

2009

# KLIK Radio

## Annual Report

The annual report is a new tradition at KLIK Radio, designed to evaluate the performance of the past year, analyze our standings for the future years, and inform donors and other stakeholders about our progress as a developing non-profit organization.



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## **KLIK Radio Basics**

### **What is KLIK Radio?**

KLIK Radio is an Internet radio station, broadcasting online 24 hours a day, 7 days a week. Using powerful radio automation software specifically designed for Internet radio broadcasting, KLIK Radio plays from over 12,000 songs chosen by high school students. In addition, KLIK features locally-produced shows, addressing topics like politics, local events, school, relationships, gossip (both in and out of school), virtually anything that a student can think of.



Because KLIK is an Internet radio station, it is not subject to the censorship policies placed on AM and FM radio stations by the Federal Communications Commission. This leads to an incredibly diverse selection of music (there is no screening process for music to be added to the station) and vivid topics of discussion.

If one word had to be chosen to describe the music played on KLIK Radio, we'd choose "eclectic." A majority of the music played on KLIK Radio belongs to the infamous "rock" and "pop" genres, but there is also a significant amount of country, techno, reggae, rap, R&B, and others played.

### **Who runs KLIK Radio?**

KLIK Radio is operated entirely by high school students. While there are a few adults who advise students, all decisions and day-to-day operations are carried out by students. This annual report was written by a student, our financial documents are prepared by students, annual paperwork at the state and federal levels are prepared by students, virtually everything is done by a high school student.

Legally speaking, KLIK Radio is a trade name for Fort Collins Youth Broadcasting, Inc., a 501(c)(3) Colorado non-profit organization.

### **What is your target market?**

KLIK Radio targets high school students along the Front Range, specifically Fort Collins and Loveland. KLIK Radio defines this as males and females aged 15 to 19. Within Fort Collins and Loveland, there are 15,920 people that fit this demographic profile. Our goal is to capture some 5-10% of the total market, 1,194 people.

### **Why listen to KLIK over a regular station?**

KLIK is run by students! Other radio stations are targeting an adult demographic and run programming interesting to adults, not necessarily to students. We are also commercial-free and non-profit, and we play an incredibly large variety of music.

## Abstract from Jake Wood

Just six months ago, I was working with Peter McFeely trying to get him ready to take over KLIK Radio when I left for college. Now, I'm sitting here in my dorm at Northeastern University in Boston, trying to figure out how to get through this essay I need to write.

I recommended creating the annual report to the KLIK board of directors because I felt it would be a useful tool to see how far we've come and where we need to go. More often than not, people get caught up in the moment and fail to take a step back and see what they've accomplished. This annual report will hopefully allow our current board to see what they've done, as well as help future boards in making decisions.

Furthermore, the creation of an annual report seemed especially appropriate for 2009. KLIK was dealt numerous setbacks by its own internal workings, and I felt the situation needed to be examined thoroughly so future organization leaders could learn from our mistakes.

This annual report is focused around two major problems that effected KLIK in 2009: cash flow and succession planning. Neither of which were looked after carefully enough, which caused a dramatic impact on the organization's fiscal health and overall stability. So much so that it required the implementation of a membership fee, the potential sale of many assets, and several mini-fundraisers to be planned.

My hope is that this annual report will help our donors, volunteers, parents, and other stakeholders to better understand KLIK Radio's situation, and hopefully inspire trust that we have solutions to the problems we currently face. Those solutions are presented in this annual report.

It is my firm belief that KLIK will be phenomenally successful in 2010 in terms of web traffic, listener base, and volunteerism. I am incredibly optimistic about the leadership skills of Peter McFeely and Kelsey Barnes, both of which have already demonstrated a significant understanding of marketing KLIK to their school. With a lean budget, we hope to re-gain financial stability while simultaneously eliminating our dependency on membership fees in the hopes of ending the member fee altogether.

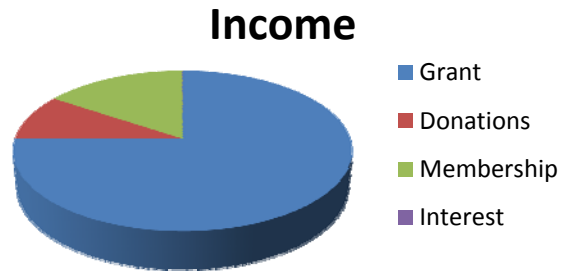
Furthermore, our initial dependency on Bohemian Foundation funding is approaching its end. Our last grant will be applied for in February 2010, and we will not be re-applying for any foundation grants in 2011. We may continue to seek Bohemian funding for equipment or capital investments, but it is our belief that we will not need to seek Bohemian funding for 2012.

KLIK continues to be a fantastic opportunity for high school students to learn about the inner workings of business, social entrepreneurship, and technology.

## 2009 Financial Summary

### Worded Income Statement

In 2009, KLIK Radio received \$6,250 of funding from the Bohemian Foundation with the original hope of being able to increase our annual budget to be at least \$10,000, ideally \$25,000. Unfortunately, many of our plans for raising more funds failed, and Bohemian funds made up nearly 70% of KLIK Radio's 2009 income. Nearly 20% of our income was from membership fees, and the remaining 10% came from the community at large.



Historically, KLIK Radio's most significant expense was rent, and 2009 was no exception. Nearly 75% of our funds were spent on rent. Taking second place were utilities (Qwest is the only vendor in this category), which were 7% of our expenses. All other expenses consisted of music licensing, IP telephony services, advertising, and various office expenses.

Despite our sufferings in cash flow, KLIK Radio managed to have a net income of \$884.50. Our opening cash balance in 2010 will be \$575.

### Worded Balance Sheet

As of December 7, 2009, KLIK Radio has \$1,195.85 in total current assets, and \$1,185.72 in total current liabilities. KLIK has \$3,821.77 in equipment, though this is not considered a highly liquid asset account. Total assets and equity/liabilities is \$5,017.62.

### Cash Flow Issues

There were numerous causes to the disruption of our healthy cash flow within the organization. The broadest problems are apparent: unexpected expenses, and an overly-confident estimate of income.

The most significant unexpected expense was the security deposit on our new lease, signed with National Association for Interpretation (NAI). This mistake was made based on our lease experience with Stoner Construction, which did not require a security deposit. There was no evidence that NAI would offer us a lease without a security deposit, though, and as such was an irresponsible budgeting mistake on our part.

To make matters worse, far too much money was spent on both cleaning out our old studio room and decorating the new one. We purchased new chairs, floor mats, new UPS systems, new network cables, cable tracks, and on-air signage when we moved in to our new studio. These expenses were within our originally planned budget, but did not take into account failing income sources.

### Our Solution for 2010

To solve our cash flow problem for 2010, we developed our budget to be month-to-month instead of yearly. This allows us to control expenses more tightly than with our old budgeting method (in which

we'd budget for the entire year), and allows us to predict how much income needs to be generated and when it needs to be deposited by.

Our proposed budget for 2010 is attached as an appendix.

### **Underutilization of Studio Facilities**

One note made in our final grant report to the Bohemian Foundation involves the drastic underutilization of the studio facilities we rented. The lease was signed at the end of the school year, which meant that the studio went virtually unused for two to three months. It was primarily used for administrative and training purposes. While the space was vital to these functions, it could have been accomplished with far less square footage.

### **Failure to Focus on Fundraising Due to Poor Succession Planning**

KLIK Radio did not, and still does not, have a solid plan for succession. This is something that will be devised in 2010. Many resources were put into finding a replacement executive director and board that fundraising was overlooked. This caused an end-of-year need for cash, regardless of the fact KLIK was still considered "profitable."

### **Changes for 2010**

#### **Depreciation of Assets**

Beginning in 2010, KLIK Radio will begin depreciating its assets. Most for-profit corporations choose to depreciate their assets for tax purposes, but since KLIK saw no potential gain for depreciating its assets, it originally chose not to. However, beginning in 2010, we will depreciate our assets by at least 50% over the course of the year. The depreciation of assets will likely make our income statement look less desirable, but we believe it will result in a more accurate balance sheet.

#### **Fiscal Transparency**

2009 marks the first year in which KLIK Radio has released an annual report of any kind. Because of our new membership fee and a growing donor base, KLIK has more donors and supporters than ever before. We feel that our volunteers and donors deserve to have more information about what their money is being spent on. For this reason, we hope to release financial reports regularly so people can track the progress of KLIK Radio's fiscal recovery.

#### **Potential End of General Bohemian Funding**

We believe that 2010 will be the last year in which KLIK Radio will require funding from the Bohemian Foundation for general operating expenses. They have generously supported us over the years, and without Bohemian funding, KLIK would not nearly be as successful as it has been. Due to IRS funding restrictions, as well as an internal desire to become self-sufficient, KLIK Radio will likely make one final funding request for general operating support for 2010, and will then discontinue applying for grants until 2012 at the earliest.

## Member and Listener Statistics for 2009

### Web Site Statistics

Between January 1, 2009 and December 7, 2009, KLIK Radio received 6,203 visits to our web site, resulting in 16,072 page views. An average number of 2.59 pages per visit indicates that people generally visit our web site simply for the “listen” button.

### Traffic Sources

- Direct hits made up 33% of our traffic. A “direct hit” is when someone directly accesses KLIK Radio from a bookmark or from typing the address into the URL bar.
- Google search results made up 12.93% of incoming traffic. The most popular keyword used for finding KLIK Radio was “klikradio.” The least popular keyword not containing the word “KLIK” was “request a song colorado.” The most popular keyword not containing the word “KLIK” was “high school internet radio.”
- Facebook hits made up 10.29% of incoming traffic. This includes traffic from both paid advertisements and viral advertising.

### Geographic Distribution

1. United States – 5,732 visits
  - a. Colorado – 4,789 visits
    - i. Fort Collins – 2,197 visits
    - ii. Denver – 1,758 visits
    - iii. Loveland – 148 visits
  - b. Massachusetts – 128 visits
  - c. California – 119 visits
  - d. New York – 71 visits
  - e. Texas – 59 visits
2. Netherlands – 281 visits
3. United Kingdom – 38 visits
4. Canada – 21 visits
5. Belgium – 14 visits

### For Our Consideration

- The “Requests” page was visited more times than the “Listen” page.
- The average listener makes 1.28 requests.

### SHOUTcast Statistics

- Listener peak is 20 listeners, server capacity is 50.
- The average listen time is 1 hour, 21 minutes, 39 seconds.
- Between June 2009 and December 7, 2009, people generated 45 days worth of listening.
- 4:00 PM is the most popular time for listeners, generating 132 hours of listening within one hour.



## **Volunteer Statistics**

As of December 7, 2009, KLIK Radio consists of 17 volunteers from two high schools and one college. Given the total number of volunteers worked with over the year, the average cost per volunteer is \$251.68/volunteer.

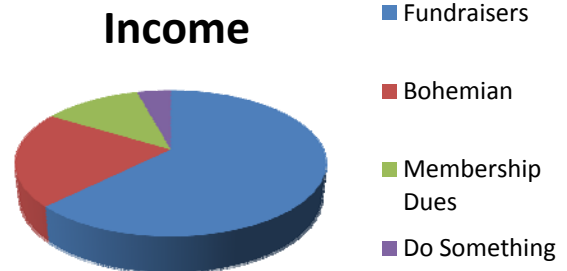
At its current growth rate, KLIK Radio expects to be working with approximately 40 volunteers by the end of 2010. The average cost per volunteer in 2010 is going to be approximately \$273.65. This means volunteers pay for approximately 30% of their own cost in membership dues, assuming they prepay for an entire year at \$80.

## 2010 Financial Summary

### Worded Income Statement

#### Income

In 2010, KLIK Radio hopes to receive a grant of \$2,500 from the Bohemian Foundation. This will be approximately 10% of KLIK Radio's income. Furthermore, KLIK hopes to receive a \$500 non-foundation grant from Do Something. Given our current rate of growth, KLIK will raise about \$1,440 in membership dues over the year, and hopes to raise \$7,430 from fund-raisers. In total, this makes KLIK Radio's total income to be \$11,870.



#### Expenses

In order to regain balance of our cash flow, KLIK hopes to reduce its largest expenditure, rent, by as much as possible. To do so, we have located office space which will cost anywhere from \$125 to \$200 per month, depending on size. We are actively seeking month-to-month rentals, in the hopes of being able to secure a larger or more centrally-located studio upon receipt of the Bohemian Foundation grant in June or July.

As such, we estimate our total expenses in 2010 to be \$7,446. Rent amounts to 52% of our expenses in 2010. Behind rent, we anticipate DSL service to cost \$600 for the year, followed by music licensing and accounting expenses which will total \$420/year each. Other miscellaneous costs like IP telephony, streaming media, and business and legal expenses are reflected in the total cost.

#### Investment in Equipment

KLIK Radio has budgeted to invest \$3,500 in new equipment, specifically for the acquisition of an AEQ Bravo broadcast mixing console, a fourth microphone, and microphone booms. We will sell our current mixing and microphone switching equipment, keep it as a backup, keep it for future liquidation, or keep it for using in a silent auction fundraiser.

#### Depreciation of Assets

As stated in the 2009 financial summary, KLIK Radio anticipates on depreciating its assets purchased from the 2007 Bohemian grant by at least 50%. We believe that while such a move will negatively impact our income statement, it will make our balance sheet more accurate in presenting our true assets. As such, we anticipate an expense of \$1,910.89 on asset depreciation.

#### Overall Profit/Loss

Given the information currently available, KLIK Radio stands to suffer a loss of \$986.89. However, in terms of strict income minus expenses, KLIK Radio will make \$924 in profit. Furthermore, the loss is substantially offset by investments in equipment.

## **Advantages for 2011**

Based on our cash flow analysis, at year-end of 2010, KLIK Radio anticipates having \$1,254 in cash assets. We anticipate showing machinery and equipment assets of \$5,410.89. KLIK Radio anticipates having \$0 in current accounts payable or any other long-term liability.

With \$1,254 in cash at year-beginning of 2011, this puts KLIK Radio in a strong position to realize discounts on services from vendors. Many vendors offer a discount if services are prepaid for a full year in advance. Because we'll have to consider our larger expenses like rent, KLIK may not be able to utilize the discounts given from all vendors that do offer them, but some savings may be realized.

## **Member and Listener Projections for 2010**

### **Web Traffic and Listener Projections**

In 2009, KLIK Radio saw over 6,000 visits over the course of the year. Nearly 67% of those visits came after late August, 2009. Between August 24<sup>th</sup> and December 7<sup>th</sup>, KLIK Radio received 4,331 visits. Using this information, and assuming that there is a 2% increase in traffic, there will be 15,356 visits to KLIK Radio in 2010. This is 42 visits per day.

Based on SHOUTcast statistics, and assuming there is a 1% increase in listenership, we are hoping to receive 58,918 hits on our SHOUTcast server in 2010.

### **Member Projections**

Based on past data, we are conservatively estimating that 2 members will be added per month to KLIK Radio. This means KLIK Radio will be working with approximately 40 volunteers at year-end.

## 2009 Income Statement

### KLIK Radio Profit & Loss January - December 2009

	Total
<b>Income</b>	
Grant Income	250.00
Bohemian Foundation	6,250.00
Total Grant Income	<b>6,500.00</b>
Membership Dues	1,350.00
Non Profit Income	801.34
Total Income	<b>\$8,651.34</b>
<b>Expenses</b>	
Advertising	206.17
Bank Charges	82.50
Computer Expenses	69.95
Online Services	225.73
Total Computer Expenses	<b>295.68</b>
Legal & Professional Fees	384.04
Meals and Entertainment	78.80
Office Expenses	29.24
Rent or Lease	5,584.65
Stationery & Printing	96.50
Utilities	611.90
Voice and Phone Services	181.05
Total Expenses	<b>\$7,550.53</b>
Net Operating Income	<b>\$1,100.81</b>
<b>Other Income</b>	
Interest Earned	5.89
Total Other Income	<b>\$5.89</b>
<b>Other Expenses</b>	
Miscellaneous	382.20
Total Other Expenses	<b>\$382.20</b>
Net Other Income	<b>\$ -376.31</b>
Net Income	<b>\$724.50</b>

Tuesday, Dec 08, 2009 01:32:12 AM GMT-5 - Accrual Basis

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## 2009 Balance Sheet

### KLIK Radio Balance Sheet As of December 31, 2009

	Total
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Cash on Hand	0.00
Checking	64.85
PayPal	0.00
Savings	11.00
Total Bank Accounts	<b>\$75.85</b>
Accounts Receivable	
Accounts Receivable	980.00
Total Accounts Receivable	<b>\$980.00</b>
Other Current Assets	
Undeposited Funds	140.00
Total Other Current Assets	<b>\$140.00</b>
Total Current Assets	<b>\$1,195.85</b>
Fixed Assets	
Machinery & Equipment	3,821.77
Total Fixed Assets	<b>\$3,821.77</b>
Other Assets	
Security Deposits	0.00
Total Other Assets	<b>\$0.00</b>
<b>TOTAL ASSETS</b>	<b><u>\$5,017.62</u></b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	1,185.72
Total Accounts Payable	<b>\$1,185.72</b>
Total Current Liabilities	<b>\$1,185.72</b>
Total Liabilities	<b>\$1,185.72</b>
Equity	
Retained Earnings	3,107.40
Net Income	724.50
Total Equity	<b>\$3,831.90</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>\$5,017.62</u></b>

Tuesday, Dec 08, 2009 01:35:55 AM GMT-5 - Accrual Basis

**Cash Flow Analysis for 2010**

## Cash Flow Analysis for 2010

<b><u>INCOME</u></b>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Bohemian Grant						\$2,500							\$2,500
Do Something Grant			\$500										\$500
Fundraisers	\$430	\$1,000		\$0	\$1,250	\$1,250	\$1,250	\$1,250			\$1,000		\$7,430
Member Dues	\$10	\$30	\$50	\$70	\$90	\$110	\$130	\$150	\$170	\$190	\$210	\$230	\$1,440
<b>TOTAL INCOME:</b>	<b>\$440</b>	<b>\$1,030</b>	<b>\$550</b>	<b>\$70</b>	<b>\$1,340</b>	<b>\$3,860</b>	<b>\$1,380</b>	<b>\$1,400</b>	<b>\$170</b>	<b>\$190</b>	<b>\$1,210</b>	<b>\$230</b>	<b>\$11,870</b>
<b><u>EXPENSES</u></b>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Rent	\$150	\$150	\$150	\$150	\$150	\$150	\$495	\$495	\$495	\$495	\$495	\$495	\$3,870
Equipment						\$400	\$2,620	\$480					\$3,500
Marketing		\$50	\$50	\$50	\$50	\$50	\$100	\$150	\$200	\$250	\$300	\$350	\$1,600
DSL Line	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600
Music Licensing	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$420
Accounting	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$420
IP Telephony	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$51	\$216
Streaming Media	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$180
Business & Legal		\$100			\$10								\$110
Domain Names		\$10			\$10								\$20
<b>OPENING BALANCE:</b>	\$330	\$470	\$1,040	\$1,240	\$960	\$1,930	\$5,040	\$3,055	\$3,180	\$2,505	\$1,800	\$2,065	
<b>TOTAL WITHDRAWALS:</b>	\$300	\$460	\$350	\$350	\$370	\$750	\$3,365	\$1,275	\$845	\$895	\$945	\$1,031	
<b>LOWEST BALANCE:</b>	\$30	\$10	\$690	\$890	\$590	\$1,180	\$1,675	\$1,780	\$2,335	\$1,610	\$855	\$1,034	
<b>TOTAL DEPOSITS:</b>	\$440	\$1,030	\$550	\$70	\$1,340	\$3,860	\$1,380	\$1,400	\$170	\$190	\$1,210	\$230	
<b>CLOSING BALANCE:</b>	<b>\$470</b>	<b>\$1,040</b>	<b>\$1,240</b>	<b>\$960</b>	<b>\$1,930</b>	<b>\$5,040</b>	<b>\$3,055</b>	<b>\$3,180</b>	<b>\$2,505</b>	<b>\$1,800</b>	<b>\$2,065</b>	<b>\$1,264</b>	
<b>TOTAL EXPENSES:</b>	<b>\$300</b>	<b>\$460</b>	<b>\$350</b>	<b>\$350</b>	<b>\$370</b>	<b>\$750</b>	<b>\$3,365</b>	<b>\$1,275</b>	<b>\$845</b>	<b>\$895</b>	<b>\$945</b>	<b>\$1,031</b>	<b>\$10,936</b>
<b>NET INCOME/LOSS:</b>													<b>\$934</b>