

99.3 County FM
("Prince Edward County Radio Corporation")
Operating Report to Members
Feb 2, 2017

"To fund and operate a not for profit community radio station that reflects and contributes to the richness, diversity, public safety and economic vitality of Prince Edward County."

INTRODUCTION

At the last AGM held in January 2016, we reported that the station continued to grow in popularity with listeners and advertisers, as evidenced by the results of a listenership survey which showed that more than 90 % of radio listeners in the county listened to the station at least once, and more than 50 % listened at least once a week. Our volunteers worked long and hard to make the station a success and it showed.

We are privileged to continue to enjoy a growing listenership in the county, with a dedicated group of volunteers. Although a few of the volunteer faces have changed, as life has a way of interrupting the best of our intentions, the large majority of our volunteer base remains intact, and we attract more continually throughout the year. They invariably comment on the high-energy level and enthusiasm of the station – while also admitting it helps if you like close quarters, and thrive on a fast pace and the rapidly changing plans that industry veterans will tell you is radio. I am impressed with how well people work together – covering shifts, taking on extra duties whenever they see the need.

We have seen our impact grow, within and beyond the county.

- We continued gathering survey data until the early summer. We can now report that 99 % of the people we surveyed know the county has its own radio station. Just over 50 % of radio listeners in the County listen daily; over 30 % listen on a weekly basis, and 15 % listen sporadically. That is what we have statistically valid numbers on. Anecdotally, we see our listenership grow in ways we did not expect. Normally on surveys we did not collect data on out of county listeners. Our first question was 'do you live in the county?', and if not, we went no further – however some people went to great lengths to tell us that they lived outside of the county but they did listen to us. So we will collect that data from now on.
- We frequently have giveaways associated with advertising done on the station. Over the past year, the winners of those giveaways are no longer confined to the county. They come from Belleville, Stirling, Napanee, Brighton, and sometimes Toronto. We have started to collect data on that too, as well as where in the county winners of our contests come from.
- More than 6,000 Public Service Announcements (PSA's) were provided at no cost to promote non profit or charitable community events – We did PSAs for some 123 organizations last year. These numbers were like last year. We broadcast on air community events from within the county only, unless a non profit organization is holding a joint fundraiser with for example a Belleville Group. While all events are posted on our website, we want to ensure that we can adequately serve those in the county first in this regard.
- We expanded our broadcasts from 5 to 6 per day, adding a 6 pm broadcast, and altered the times to occur on the hour for consistency. We held two group training sessions for

newscasters. Richard Pitcher gave a training session on using Audacity software to produce the news. This has subsequently been put to good use by other newscasters. Craig Foster, a graduate of Loyalist's broadcast journalism program, later working for many years as a news bureau chief and training reporters on writing and delivery techniques delivered a training session on news writing and delivery. Subsequently, Craig was the successful applicant when we advertised for a short term part time position to fill the news leader role and develop emergency procedures as they relate to the station.

- We now have just over 300 local advertisers. Important for us, many non-profits are now taking advantage of our 1 for 1 non-profit rates to promote their larger events. This is very important revenue for us, and we encourage them to still place their PSAs because effective advertising is built both on frequency of occurrence during the day and duration (length of advertising).
- While we cannot predict the weather and we know it can negatively affect outdoor events, we saw two other trends over the last year. The number of events competing for attendees during the same weekend from June through to Thanksgiving was greater than the year before – several times we saw 6 to 8 events over the same weekend. We feel that this is where radio advertising can be particularly advantageous in getting a message out.
- We maintained our number of live interviews with local artists and live plays with musicians. We are getting an increasing number of requests for music and inquiries regarding songs that have been played.
- Grapevine, by virtue of only having 15 segments possible in a given week did not increase in the numbers of segments, but still covered a diverse range of topics of interest to residents including agriculture, health, nature, tourism, food, events of interest, sports, the arts, movies & theatre, along with interviews with representatives of not-for-profit organizations, entrepreneurs, new and established businesses, municipal, provincial and federal government representatives. We acted on our number one listener request – and that was to replay grapevine later the same day. This is still cut down and rebroadcast largely by hand – we have made it as efficient as we can – But it is a time sensitive daily activity
- Our major capital achievement was in installing a standby emergency generator at the transmission tower in late September. Ironically, we were only days away from installation when the tornado wiped out a power pole causing a fire at the tower site which put us off air for several hours. However, we broadcast the automate tornado warning alert message on air several times before that happened. Subsequently, we have been off the air at the studio while Hydro installed new connections without experiencing any down time. We will be looking to work closely with the County in the coming months to ensure that full use can be made of our emergency broadcast capabilities.
- We held a very successful fundraiser in partnership with the Mustang Drive-in to screen the Tragically Hip Concert. We raised almost \$ 6000 for Sunnybrook at the concert, which had great attendance.

In the balance of this report on operations, I would like to address our operational accomplishments and challenges in programming, finances, facilities, administration and volunteers.

PROGRAMMING

Limitations with our DJB software was a major item we addressed shortly before the AGM last year by going to a version of DJB with more capacity. While this software had many improvements in terms of capacity to hold songs, and solves several glitches with the smaller legacy version, it came with its own set of problems primarily related to the way the database was accessed. This manifested itself as the speed at which items were refreshed and had several knock-on effects. A considerable amount of time was spent troubleshooting the software, communicating with the supplier and retraining. We installed two upgrades to the software to address our concerns, and early today installed a third. Each upgrade has represented an incremental improvement, but this has tried the patience of the on-air folk and staff alike. The supplier has shown a sincere willingness to work with us on improving our issues.

Maintaining Program Quality

The station has delivered a schedule with 55 or more different shows each week consistently throughout the year and the majority of the programs we started with have been sustained, through the work of their dedicated hosts. One program was discontinued after two years – 'Let's Talk Dog' with Janice and Ken Campbell, who felt that the format and material had run its course. They had many loyal listeners who were dismayed at this cancellation, and they may return on guest segments of the grapevine once we upgrade our ability to do other types of programming – such as call in shows. This requires both a capital outlay and additional volunteer manpower.

Teaming up hosts has proven to be a valuable concept we do with not only some of the music shows but also with the grapevine hosts and our newscasters and admin staff. With the specialty shows and the grapevine, it shares what can be a large weekly load. With news and admin – it allows snowbirds and people heavily involved in the summer tourist season to switch off with each other. We benefit from their being able to still participate in the radio station.

We continue to look for ways to make the spoken word programs less time intensive. With the hindsight of 2 seasons, we now have a dedicated planning team, especially for the grapevine, and we look to plan at a macro level for the entire year. This makes it both easier to plan ahead, but also to divide up work among more people.

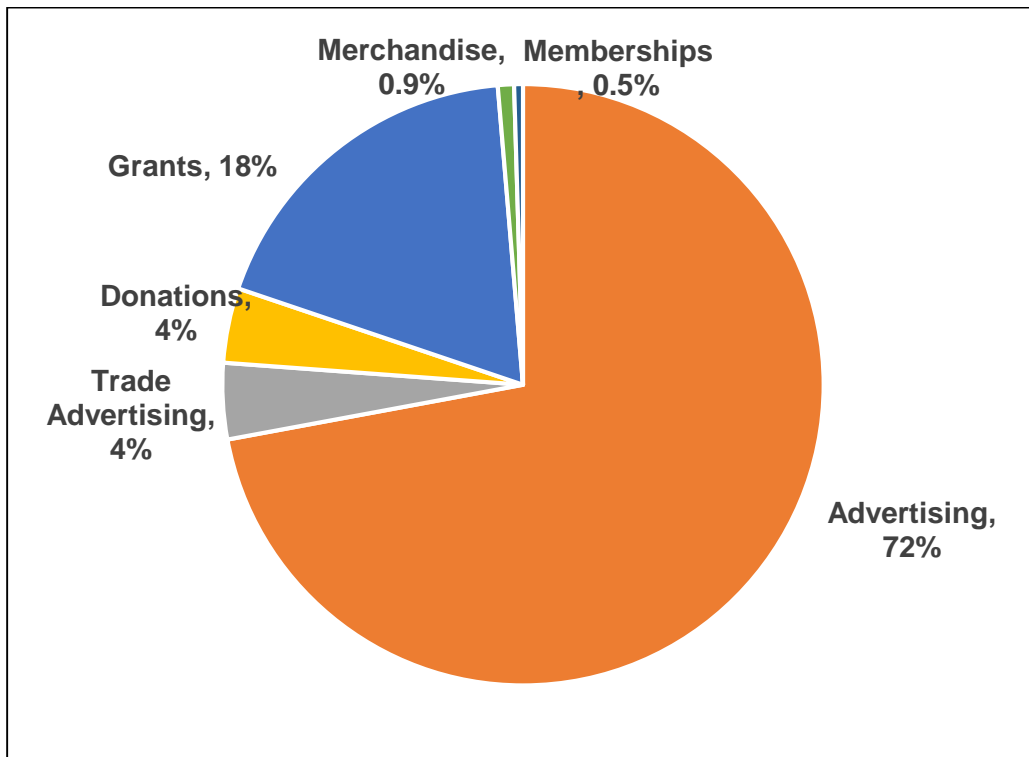
Launched in Sept of 2015, "UBtheDJ" builds on the theme "you never know what you will hear next" and gives potential new DJ's a chance to try out their ideas for new shows. We have done 41 unique episodes of this show, and added 4 on air personalities directly related to their experience on "UBtheDJ". We have also had organizations in the community use it as a team building exercise. We currently have 5 applications for upcoming shows. We would love to hear from you if you are interested in participating, head to our website and start the process there by clicking on the UB the DJ link.

The Classic Country show with Chris Holder has expanded from its original hour from 8 to 9 am Saturday mornings, to a full 3 hours, from 6 am to 9 am. We have greatly expanded our repertoire of classic country material, especially Canadian material, but are always looking for more. We have been very fortunate to have been given a Billy Ostrander CD to add to the collection. Contact Chris Holder if you have something you think he could use – it needs to be in CD, MP3 or a good quality record form.

We investigated adding a Radio Theatre show. While we would still like to go ahead with this idea, it appears that getting material that is not copyright protected is very difficult. We will be looking for a group of people who know how to, or are interested in learning how to write for radio theatre.

Still staying with spoken word, we are excited to be launching Bedtime Stories – a show on Sunday night at 10 pm devoted to talking books. Our first series is Janet Kellough’s Palace of the Moon. We have a second county book lines up where this is finished. We are very excited to offer this venue to both our County authors and our listeners. We have a 15 % requirement for spoken word in our broadcast license.

REVENUES



REVENUE & EXPENDITURES

Revenue

The station exceeded its revenue goal for last year, by 34%. This was even with having an annualized target goal over and above what we had done the period before

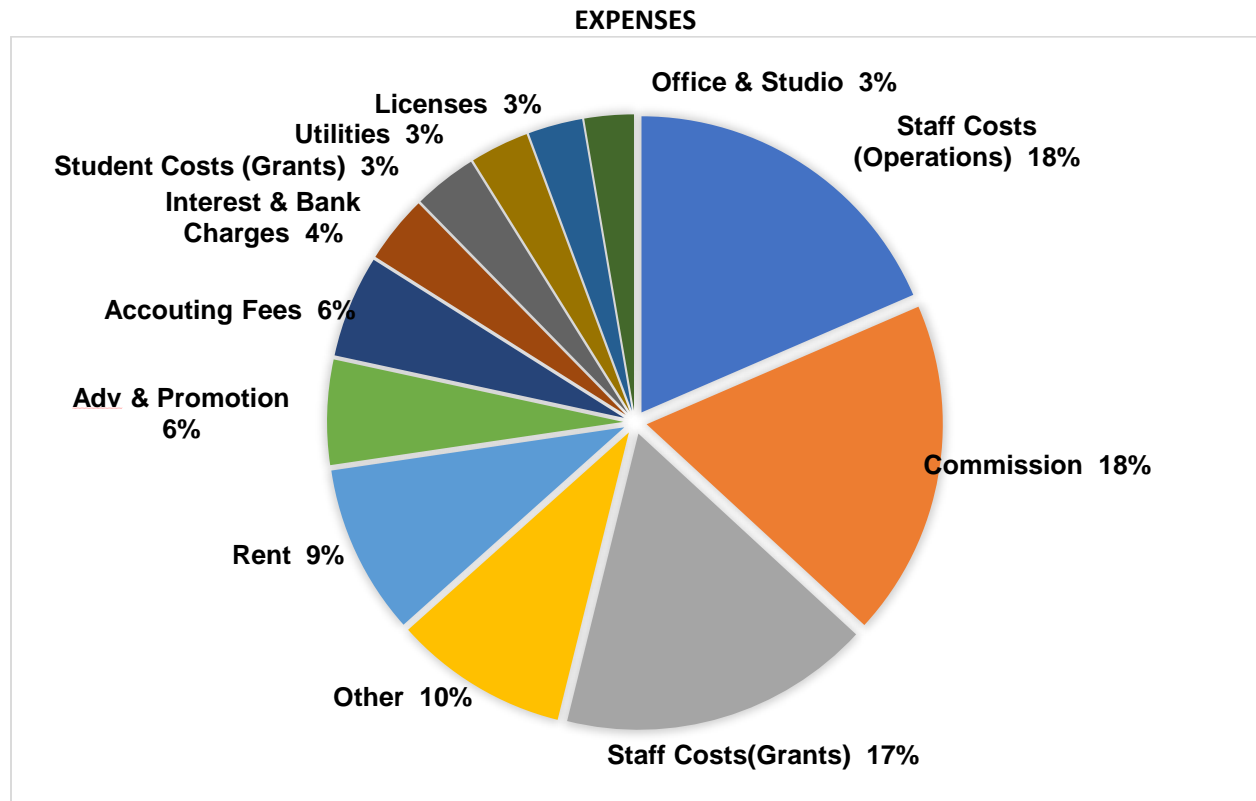
As expected, advertising was the largest source of revenue with sales of just over \$245,000 for the year compared with a goal of \$177,000. This includes both cash and trade advertising sales.

Grants were our next largest revenue source at \$ 59,489. In contrast to the previous year, all of this grant was designated for salary use, rather than capital. These paid for partial cost of staffing three positions. We were unsuccessful at attracting grants which could be applied towards our generator

purchase, or against the cost of previously purchased equipment. We were awarded a Community Radio Fund of Canada Grant for our third year in a row going forward, which will enable us to partially fund staffing through November. We have applied this year as well, although we have been warned that there is less money available. Currently we depend upon grants for a significant portion of our staffing.

A grant from the Municipality of \$5000 was also obtained for the current year for staffing.

Donations were received for \$ 12,951. Although we did not have a dedicated equipment campaign, we initiated a monthly donor program which we hope will grow to be able to provide us at least \$ 25,000 annually.



Expenses

On the expense side, three types of expenses accounted for 66% of all costs: staff costs, both those paid by operations and by grants, sales commission, and rent.

Staff costs were in line with the amounts approved by the board and consisted, during the last fiscal year, of the General Manager’s compensation and two part-time production and a part time traffic manager. It is to be noted that all on-air hosts are also volunteers and when any paid staff are heard on the air, they are doing so on volunteer time above and beyond their paid hours, excepting as emergency fill-ins.

An unexpected windfall in the form of summer student grants gave us the ability to complete music, production and community outreach work, which offset the associated costs.

Commission costs for advertising sales were higher than budgeted, a positive development which reflected the fact that sales revenue exceeded budget by a similar amount.

Rent is a fixed cost which includes leases for the studio and roof space at the County Farm Centre and for space for our equipment on the Rogers transmission tower. Rents increased slightly due to a 3% escalation clause in our Rogers Tower rent, plus an increased cost to lease more land to contain the propane tank.

Although not reflected in percentages, we did more with less this year in terms of advertising and promotional budgets. We got a lower cost for our bag signs and were also able to rent on more large mobile sign. We purchased less merchandise. We also were able to make trade deals with the Chamber of Commerce to get our schedule on the RedMap. One of our students also went to businesses and B&Bs in major centers handing our schedules or pinning them to bulletin boards.

We feel that this helped drive station awareness. It was borne out by advertiser and non profit comments:

"The cats at Loyalist Humane Society are grateful to their friends at 99.3 County FM for all the publicity and awareness that the station has created. When their well went dry this summer and 99.3 announced the crisis, donations of water came pouring in (so to speak)!"

Anne Moffatt – Shelter Manager – Loyalist Humane Society

"It has been excellent for spreading awareness. The other, really shocking thing, and the reason I came back again, was the variety of people that were responding to it [99.3 advertising]...my age, younger than me, older, men and women, all different demographics mentioning to me that they had heard the radio advertisement."

Evan Nash - Wellington Home Hardware

Our expenses and revenue are closely matched. Like all non-profits, we run very lean. There are many capital improvements we would like to make to our equipment in order to have more functionality. However, our main priority for spending will now be to retire our long term debt, which currently stands at \$102,000. We made an exception this year in order to complete the purchase of our second emergency power generator, as discussed below.

FACILITIES

This year saw work on only one capital project. It was the installation of a second emergency power generator – this time at our transmitter at the Rogers Tower. We felt that this was essential for us to be able to fulfill our mandate to the people of Prince Edward County. The tower project was so much more involved than the one at the station – but once the hurdles were cleared, it was installed in less than a month. The total cost of installing emergency power and notification equipment at the station was just over \$50,000. \$22,000 of this was raised through donation. The remainder came from operations.

A number of smaller, inexpensive projects were also undertaken - we upgraded our used XP and underpowered used computers with reconditioned units capable of running windows 10. The transmission team developed remote monitoring capabilities for the transmitter site. We will continue to look for ways to do small inexpensive incremental improvements.

One will be to hold several 'spruce up the studio' days. We can't afford a complete refit, but working together, with some trade materials, we will see how many improvements we can make.

ADMINISTRATION

We have continued to work this year under the policies we established last year. The back office face of the station are the activities which must be carried out, day in and day out, without fail or interruption, in order to keep the station on the air and meet our CRTC and customer commitments. We fill these key roles with a combination of paid staff and volunteers. The criteria being, if it is a mission critical off air job that must be performed every day without fail, it is best handled by staff (traffic, creative, on air production on air production). Mission critical back office jobs which can be done with one or two volunteer shifts per week are still filled with volunteers. – An example here is the music system and SOCAN reporting and invoicing, donations recording and memberships

We have worked to reduce the time needed to complete critical regulatory tasks – for example – our summer students worked with volunteers to complete the back cataloguing of composers for Socan reports. This has decreased our Socan reporting time from a two-week marathon to something one person can do in about 8 hours.

We are working with a specialist to revise our accounting and bookkeeping procedures so that there is less paper handling and copying, and faster processing of accounts payable and receivable, with immediate and updated results in our accounting software for review. This project also includes documentation of our complete accounting systems.

We are working to improve the methods of communication within the various teams, many who rarely see each other, by implementing HipChat.

We continue to push hard to have our automation software work well.

We are also working to institutionalize procedures so that training is easier – now that many tasks have developed a routine.

We will look to develop a firm place for the station with respect to how we can assist with emergency response.

We face, and will continue to face a significant challenge with our lack of bandwidth for the internet and our deteriorating phone lines. This is something we must find a solution for in the coming year.

VOLUNTEERS

The station depends and will always depend on a large team of volunteers who believe that their work at the station is a way to make a real difference in our community. Our volunteers -both on the air and behind the scenes- are responsible for the station's incredible success. Many work long hours, and collectively, our volunteers put in over 34,000 hours last year – the equivalent to 21 FTEs. (In comparison, our staff model is 3.25 – 3.5 FTEs – on the lower side of community stations of our revenue size and complexity.

We have a great team that I am proud to be a part of, as we go forward into our third year. Thank you all.