

WTMD

Business Plan

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Executive Summary

Who We Are

Revised July 2013

WTMD 89.7 a is full powered Class B public radio station licensed to Towson University. WTMD provides a unique blend of music most commonly called Adult Alternative Album. The station is successful, vibrant and currently attracts about 115,000 weekly listeners.

The station has grown from a student operated station to a professionally managed music and cultural institution in the Baltimore region.

In just a few short months, WTMD will transform itself by moving to a large-scale facility. This plan documents the path to success for this transformation.

What We Do

WTMD delivers a unique mix of music and events that cannot be found on commercial radio. WTMD differentiates itself from commercial radio by focusing on artists who hone their songwriting and performance skills. WTMD also produces events that enhance the quality of life for people living in the Baltimore region.

This creates a product that goes beyond a simple listening experience and becomes a brand that listeners want to become associated with through a variety of platforms and activities. The resulting membership contributions are often recognized with thank you gifts that become keepsakes of this brand association.

In short: WTMD connects artists with audiences

Who Listens and Supports WTMD

Individual and Corporate Donors

WTMD's listeners and donors are affluent, well educated, engaged individuals who have the resources not only to purchase the finer things in life but to make significant philanthropic gifts to organizations and causes they believe have the ability to do a public good.

Audience highlights:

46% are over the age of 45

44% have an advanced degree

34% are \$100K+ Households

Are 40% more likely than the general population to own a \$300K house

Are 90% more likely than the general population to be a business owner/partner/corporate officer

WTMD Underwriters come from several categories including education, the arts, restaurants and retailers. Clients spend anywhere \$500 to \$25,000 per year. WTMD has more than 50 active clients (purchases this fiscal year) and a regular client base of about 85 regular clients. A new account executive has been brought on to grow new business.

Sample Clients and Annual Spending:

Mini of Baltimore: \$10,000

UMBC Information Services \$25,000

GBMC \$12,000

Brewers Art \$15,000

Deadalus Books and Records: \$9,000

Live Nation: \$10,000

The Shoppes at Kennilworth \$10,000

Financial Summary

Financial Highlights

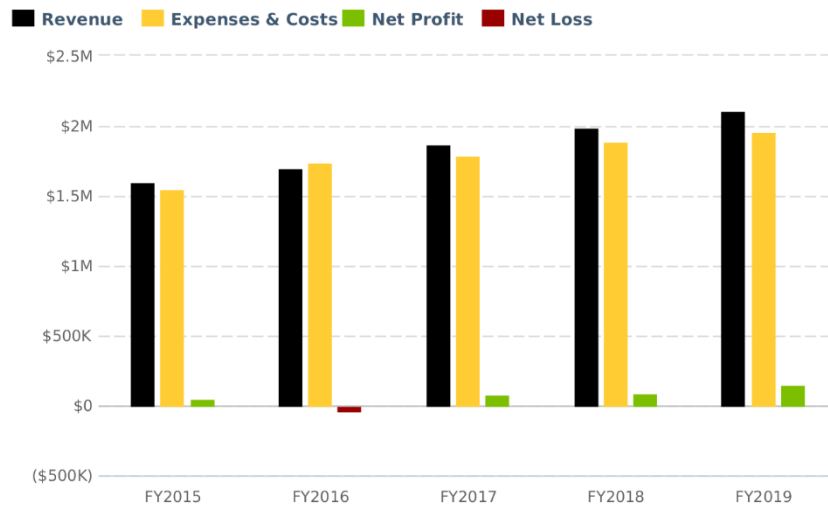
This plan builds on the Strategic Plan and business model to include a real world budget examining the station's ability to become an incorporated non-profit corporation. This corporation would manage WTMD's day-to-day operations while the University retains ownership of the license and assets.

WTMD's new facility and signal pattern will create new revenue streams and increase the number of listeners to the station. This new signal pattern will be operational by the end of July—the end of next week is what we're working towards, but we'd rather not over promise on that one!

WTMD has begun to implement the strategic plan's recommendations. A new sales representative has been hired and the membership department has implemented an aggressive sustaining membership recruitment program. Sustaining members are now 30% of the total file.

NOTE: This plan contains a conservative revenue projection and a liberal expense forecast in order to create a best case scenario.

Financial Highlights by Year



The WTMD Programming and Technology Fund

This operating plan enables WTMD to post reasonable but small surpluses each year. However, WTMD operates in a competitive media environment where programming opportunities, technological innovations and economic conditions appear and shift regularly. WTMD must be nimble in exploiting these opportunities and in adjusting to changes in economic conditions.

WTMD will launch its \$1 million Campaign for the Music, a Programming and Technology Fund to serve as a guard against sudden changes in economic conditions as WTMD builds its reserves and to be used to invest in programming and technologies that will increase the station's community service and revenues.

This campaign will begin once the new entity is created.

A Note About This Plans Format

This plan was constructed using **Live Plan**, an on-line service designed more for entrepreneurs than nonprofit organizations. However, this software presented several advantages in designing the plan including budget and expense projections based on future assumptions.

While the software formatting is highly flexible, some elements that WTMD doesn't use, such as the direct cost of goods table, could not be deleted.

Financial Plan

Revenue Forecast

Revenue Forecast

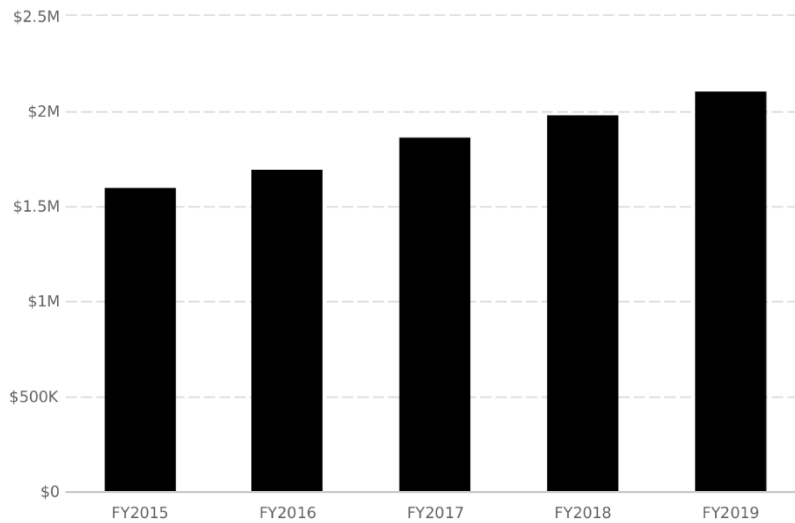
	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue					
Individual Giving	\$669,000	\$690,000	\$720,000	\$760,000	\$790,000
Underwriting	\$600,000	\$730,000	\$800,000	\$875,000	\$925,000
Vehicle Donations	\$27,100	\$30,000	\$30,000	\$35,000	\$40,000
Facilities Rentals-Social / Corp	\$7,000	\$12,000	\$24,000	\$3,500	\$4,000
CPB Grant	\$110,000	\$120,000	\$150,000	\$160,000	\$170,000
Other Grants / Foundation Gifts	\$50,000	\$75,000	\$100,000	\$100,000	\$125,000
Management Fee From TU	\$106,000	\$0	\$0	\$0	\$0
Fundraising Events	\$30,000	\$40,000	\$45,000	\$50,000	\$55,000
Misc. Income	\$508	\$515	\$523	\$531	\$539
Studio Rentals	\$1,900	\$1,500	\$1,500	\$1,500	\$1,500
Total Revenue	\$1,601,508	\$1,699,015	\$1,871,023	\$1,985,531	\$2,111,039
Direct Cost					
Individual Giving					
Underwriting					
Vehicle Donations					
Facilities Rentals-Social / Corp					

- CPB Grant
- Other Grants /
Foundation
Gifts
- Management
Fee From TU
- Fundraising
Events
- Misc. Income
- Studio Rentals
- Direct Labor

**Total Direct
Cost**

Gross Margin	\$1,601,508	\$1,699,015	\$1,871,023	\$1,985,531	\$2,111,039
Gross Margin %	100%	100%	100%	100%	100%

Revenue by Year



About the Revenue Forecast

WTMD's revenue goals, created through the strategic planning process, reflect the increase in the population covered and quality of the signal in its current coverage area. This signal upgrade will allow WTMD to maximize its reach and ultimately increase its ratings to attract more underwriters at higher rates.

WTMD will increase its membership from 3,500 to 7,600 members within five years and increase its underwriting revenue from \$250,000 to more than \$750,000. This goal and plan to achieve this aggressive target have been verified by both Public Radio Capital and Market Engineuity, who has been engaged to recruit and train our sales staff.

Public Radio membership benchmarks and WTMD's historical data have been used to compile and project the station's membership revenue over the the five years of this plan. The plan also accounts for the positive effects of the new signal pattern. Membership increases generally take three to five years to mature after change in coverage area.

WTMD's membership program excels in some comparisons against our peer stations. The new signal pattern will enable WTMD to increase deficient benchmarks to industry standards. For example: WTMD's average gift has been 5%-24% higher than peer stations but the station has lagged behind converting listeners to members by about 12%.

Yearly Membership Goals: Current Membership: 3,864

Year One: Membership: 5,015

Year Two: Membership: 5,628

Year Three: Membership: 6,962

Year Four: Membership: 7,292

Year Five: Membership: 7,625

WTMD has already implemented a sustaining membership program to better retain current members and recruit new ones. These goals will be met through a combination of on-air solicitations, events, direct mail

and on-line marketing. WTMD belongs to The Development Exchange which analyzes the most successful member recruitment and retention trends and communicates them to stations. WTMD takes full advantage of these resources and collaborations.

A consultant, Marlene Schneider of Market Enginuity, has been engaged to advise WTMD on growing its underwriting revenue. One additional sales rep has been hired and WTMD will add a third rep at the appropriate time. Market Enginuity has devised a sales projection system that our underwriting department is now using to ensure that clients are closed and monthly sales targets are met. Market Enginuity is also retained to identify and hire the additional sales reps and has conducted an Underwriting Audit to identify better operating processes and other opportunities.

Year one Facilities Rentals are based on three corporate/social rentals/movie screenings, four WTMD sponsored special events, two recording studio rentals, catering commissions and miscellaneous studio and conference room rentals. We expect to double this sales level within three years provided we can hire qualified staff at the appropriate times. We believe this is a conservative estimate provided we identify and hire talented staff to manage this function. The Marketing Manager and Facilities Manager will be charged with achieving this goal.

WTMD has realigned its major gift position to be more aggressive in seeking foundation funding for special projects and on-going operational needs. This line item also includes annual gifts greater than \$1,000 that will be recruited from major donors in addition to their capital campaign gifts. Last year WTMD received a \$20,000 grant from the Baker Fund to enhance our music news coverage.

Each year WTMD receives a Community Service Grant (CSG) from the Corporation for Public Broadcasting. This grant is incentive based and the increased University occupancy and other support helps increase the total award each year.

However, Federal funding for public broadcasting often becomes a political issue. Public Broadcasting funding is expected to continue based on current political conditions but may be reduced after the 2016 presidential election. Historically, while some within the Republican party call for eliminating CPB funding, there is ultimately bipartisan support for continued funding.

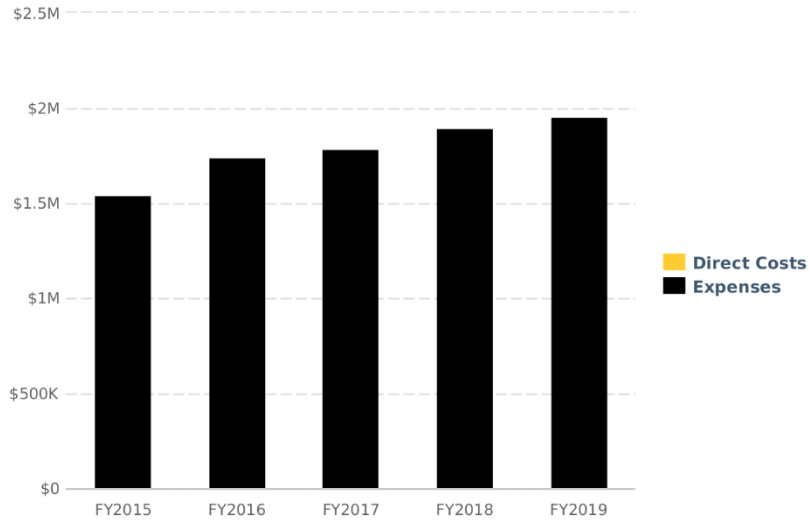
Budget

Budget Table

	FY2015	FY2016	FY2017	FY2018	FY2019
Operating Expenses					
Salary	\$954,370	\$1,043,096	\$1,067,940	\$1,093,593	\$1,120,077
Employee Related Expenses	\$213,709	\$233,942	\$239,477	\$245,193	\$251,095
Bank Fees	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Audit Fees	\$13,000	\$13,500	\$14,000	\$14,500	\$15,000
Insurances	\$10,300	\$12,000	\$12,000	\$12,000	\$12,000
Legal Fees	\$22,500	\$10,000	\$10,000	\$10,000	\$10,000
Human Resources Services	\$6,010	\$7,000	\$7,500	\$8,000	\$8,500
Membership Expenses	\$56,000	\$65,000	\$75,000	\$80,000	\$85,000
Underwriting Expenses	\$3,250	\$4,000	\$6,000	\$8,000	\$9,000
National Programming	\$56,000	\$60,000	\$65,000	\$70,000	\$75,000
Office Supplies	\$7,000	\$7,500	\$7,500	\$8,000	\$85,000
Program / Fundraising Consultants	\$7,000	\$5,000	\$7,500	\$5,000	\$7,500
Marketing	\$2,000	\$10,000	\$15,000	\$15,000	\$20,000
On Line Services	\$9,166	\$12,000	\$13,000	\$15,000	\$15,000
Research	\$38,500	\$40,000	\$4,000	\$40,000	\$40,000
Software Support	\$18,333	\$23,000	\$25,000	\$30,000	\$35,000
Office Expenses	\$3,250	\$5,000	\$5,000	\$6,000	\$7,000
Office Printing	\$5,000	\$6,000	\$7,000	\$8,000	\$10,000

Postage / Shipping	\$733	\$9,600	\$9,600	\$9,600	\$9,600
Meals / Refreshments	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Subscriptions / Periodicals	\$300	\$500	\$1,000	\$1,000	\$1,500
Music Purchases	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
In-state Travel	\$1,675	\$18,000	\$18,000	\$18,000	\$18,000
Out of State Travel	\$13,750	\$15,000	\$15,000	\$20,000	\$25,000
Memberships / Professional Orgs	\$2,200	\$2,500	\$2,500	\$3,000	\$3,000
Recruitment Expenses	\$1,000	\$2,500	\$2,500	\$3,500	\$3,500
First Thursdays	\$56,000	\$75,000	\$85,000	\$95,000	\$10,000
Contingency Expenses 2% of Sales	\$32,030	\$33,980	\$37,421	\$39,711	\$42,220
Computer Hardware	\$2,000	\$10,000	\$15,000	\$15,000	\$20,000
Misc Broadcasting Equipment	\$5,000	\$7,000	\$10,000	\$10,000	\$10,000
Misc Building Expense	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Operating Expenses	\$1,547,076	\$1,742,119	\$1,787,937	\$1,894,097	\$1,958,992

Expenses by Year



About the Budget

This budget reinforces WTMD's commitment to reducing expenses on traditional fundraising methods and builds in the costs of operating as its own stand alone organization. Expenses will be more tightly controlled with the addition of the Director of Finance and Administration.

New Expenses:

- Bank Fees/Accounting Services are calculated at 1% of revenues. Credit card processing fees are included in membership expenses.
- Insurances (currently estimated by Workforcetactix; finals being prepared) include broadcasters liability insurance and short term disability.
- Legal fees quoted from Gary, Schubert and Barer for their public radio consolidated services package. Fees for the University FCC council to construct the management agreement are also included.

- Human Resources services quoted from Workforcetactix to include policy creation, employee handbooks, other processes and on-call consultations.

Assumptions:

- Employee costs are held to 23% of salary. This includes all current benefits and taxes. Benefits costs confirmed by Workforcetactix.
- Towson University provides certain services on an in-kind basis. (phone service including line charges, OTS services related to university networks located in the station, courier services required to conduct business with the university). WTMD would also forego use of the Towson University post office.
- WTMD continues to reduce membership expenses from the current 12% to 9% of membership revenue over five years through increased conversion of annual contributions to sustaining monthly memberships.
- WTMD remains an NPR Member station. The station will make greater use of national programming overall to reduce staff expenses.

July Revision Notes

Cash Flow Assumptions

Cash Flow Assumptions

Cash Inflow	
% of Sales on Credit	0%
Cash Outflow	
% of Purchases on Credit	0%
Inventory	
Months to Keep on Hand	0
Minimum Inventory Purchase	\$0

About the Cash Flow Assumptions

Starting Balances**Assets**

Cash	\$153,000
Accounts Receivable	\$25,000
Inventory	
Long-Term Assets	
Accumulated Depreciation	

Liabilities

Accounts Payable
Corporate Taxes Payable
Sales Taxes Payable
Short-Term Debt
Long-Term Debt

Capital

Paid-In Capital	
Retained Earnings	\$178,000

Personnel Plan

Personnel Table

	FY2015	FY2016	FY2017	FY2018	FY2019
General Manager	\$115,000	\$118,450	\$122,004	\$125,664	\$129,434
Director of Finance and Administration	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
Manager of Individual Giving	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
Membership Director	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
Membership Assistant	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
Underwriting Sales Manager	\$111,000	\$111,000	\$111,000	\$111,000	\$111,000
Sales Rep 1	\$96,000	\$96,000	\$96,000	\$96,000	\$96,000
Sales Rep 2	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Traffic Mgr / Admin	\$40,000	\$41,200	\$42,436	\$43,709	\$45,020
Marketing Director (0.8)		\$40,000	\$41,200	\$42,436	\$43,709
Program Director	\$81,000	\$83,430	\$85,933	\$88,511	\$91,166
Operations Manager	\$60,000	\$63,000	\$66,150	\$69,458	\$72,930
Morning Host / Assistant Program Director	\$60,000	\$61,800	\$63,654	\$65,564	\$67,531
Mid Day Host (0.93)	\$26,668	\$41,200	\$42,436	\$43,709	\$45,020
Afternoon Host / Music Director (0.95)	\$37,502	\$51,500	\$53,045	\$54,636	\$56,275
Music / Culture Reporter	\$42,000	\$43,260	\$44,558	\$45,895	\$47,271
Part Time Staff	\$25,200	\$25,956	\$26,735	\$27,537	\$28,363
Total	\$954,370	\$1,043,096	\$1,067,940	\$1,093,593	\$1,120,077

About the Personnel Plan

AAA music stations are labor intensive organizations, much more than NPR news stations, with nearly 80% percent of our hours hosted live in the studio.

Personnel expenses (health care, retirement contributions) are held to 23% and employee benefit levels are maintained at pre-transition levels.

This personnel plan significantly differs from the recommendations of the strategic plan. Several original positions have been eliminated or delayed:

- The Facilities Manager position has been eliminated with the responsibilities going to Operations Manager.
- While a desired position, a Digital Services manager is not reflected in this plan. Responsibilities will fall to the Operations Manager and the Traffic Director.
- A second account executive has been added in year two to ensure continued underwriting growth.
- The Administrative Assistant position has been combined with the part-time traffic manager and the hire is delayed until month six in year one.
- An Operations Manager with the computer and recording skills needed for the new facility has been hired.
- Several part time on-air positions have been eliminated. Full-time staff will voice-track weekend shifts in addition to their daily duties. This is not an optimal public service model and bringing back live announcers to the weekend will be a priority as revenues grow.

Financial Statements

Profit and Loss Statement

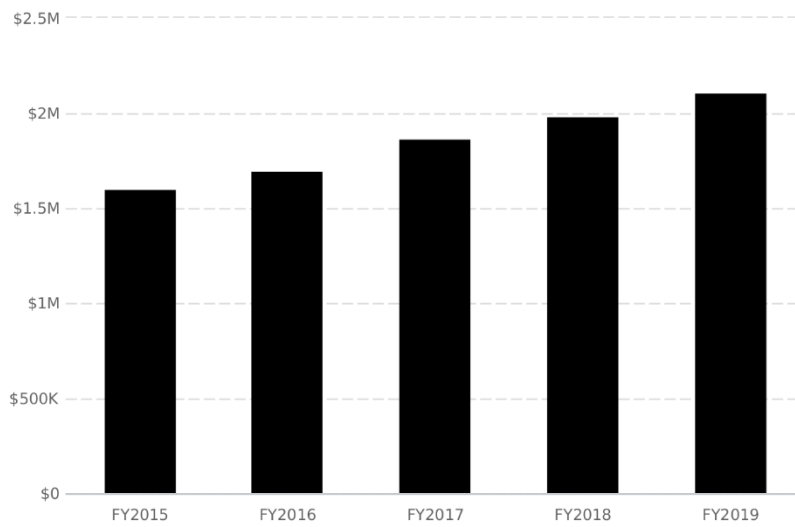
Profit and Loss Statement

	FY2015	FY2016	FY2017	FY2018	FY2019
Revenue	\$1,601,508	\$1,699,015	\$1,871,023	\$1,985,531	\$2,111,039
Direct Costs					
Gross Margin	\$1,601,508	\$1,699,015	\$1,871,023	\$1,985,531	\$2,111,039
Gross Margin %	100%	100%	100%	100%	100%
Operating Expenses					
Salary	\$954,370	\$1,043,096	\$1,067,940	\$1,093,593	\$1,120,077
Employee Related Expenses	\$213,709	\$233,942	\$239,477	\$245,193	\$251,095
Bank Fees	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Audit Fees	\$13,000	\$13,500	\$14,000	\$14,500	\$15,000
Insurances	\$10,300	\$12,000	\$12,000	\$12,000	\$12,000
Legal Fees	\$22,500	\$10,000	\$10,000	\$10,000	\$10,000
Human Resources Services	\$6,010	\$7,000	\$7,500	\$8,000	\$8,500
Membership Expenses	\$56,000	\$65,000	\$75,000	\$80,000	\$85,000
Underwriting Expenses	\$3,250	\$4,000	\$6,000	\$8,000	\$9,000
National Programming	\$56,000	\$60,000	\$65,000	\$70,000	\$75,000
Office Supplies	\$7,000	\$7,500	\$7,500	\$8,000	\$85,000
Program / Fundraising Consultants	\$7,000	\$5,000	\$7,500	\$5,000	\$7,500
Marketing	\$2,000	\$10,000	\$15,000	\$15,000	\$20,000

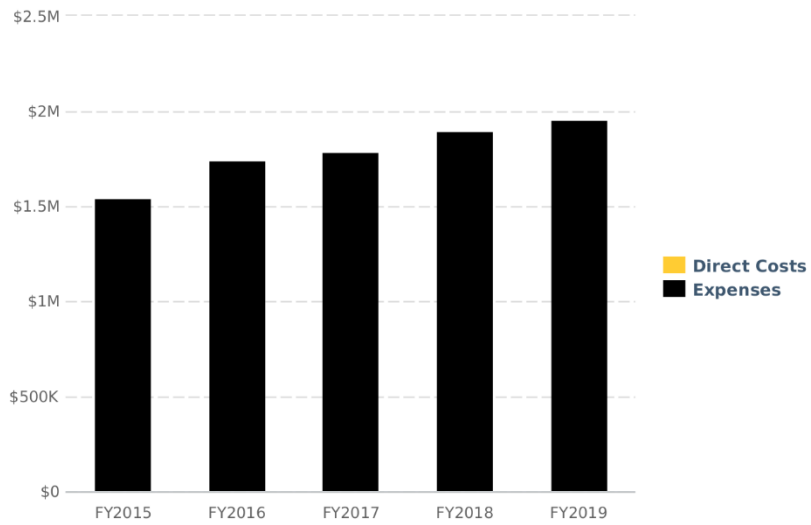
On Line Services	\$9,166	\$12,000	\$13,000	\$15,000	\$15,000
Research	\$38,500	\$40,000	\$4,000	\$40,000	\$40,000
Software Support	\$18,333	\$23,000	\$25,000	\$30,000	\$35,000
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Meals / Refreshments	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Subscriptions / Periodicals	\$300	\$500	\$1,000	\$1,000	\$1,500
Music Purchases	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
In-state Travel	\$1,675	\$18,000	\$18,000	\$18,000	\$18,000
Out of State Travel	\$13,750	\$15,000	\$15,000	\$20,000	\$25,000
Memberships / Professional Orgs	\$2,200	\$2,500	\$2,500	\$3,000	\$3,000
Recruitment Expenses	\$1,000	\$2,500	\$2,500	\$3,500	\$3,500
First Thursdays	\$56,000	\$75,000	\$85,000	\$95,000	\$10,000
Contingency Expenses 2% of Sales	\$32,030	\$33,980	\$37,421	\$39,711	\$42,220
Computer Hardware	\$2,000	\$10,000	\$15,000	\$15,000	\$20,000
Misc Broadcasting Equipment	\$5,000	\$7,000	\$10,000	\$10,000	\$10,000
Misc Building Expense	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Total Operating Expenses	\$1,547,076	\$1,742,119	\$1,787,937	\$1,894,097	\$1,958,992
Operating Income	\$54,432	(\$43,104)	\$83,086	\$91,434	\$152,047

Interest Incurred					
Depreciation and Amortization					
Income Taxes	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$1,547,076	\$1,742,119	\$1,787,937	\$1,894,097	\$1,958,992
Net Profit	\$54,432	(\$43,104)	\$83,086	\$91,434	\$152,047
Net Profit / Sales	3%	(3%)	4%	5%	7%

Sales by Year



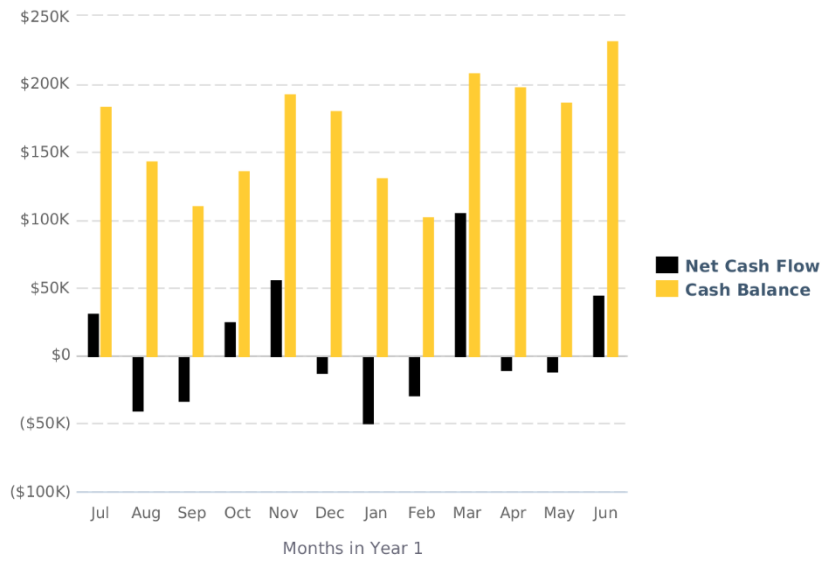
Expenses by Year



Net Profit (or Loss) by Year



Cash Flow by Month



About the Profit and Loss Statement

Balance Sheet

Balance Sheet

As of Period's End	Starting Balances	FY2015	FY2016	FY2017	FY2018	FY2019
Cash	\$153,000	\$232,432	\$189,328	\$272,414	\$363,848	\$515,895
Accounts Receivable	\$25,000	\$0	\$0	\$0	\$0	\$0
Inventory						
Other Current Assets						
Total Current Assets	\$178,000	\$232,432	\$189,328	\$272,414	\$363,848	\$515,895
Long-Term Assets						
Accumulated Depreciation						
Total Long-Term Assets						
Total Assets	\$178,000	\$232,432	\$189,328	\$272,414	\$363,848	\$515,895
Accounts Payable		\$0	\$0	\$0	\$0	\$0
Income Taxes Payable		\$0	\$0	\$0	\$0	\$0
Sales Taxes Payable						
Short-Term Debt						
Prepaid Revenue						
Total Current Liabilities		\$0	\$0	\$0	\$0	\$0
Long-Term Debt						

Total Liabilities		\$0	\$0	\$0	\$0	\$0
Paid-in Capital						
Retained Earnings	\$178,000	\$178,000	\$232,432	\$189,328	\$272,414	\$363,848
Earnings		\$54,432	(\$43,104)	\$83,085	\$91,435	\$152,047
Total Owner's Equity	\$178,000	\$232,432	\$189,328	\$272,414	\$363,848	\$515,895
Total Liabilities & Equity	\$178,000	\$232,432	\$189,328	\$272,414	\$363,848	\$515,895

About the Balance Sheet

Cash Flow Statement

Cash Flow Statement

	FY2015	FY2016	FY2017	FY2018	FY2019
Net Cash Flow from Operations					
Net Profit	\$54,432	(\$43,104)	\$83,086	\$91,434	\$152,047
Depreciation and Amortization					
Change in Accounts Receivable	\$25,000	\$0	\$0	\$0	\$0
Change in Inventory					
Change in Accounts Payable	\$0	\$0	\$0	\$0	\$0
Change in Income Tax Payable	\$0	\$0	\$0	\$0	\$0
Change in Sales Tax Payable					
Change in Prepaid Revenue					
Net Cash Flow from Operations	\$79,432	(\$43,104)	\$83,085	\$91,435	\$152,047
Investing & Financing					
Assets Purchased or Sold					
Investments Received					

Change in Long-Term Debt

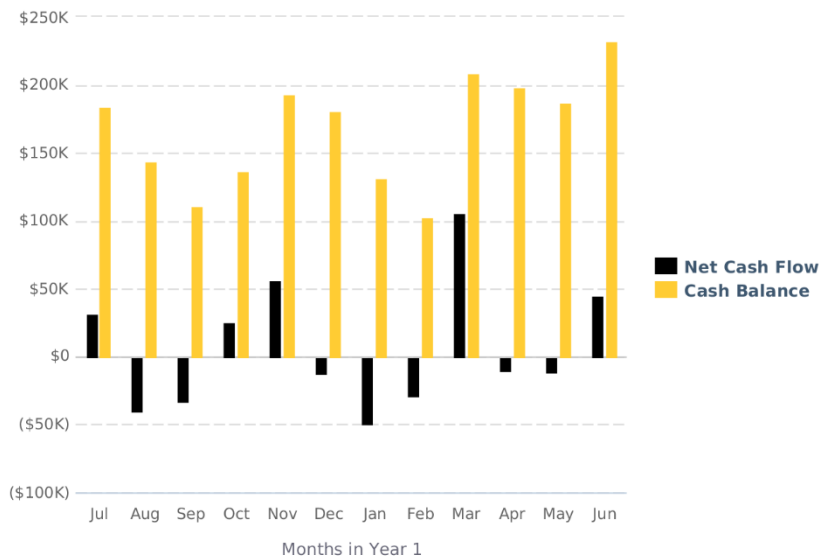
Change in Short-Term Debt

Dividends & Distributions

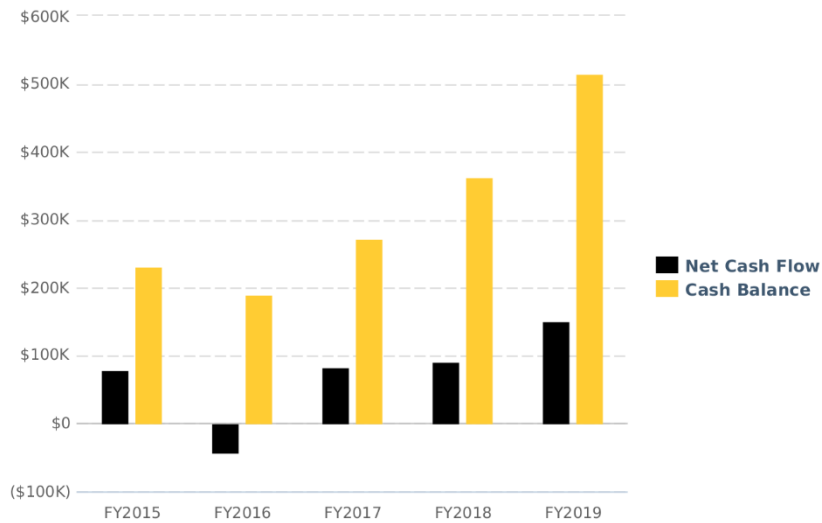
Net Cash Flow from Investing & Financing

Cash at Beginning of Period	\$153,000	\$232,432	\$189,328	\$272,414	\$363,848
Net Change in Cash	\$79,432	(\$43,104)	\$83,085	\$91,435	\$152,047
Cash at End of Period	\$232,432	\$189,328	\$272,414	\$363,848	\$515,895

Cash Flow by Month



Cash Flow by Year



About the Cash Flow Statement

The Cash Flow Statement includes WTMD's reserves of \$153,000 currently held by the Towson University Foundation and a general estimate of account receivable (combined membership and underwriting) for starting balances.

WTMD's cash flow is highly dependent on fund drives when the bulk of WTMD's fundraising efforts occur. WTMD holds a Fall drive (September/October), a Winter Drive (February/March) and a Spring Drive (June). WTMD has implemented a monthly sustaining membership program. Our goal is to maintain at least one-third of membership as sustainers so that we can minimize the peaks and valleys caused by being exclusively fund drive reliant.

The decrease in cash flow in year two is the result of the end of direct university financial support before long term revenue increases begin

End