

2005 Annual Report

Executive Director's Message

Throughout 2005, KEXP continued to broaden efforts that enrich people's lives with music. We focused on improving our listeners' experiences by strengthening programming, business, and operations practices that we built in previous years. We also created the infrastructure for the roll out of this year's significant programming initiatives. And, we enhanced our public service efforts by increasing the number and types of activities we provided listeners and their families.

From our first public event for kids, the 2005 Halloween Open House, to mobile streaming for cell phones, to the addition of talented new DJs in our programming staff, the year marked exciting milestones in the station's development.

Not the least of these milestones was a permit from the FCC to boost our transmitter's power from 3,300 to 4,700 watts, which extended our coverage area so we could reach more listeners.

In response to the many listeners who wanted an easy way to purchase the music they hear on KEXP, the year also saw the launch of our popular "click-to-buy" web service, which developed a new revenue stream for the station through partnerships created with Amazon.com and local indie record stores.

Additionally, we prioritized efforts to "reclaim radio." We felt it important to champion the work of more artists, and to reintroduce today's radio listeners to the unique experiences of listening to artists performing music – live – for broadcast. We knew that listeners would discover even more artists if we were to go see what other cities had to offer. We traveled to New York and Austin, where we took advantage of the CMJ and SXSW music festivals to feature artists from those cities and others. In the end, we greatly increased our live in-studio performances to nearly 300 in 2005.

During the year, listeners and donors in the South Puget Sound area shared our excitement when we began broadcasting from an existing transmitter in Tacoma. The outpouring of support – both financial and in terms of increased listenership – gave us confidence that we were serving a new population of listeners, hungry for innovative, independent music. Despite sensational efforts by staff to continue to serve this constituency, we realized that to be financially responsible and keep KEXP strong, we had to stop programming on KXOT. Thankfully, today's terrestrial listenership, and thus our potential to garner more support for the station, is nearly as large as when we were broadcasting from two transmitters.



-Photo courtesy of Doron Gild

Executive Director Tom Mara, second from left, with KEXP staff and volunteers at Gigantic Studios during the CMJ Music Festival in New York.

The efforts, in 2005, to use technology to reach more listeners on our airwaves and over the internet, coupled with an expanded number of community-based events for listeners in several cities helped earn the station the *College Music Journal's* "2005 Station of the Year," the top honor among our peer stations.

The generous support of donors from Washington State, across the nation, and around the world makes our work and our successes possible. We feel honored to partner with you to champion music to a worldwide community of listeners and artists for whom music is a central passion.

In gratitude,



Tom Mara
Executive Director



2005 Financial Report

Community Support: KEXP reached a significant milestone in 2005. It was the final year of a three-year “start up” plan, with goals to dramatically expand the scope of our programming, online services, production and fundraising, while drawing closer to the 2006 goal of being financially self-reliant.

To build our non-profit organization during the 2003-2005 “start-up” phase, KEXP intentionally spent more than it raised for operating support. For those years, the operating deficit was covered by the Experience Music Project and the University of Washington. The plan was to increase community support from a variety of sources including listeners, family foundations, events and businesses, and transition to 2006, when EMP and UW support would be eliminated.

Thanks to our generous community of listeners and supporting businesses, who contributed more each year, KEXP ended 2005 as planned with a \$306,959 total operating deficit. The deficit was covered by \$350,000 in support from the University of Washington and the Experience Music Project.

The increasingly generous community support KEXP has received over the years, especially from individual listeners, has positioned the organization to achieve financial self-reliance and establish cash-reserves in 2006, as planned.

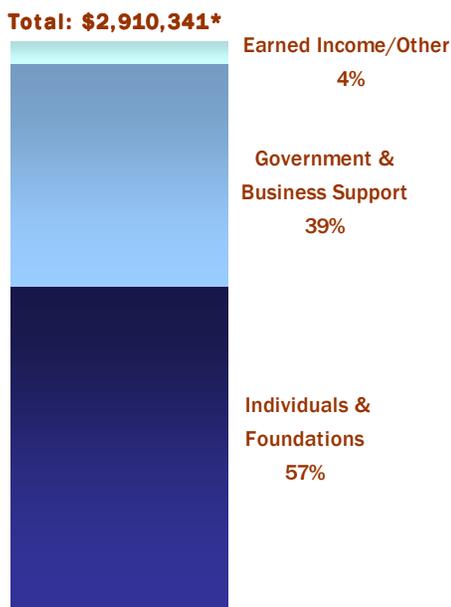
Individual/Foundation Support: Gifts and grants from individuals and family foundations totaled \$1,662,569 in 2005, comprising KEXP’s largest source of support. Notably, approximately one-third of KEXP’s individual donors live outside the state of Washington.

Business and Government Support: Businesses and government agencies contributed \$1,140,586 in gifts and in-kind support in 2005. This included a \$100,000 gift and \$59,760 in-kind support for the use of our building from the Experience Music Project.

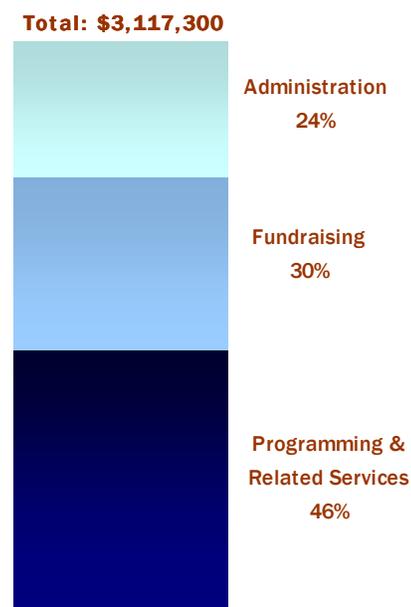
Earned Income: Sales of our CD, *Live at KEXP Vol., 1*, and the “click to buy” feature on our website’s Real-Time Playlist comprised KEXP’s earned income in 2005 and totaled \$107,186.

Audience: KEXP’s audience has more than tripled over the past six years. In 2005, approximately 107,000 people listened to KEXP’s terrestrial signal in an average week; approximately 60,000 people listened on-line. In 2000, 56,000 listened each week on average.

Total Operating Support, 2005



Total Direct Expenses, 2005



* Includes \$100,000 from the Experience Music Project, but per accounting requirements, does not include \$250,000 in support from the University of Washington.



2003-2005 Community Support

In January of 2003, KEXP launched a “start-up” plan to accomplish two goals:

- Dramatically expand the scope of our programming, online services, production and fundraising
- Achieve financial self-reliance in 2006

During this “start-up” phase, KEXP was transformed from a well-loved local college station into a champion of musical exploration, and artistic and technological innovation for music lovers across the country and beyond – all while remaining true to its roots.

Between 2003 and 2005, KEXP recruited staff, upgraded business and fundraising systems and, most importantly, developed a wide variety of new listening experiences. Today, any listener can tap into KEXP’s Real-Time Playlist, the 14-day Streaming Archive, several Podcast subscription services, and nearly 1000 live performances archived online.

To achieve financial self-reliance, the second goal in our start-up plan, KEXP received commitments from the Experience Music Project and the University of Washington to cover deficit spending for three years, while the station increased community support from listeners, family foundations and businesses. Thanks to a very generous community of music lovers, listeners now provide the majority of KEXP’s funding, and the station is well-positioned to achieve financial self-reliance in our fiscal year 2006 (Jan.-Dec.).

Progress Report

In 2003, KEXP’s operating expenses were \$1,996,390, not including in-kind donations. Cash revenue from the community, including listener contributions, foundation grants, ticketed events and business underwriting, totaled \$1,262,700. Support from the Experience Music Project added \$1,042,000.

In 2004, operating expenses were \$2,349,889, not including in-kind donations. Cash revenue from the community totaled \$1,858,965. Support from the Experience Music Project added \$750,000.

In 2005, operating expenses were \$2,804,115, not including in-kind donations. Cash revenue from the community totaled \$2,591,866. Support from Experience Music Project and the University of Washington totaled \$350,000.

In 2006, projected operating expenses are \$2,534,000, not including in-kind donations. Budgeted cash revenue is \$2,833,000. Net revenue will fund KEXP’s first-ever cash reserves, which provide a buffer against future.

In sum, community support has risen to position KEXP well for financial self-reliance in 2006. Listeners – in particular – have become increasingly supportive of the station during the past three years. Listeners now make up KEXP’s largest source of funds, truly making KEXP “listener-powered!”

