

Changing Public Media, Changing PRC

Public Radio Capital
2013 Annual Report



**PUBLIC
MEDIA
CO.**

This report celebrates the ways in which Public Radio Capital (PRC) is serving clients—public media outlets large and small—as they define changing civic, cultural and media roles while staying true to mission.

Our work is about helping them becoming more significant and sustainable, not just for today’s audiences, but for tomorrow’s as well.

In addition, we take the opportunity in this 2013 Annual Report to tell you how Public Radio Capital (PRC) is itself changing, yet committed as always to a mission to strengthen and expand public media nationwide. Our work has shifted toward greater emphasis on innovative strategies that bring new content and diverse voices to public media—and finding ways to deliver more of both through new media opportunities.

I want to acknowledge the contributions of Ken Ikeda, who served with me over the past year as co-managing director. With Ken’s guidance, PRC has made a bold commitment to growing our leadership role in managing television spectrum and developing much needed content management and distribution systems that are critical to diversifying public media offerings. In 2014, Ken has stepped into the role of Chief Strategist, focusing on development of several new products.



Channel X, through the seminal and ongoing help of Wyncote Foundation and a generous 2014 grant from the MacArthur Foundation, will be launched in May 2014. You can read more about Channel X on page 13.

You will be seeing a new PRC in 2014—with a name change to Public Media Company and a new look. We want to serve our clients and their growing public media audiences as we always have with a commitment to excellence, an emphasis on analytical and transactional expertise, and, above all, a passion to strengthen media where public service is the ultimate goal. Together with you our clients, colleagues and funders, we will lead the change for public media in ways that inform public discourse, celebrate culture, and illuminate the world of ideas.

Marc Hand

Marc Hand

Table of Contents

Services Summary	4	Channel X	13
Transactions/Clients	5	Financials	14
Client Stories	6	Staff and Board List	15

Chair’s Letter

In an era of rapidly changing technology that drives our everyday experiences, Public Radio Capital has been a catalyst for meaningful change in public broadcasting. The marketplace for buying and selling stations, with the resulting expansion of service and preservation of public stations, was advanced by PRC. The historic audience growth in public radio can be directly tied to our brokerage and consulting work. PRC’s unique strategic operations analysis and financial modeling have allowed stations to advance their mission, broaden their reach and deepen their impact.

PRC was founded in 2001 with a mission to be a catalyst in the marketplace for station transactions in public media, and as that media world has evolved we now see opportunities to create innovative pathways to audiences with new and existing content, new online and mobile applications, new synergies between tv and radio, and new ways to make the most of broadcast spectrum.

All of this change is summed up in our decision to change our name from Public Radio Capital to Public Media Company with our mission being: *To maximize the relevance and impact of public media for all.*

Going forward under the name of Public Media Company (PMC), we will continue to provide brokerage representation, strategic planning, and operational assessments, helping clients toward greater efficiency, impact and sustainability. PMC will also take a more active role in seeking opportunities to construct market based regional and national operating collaborations that result in more efficient uses of resources and to develop new products and solutions that we believe will add value for the system and extend the reach of existing and new public media content to the American public.

We invite your engagement in our work, as clients, collaborators, and colleagues. Together we can ensure that the changes in our lives will be made more understandable, more positive and more memorable by the presence of public media as our compass and companion, where ever we may be. Thank you for being with us!

Lyn Grinstein

Lyn Grinstein





Public Radio Capital is now

**PUBLIC
MEDIA
CO.**

Services Summary

Consulting

- Strategic Planning
- Business Assessment and Financial Modeling
- Station Valuations
- Programming Solutions
- Transaction Representation:
Mergers and Acquisitions
Collaborations and Partnerships

Lending

The Public Radio Fund

Financial Advisory

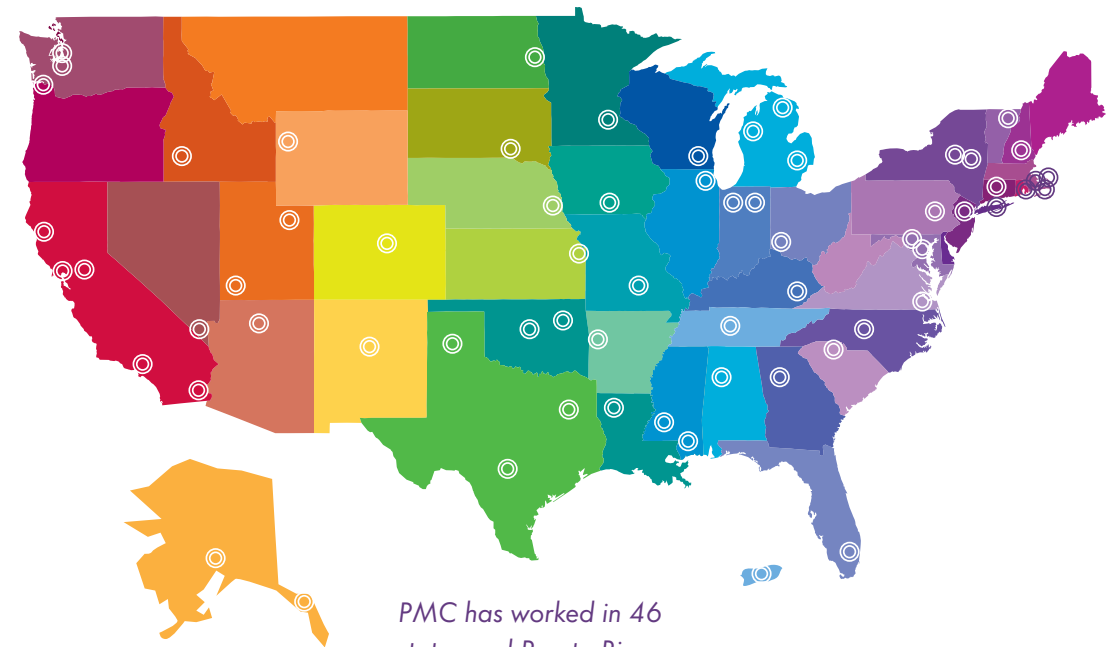
Short and long term financing options
for acquisitions and capital investments

Product Development

For content, distribution, and
management solutions

\$315 million in transactions

Covering 68 million potential listeners with new and improved public media since 2001.



impact

Since 2008, Public
Radio Fund has lent
\$8.9 million to nine public
broadcasters and two
program producers (eTown
and The Working Group).

2013 Clients

American Public Media Group
Classical Public Radio Network
Colorado Public Radio
Friends of myradio
Kansas City Public Media
Kentucky Public Radio Network
New Hampshire Public Radio
Radio Bilingüe
South Dakota Public Broadcasting

Santa Barbara Foundation
The Working Group
Tri States Public Radio
University of Central
Missouri
University of Sioux Falls
WAPS
WXPB

*Plus 12 clients engaged
in ongoing projects at
pre-public stages*



community



Triple A Music is making new connections for artists and audiences in Kansas City

Public Media Company (PMC) brokered the transfer of the KTBG-FM station license from the University of Central Missouri to community-based licensee Kansas City Public Television (KCPT). For more than 18 months, PMC worked with both parties in efforts to preserve the station as an outlet for public broadcasting. To prepare KCPT for integrating its first radio service, The Bridge 90.9 FM, PMC provided financial forecasting and business modeling to factor in new audience and revenues, new personnel and a signal expansion project that increases the station's reach from 400,000 to 1.4 million potential listeners. PMC also worked with KCPT to secure a loan from FJC, a New York-based philanthropy that is supportive of public broadcasting's role in strengthening communities.



> The Bridge 90.9 FM in Kansas City is committed to music discovery, especially "listening local". Whether it's YouTube videos of 909 recording sessions or the commitment to create web pages for every band in its music library, local groups like Katy Guillen and The Girls know The Bridge has them covered.



> Local band Not A Planet (William Sturges and Nathan Corsi). Recorded live at Kansas City's Weights and Measures Soundlab and available online at bridge909.org/sessions.

Photo credit: Bob Szabo

"This collaborative effort (among public media outlets) gives us a unique opportunity to help shape a positive future for the Commonwealth that we serve and provide our audiences the best possible combination of services and programming. We do believe that we can collectively preserve our localism and assure that our own unique flavors are present in the content. The kind of collaborative modeling we can do as public media outlets is indicative of the type of 'public first' approach that is increasingly necessary across a multitude of intersections of business, education, government and nonprofits."

*David Brinkley, General Manager,
WKU Public Broadcasting*



New strategies for public media are emerging as six of Kentucky's seven public radio stations work with Public Media Company to explore the advantages of collaboration over competition in strengthening local programming and services. Driven by a changing funding environment, and assisted by PMC, station managers worked together in 2013 to complete an initial phase of what is now being called the Kentucky Collaboration. In Phase I, PMC provided a detailed analysis of the stations'

historical financials, comparable performance metrics, individual and consolidated business models, and led a station convening to examine results and plan a Phase II of work, which will continue in 2014.

Public media leaders in Kentucky are putting the people of the Bluegrass State first as they contemplate the challenges of consolidation, service differentiation, growth, and sustainability.



◀ Louisville Public Media, licensee of WFPL 89.3, is working with five other Kentucky stations and Public Media Company to explore ways to collaborate for greater public service, more efficiency, and a new avenue to ensure that public media keeps the Bluegrass State informed and connected.

Louisville is just one of the cities in Kentucky that could benefit from a new level of collaboration among public media outlets in the state. Partnerships around state house reporting and underwriting are already impacting pubcasters and their audiences.



◀ WEKU's Eastern Standard public affairs program could benefit from cost effective strategies that help guide more resources toward programming as Kentucky's public radio operators examine the potential for greater collaboration. Host John Hingsbergen with guest Chris Hartman of the Fairness Campaign.

Photo credit: Richard Turner



> The staff of New Hampshire Public Radio—proving that public media is a great place to be!



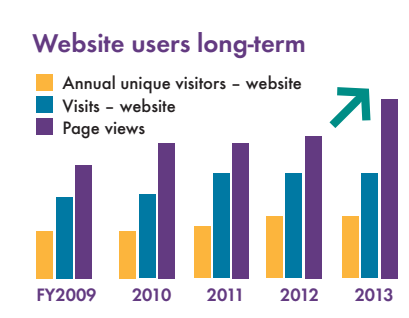
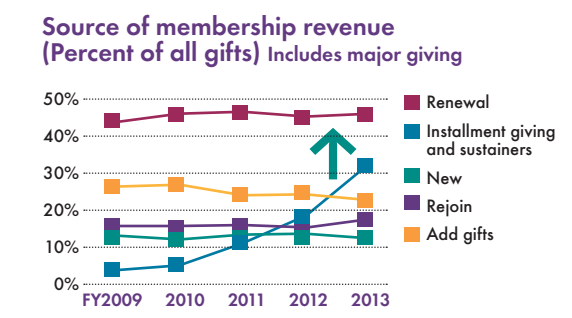
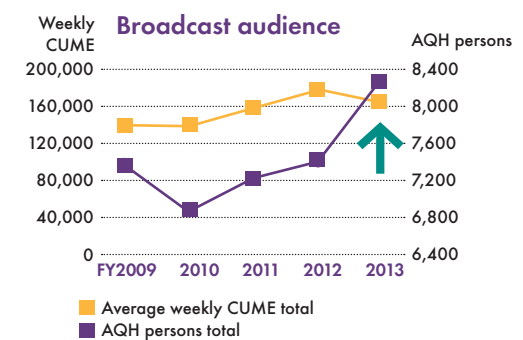
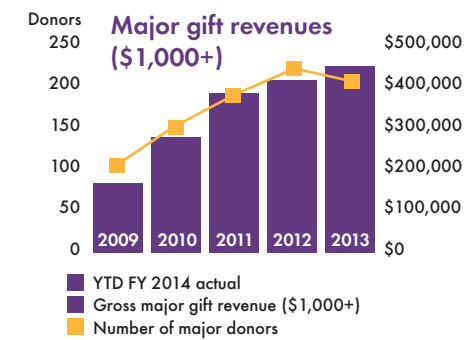
Photo credit: Bill Truslow

PMC Helps New Hampshire Public Radio Build Dashboard

Under the leadership of President and CEO Betsy Gardella, NHPR has been working with Public Media Company to develop a new approach to quantifying public media impact and productivity. The collaboration yielded a comprehensive set of metrics that will populate NHPR's dashboard and gave insight into the development of PMC's Public Media Database. The Database will aggregate station metrics to create a real time, 360 degree view of audience reach, fundraising success and financial health, designed to help stations not only report on their progress, but provide ongoing comparative data for planning and budgeting. A beta version of the Public Media Database is expected to be available to stations by the summer of 2015.

"We were delighted to find that our interest in developing a set of metrics coincided with PMC's Public Media Database project. We can already see the way our decision making is sharpened by the commitment to ongoing measurement. The things that matter are much more apparent on a day to day basis."

Betsy Gardella, President and CEO, New Hampshire Public Radio

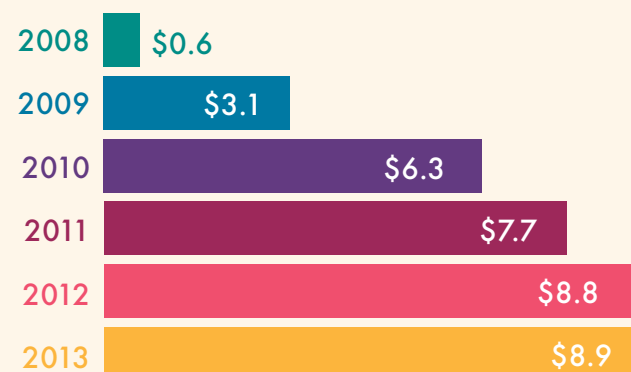


< Simplified tracking of key metrics, trends, and industry comparables will strengthen public media performance.

"The loan program has been extremely helpful for Radio Bilingüe to maintain its stability these past three years. I want to thank PRF for the opportunity and service it provided to Radio Bilingüe. It truly helped us to maintain our national news and information services—like Línea Abierta and Noticiero Latino—and to take further risks in reaching new Latino audiences in the Southwest. Radio Bilingüe's expansion of stations for underserved Southwest communities is almost complete."

Hugo Morales, Founder and Executive Director, Radio Bilingüe

Total commitment to date:
\$8.9 million



Numbers in millions

< The Public Radio Fund, established in 2007, has utilized investment funds from Calvert Social Investment Foundation, Ford Foundation, Hull Family Foundation, Nonprofit Finance Fund, NPR, Inc., Woodcock Foundation, Impact Assets and other individual investors to 11 different public media organizations.

Loans from the fund have ranged from \$105,000 to \$2.50 million, and have aided organizations in a variety of ways.

> Samuel Orozco, host of Línea Abierta and National News and Information Director for Radio Bilingüe, brings the program into the community.



Ken Ikeda,
Chief Strategist,
talks about
Channel X

Q. What is Channel X?

A. It's a content marketplace that connects producers to broadcasters. In the future, it will have the capacity to program and function as a standalone channel service. In the near term, Channel X will allow broadcasters to discover, license and broadcast individual media, subscribe to content blocks and seek content to diversify their core offerings through three verticals: news, film and music.

Q. What prompted the Channel X concept?

A. The principal driver for us has been diversity. There is a tremendous range of content now available that hasn't been able to reach audiences through broadcast. There are a number of reasons for this but we believe that the diversity of today's audiences, the wealth of terrific content being produced, and the availability of channels and programming space in public media, represents an opportunity for Channel X to add significant value. While content can be accessed through myriad devices and means, the broadcast space and partnership with public broadcasters remains important. Channel X hopes to engage new, diverse audiences as a complementary offering to PBS.

Q. It seems that Channel X can create a new way for stations and producers to relate. Do you see it that way?

A. Definitely. A key concept is a new licensing paradigm that will balance the rewards of success more equitably through non-exclusive terms. In addition, we are fully committed to a partnership approach with producers and a revenue model that will have expectations appropriate to how distribution and engagement strategies have changed.

Q. When can we expect to see Channel X launch?

A. We anticipate our first client stations to be signing on in May.



Public Media Company’s separate 2013 financial statements are presented below. PMC’s overall financial positions continues to be solid with net assets in excess of \$1.2 million. In 2013, PMC earned revenue from more than 30 different clients. Over the past two years grants totaling \$150,000 from FJC: A Foundation of Philanthropic Funds, has enabled PMC to work with a wider range of clients to spur growth and innovation in public broadcasting.



Public Radio Fund
Statement of Financial Position

as of December 31, 2013 (in 000s)

Cash	2,091
Other Current Assets	10
Current Note Receivables*	579
Noncurrent Note Receivables*	235
Other Assets	2
Total Assets	\$2,917
Current Liabilities	15
Current Note Payables	300
Noncurrent Note Payables	2,440
Total Liabilities	\$2,755
Net Assets	\$162
Total Liabilities and Net Assets	\$2,917
*net of \$185,000 loan loss reserve	

Public Radio Fund
Statement of Activities

for the year ended December 31, 2013 (in 000s)

REVENUE AND SUPPORT	
Interest	114
Fees	13
Total Revenue and Support	\$127
EXPENSE	
Interest	74
Loan Loss Reserve	(132)
Other Expenses	30
Total Expense	\$(28)
Increase In Net Assets	\$155
Net Assets, Beginning of Year	\$7
Net Assets,	
As of December 31, 2013	\$162

Public Media Company (Parent)
Statement of Financial Position

as of December 31, 2013 (in 000s)

Current Assets	631
Property and Equipment, Net	8
Noncurrent Receivables, Net	567
Other Assets	101
Total Assets	\$1,307
Current Liabilities	32
Total Liabilities	\$32
Net Assets – Unrestricted	1,024
Temp. Restricted Net Assets	251
Total Net Assets	\$1,275
Total Liabilities and Net Assets	\$1,307

Public Media Company (Parent)
Statement of Activities

for the year ended December 31, 2013 (in 000s)

REVENUE AND SUPPORT	
Earned Revenue	888
Support	475
Other	1
Total Revenue and Support	\$1,364
Expense	\$1,321
Increase In Net Assets	\$43
Net Assets, Beginning of Year	\$1,232
Net Assets,	
As of December 31, 2013	\$1,275

Board of Directors

Teresa Bryce Bazemore,
Philadelphia, Pa.
Carolyn Grinstein, Seattle, Wash.
(Chair)
Marc Hand, San Francisco, Calif.
(CEO)
Susan Harmon, Seattle, Wash.
Josh Mallamud, Chicago, Ill.
(Secretary/Treasurer)
Fred Marienthal, Denver, Colo.
Leo Martinez, San Francisco, Calif.
(Vice Chair)
Jan Nicholson, New York, N.Y.

Advisory Council
Public Radio Fund

Henry Cheng, Berkeley, Calif.
Roberto Colindres, Sao Paulo, Brazil
Tim Doke, Dallas, Texas
Carolyn Grinstein, Seattle, Wash.
Khira Griscavage, Berkeley, Calif.
Fred Marienthal, Denver, Colo.
Jan Nicholson, New York, N.Y.
Kimberly Swain Cantor,
New York, N.Y.

Staff

Marc Hand, CEO and Co-Founder
Erin Moran, Chief Financial Officer
and Chief Administrative Officer
Ken Ikeda, Chief Strategist
Dennis Hamilton, Managing Director
Erik Langner, Managing Director
Evrans Kavlak, Director, Consulting
and Research
Terri Olsen, Accounting and
Operations Manager
Louis Caputo, Financial and
Research Analyst

Editor, Anne Benedict Hovland
Design, Mary Brucciani

Mission Statement

Public Media Company's mission is to maximize the relevance and impact of public media for all.

Our sincere thanks to all of the individuals, families and foundations that have supported the work of Public Radio Capital. We look forward to a bright future for Public Media Company and the mission we embrace for a strong public media in service to our nation.

The logo for Public Media Co. is a white square with a thin black border. Inside the square, the words "PUBLIC", "MEDIA", and "CO." are stacked vertically in a bold, white, sans-serif font.

**PUBLIC
MEDIA
CO.**

5277 Manhattan Cir. Ste. 210
Boulder, CO 80303
P. 720 304 7274
F. 720 304 8923
info@publicmedia.co

publicmedia.co