as the new FM station goes on the air for the first time.

# CLIENT CASE 2

## WORLD CLASS CLASSICAL FOR A WORLD CLASS CITY

You need only click on [www.kdfc.com](http://www.kdfc.com) to get a sense of how the vibrant, newly public classical radio station is a reflection of its community and its connection to the contemporary world of classical music. But the transformation of KDFC from one of the few remaining commercial classical stations in the country to a standard bearer for public classical stations has been as complex as a Rachmaninoff piano concerto.

Public Radio Capital worked with the University of Southern California (home to classical KUSC ) and Classical Public Radio Network to acquire Bay Area radio signals that now carry KDFC from the South Bay to Ukiah. Brenda Barnes, President of KUSC, says, "Finding stations with the right coverage area at the right price is difficult under the best circumstances and even more challenging in a market like the Bay Area. We had the radio and deal making expertise of Public Radio Capital supporting us throughout. We are thrilled with the tremendous audience response, making KDFC's transition to a listener supported public radio station a resounding success."

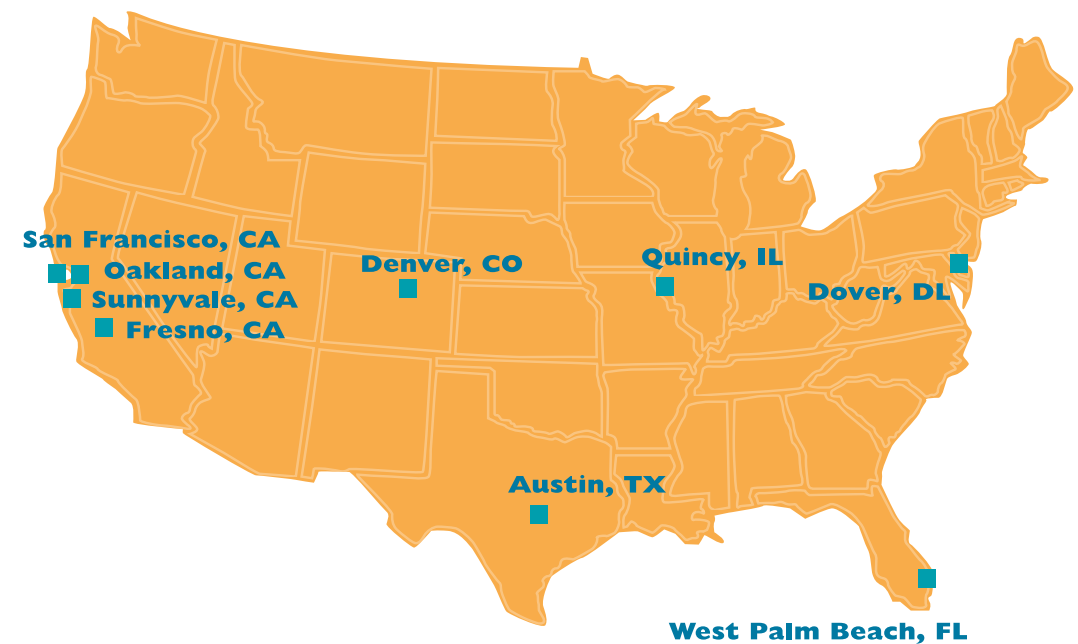


## DONORS AND FUND INVESTORS

### Thank you

- Many Individual and Anonymous Donors
  - Argosy Foundation
  - Annenberg Foundation
  - Calvert Foundation \*
  - Calvert Giving Fund \*
  - David B. Gold Foundation
  - Doris Duke Charitable Foundation
  - FJC Foundation\*
  - Ford Foundation \*
  - Hull Family Foundation \*
  - ImpactAssets, Inc. \*
  - Individual Investors – (9) \*
  - John D. and Catherine T. MacArthur Foundation
  - Nonprofit Finance Fund \*
  - NPR, Inc. \*
  - Open Society Institute \*
  - Otto Haas Charitable Trust # 1 and 2
  - The Pittsburgh Foundation
  - Rockefeller Brothers Fund
  - The San Francisco Foundation\*
  - Surdna Foundation
  - BASE Family Fund of Tides Foundation
  - Trillium Investors (15)\*
  - Vervane Foundation \*
  - Wyncote Foundation
  - Woodcock Foundation\*
- \* Denotes 2012 Donors or active Investor in the Fund during 2012

## 2012 TRANSACTIONS





# GRANT STORIES

## GRANTS HELP PRC GIVE BACK TO PUBLIC MEDIA

Two grant projects highlight Public Radio Capital's nonprofit mission to strengthen and expand public media.

- A one year \$150,000 grant from the Open Society Institute positioned PRC to be a “strategic partner” for Native Public Media (NPM) and Radio Bilingüe (RB) at a time when each organization must chart new approaches to diversify funding, fulfill core services, grow audience and client bases and ensure sustainability for significant future ambitions. PRC was committed to helping NPM and RB ramp up quickly to endure for the long term and to ensure that their progress would be felt for the people they serve, Native and Latino communities where public radio is often a communications lifeline and a keeper of the culture. PRC enjoys a long working relationship with each organization that underlies the project's success. We were able to deliver new tools and insights that help each organization advance its mission.
- New York based nonprofit FJC: A Foundation of Philanthropic Funds established a \$100,000 fund at PRC to spur growth and innovation in public broadcasting. The Revolving Public Media Fund (RPMF) will initially subsidize PRC's work with five public broadcasters committed to transformative change to improve and grow their services. Through an application process that began in late 2012, selected organizations are poised to receive \$30,000 in PRC consulting and strategic planning services. The RPMF will cover \$20,000 of the cost, and the selected organizations must be willing to commit to an additional \$10,000 investment in the PRC consultancy. A portion of the PRC fees generated from projects seeded by the RPMF will be reinvested to perpetuate the RPMF.

The radio staff of Hopi station KUYI 88.9 in Keams Canyon, Arizona are beneficiaries of the work of Native Public Media, with whom Public Radio Capital partnered for a 2012 project funded by the Open Society Institute. NPM helps stations like KUYI develop media skills, navigate federal policy and operate radio stations. Native stations empower communities, protect Native culture, and enhance Indian life.



Photo by: Kyle Knox, Hopi Foundation



# THE PUBLIC RADIO FUND



**The Working Group**  
crew on location in  
St. Louis, Missouri

**The Working Group** (CA), the producer of the **Not in Our Town** PBS documentaries, borrowed funds for immediate working capital needs while it awaits the receipt of committed foundation grants. In addition, a \$105,000 loan helped **Delaware First Media (DFM)** to finish studios so they could broadcast on air for the first time through a new station, **WDDE-FM**. DFM had a strong online news service serving Delaware since 2009. Clients **WXEL TV** (FL) and **Radio Bilingüe** (CA) are among the 2012 Public Radio Fund borrowers who are taking advantage of the opportunity for lines of credit that provide working capital.

The Public Radio Fund celebrated its fifth anniversary in 2012, and was selected for the second year in a row as one of the top 50 impact investment funds by ImpactAssets. The Fund has committed a total of \$8.8 million to 9 public broadcasting organizations and 2 public media program producers, leveraging an additional \$24.1 million in total funding to strengthen public media organizations. At the end of 2012, the Fund had **8** outstanding commitments and loans totaling **\$2.8 million**.

**Public Radio Fund loans have helped preserve, strengthen or expand the total public radio/TV local programming by over 21,500 hours on an annual basis.**

**Fund investors are public media champions** who provide the needed capital for lending. As the only source dedicated to lending exclusively to public media, the Fund is the go-to option for financing short term projects of public media organizations.

## **PUBLIC RADIO FUND** **STATEMENT OF FINANCIAL POSITION** as of December 31, 2012 (in 000s)

Cash for lending	3,967
Other Current Assets	13
Current Note Receivables *	1,371
Noncurrent Note Receivables*	441
Other Assets	4
<b>TOTAL ASSETS</b>	<b>\$5,796</b>
Current Liabilities	50
Current Note Payables	3,000
Noncurrent Note Payables	2,740
<b>TOTAL LIABILITIES</b>	<b>\$5,790</b>
Net Assets	\$6
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$5,796</b>

\* net of \$317,00 loan loss reserve

## **PUBLIC RADIO FUND** **STATEMENT OF ACTIVITIES** FOR THE YEAR ENDED December 31, 2012 (in 000s)

<b>REVENUE AND SUPPORT</b>	
Interest	209
Fees	24
Expense Reimbursement	4
<b>Total revenue and support</b>	<b>\$237</b>
<b>EXPENSE</b>	
Interest	243
Loan Loss Reserve	(44)
Other Expenses	39
<b>Total expense</b>	<b>\$238</b>
<b>DECREASE IN NET ASSETS</b>	<b>\$(1)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>\$7</b>
<b>NET ASSETS,</b>	
As of December 31, 2012	\$6

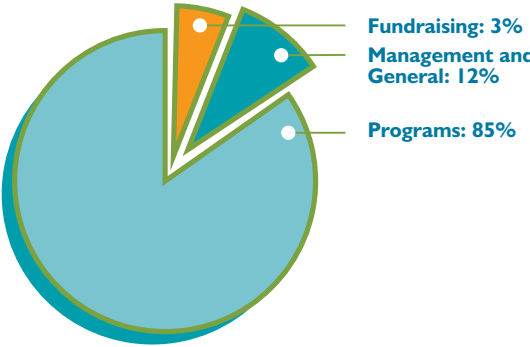
Public Radio Capital’s separate 2012 financial statements are presented below. PRC’s overall financial position is solid with net assets in excess of \$1.2 million. PRC earned revenue from 31 different clients in 2012, however the average amount earned per engagement was less than in previous years. In addition, expenses were incurred in 2012 related to Grant Support of \$304,000 that was temporarily restricted at the end of 2011.

**PUBLIC RADIO CAPITAL  
(PARENT)**  
**STATEMENT OF FINANCIAL POSITION**  
as of December 31, 2012 (in 000s)

Current Assets	821
Property and Equipment, net	6
Noncurrent Receivables, net	355
Other Assets	101
<b>TOTAL ASSETS</b>	<b>\$1,283</b>
Current Liabilities	51
<b>TOTAL LIABILITIES</b>	<b>\$51</b>
Net Assets - Unrestricted	1,132
Temp. Restricted Net Assets	100
Total Net Assets	\$1,232
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$1,283</b>

**PUBLIC RADIO CAPITAL  
(PARENT)**  
**STATEMENT OF ACTIVITIES**  
FOR THE YEAR ENDED December 31, 2012 (in 000s)

<b>REVENUE AND SUPPORT</b>	
Earned Revenue	671
Support	178
Other	2
Total revenue and support	\$851
<b>EXPENSE</b>	<b>\$1,431</b>
<b>DECREASE IN NET ASSETS</b>	<b>\$(580)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>\$1,812</b>
<b>NET ASSETS, As of December 31, 2012</b>	<b>\$1,232</b>



**BOARD OF DIRECTORS**

- Teresa Bryce Bazemore**, Philadelphia, PA (Vice-Chair)
- Carolyn Grinstein**, Seattle, WA (Chair)
- Marc Hand**, San Francisco, CA (Managing Director)
- Susan Harmon**, Seattle, WA
- Ken Ikeda**, Oakland, CA (Managing Director)
- Bill King**, Nashville, TN (Term Ended 2012)
- Josh Mallamud**, Los Angeles, CA (Secretary/Treasurer)

**ADVISORY COUNCIL PUBLIC RADIO FUND**

- Farnum Brown**, Durham, NC
- Henry Cheng**, Washington, DC
- Roberto Colindres**, Sao Paulo, Brazil
- Tim Doke**, Dallas, TX
- Carolyn Grinstein**, Seattle, WA
- Khira Griscavage**, Berkeley, CA
- Fred Marienthal**, Denver, CO
- Jan Nicholson**, New York, NY
- Kimberly Swain Cantor**, New York, NY

**STAFF**

- Dennis Hamilton**, Director of Consulting
- Marc Hand**, Managing Director and Co-Founder
- Anne Hovland**, Director of Development (retired 12/12)
- Ken Ikeda**, Managing Director
- Evran Kavlak**, Consulting and Credit Manager
- Erik Langner**, Director of Acquisitions and Legal Affairs
- Erin Moran**, Chief Financial Officer and Chief Operating Officer
- Terri Olsen**, Accounting and Operations Administrator
- Russ Otten**, Financial Analyst



# OUR MISSION:

The mission of Public Radio Capital (PRC) is to strengthen and expand noncommercial media so that local communities nationwide have access to more in-depth information, unbiased news, diverse music and cultural programming.

PUBLIC RADIO CAPITAL



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