

# **AudiGraphics**

Strategic Financial Analysis

## **WARA Radio**

### **Full Coverage Area**

Optimistic Projections

Fiscal Years 1996–2004

Real Dollars

Scenario run on July 4, 2001

**Audience Research Analysis**

**AudiGraphics@ARAnet.com**

**301-987-2514 voice**

**301-987-2511 fax**



# **AudiGraphics**

## **Strategic Financial Analysis**

### **Optimistic Projections**

### **WARA Radio**

### **Full Coverage Area**

The financial estimates analyzed in this report are from the following sources:



Actual financial numbers  
from the Master Ledger



Working financial numbers  
from the Master Ledger



Scenario numbers from  
Optimistic Projections

This document is for internal planning and discussion purposes only. It is not intended to substitute for an audited financial report. Due to the sensitive nature of financial estimates, this report may not be reproduced without the express written permission of WARA Radio.

This proprietary AudiGraphics® analysis incorporates radio listening data collected by The Arbitron Company. The analysis is prepared by Audience Research Analysis for its client, which has warranted that it has the right to use the Arbitron data analyzed herein. Use of this report is subject to the conditions stated in the client's contractual agreements with Arbitron and/or its intermediaries. All audience estimates are copyright © 2001 by The Arbitron Company. Design and layout of this report are copyright © 2001 by Audience Research Analysis. AudiGraphics is a registered trademark of Audience Research Analysis.

This report was created by Strategic AudiGraphics on July 4, 2001.

page 1	<b>Public Service Foundations</b>
page 5	<b>Programming Economics</b>
page 9	<b>Net Output of Development Activities</b>
page 15	<b>Efficiency of Development Activities</b>
page 19	<b>Reliance on Development Revenues</b>
page 23	<b>Reliance on Non-Development Revenues</b>
page 27	<b>Individual Giver Statistics</b>
page 31	<b>Appendix: Tables</b>

page 1

**Public Service Foundations**

page 5

**Programming Economics**

page 9

**Net Output of Development Activities**

page 15

**Efficiency of Development Activities**

page 19

**Reliance on Development Revenues**

page 23

**Reliance on Non-Development Revenues**

page 27

**Individual Giver Statistics**

page 31

**Appendix: Tables**

## Public Service Foundations

This AudiGraphics Strategic Financial Analysis explores the shifting economic foundations of public service. It portrays revenues and expenses as the means of supporting public service, and places managerial decisions in the context of their public service ramifications.

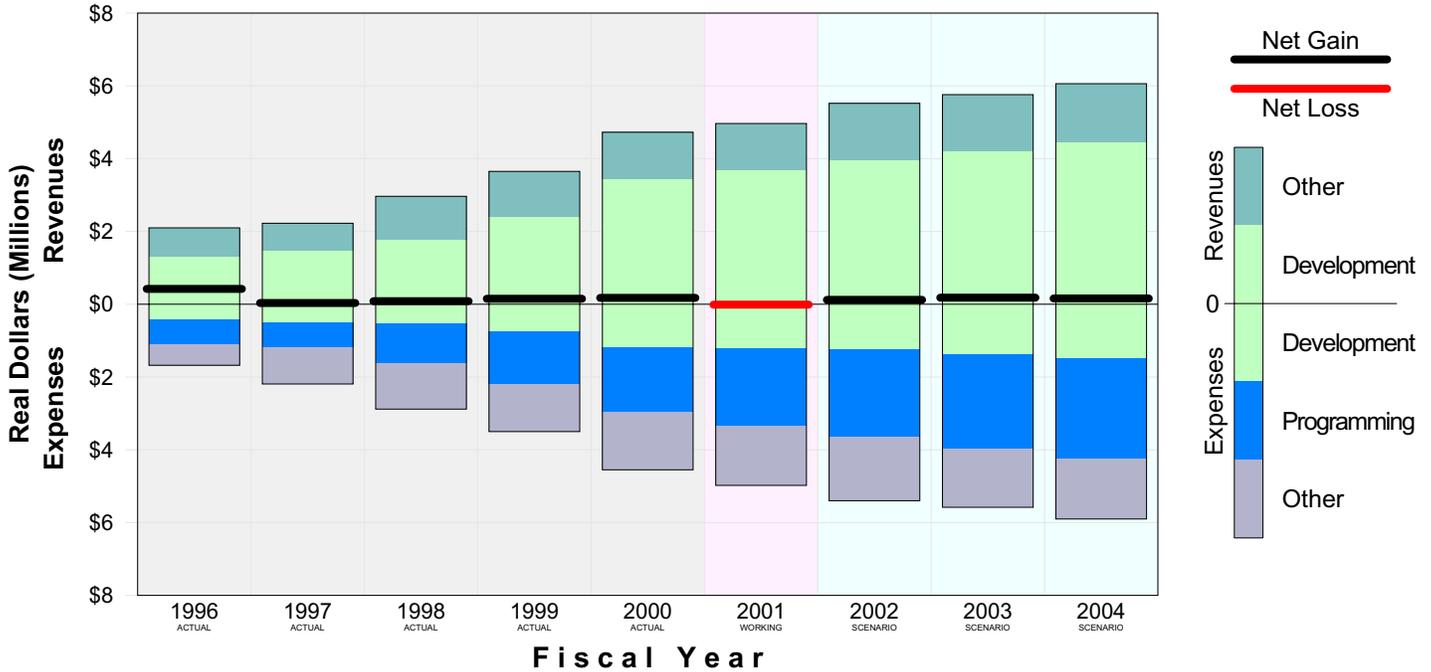
As such, this strategic financial analysis differs conceptually with traditional means of financial accounting. For instance, traditional accounting characterizes programming as an expense with no financial return. Strategic financial analysis acknowledges that programming investments yield direct returns in listening – the very basis of public service.

Traditional accounting asks, "How much do we spend for programming?" without regard to its return. Strategic financial analysis asks, "How much do we spend to serve one listener for an hour?" and "How effectively do our development efforts convert this public service into public support?"

The graphs on page 2 summarize total operating expenses, revenues, and nets over time. The top graph displays the information as traditional accounting measures it – in dollars. The bottom graph shows the same information as strategic financial analysis sees it – as expenditures and returns per hour of public service.

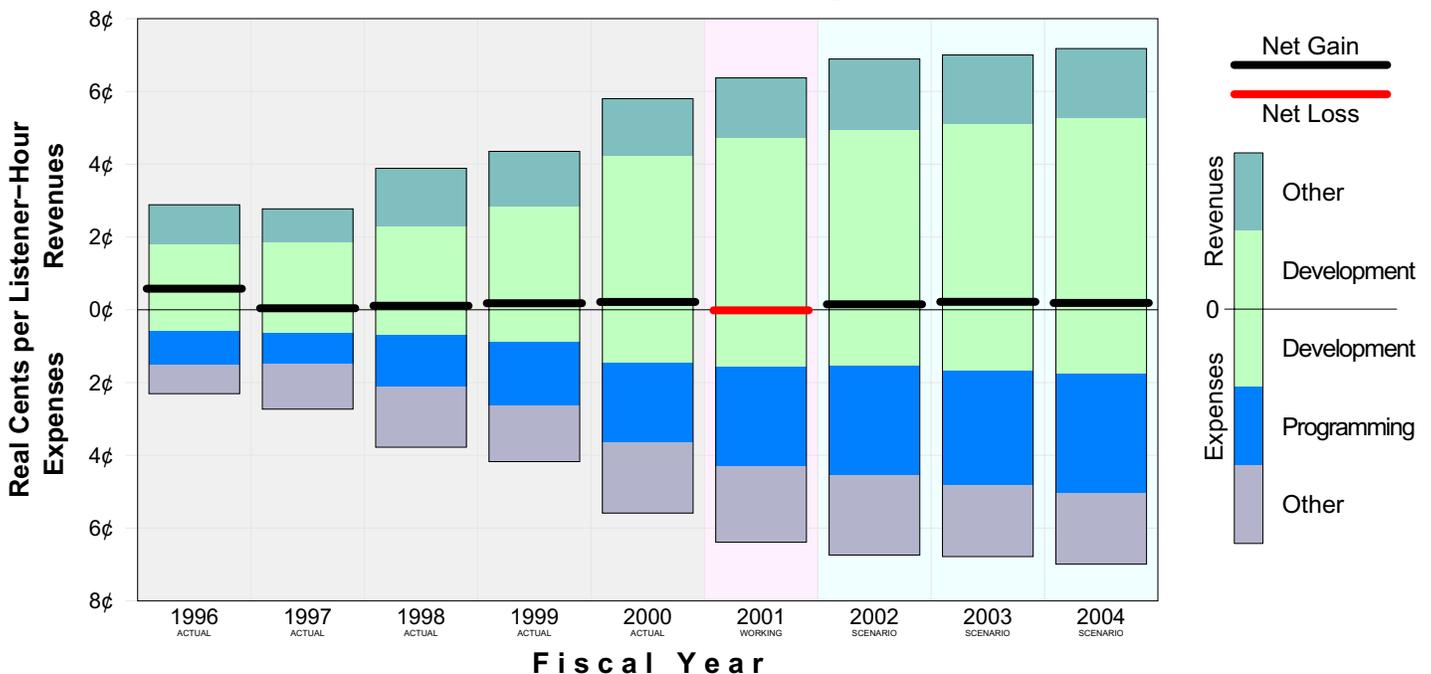
The graphs on page 3 show where money comes from (top) and goes to (bottom) as percentages of all operating revenues and expenses.

## Operating Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

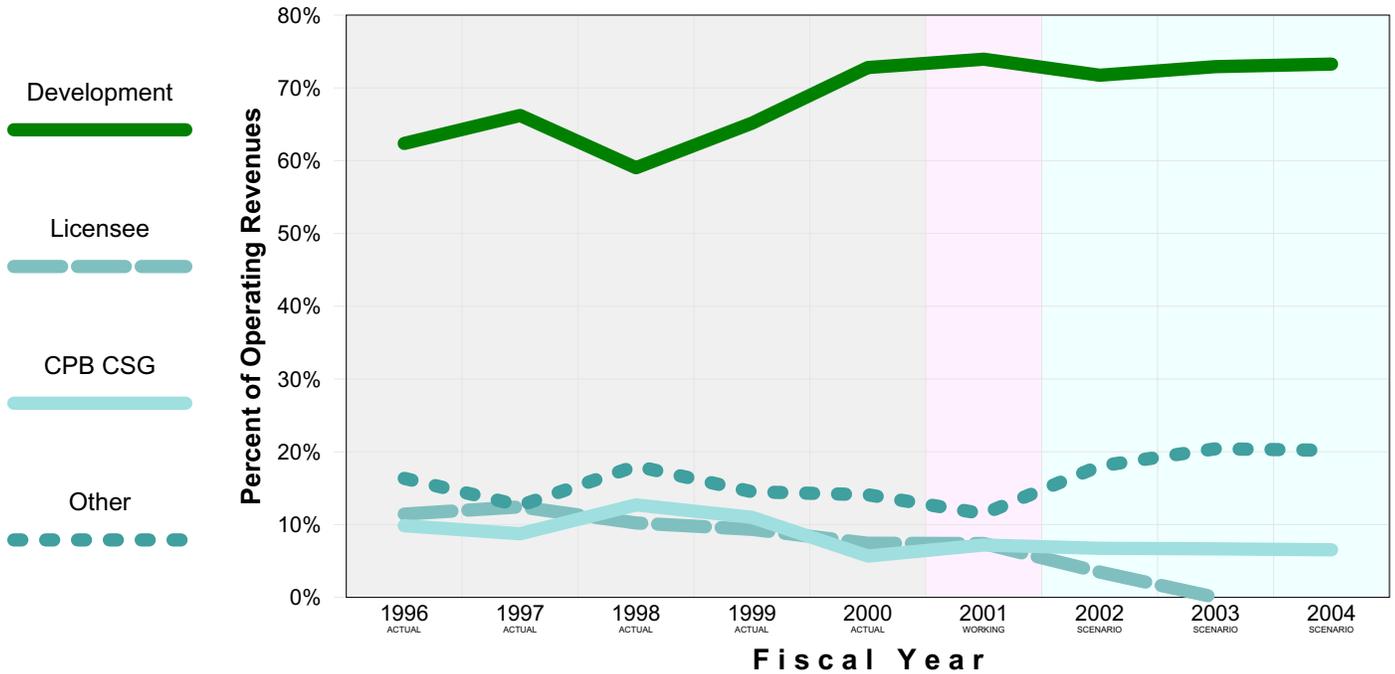
## Operating Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Operating Revenues (Where the Money Comes From)

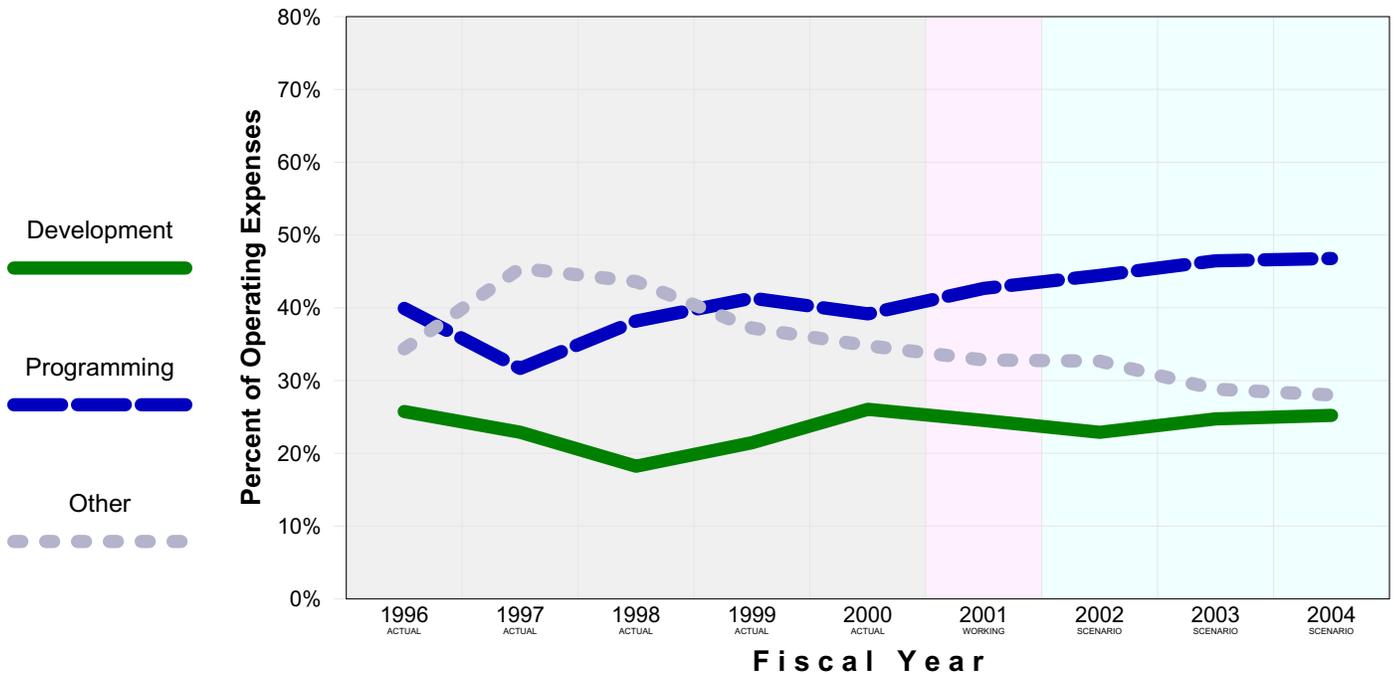
Optimistic Projections for  
WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Operating Expenses (Where the Money Goes To)

Optimistic Projections for  
WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

page 1	<b>Public Service Foundations</b>
page 5	<b>Programming Economics</b>
page 9	<b>Net Output of Development Activities</b>
page 15	<b>Efficiency of Development Activities</b>
page 19	<b>Reliance on Development Revenues</b>
page 23	<b>Reliance on Non-Development Revenues</b>
page 27	<b>Individual Giver Statistics</b>
page 31	<b>Appendix: Tables</b>

## Programming Economics

Programming investments yield direct returns in the form of public service. The graph on top of page 6 shows how these returns change over time.

Public service is reported in "listener-hours" – a statistic that measures the consumption of the broadcast service. One person listening for five hours yields five listener-hours; five persons listening for an hour apiece also yields five listener-hours.

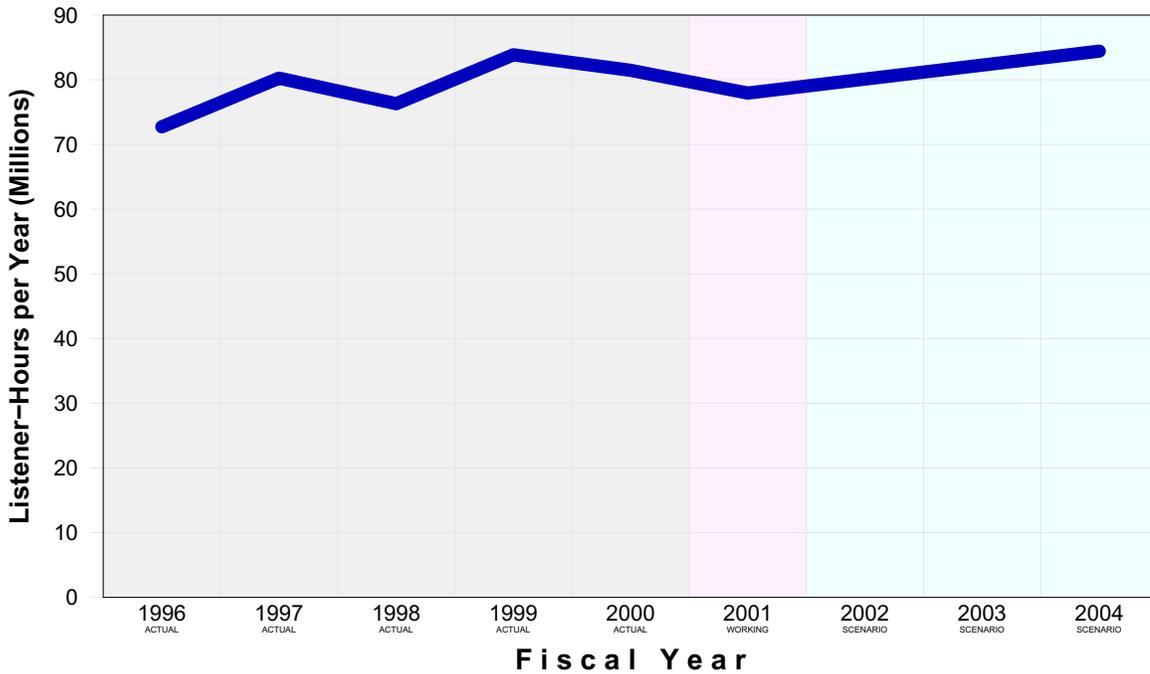
Page 7 shows the direct programming investments that generate these listener-hours. The top graph is in dollars for accounting purposes; the bottom graph is in cents per listener-hour, for strategic planning purposes.

For many years, public radio's listening increased at a faster rate than the price of its programming. During this period the cost of serving one listener for one hour decreased. More recently, investments in programming have generally been outpacing increases in listening, and the industry is finding it more expensive to serve one listener for one hour.

The bottom graph on page 6 shows the cost of programming as a percentage of all non-development expenses. It would be too simplistic to characterize these expenses as "overhead". However, comparing them to the size of the programming investment does suggest a rough sort of "overhead to programming" ratio.

## Programming's Direct Return In Listener-Hours per Year

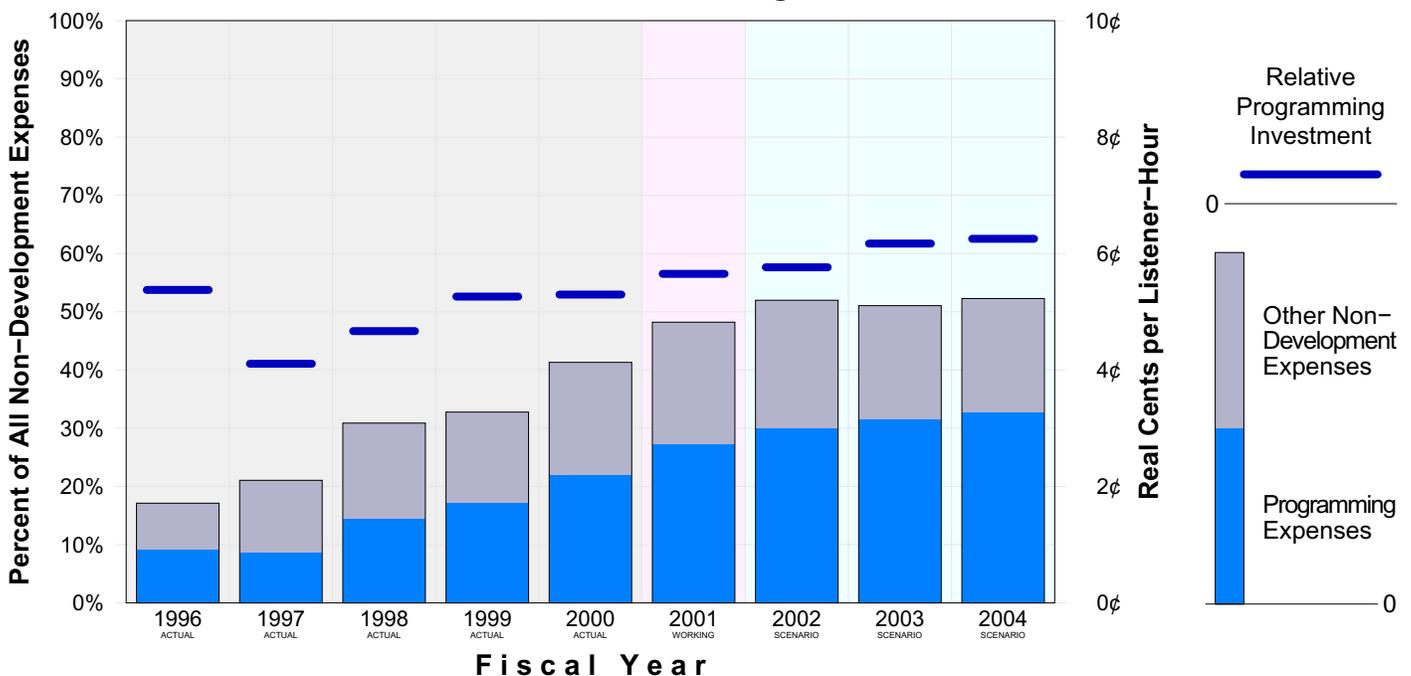
Optimistic Projections for  
WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

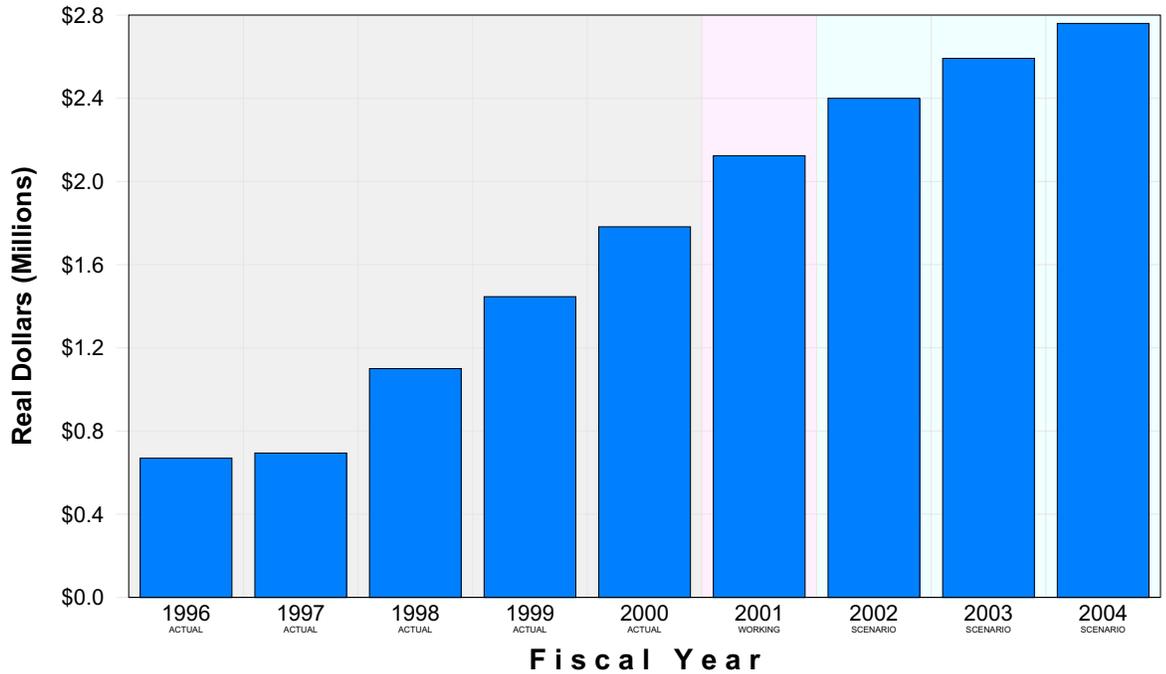
## Programming Investment Relative to Other Non-Development Expenses

Optimistic Projections for  
WARA Radio Full Coverage Area



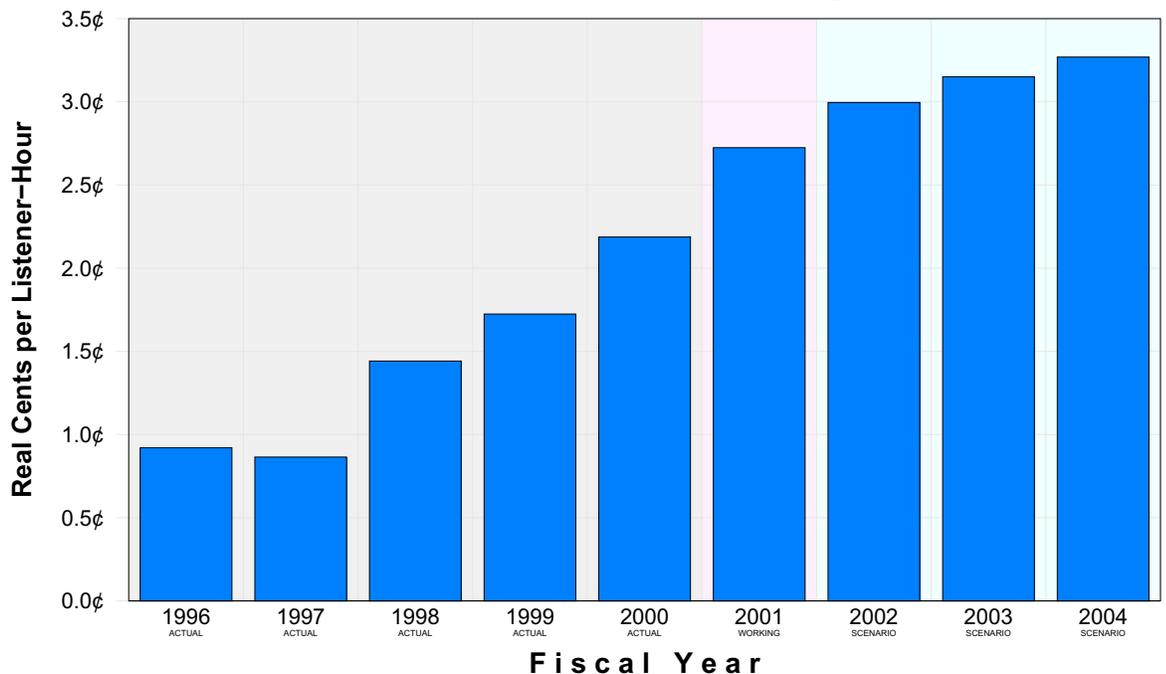
AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

**Programming Investment  
(Direct Programming Expenses)**  
Optimistic Projections for  
WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

**Programming Investment  
(Direct Programming Expenses)**  
Optimistic Projections for  
WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

page 1

**Public Service Foundations**

page 5

**Programming Economics**

page 9

**Net Output of Development Activities**

page 15

**Efficiency of Development Activities**

page 19

**Reliance on Development Revenues**

page 23

**Reliance on Non-Development Revenues**

page 27

**Individual Giver Statistics**

page 31

**Appendix: Tables**

## Net Output of Development Activities

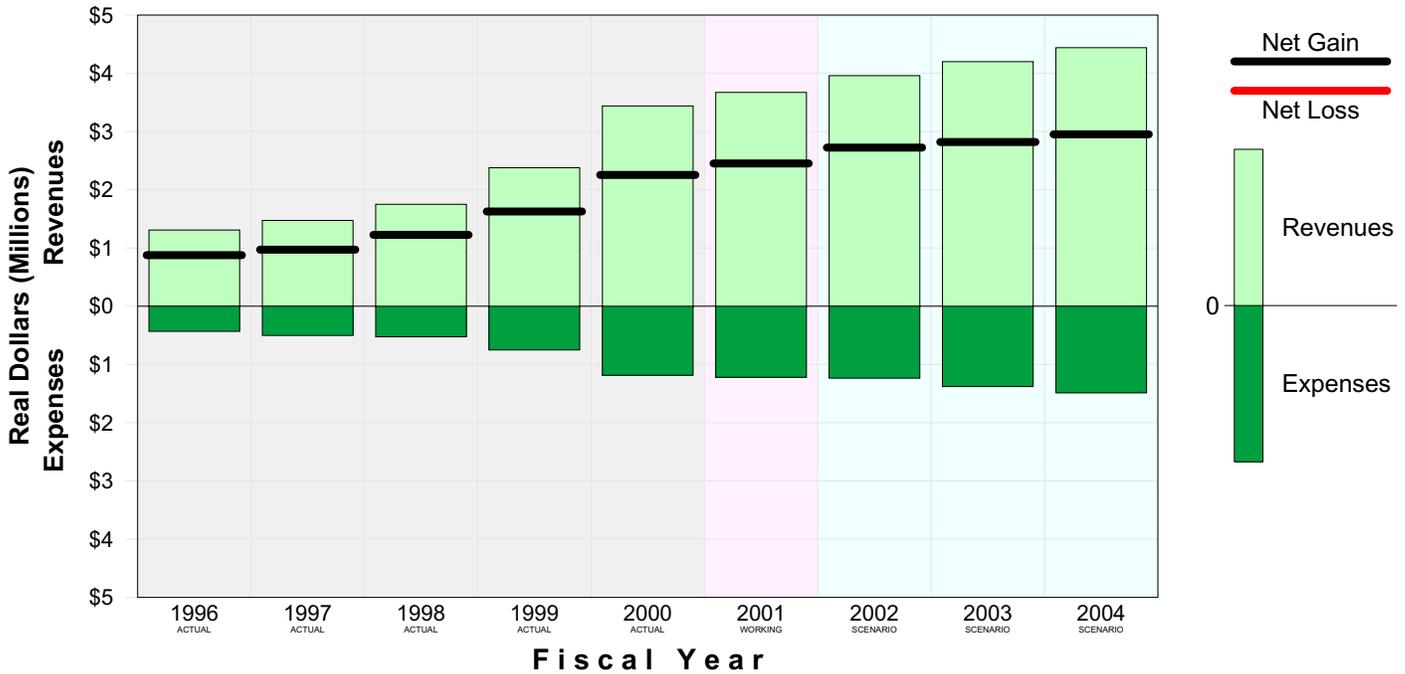
Public radio undertakes development activities to offset the cost of providing public service. Strategic financial analysis encapsulates development activities into the "profit centers" they actually are. As subsidiaries supporting the business of public service, their gross revenues are less important than their net returns.

This section shows economic trends for development and its three major components: individual giving, underwriting, and other activities. The latter category includes major giving – at most stations not yet sizable enough to examine on its own. Also, the net figures for this category are meaningful only when all expenses and revenues for individual giving and underwriting are fully allocated to those line items.

Pages 10 and 11 show these numbers in dollars; pages 12 and 13 show them in cents per listener-hour. These listener-hour evaluations are particularly apt for underwriting and individual giving, as each revenue source is "listener-sensitive" – i.e., based on the quantity and qualities of the public service generated by programming.

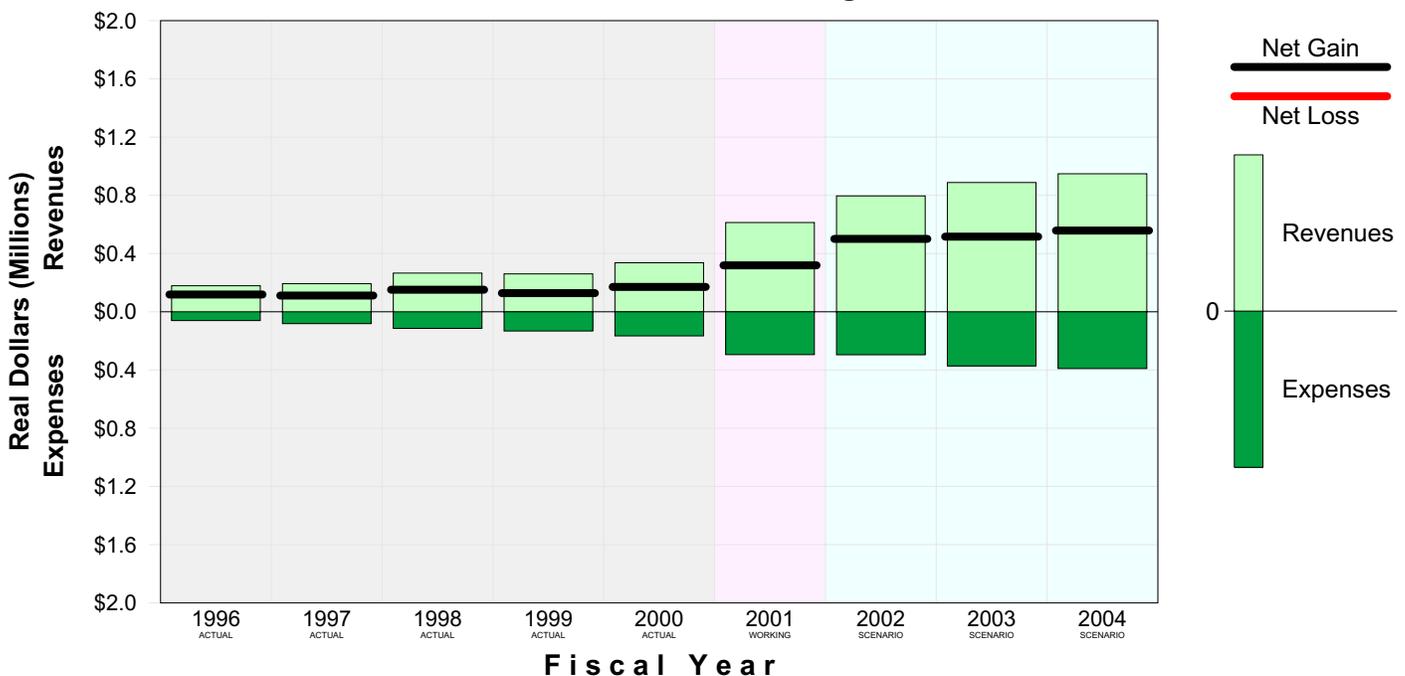
Major giving and most other development revenue sources are not listener-sensitive in this sense. While research has linked listeners' giving to their reliance on the service and their assessment of its importance in their lives, it has also identified a "disconnect" of these factors among major givers.

## Development's Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



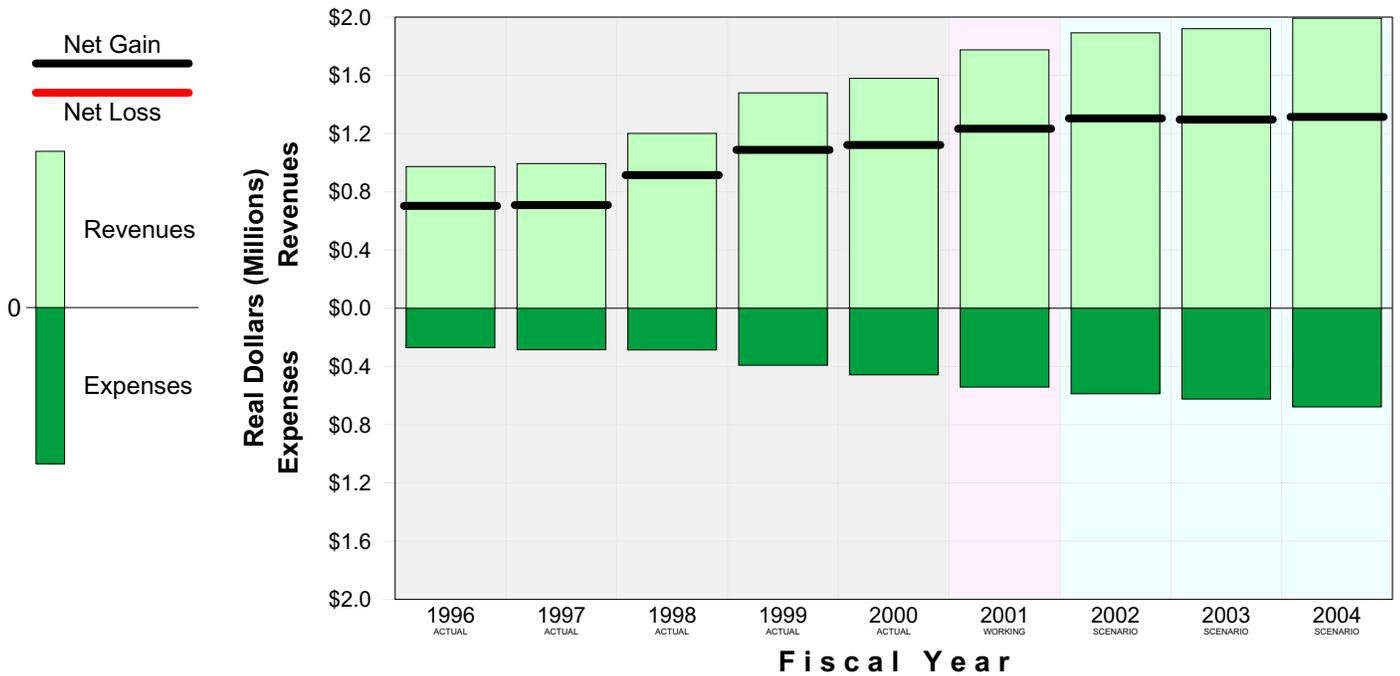
AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Other Development Activities' Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



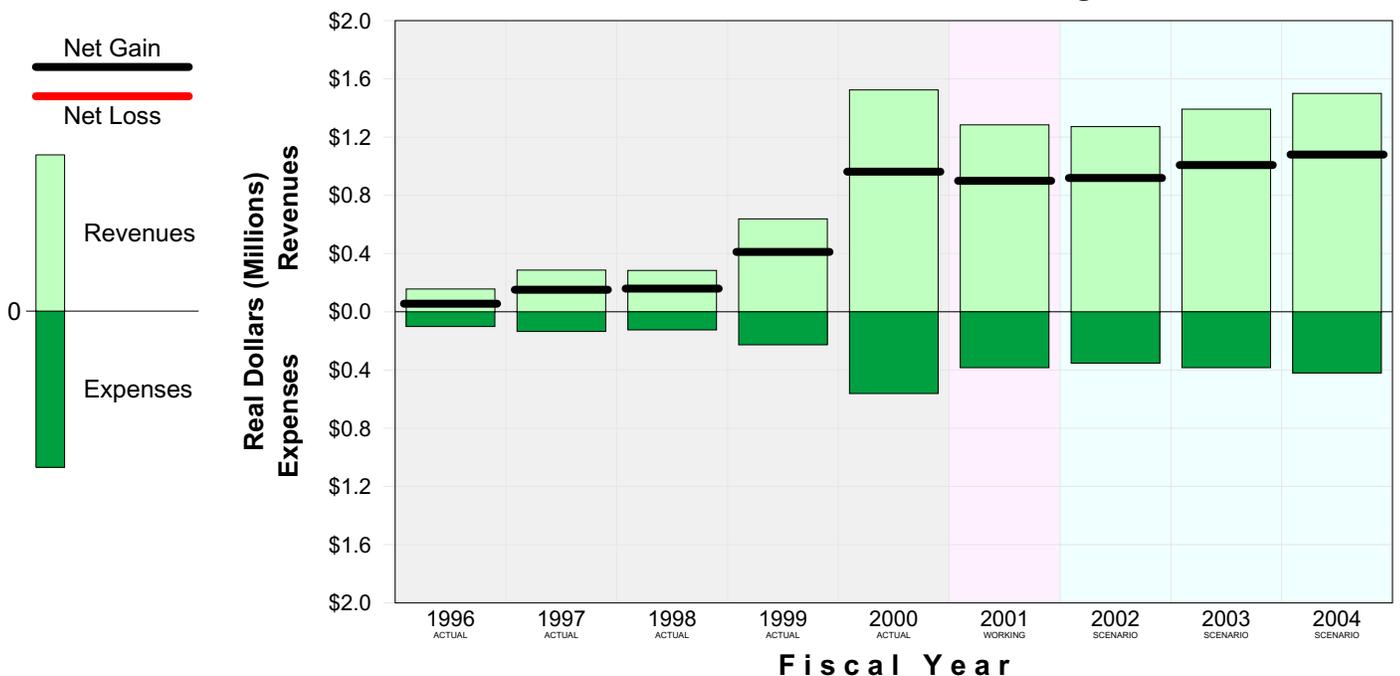
AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Individual Giving's Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



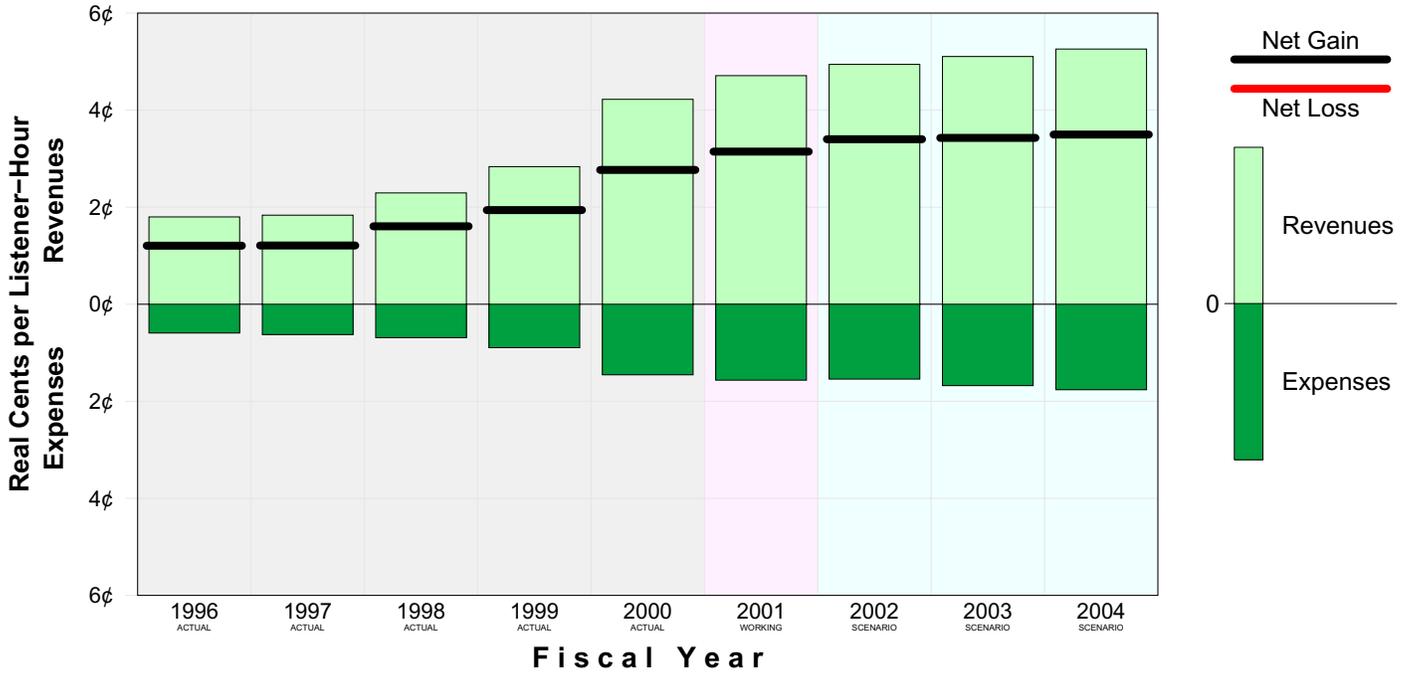
AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Underwriting's Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



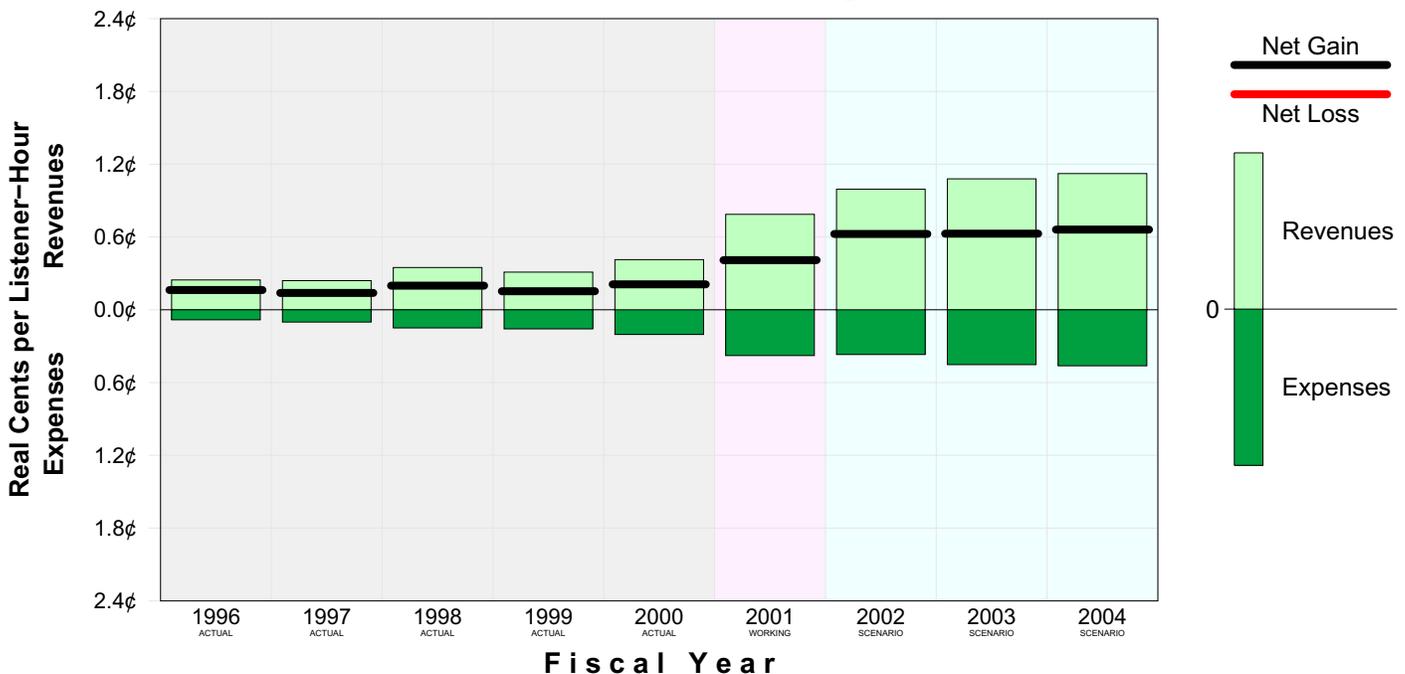
AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Development's Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



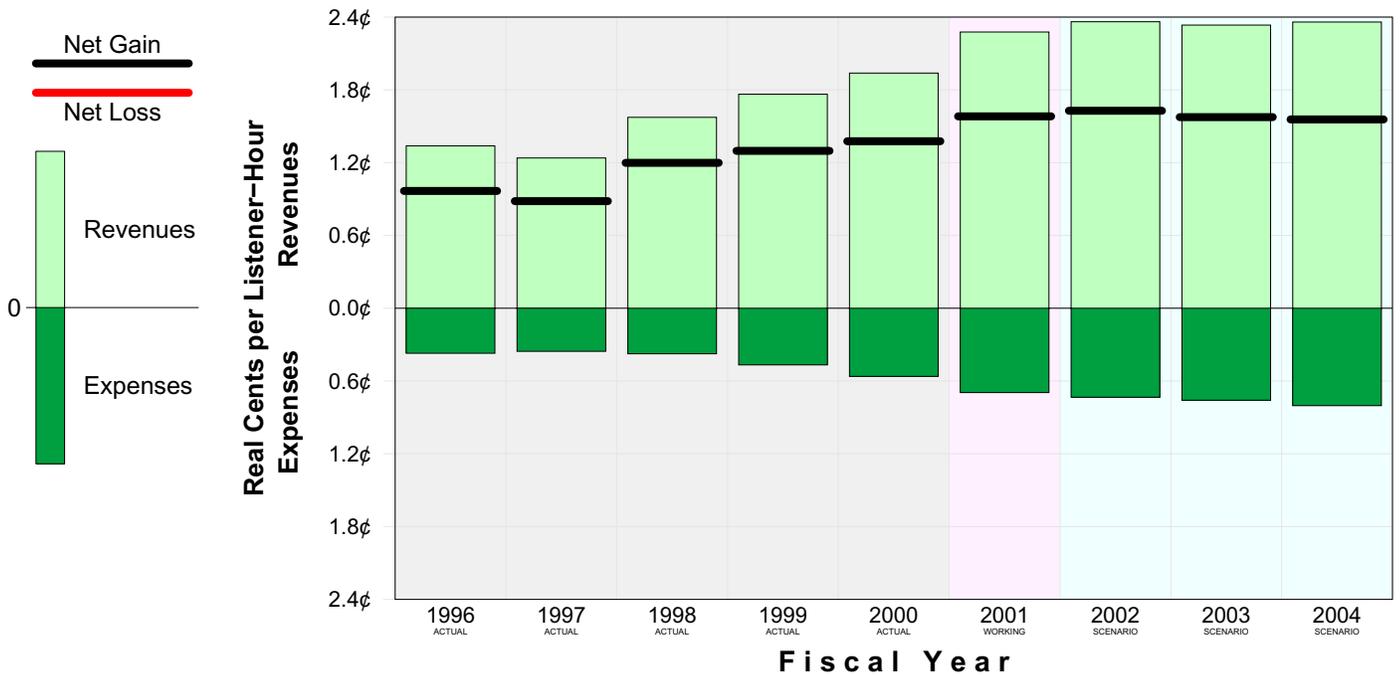
AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Other Development Activities' Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



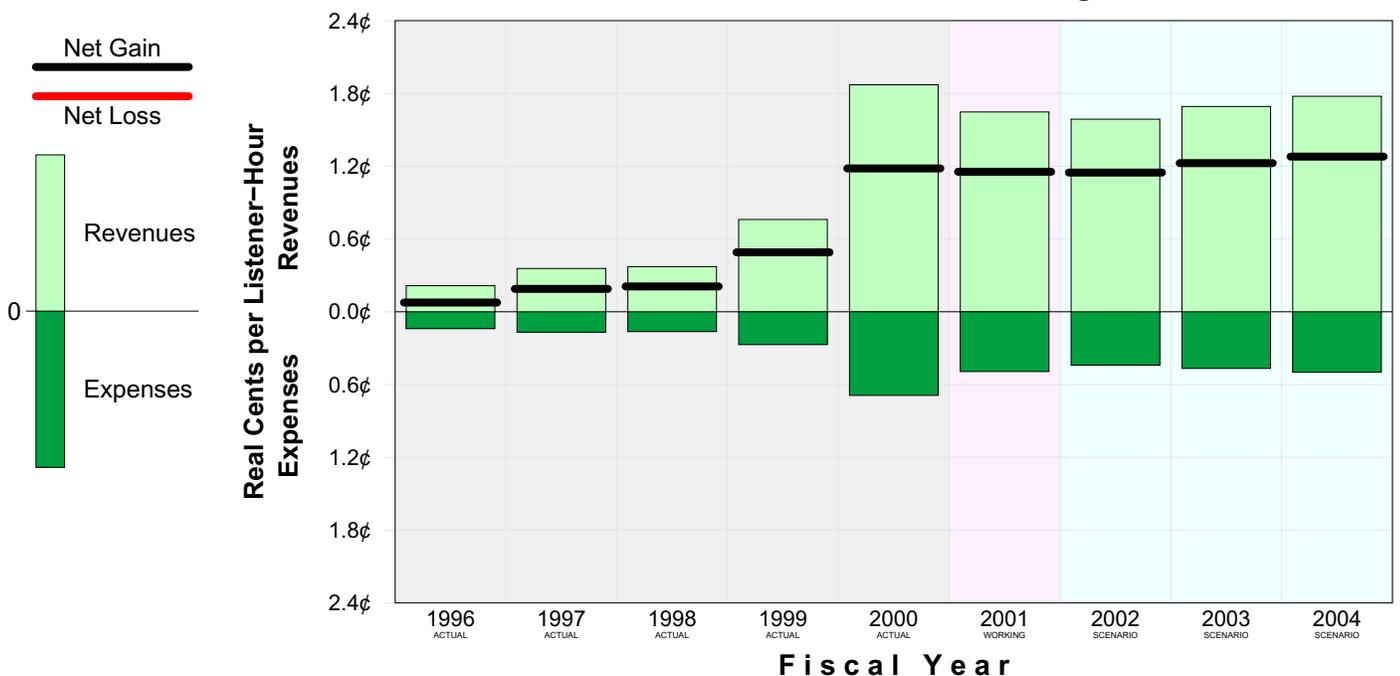
AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Individual Giving's Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Underwriting's Revenues, Expenses, and Net Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

page 1	<b>Public Service Foundations</b>
page 5	<b>Programming Economics</b>
page 9	<b>Net Output of Development Activities</b>
page 15	<b>Efficiency of Development Activities</b>
page 19	<b>Reliance on Development Revenues</b>
page 23	<b>Reliance on Non-Development Revenues</b>
page 27	<b>Individual Giver Statistics</b>
page 31	<b>Appendix: Tables</b>

## **Efficiency of Development Activities**

The focus on the net contribution of development activities should not imply that efficiencies are irrelevant.

Indeed, various development activities can be more or less efficient than others, and strategic financial analysis brings these differences into sharp contrast.

For instance, at many stations underwriting is commonly more efficient than individual giving – it generates a greater net, even though individual giving grosses more.

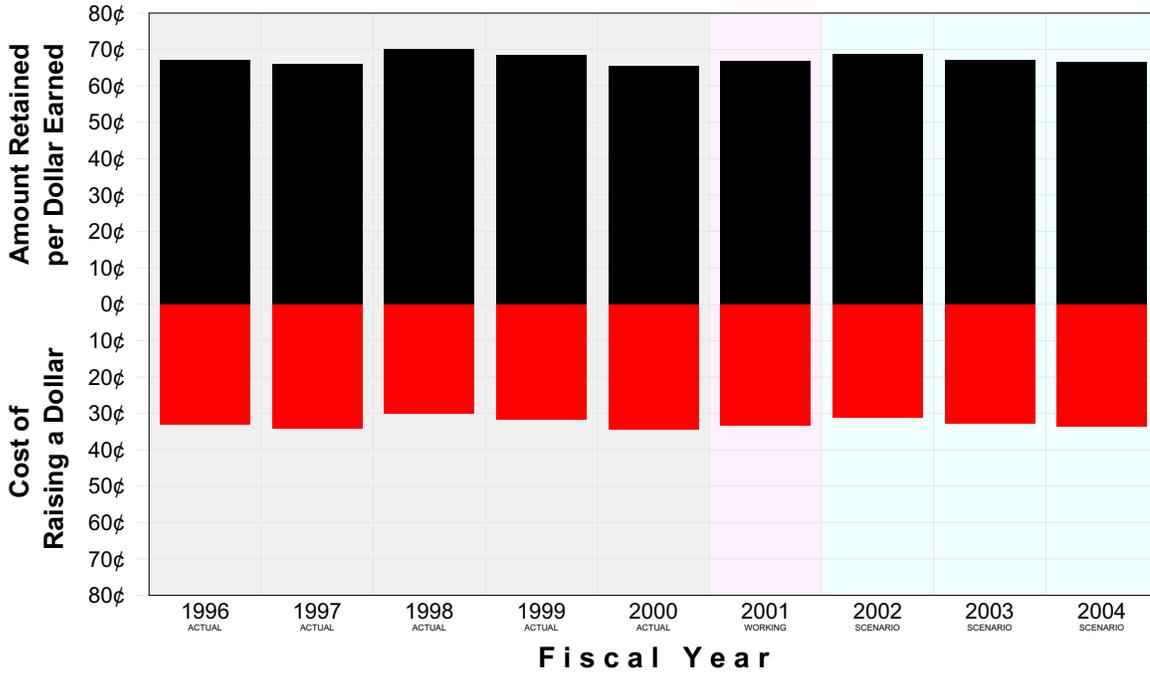
Strategic financial analysis defines efficiency as the amount of money retained per dollar earned. It is the complement of the cost of raising a dollar.

Both of these statistics are shown in this section for development and its components of individual giving, underwriting, and other activities.

Each bar in the following efficiency graphs is one dollar high. The red part of the bar represents the cost of raising a dollar. The remainder of the bar shows the amount of the dollar in the black.

## Efficiency of Development Activities

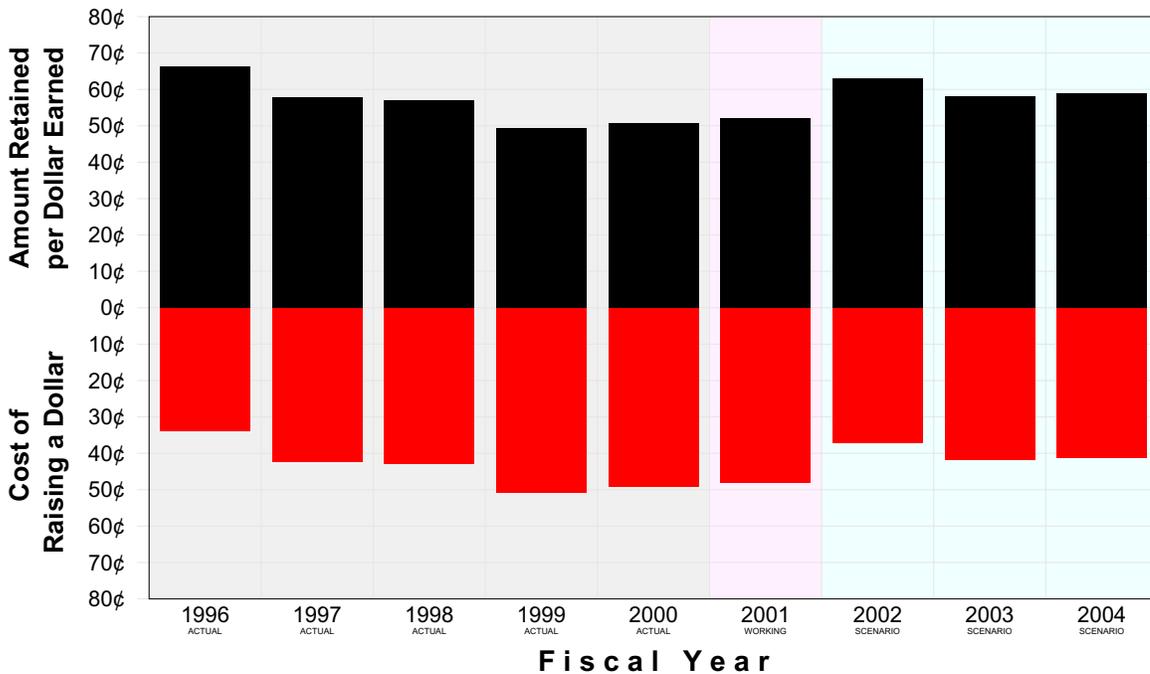
### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Efficiency of Other Development Activities

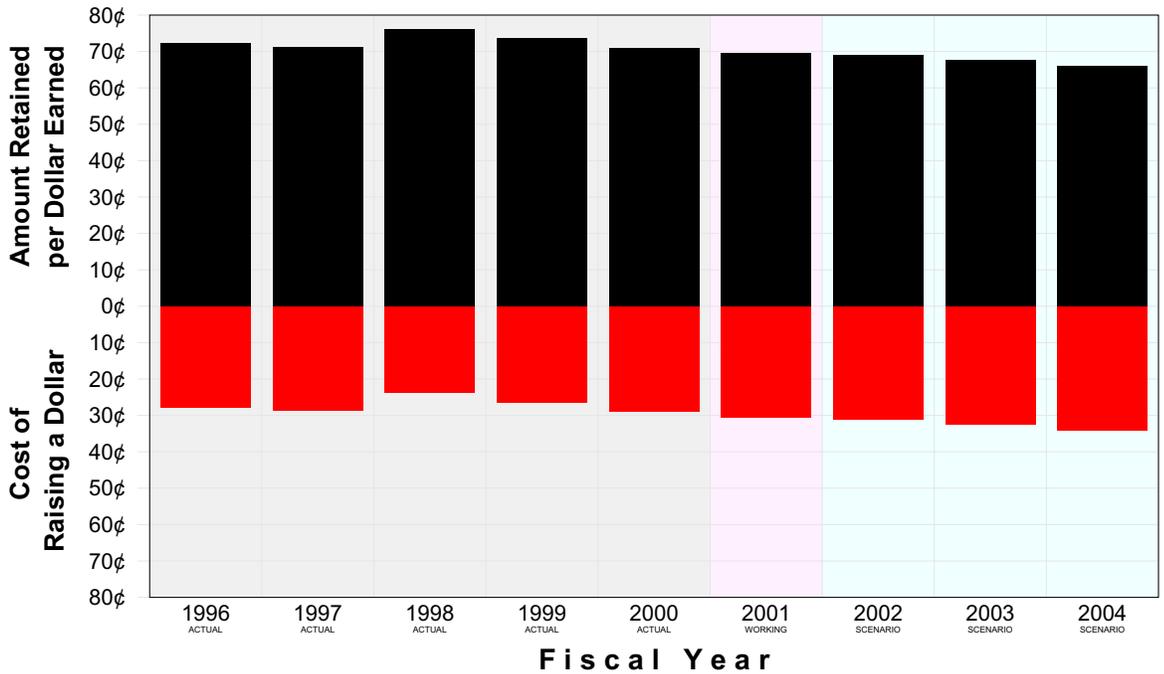
### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Efficiency of Individual Giving Activities

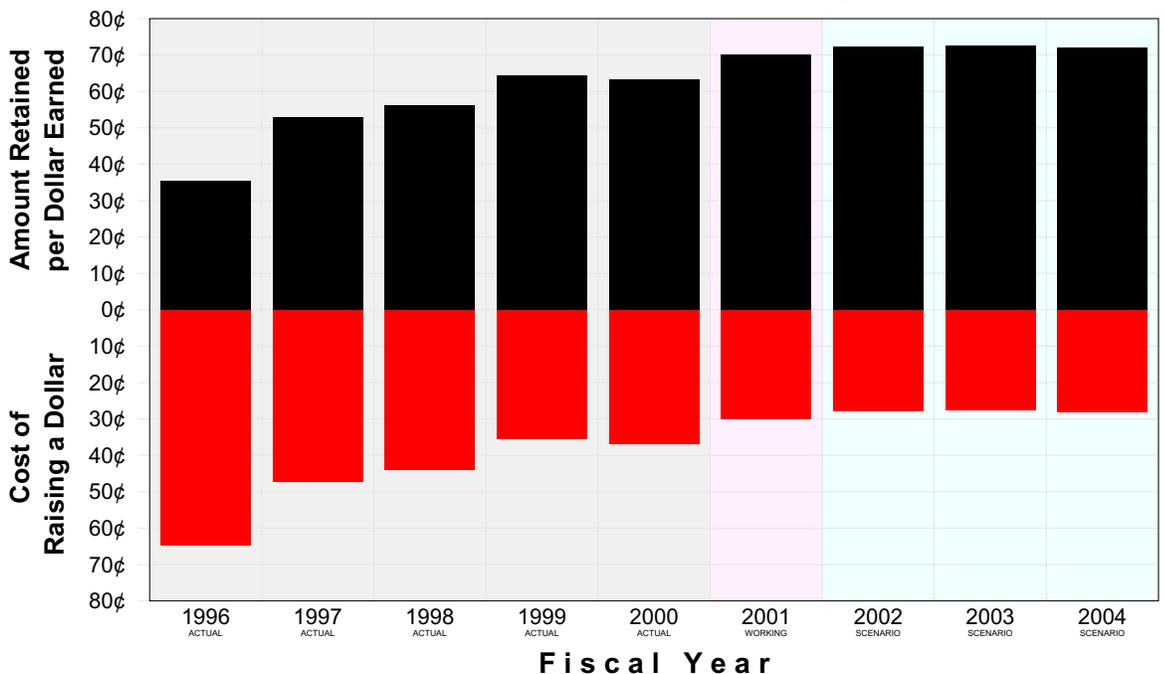
### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Efficiency of Underwriting Activities

### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

page 1	<b>Public Service Foundations</b>
page 5	<b>Programming Economics</b>
page 9	<b>Net Output of Development Activities</b>
page 15	<b>Efficiency of Development Activities</b>
page 19	<b>Reliance on Development Revenues</b>
page 23	<b>Reliance on Non-Development Revenues</b>
page 27	<b>Individual Giver Statistics</b>
page 31	<b>Appendix: Tables</b>

## Reliance on Development Revenues

Strategic financial analysis defines reliance as an income source's contribution to "net revenues" – the sum of all revenues minus the expense of development. The use of net revenues acknowledges development as an encapsulated "profit center" for the station.

Public radio's reliance on development revenues has been increasing steadily for more than two decades. The two listener-sensitive sources of individual giving and underwriting now comprise over half of the industry's gross revenues.

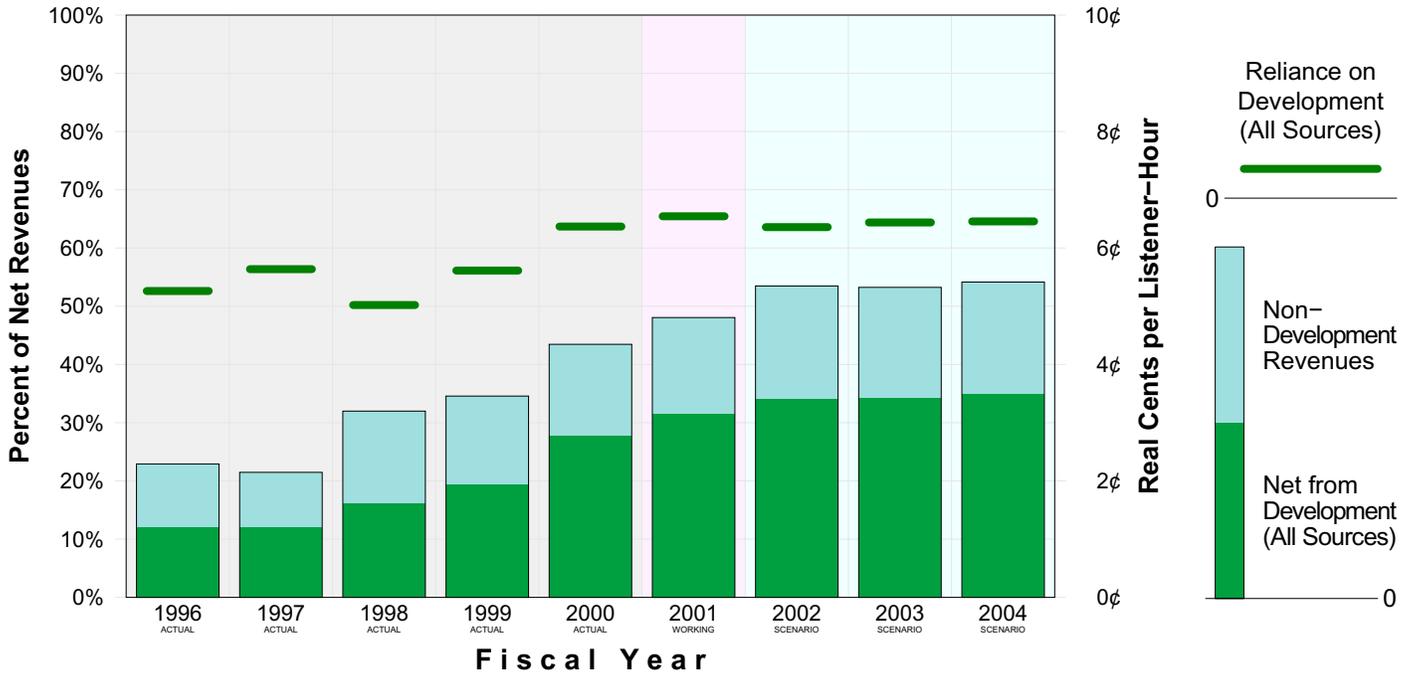
Of course, reliance on development differs significantly from station to station. It tends to be lower for stations that receive financial support from their licensees and higher for stations that do not.

As funding from licensee and tax-based sources diminish, public radio will come to rely even more on development-based revenues. As its ability to earn a development dollar is listener-sensitive, public radio's ability to serve a significant number of listeners with programming they consider significant becomes the foundation of its sustainability.

Public service begets public support. This relationship is the invisible hand now guiding the economics of public radio.

## Reliance on Development (All Sources)

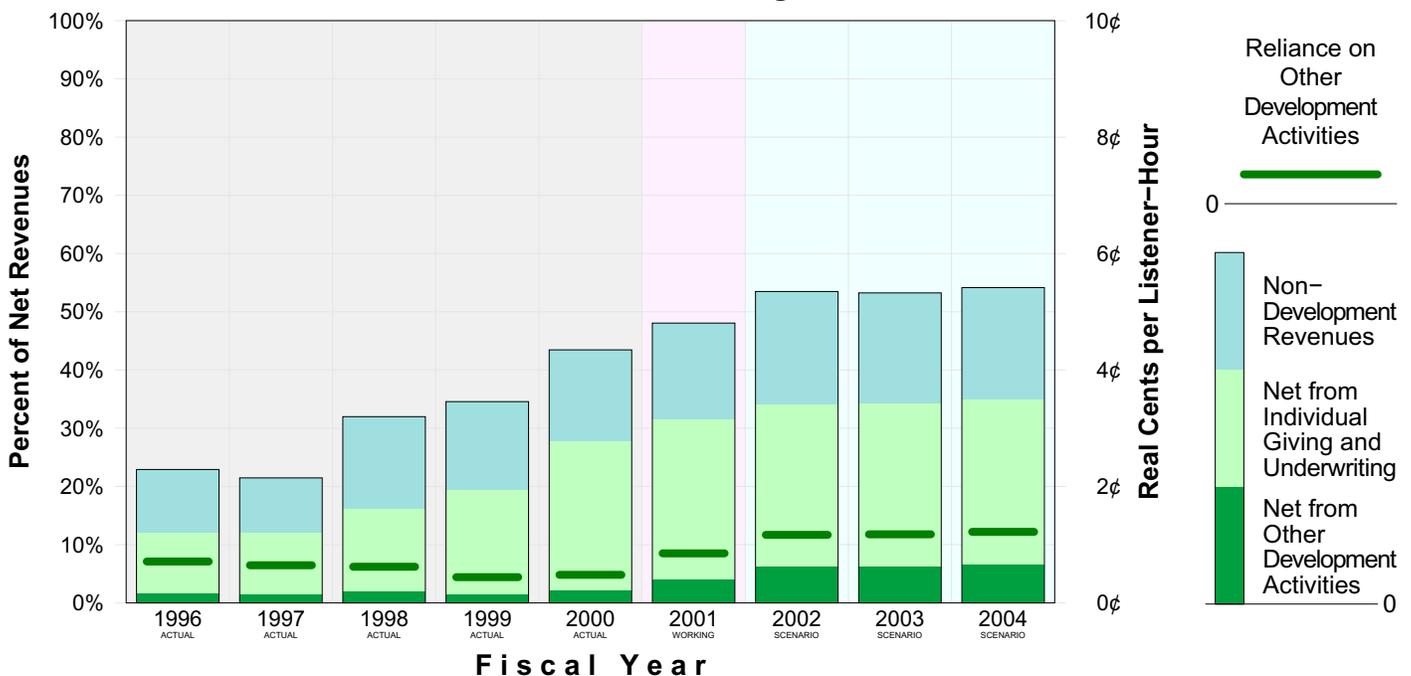
### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Reliance on Other Development Activities

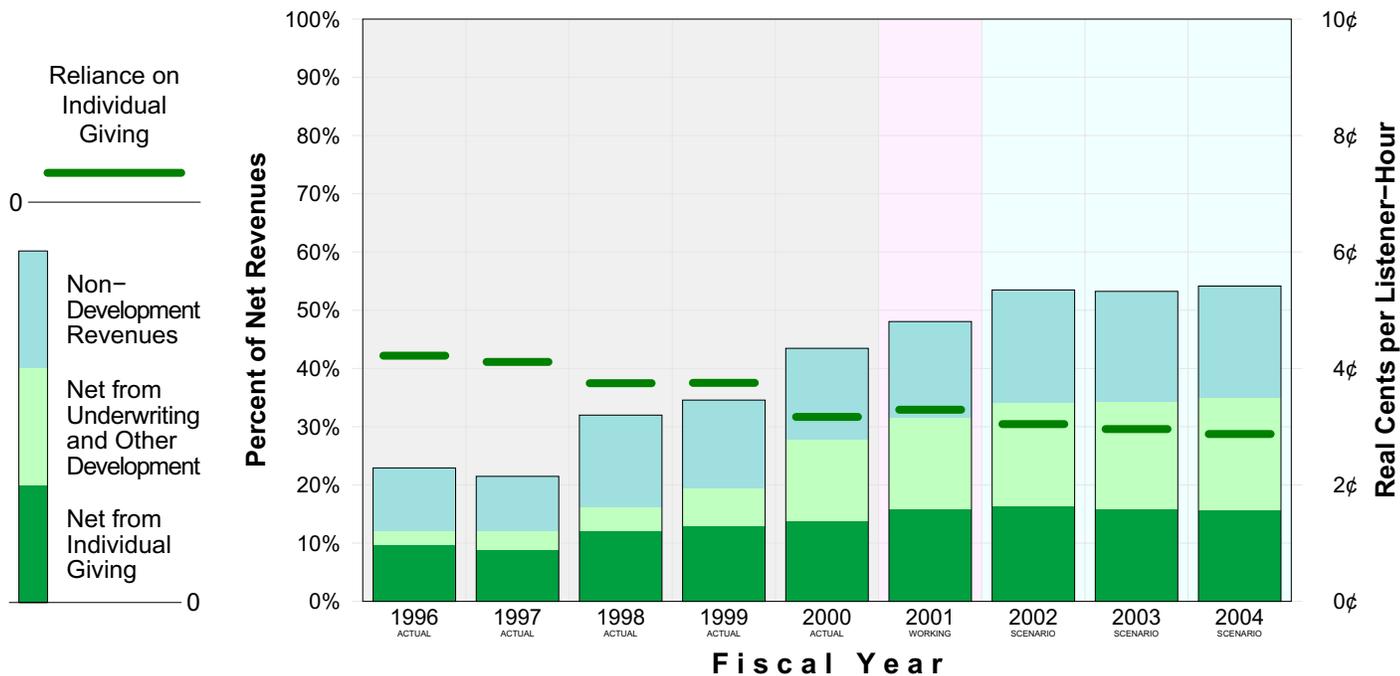
### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Reliance on Individual Giving

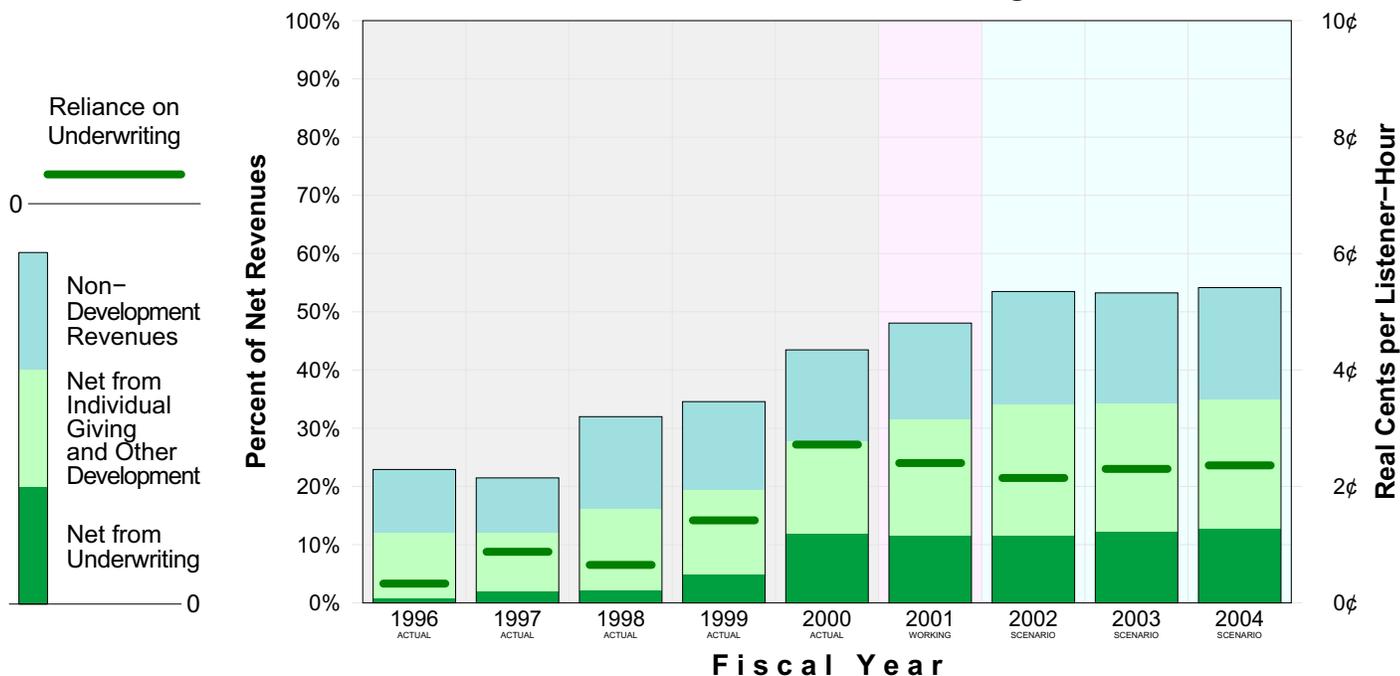
Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Reliance on Underwriting

Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

page 1	<b>Public Service Foundations</b>
page 5	<b>Programming Economics</b>
page 9	<b>Net Output of Development Activities</b>
page 15	<b>Efficiency of Development Activities</b>
page 19	<b>Reliance on Development Revenues</b>
page 23	<b>Reliance on Non-Development Revenues</b>
page 27	<b>Individual Giver Statistics</b>
page 31	<b>Appendix: Tables</b>

## **Reliance on Non-Development Revenues**

The graphs in this section illustrate how reliance on non-development revenues changes over time.

CPB's Community Service Grants are influenced by gross development revenues, which are listener-sensitive. But in general, non-development revenues are typically insensitive to the quantity and qualities of the public service generated by programming.

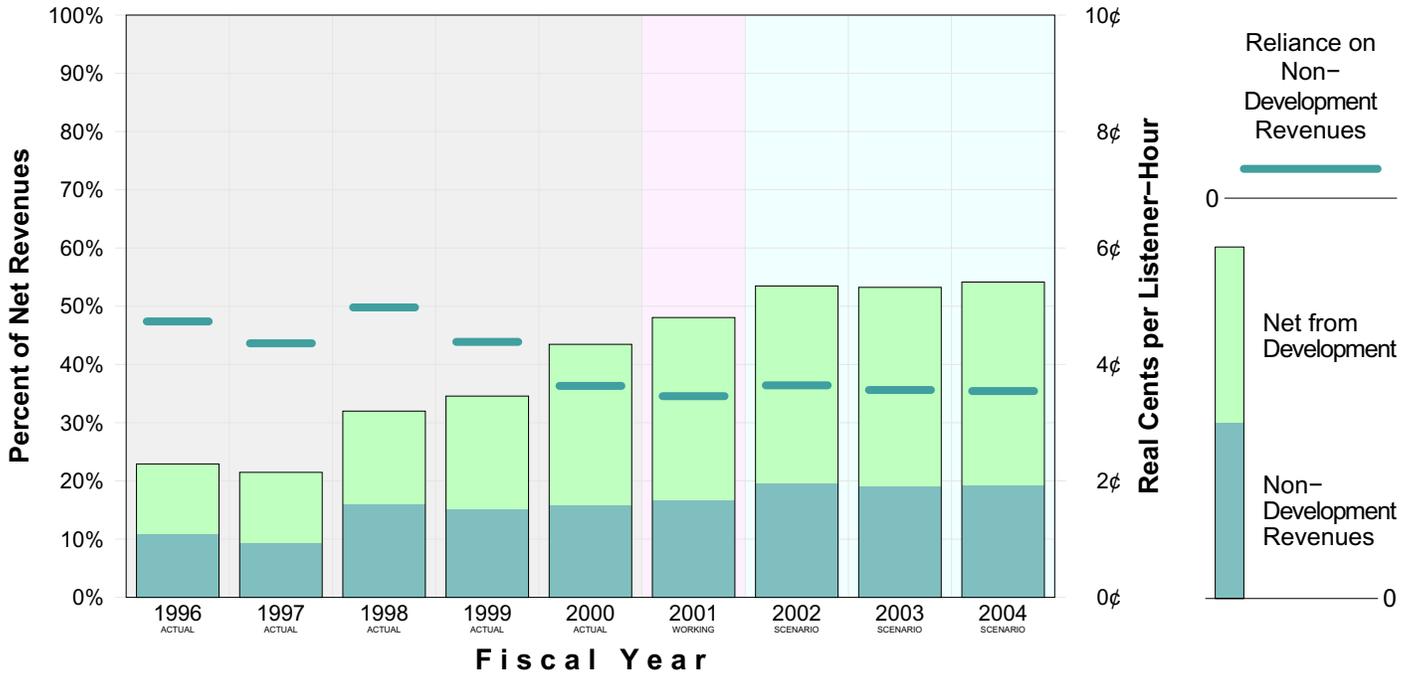
Indeed, non-development revenues are often licensee- or tax-based "subsidies" that make up the difference between what it costs to provide the public service and what the company, through its development activities, is able to recover through public support.

In the past, reductions in federal and licensee funding have put at risk stations that rely most heavily on that funding. Public radio's increasing reliance on listener-sensitive revenues diminishes the potential impact of future reductions.

Indeed, the stations most likely to withstand such reductions in the future are those most able to stand on their own public service today.

## Reliance on Non-Development Revenues

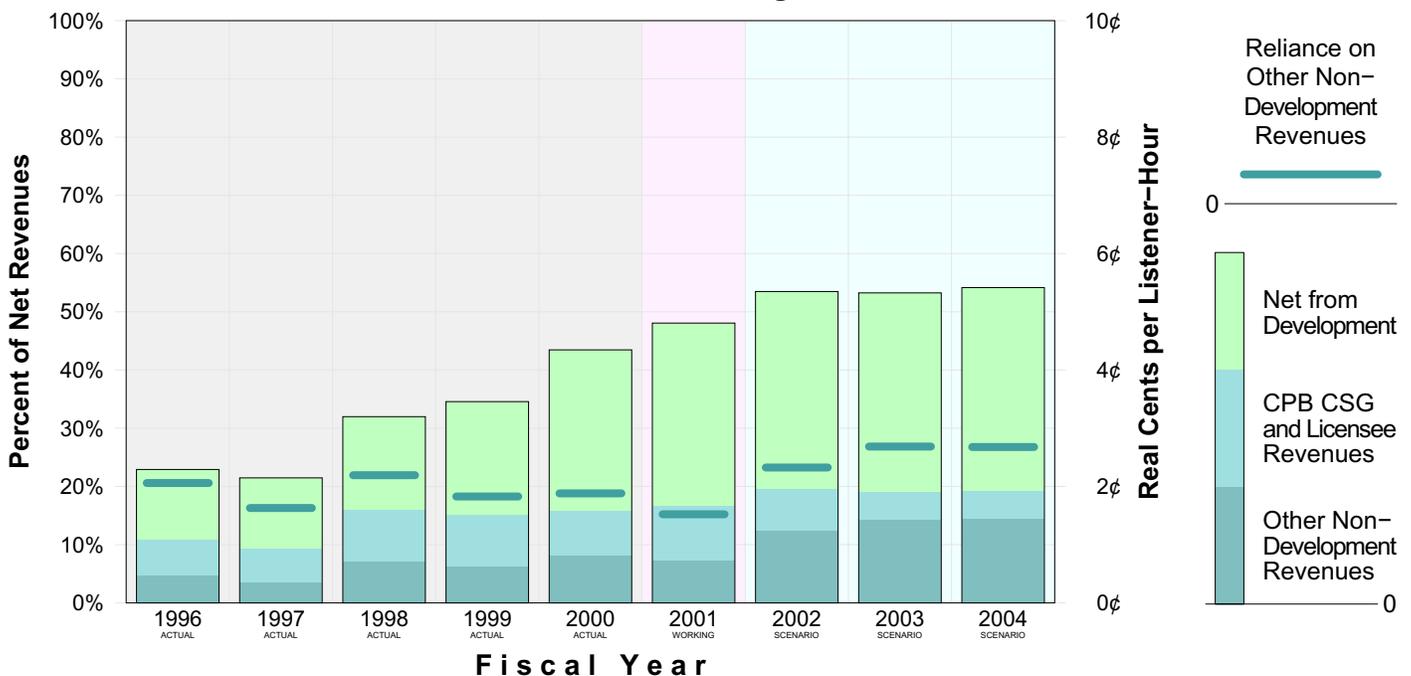
### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Reliance on Other Non-Development Revenues

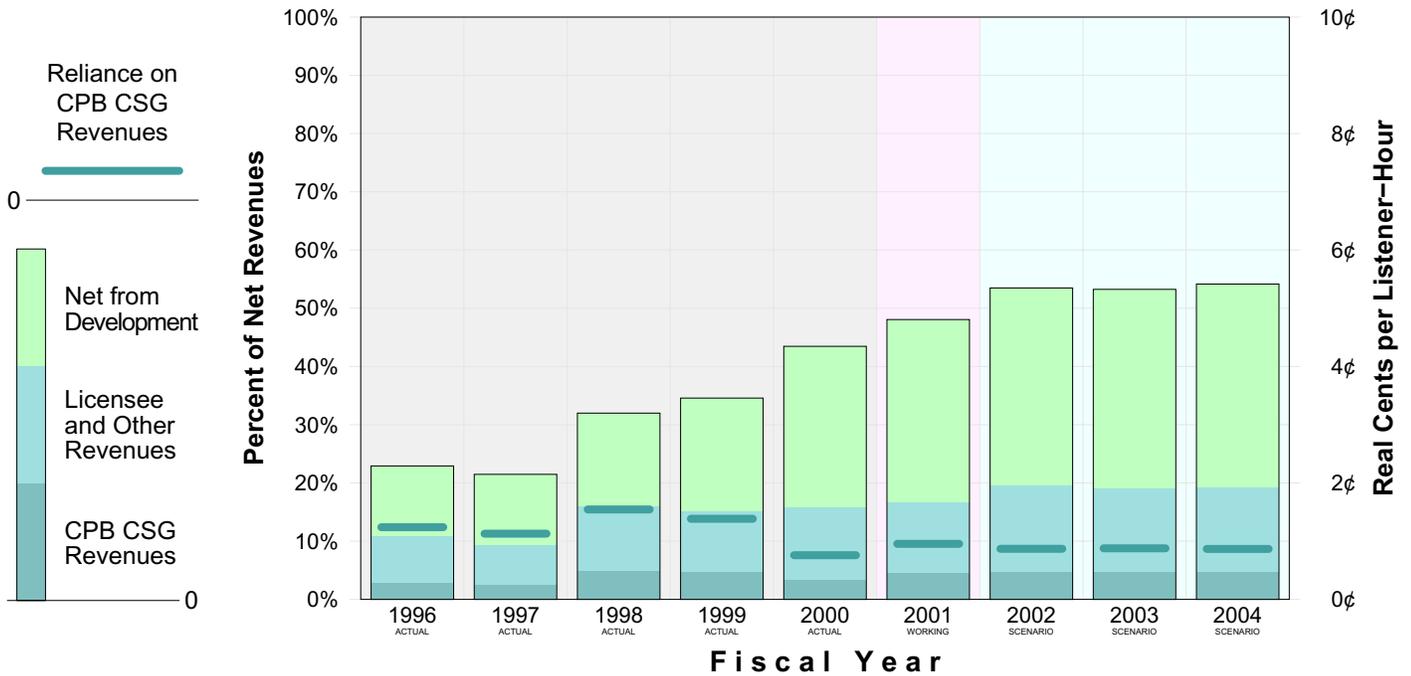
### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Reliance on CPB Community Service Grant Revenues

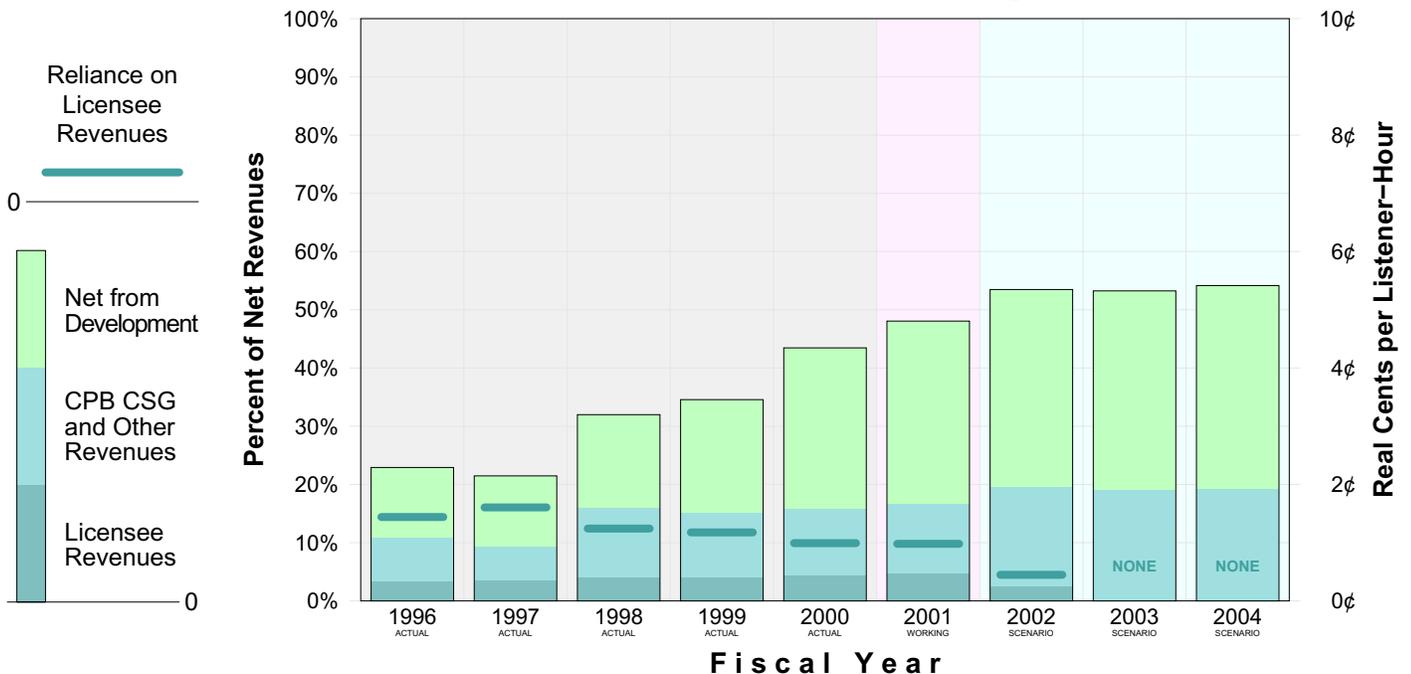
Optimistic Projections for  
WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Reliance on Licensee Revenues

Optimistic Projections for  
WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

page 1	<b>Public Service Foundations</b>
page 5	<b>Programming Economics</b>
page 9	<b>Net Output of Development Activities</b>
page 15	<b>Efficiency of Development Activities</b>
page 19	<b>Reliance on Development Revenues</b>
page 23	<b>Reliance on Non-Development Revenues</b>
page 27	<b>Individual Giver Statistics</b>
page 31	<b>Appendix: Tables</b>

## Individual Giver Statistics

Counting givers is like counting listeners: their number depends on how long you count. Counting is further complicated by the fact that a single gift can come from one or several listeners, or that a giver can give one or several times during the counting period.

At the strategic level, programming analysis has turned away from listeners toward the more predictive measure of listener-hours. Similarly, strategic financial analysis focuses on the net revenues generated by individual givers rather than the individual givers themselves.

Yet old habits die hard, and this section presents three new statistics based on the number of givers – measured by the number of active individual giver accounts at the end of each fiscal year.

"Annual Listener-Hours per Giver" is the ratio of public service to givers. While many listener-hours are by non-givers, this statistic does suggest development's ability to convert listening into giving, listeners into givers.

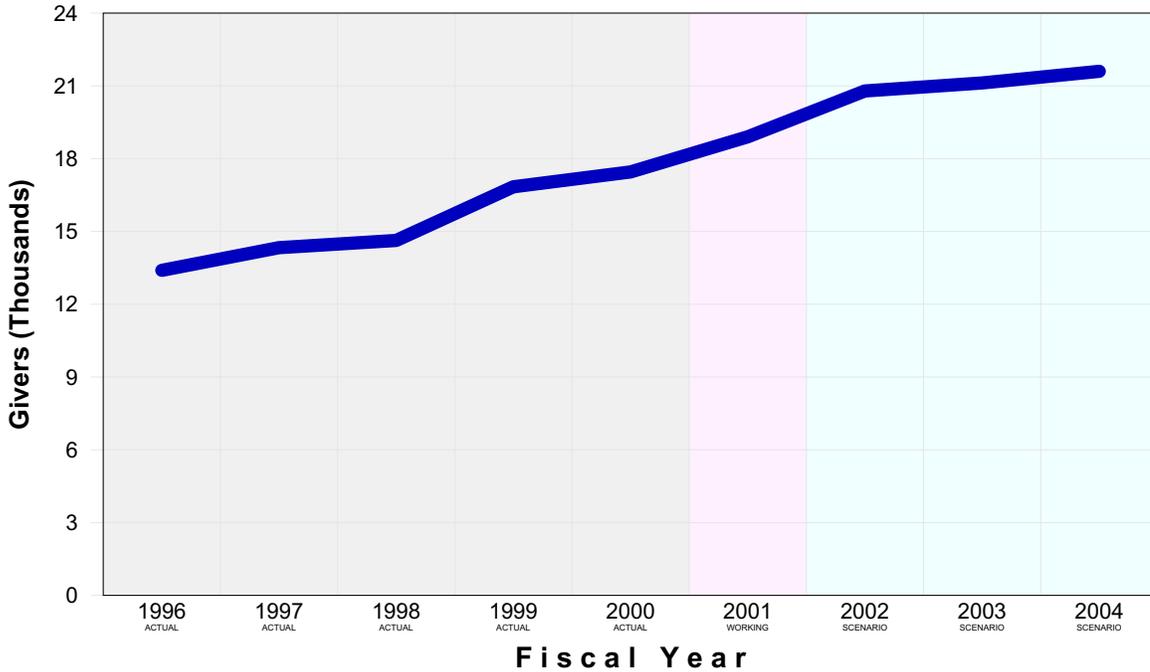
"Net per Giver" reports the true financial value of each giver in that year, once the expense of gaining and maintaining the individual giving account is removed.

"Efficiency per Giver" reports the cost of serving an account, and conversely, the amount retained per account.

Although imperfect, these three metrics should displace the "average gift" statistic – arguably useful at the tactical level, but certainly insufficient at the strategic level.

## Individual Givers (Active Individual Giving Accounts)

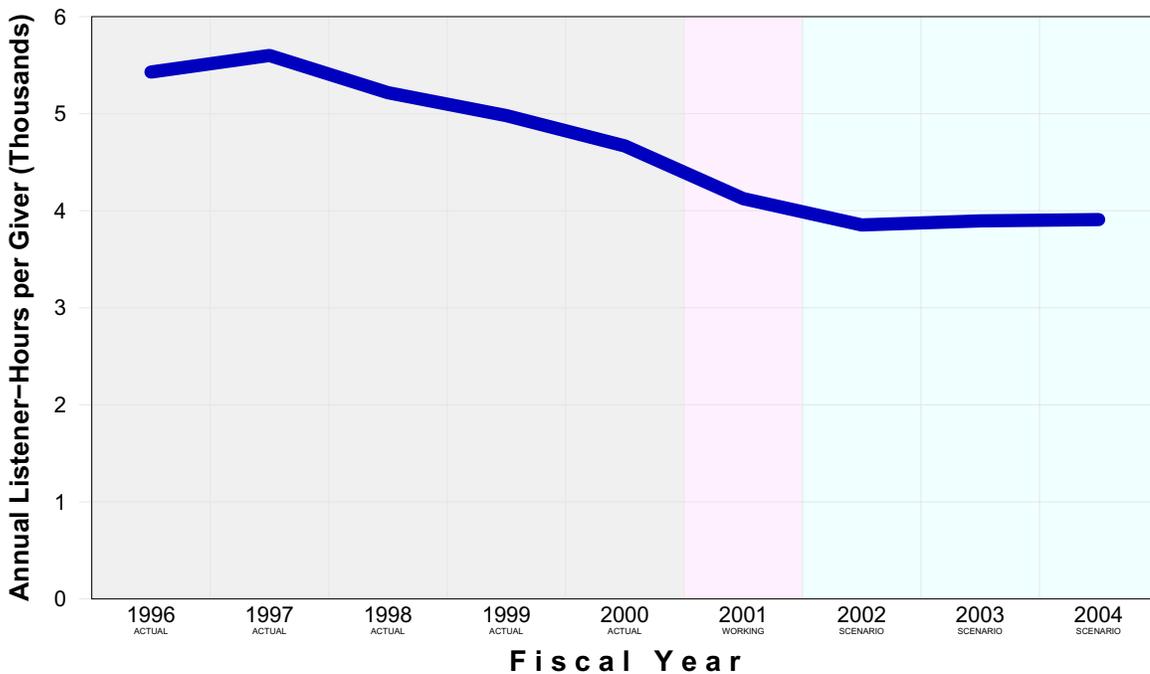
Optimistic Projections for  
WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Annual Listener-Hours Per Individual Giver

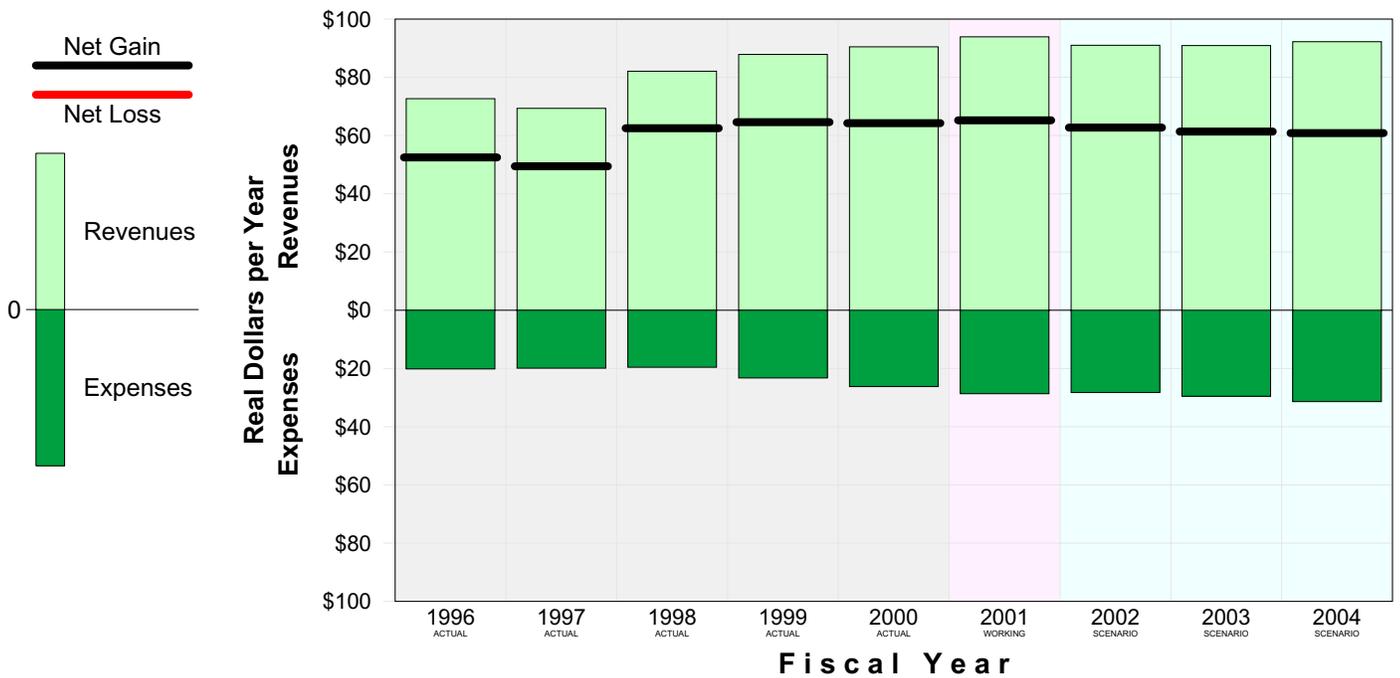
Optimistic Projections for  
WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Revenues, Expenses, and Net Per Individual Giver

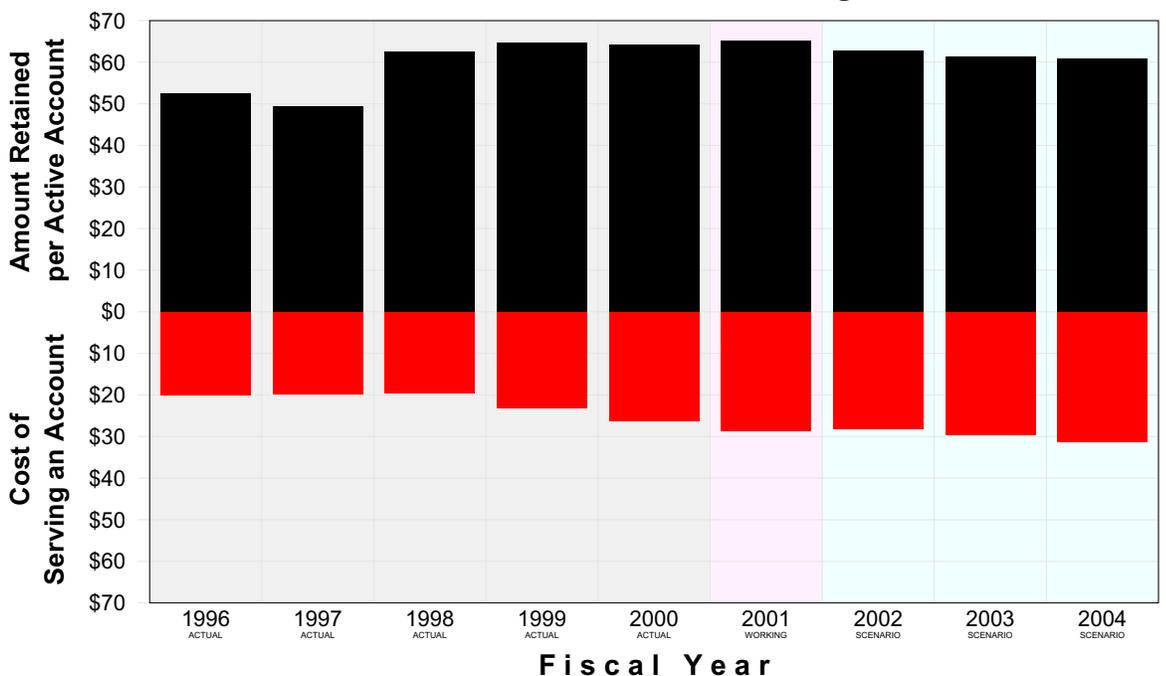
### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

## Efficiency of Serving An Individual Giver

### Optimistic Projections for WARA Radio Full Coverage Area



AudiGraphics® Strategic Financial Analysis copyright © 2001 Audience Research Analysis. All rights reserved.

page 1	<b>Public Service Foundations</b>
page 5	<b>Programming Economics</b>
page 9	<b>Net Output of Development Activities</b>
page 15	<b>Efficiency of Development Activities</b>
page 19	<b>Reliance on Development Revenues</b>
page 23	<b>Reliance on Non-Development Revenues</b>
page 27	<b>Individual Giver Statistics</b>
page 31	<b>Appendix: Tables</b>

## Appendix: Tables

The following tables display the precise numbers upon which this strategic financial analysis is based.

ARA calculates listener-hour estimates from Arbitron radio listening diaries for the station(s) and geography that define WARA Radio – Full Coverage Area.

The number of givers in each year is provided by the client, as are all revenue and expense numbers. Those printed on a gray background are actual numbers per the client's Master Ledger Keeper. Those printed on a violet background are working numbers (i.e., the best working estimates), again per the client's Master Ledger Keeper. Numbers printed on a blue background are specific to this planning scenario.

This strategic financial analysis controls for the effects of inflation using the most recently published Bureau of Labor Statistics' Consumer Price Index for All Urban Consumers (CPI-U). For future years, this analysis carries forward the index from the last year for which it is certain.

All numbers in this analysis, including adjustments for inflation, are aligned by ARA to conform to the client's own fiscal year.

# Optimistic Projections for WARA Radio Full Coverage Area Real Dollars (Millions)

	1996 ACTUAL	1997 ACTUAL	1998 ACTUAL	1999 ACTUAL	2000 ACTUAL	2001 WORKING	2002 SCENARIO	2003 SCENARIO	2004 SCENARIO
Listener-Hours (millions/year)	72.730	80.249	76.305	83.862	81.461	77.947	80.107	82.267	84.427
Individual Givers	13,397	14,331	14,628	16,840	17,453	18,900	20,790	21,120	21,600
<b>REVENUES (TOTAL)</b>	<b>\$2.098</b>	<b>\$2.225</b>	<b>\$2.966</b>	<b>\$3.650</b>	<b>\$4.725</b>	<b>\$4.966</b>	<b>\$5.520</b>	<b>\$5.760</b>	<b>\$6.060</b>
Development Revenues (Total)	\$1.309	\$1.473	\$1.751	\$2.378	\$3.440	\$3.672	\$3.960	\$4.200	\$4.440
Individual Giving Revenues	\$0.973	\$0.994	\$1.201	\$1.480	\$1.579	\$1.775	\$1.892	\$1.920	\$1.992
Underwriting Revenues	\$0.157	\$0.286	\$0.284	\$0.638	\$1.524	\$1.284	\$1.272	\$1.392	\$1.500
Other Development Revenues	\$0.179	\$0.193	\$0.266	\$0.260	\$0.337	\$0.613	\$0.796	\$0.888	\$0.948
CPB Community Service Grant	\$0.207	\$0.194	\$0.377	\$0.401	\$0.268	\$0.357	\$0.372	\$0.384	\$0.396
Licensee Revenues	\$0.240	\$0.277	\$0.303	\$0.341	\$0.351	\$0.367	\$0.192	\$0.000	\$0.000
All Other Revenues	\$0.343	\$0.281	\$0.535	\$0.530	\$0.666	\$0.570	\$0.996	\$1.176	\$1.224
<b>EXPENSES (TOTAL)</b>	<b>\$1.677</b>	<b>\$2.192</b>	<b>\$2.882</b>	<b>\$3.500</b>	<b>\$4.550</b>	<b>\$4.978</b>	<b>\$5.400</b>	<b>\$5.580</b>	<b>\$5.902</b>
Development Expenses (Total)	\$0.432	\$0.502	\$0.525	\$0.751	\$1.185	\$1.220	\$1.236	\$1.380	\$1.488
Individual Giving Expenses	\$0.270	\$0.285	\$0.287	\$0.392	\$0.458	\$0.542	\$0.588	\$0.624	\$0.678
Direct Underwriting Expenses	\$0.101	\$0.135	\$0.125	\$0.227	\$0.562	\$0.384	\$0.353	\$0.384	\$0.420
Other Direct Expenses	\$0.060	\$0.081	\$0.114	\$0.132	\$0.166	\$0.294	\$0.295	\$0.372	\$0.390
Direct Programming Expenses	\$0.669	\$0.694	\$1.100	\$1.446	\$1.782	\$2.124	\$2.400	\$2.592	\$2.760
All Other Expenses	\$0.576	\$0.996	\$1.257	\$1.303	\$1.583	\$1.634	\$1.764	\$1.608	\$1.654

# Optimistic Projections for WARA Radio Full Coverage Area Real Cents per Listener-Hour

	1996 ACTUAL	1997 ACTUAL	1998 ACTUAL	1999 ACTUAL	2000 ACTUAL	2001 WORKING	2002 SCENARIO	2003 SCENARIO	2004 SCENARIO
Listener-Hours (millions/year)	72.730	80.249	76.305	83.862	81.461	77.947	80.107	82.267	84.427
Individual Givers	13,397	14,331	14,628	16,840	17,453	18,900	20,790	21,120	21,600
<b>REVENUES (TOTAL)</b>	2.9¢	2.8¢	3.9¢	4.4¢	5.8¢	6.4¢	6.9¢	7.0¢	7.2¢
Development Revenues (Total)	1.8¢	1.8¢	2.3¢	2.8¢	4.2¢	4.7¢	4.9¢	5.1¢	5.3¢
Individual Giving Revenues	1.3¢	1.2¢	1.6¢	1.8¢	1.9¢	2.3¢	2.4¢	2.3¢	2.4¢
Underwriting Revenues	0.2¢	0.4¢	0.4¢	0.8¢	1.9¢	1.6¢	1.6¢	1.7¢	1.8¢
Other Development Revenues	0.2¢	0.2¢	0.3¢	0.3¢	0.4¢	0.8¢	1.0¢	1.1¢	1.1¢
CPB Community Service Grant	0.3¢	0.2¢	0.5¢	0.5¢	0.3¢	0.5¢	0.5¢	0.5¢	0.5¢
Licensee Revenues	0.3¢	0.3¢	0.4¢	0.4¢	0.4¢	0.5¢	0.2¢	0.0¢	0.0¢
All Other Revenues	0.5¢	0.3¢	0.7¢	0.6¢	0.8¢	0.7¢	1.2¢	1.4¢	1.4¢
<b>EXPENSES (TOTAL)</b>	2.3¢	2.7¢	3.8¢	4.2¢	5.6¢	6.4¢	6.7¢	6.8¢	7.0¢
Development Expenses (Total)	0.6¢	0.6¢	0.7¢	0.9¢	1.5¢	1.6¢	1.5¢	1.7¢	1.8¢
Individual Giving Expenses	0.4¢	0.4¢	0.4¢	0.5¢	0.6¢	0.7¢	0.7¢	0.8¢	0.8¢
Direct Underwriting Expenses	0.1¢	0.2¢	0.2¢	0.3¢	0.7¢	0.5¢	0.4¢	0.5¢	0.5¢
Other Direct Expenses	0.1¢	0.1¢	0.1¢	0.2¢	0.2¢	0.4¢	0.4¢	0.5¢	0.5¢
Direct Programming Expenses	0.9¢	0.9¢	1.4¢	1.7¢	2.2¢	2.7¢	3.0¢	3.2¢	3.3¢
All Other Expenses	0.8¢	1.2¢	1.6¢	1.6¢	1.9¢	2.1¢	2.2¢	2.0¢	2.0¢

**Optimistic Projections for  
WARA Radio Full Coverage Area  
Constant FY 2001 Dollars (Millions)**

	1996 ACTUAL	1997 ACTUAL	1998 ACTUAL	1999 ACTUAL	2000 ACTUAL	2001 WORKING	2002 SCENARIO	2003 SCENARIO	2004 SCENARIO
Listener-Hours (millions/year)	72.730	80.249	76.305	83.862	81.461	77.947	80.107	82.267	84.427
Individual Givers	13,397	14,331	14,628	16,840	17,453	18,900	20,790	21,120	21,600
<b>REVENUES (TOTAL)</b>	<b>\$2.428</b>	<b>\$2.532</b>	<b>\$3.310</b>	<b>\$3.927</b>	<b>\$4.902</b>	<b>\$4.966</b>	<b>\$5.322</b>	<b>\$5.353</b>	<b>\$5.429</b>
Development Revenues (Total)	\$1.514	\$1.676	\$1.954	\$2.559	\$3.568	\$3.672	\$3.818	\$3.903	\$3.978
Individual Giving Revenues	\$1.126	\$1.131	\$1.340	\$1.592	\$1.638	\$1.775	\$1.824	\$1.784	\$1.785
Underwriting Revenues	\$0.181	\$0.326	\$0.317	\$0.687	\$1.581	\$1.284	\$1.226	\$1.294	\$1.344
Other Development Revenues	\$0.207	\$0.219	\$0.297	\$0.280	\$0.349	\$0.613	\$0.767	\$0.825	\$0.849
CPB Community Service Grant	\$0.239	\$0.221	\$0.421	\$0.432	\$0.278	\$0.357	\$0.359	\$0.357	\$0.355
Licensee Revenues	\$0.278	\$0.315	\$0.338	\$0.367	\$0.364	\$0.367	\$0.185	\$0.000	\$0.000
All Other Revenues	\$0.397	\$0.320	\$0.597	\$0.570	\$0.691	\$0.570	\$0.960	\$1.093	\$1.097
<b>EXPENSES (TOTAL)</b>	<b>\$1.941</b>	<b>\$2.494</b>	<b>\$3.217</b>	<b>\$3.765</b>	<b>\$4.720</b>	<b>\$4.978</b>	<b>\$5.206</b>	<b>\$5.186</b>	<b>\$5.288</b>
Development Expenses (Total)	\$0.500	\$0.571	\$0.586	\$0.808	\$1.229	\$1.220	\$1.192	\$1.283	\$1.333
Individual Giving Expenses	\$0.313	\$0.325	\$0.320	\$0.421	\$0.475	\$0.542	\$0.567	\$0.580	\$0.607
Direct Underwriting Expenses	\$0.117	\$0.154	\$0.139	\$0.244	\$0.583	\$0.384	\$0.340	\$0.357	\$0.376
Other Direct Expenses	\$0.070	\$0.093	\$0.127	\$0.142	\$0.172	\$0.294	\$0.285	\$0.346	\$0.349
Direct Programming Expenses	\$0.775	\$0.790	\$1.228	\$1.556	\$1.848	\$2.124	\$2.314	\$2.409	\$2.473
All Other Expenses	\$0.667	\$1.133	\$1.402	\$1.402	\$1.642	\$1.634	\$1.701	\$1.494	\$1.482
Value of a FY 2001 Dollar	\$0.86	\$0.88	\$0.90	\$0.93	\$0.96	\$1.00	\$1.04	\$1.08	\$1.12

**Optimistic Projections for  
WARA Radio Full Coverage Area  
Constant FY 2001 Cents per Listener-Hour**

	1996 ACTUAL	1997 ACTUAL	1998 ACTUAL	1999 ACTUAL	2000 ACTUAL	2001 WORKING	2002 SCENARIO	2003 SCENARIO	2004 SCENARIO
Listener-Hours (millions/year)	72.730	80.249	76.305	83.862	81.461	77.947	80.107	82.267	84.427
Individual Givers	13,397	14,331	14,628	16,840	17,453	18,900	20,790	21,120	21,600
<b>REVENUES (TOTAL)</b>	3.3¢	3.2¢	4.3¢	4.7¢	6.0¢	6.4¢	6.6¢	6.5¢	6.4¢
Development Revenues (Total)	2.1¢	2.1¢	2.6¢	3.1¢	4.4¢	4.7¢	4.8¢	4.7¢	4.7¢
Individual Giving Revenues	1.5¢	1.4¢	1.8¢	1.9¢	2.0¢	2.3¢	2.3¢	2.2¢	2.1¢
Underwriting Revenues	0.2¢	0.4¢	0.4¢	0.8¢	1.9¢	1.6¢	1.5¢	1.6¢	1.6¢
Other Development Revenues	0.3¢	0.3¢	0.4¢	0.3¢	0.4¢	0.8¢	1.0¢	1.0¢	1.0¢
CPB Community Service Grant	0.3¢	0.3¢	0.6¢	0.5¢	0.3¢	0.5¢	0.4¢	0.4¢	0.4¢
Licensee Revenues	0.4¢	0.4¢	0.4¢	0.4¢	0.4¢	0.5¢	0.2¢	0.0¢	0.0¢
All Other Revenues	0.5¢	0.4¢	0.8¢	0.7¢	0.8¢	0.7¢	1.2¢	1.3¢	1.3¢
<b>EXPENSES (TOTAL)</b>	2.7¢	3.1¢	4.2¢	4.5¢	5.8¢	6.4¢	6.5¢	6.3¢	6.3¢
Development Expenses (Total)	0.7¢	0.7¢	0.8¢	1.0¢	1.5¢	1.6¢	1.5¢	1.6¢	1.6¢
Individual Giving Expenses	0.4¢	0.4¢	0.4¢	0.5¢	0.6¢	0.7¢	0.7¢	0.7¢	0.7¢
Direct Underwriting Expenses	0.2¢	0.2¢	0.2¢	0.3¢	0.7¢	0.5¢	0.4¢	0.4¢	0.4¢
Other Direct Expenses	0.1¢	0.1¢	0.2¢	0.2¢	0.2¢	0.4¢	0.4¢	0.4¢	0.4¢
Direct Programming Expenses	1.1¢	1.0¢	1.6¢	1.9¢	2.3¢	2.7¢	2.9¢	2.9¢	2.9¢
All Other Expenses	0.9¢	1.4¢	1.8¢	1.7¢	2.0¢	2.1¢	2.1¢	1.8¢	1.8¢
Value of a FY 2001 Dollar	\$0.86	\$0.88	\$0.90	\$0.93	\$0.96	\$1.00	\$1.04	\$1.08	\$1.12

# Optimistic Projections for WARA Radio Full Coverage Area Percent of Annual Revenues and Expenses

	1996 ACTUAL	1997 ACTUAL	1998 ACTUAL	1999 ACTUAL	2000 ACTUAL	2001 WORKING SCENARIO	2002 SCENARIO	2003 SCENARIO	2004 SCENARIO
Listener-Hours (millions/year)	72.730	80.249	76.305	83.862	81.461	77.947	80.107	82.267	84.427
Individual Givers	13,397	14,331	14,628	16,840	17,453	18,900	20,790	21,120	21,600
<b>REVENUES (TOTAL)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Development Revenues (Total)	62%	66%	59%	65%	73%	74%	72%	73%	73%
Individual Giving Revenues	46%	45%	40%	41%	33%	36%	34%	33%	33%
Underwriting Revenues	7%	13%	10%	17%	32%	26%	23%	24%	25%
Other Development Revenues	9%	9%	9%	7%	7%	12%	14%	15%	16%
CPB Community Service Grant	10%	9%	13%	11%	6%	7%	7%	7%	7%
Licensee Revenues	11%	12%	10%	9%	7%	7%	3%	0%	0%
All Other Revenues	16%	13%	18%	15%	14%	11%	18%	20%	20%
<b>EXPENSES (TOTAL)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
Development Expenses (Total)	26%	23%	18%	21%	26%	25%	23%	25%	25%
Individual Giving Expenses	16%	13%	10%	11%	10%	11%	11%	11%	11%
Direct Underwriting Expenses	6%	6%	4%	6%	12%	8%	7%	7%	7%
Other Direct Expenses	4%	4%	4%	4%	4%	6%	5%	7%	7%
Direct Programming Expenses	40%	32%	38%	41%	39%	43%	44%	46%	47%
All Other Expenses	34%	45%	44%	37%	35%	33%	33%	29%	28%