

# BUILDING THE FUTURE OF PUBLIC MEDIA.



PUBLIC MEDIA COMPANY | ANNUAL REPORT | 2016-2017

**PUBLIC  
MEDIA  
CO.**



## Strengthening Public Media, One Station at a Time

In a world where local media outlets are shrinking in size and impact, Public Media Company's mission over the past 16 years has become even more critical. We help local, independent public media grow their impact through sustainable business expansion. Public Media Company brings extensive knowledge and experience along with rigorous analysis and passion for the growth of community-based media—whether we are advising a new radio station general manager on where the station has “room to grow” based on the station's performance relative to peers or spreading the word about an exciting new digital broadcast standard and its impact on public television.

We help stations expand locally, but also help the public media network understand and react to expansive opportunities like the FCC Spectrum Auction held in 2016–2017—which involved a complex web of decisions about whether to sell spectrum to raise funds or hold on to it for more valuable community use.

All these activities contribute to one outcome: a vibrant network of local public media stations throughout the U.S. that are rapidly becoming leading media outlets in their communities. As you'll learn in our annual report, we believe our collective influence will continue to accelerate in the next few years, thanks in part to those people who support their local public media, as well as public media leaders, both paid and volunteer, who believe adamantly that the entrepreneurial spirit espoused by Public Media Company is a critical requirement to ensure that local public media thrives in the 21st century.



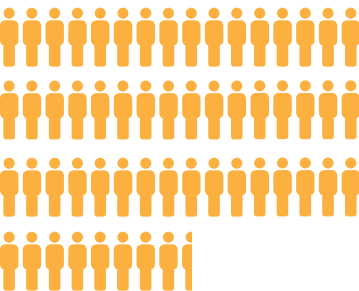
Marc Hand  
CEO, Public Media Company



# Public Media is Important.

## We are **local...**

170,000,000 people  
access public media  
each week\*



 = 3,000,000

**368** public television  
stations

**934** public radio stations

**+ hundreds** of  
online services, podcasts,  
educational services  
and events

## **free...**

public broadcasting  
provides vital free  
programming for children

## **value-driven...**

public media reflects  
the values of viewers and  
listeners, not advertisers

## **independent...**

our journalism is  
frequently the “first  
source” of local enterprise  
reporting, serving to  
educate and connect  
a community

\* Source: [170millionamericans.net](http://170millionamericans.net)

## Navigating the Complexity of the FCC Auction of Broadcast Spectrum



**2016** marked the beginning of the FCC Spectrum Auction, which was six years in planning and played out over a year, finishing up in early 2017. Public Media Company advised numerous public stations in advance of the auction and commissioned a national research analysis of possible auction results for public television stations. The analysis offered the only data that organizations could use to balance the extraordinarily high opening auction bid estimates stations had received from the Federal Communications Commission. The analysis commissioned by Public Media Company provided station managers and their boards with a more realistic assessment of potential auction values for their spectrum and gave organizations a vital tool for making decisions about whether to participate in the auction. The results were a net positive for public media: An estimated \$1.9 billion went to 34 license-holders of public media stations and public television station coverage remained at 98 percent of all U.S. households.

Public Media Company's entrepreneurial drive extended well beyond the auction's close. Several commercial stations that sold spectrum into the auction still had licenses to operate broadcast stations, and Public Media Company facilitated the donation of these licenses to WNET in New York and WGBH in Boston, giving these stations an opportunity to provide more varied service to their communities.



## West Virginia Public Broadcasting Rebounds with the Help of Public Media Company

**T**he decline of the coal mining industry hit West Virginia hard, prompting the governor to propose cutting \$4.5 million in state funding for West Virginia Public Broadcasting.

This cut could have had a devastating impact on West Virginia Public Broadcasting, since it costs \$3.5 million annually to broadcast radio and television signals to the mountainous regions in West Virginia.

Fortunately, vocal listeners and viewers responded to the threat of defunding with an outpouring of support. When the dust settled, West Virginia Public Broadcasting received a \$1 million cut in state funding, far less than proposed but still a dramatic reduction.

Public Media Company swung into action, helping West Virginia Public Broadcasting re-architect its operating model to drive growth in membership, foundation and major gifts revenue while also streamlining expenses.

Now, thanks in part to Public Media Company, West Virginia Public Broadcasting is now a more stable and financially independent public broadcasting outlet with a unified staff, board and audience. Due to increased foundation funding, it has expanded its local coverage of West Virginia and continues to be one of the most prolific producers of rural reporting in the U.S.

## Our Entrepreneurial Path

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A “can-do” spirit and a bias toward action can go a long way in accomplishing a stretch goal. Public Media Company pairs this ethos with careful planning, analysis and rigorous attention to detail as growth plans are formulated.

### We delivered.

More than **120** public radio stations coached on how to launch additional signals in their markets

**\$3.4 Million** raised in philanthropic dollars to fund digital platforms

**\$100 Million** secured in loans

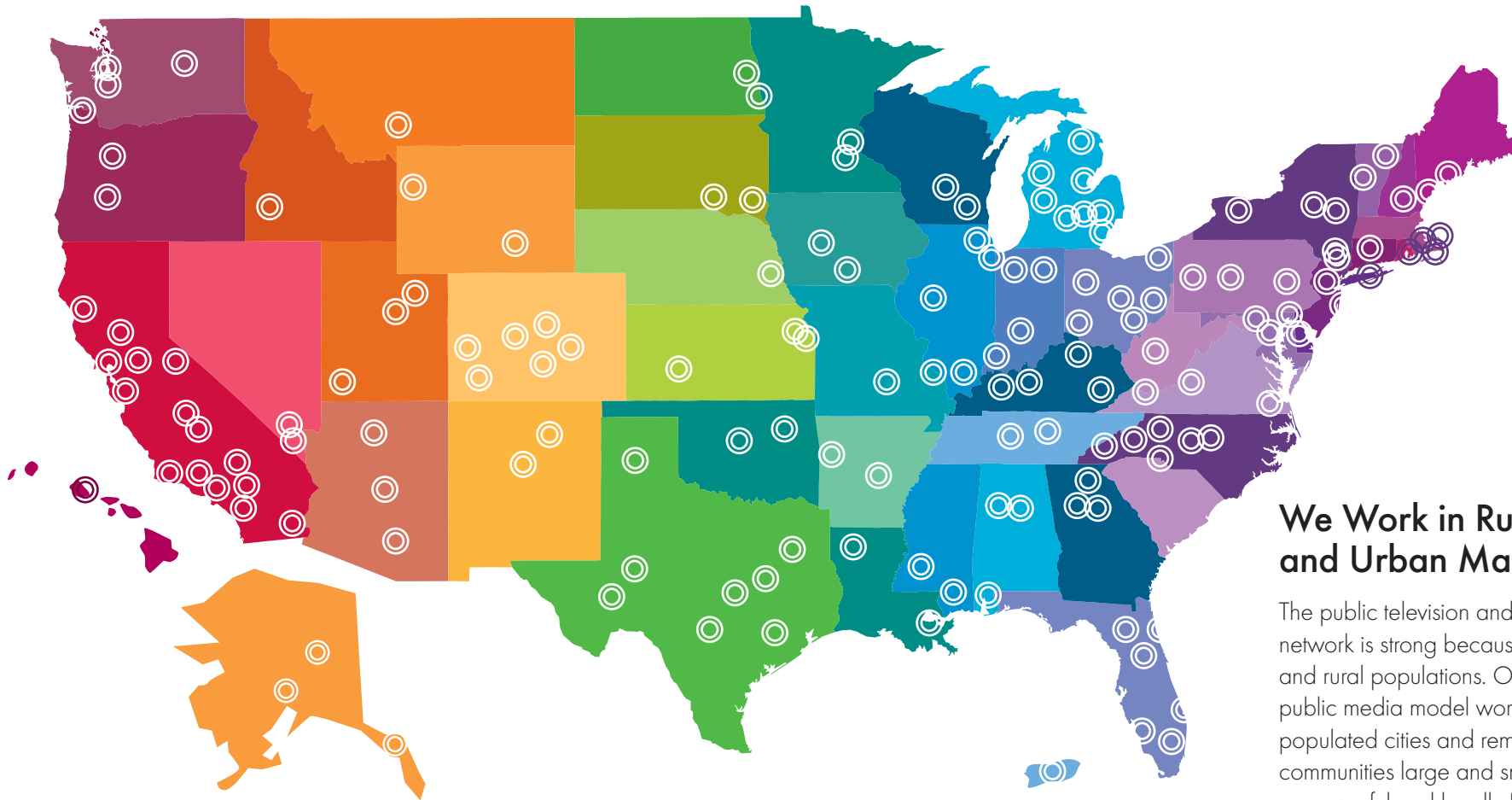
We’ve garnered access to public media services for approximately **80 Million** people, representing **1 in 4** Americans nationwide

< During our 16-year history, public media increased its financial impact from a \$2.3 billion industry in 2001 to \$3.0 billion in revenue in present day.

2001

2017

## Public Media Company Works Locally, Across Our Nation



### 16 Years, 49 States and 281 Stations

Since 2001, Public Media Company has reached across the U.S. to help stations expand through mergers, acquisitions, better business planning and collaborations designed to help grow digital reach and impact. Each circle on the map represents a community we've worked in—resulting in a stronger, more sustainable local, regional and national public media system.

### We Work in Rural and Urban Markets

The public television and public radio station network is strong because it serves both urban and rural populations. Our donor-supported public media model works in densely-populated cities and remote regions, informing communities large and small. A network as powerful and locally focused as ours doesn't happen without the intention of many passionate public media leaders, and Public Media Company is proud of its role helping these leaders strengthen public media, one community at a time.





## Collaboration on Digital Helps Build Station Scale and Impact

The digital age requires stations to work together so that more high quality content can be produced and delivered to public media audiences. Public Media Company, along with the critical support of foundation funders, launched and operates **Channel X**, a multimedia content exchange for public media journalism, and **VuHaus**, public media's first and only music network comprised of over two dozen leading public radio music stations. Both Channel X and VuHaus help stations distinguish themselves in their local communities by connecting influential stations and collaboratively building innovative services that meet changing audience needs.

Channel X enables the work of public media reporters and producers to be shared among stations across the country, resulting in broader distribution for the highly regarded, resonant content that people value from public media. Through the network effect it has established, VuHaus is establishing new distribution, marketing and sponsorship opportunities for its station partners.

## Next Gen TV: The New Frontier

**P**ublic Media Company founded and leads the Public Media Venture Group, a consortium of 25 public television licensees that operate 97 public television stations. This group has come together to develop mission and business focused opportunities linked to the new broadcast standard ATSC 3.0, also known as Next Gen TV, as well as other new emerging technologies.

Next Gen TV represents a transformative technology platform that combines the best of broadcast and IP delivered distribution. It provides the ability to deliver and target enhanced content and services to homes and mobile devices, while also providing a robust ability to deliver data to a range of products – from self-driving cars to the growing number of internet-linked devices in the home.

This technology offers unique opportunities for public media. Coming together in the Public Media Venture Group enables these leading stations to act as social entrepreneurs in developing partnerships to create and enhance public service in their communities.

Enhanced support for local journalism, education, and emergency alerting are just a few of the opportunities that the public broadcasting system is uniquely positioned to deliver with this technology. Stay tuned for future developments!

**199 million people impacted**

## Revenue and Support

Through a combination of earned revenue and public support, Public Media Company is able to serve local and independent media. Fees are kept low to ensure access to our services; individual contributions and grants enable us to expand our services and invest in digital platforms.

EARNED REVENUE

**\$954K**

PUBLIC SUPPORT

**\$712K**

2016

EARNED REVENUE

**\$1,373K**

PUBLIC SUPPORT

**\$578K**

2017

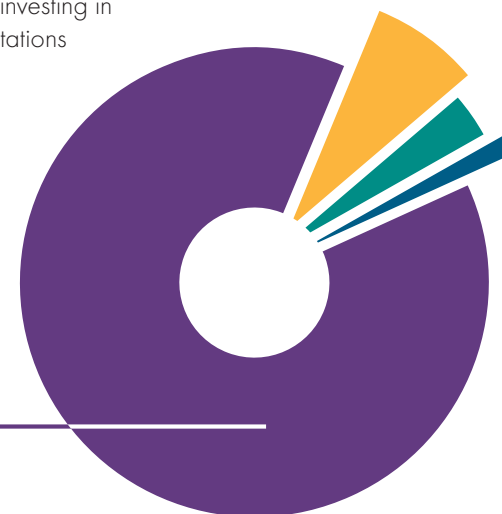
## Allocation of Expenses

We practice the same rigorous financial stewardship that we preach. In the past two years, 88 percent of our revenue went directly to program-related expenses, and an additional three percent was allocated toward investing in research and outreach to television stations to increase our overall impact on public media.

- 88.23% PROGRAMS
- 7.47% ADMINISTRATION
- 3.17% STATION OUTREACH
- 1.13% FUNDRAISING

**88%**

of revenue went directly to program-related expenses.



## Public Television Expansion

Our roots are in public radio, but in recent years Public Media Company has expanded into consulting with public television stations. Our initial focus was on the FCC spectrum auction, which occurred in 2016 - 2017. With the advent of a new digital television standard known as Next Gen TV, we continue to see our work in public television expand.

**Our TV revenue grew 15% a year over the past four years.** CAGR 2014-2017

RADIO

**\$660K**

TELEVISION

**\$294K**

2016 Earned Revenue

RADIO

**\$870K**

TELEVISION

**\$479K**

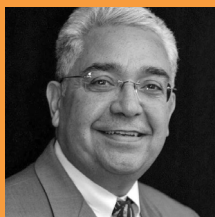
2017 Earned Revenue

## We Appreciate Your Interest in Public Media Company

As the past and present board chairs of Public Media Company, we want to share our experience having closely followed the impact of this unique non-profit enterprise. Founded in 2001, Public Media Company (which was then known as Public Radio Capital) was created when a collective group of public radio general managers, working together as the Station Resource Group, realized that a specialty service was needed that could provide stations with the tools to grow. At the time, radio consolidation was driving up prices of commercial and non-commercial signals, and the risk was high that many public radio outlets would be lost to enterprises with more resources to assemble stations into a collective network. Thankfully, because of the work of Public Media Company and countless dedicated community leaders, the public media network is stronger than ever.

We both sit on boards of our local public media and know how important Public Media Company can be in “shaking things up” and helping set a vision for how local public media can be better. By taking the time to get to know Public Media Company, you are giving your time to a vital quest to ensure that this nation has a network of local, sustainable independent media outlets that knit communities together.

**Won't you join us?**



Leo Martinez, Chair  
Public Media Company  
2015-2017



Teresa Bazemore, Chair  
Public Media Company  
2018

## A Special Thank You to Our Foundation Funders

Public Media Company would not be where it is without the generous support of foundations that support Public Media Company and its mission to build a robust, sustainable independent public media network, one station at a time. In 2016-2017, we'd like to specifically recognize the **MacArthur Foundation**, **Knight Foundation** and **Wyncote Foundation** for their support of Channel X, and **FJC, A Foundation of Philanthropic Funds**, for its support of Public Media Company's expansion into public television and the exploration into the new digital television standard known as Next Gen TV. In addition, the **Corporation for Public Broadcasting** provided critical support for two of our digital platform initiatives, VuHaus and Channel X. And finally, as we look to 2018, the Public Radio Fund will wind down its operations after having lent more than \$8,000,000 to stations over the past 11 years due to the generous support of the **Ford Foundation**.

To learn more about the history of support for Public Media Company, please visit our web site at [publicmedia.co](http://publicmedia.co)

## 2016-2017 Board of Directors

### **Teresa Bryce Bazemore**

*Vice Chair*  
Philadelphia, PA

### **Adriana Cargill**

Los Angeles, CA

### **Carolyn Grinstein**

Seattle, WA

### **Marc Hand, CEO**

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### **Susan Harmon**

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### **Josh Mallamud**

Chicago, IL

### **Fred Marienthal**

*Secretary/Treasurer*  
Denver, CO

### **Leo Martinez, Chair**

San Francisco, CA

### **Jan Nicholson**

New York, NY

# Our Clients, 2016–2017

Alabama Educational Television Foundation Authority, Birmingham, AL • American Public Media Group, Minneapolis, MN • Arkansas Educational Television Network, Conway, AR • Ask Big Questions, Evanston, IL • Auricle Communications, Jersey City, NJ • Blue Ridge PBS, Roanoke, VA • Chef Sessions, Dallas, TX • Chicago Public Media, Chicago, IL • Colorado Public Radio • Classical Public Radio Network • Detroit Public Schools, Detroit, MI • Detroit Public Television, Wixom, MI • WMVY– Martha's Vineyard, MA • Georgia Public Broadcasting • Ideastream, Cleveland, OH • Indiana Public Broadcasting Stations, Fort Wayne, IN • KADO, Shreveport, LA • KCETLink, Los Angeles, CA • KCPT, Kansas City, KS • KCRW, Santa Monica, CA • KCSN–Cal State Northridge, CA • KCUR-FM, Kansas City, MO • KDFC-FM, San Francisco, CA • KPBS Public Broadcasting, San Diego, CA • KPRN, Louisville, KY • KQED, San Francisco, CA • KRCB, Rohnert Park, CA • KRCL, Salt Lake City, UT • KUAC, Fairbanks, AK • KUNC-FM, Greeley, CO • KUSC Radio, Los Angeles, CA • KVIE, Sacramento, CA • Louisville Public Media, Louisville, KY • WKAR, East Lansing, MI • Nebraska Educational Communications, Lincoln, NE • Nevada Public Radio, Las Vegas, NV • New Hampshire Public Television, Durham, NH • New Mexico PBS/KNME, Albuquerque, NM • Ohio Educational Television Stations, Columbus, OH • Oregon Public Broadcasting, Portland, OR • PBS Hawai'i, Honolulu, HI • Prairie Public Broadcasting, Fargo, ND • PRX, Boston, MA • Radio Ambulante • Rhode Island Public Radio • Rocky Mountain Public Broadcasting Network, Inc., Denver, CO • Round Earth Media, Minneapolis, MN • Thirteen/WNET, New York City • UNC-TV, Research Triangle Park, NC • University of Oregon, Eugene, OR • UT Educational Network (UEN-TV) Salt Lake City, UT • ValleyPBS, Fresno, CA • Vault Communications, Plymouth Meeting, PA • Vuhaus • WAMU, Washington DC • Wasatch Public Media, Salt Lake City, UT • WCTE-TV, Cookeville, TN • WESA, Pittsburgh, PA • West Virginia Public Broadcasting • WFYI Indianapolis, IN • WGBH, Boston, MA • Window to the World Comm Inc., Chicago, IL • WJCT, Jacksonville, FL • WKSU, Kent, OH • WLRN, Miami, FL • WMFE, Orlando, FL • WNET, New York, NY • WNIT, Southbend, IN • WOSU, Columbus, OH • WSIU Public Broadcasting, Carbondale, IL • WTLW-TV, Lima, OH • WUNC, Chapel Hill, NC • WVUT, Vincennes, IN • WWCU, Cullowhee, NC • WWNO, New Orleans, LA • WXEL Public Broadcasting Corporation • WXPB, Philadelphia, PA • WXXI, Rochester, NY

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