



Kentucky Broadcasters Association
THE VOICE OF KENTUCKY BROADCASTERS

2006 annual report

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message from *Chairman Randy Thompson*

They say time flies when you're having fun, I will attest to that, as this past year has been a blur. I've thoroughly enjoyed serving as your KBA board chairman. I want to thank you for your help in making our association stronger. Beth Mann and our Planning Committee did a wonderful job with the Fall Conference at Lake Barkley. It was one of the most informative and best-attended conferences ever. Our training sessions and seminars also had great participation. Our association is able to provide these services because of your stations donating free airtime as you participate in the PEP program. We are presently sold-out with 6 sponsors. This is a great program that has allowed our association to grow and offer services to our members like never before. I also want to thank Gary and Patti for all their help. They performed a lot of the work for which I received credit.

While I'm excited about all the positive things we've accomplished this year, I'm also saddened by the fact that we lost one of our most beloved and loyal members, J.T. Whitlock. I can't begin to describe how much he meant to this organization and how much he will be missed. I want to thank all board members for a unanimous vote to continue to financially support his wife after his passing. That showed me just how close a family we are...and I'm very proud and honored to be a part of this special family.

I thank you for honoring me by allowing me to serve as your chairman. It is something I will always treasure. I think our association is stronger than ever before and I only see us growing even stronger in the near future under the leadership of Beth Mann and Tim Gilbert. Here's to a great 2007 for your station and the KBA.

*message from President/CEO
Gary R. White*



This Annual Report gives us an opportunity to review and reflect on the many accomplishments of the KBA in 2006. This summary of the association's activities shows the wide range of services and benefits available to our members. This space could be used to write about the past year but, I'll let this publication do that for me. Instead, let me share with you the many exciting new opportunities coming in 2007 for KBA member stations.

In January the KBA will host its first ever Internet Career Fair. This event will allow stations to promote job openings and solicit resumes' world wide on the Internet. A second fair will be held this summer.

Speaking of the Internet, the KBA will be offering this year, in conjunction with the Radio Advertising Bureau (RAB), a new sales training series available on-line. This service will allow your sales team members to receive RAB training, without leaving the station.

The KBA's annual spring sales seminars will be expanded this year. This series of training workshops has been doubled to six locations around the state. We will be coming to a city near you this April and May.

One of the biggest events coming this year will be in July when the KBA participates in the Mid-States Managers Conference. This event will include broadcasters from Ohio, Indiana and Illinois and will be held at the French Lick Casino and Resort in Indiana. Nationally recognized speakers, vendors, networking opportunities and plenty of social time will all be on the agenda for this first time event.

Finally, the location for the 2007 KBA conference will be another first. The event will be held in Frankfort this October. One highlight being planned for this year's annual meeting is a debate between the candidates for Governor.

Details about these and the many other KBA services will be sent to you throughout the year. Most of the information will be coming via our internet newsletter "e-CAST" or visit our website www.kba.org for more information.

It's going to be an exciting year for the KBA and your participation is all that's required.

*board of
directors*

Chairman

Randy Thompson, WKCB AM/FM,
Hindman

Chairman-Elect

Beth Mann, WKDZ AM/FM WHVO,
Cadiz Hopkinsville

Past-Chairman

Steve Langford, WAVE-TV, Louisville

Commercial Television Directors

Jim Carter, WLKY-TV, Louisville
Tim Gilbert, WLEX-TV, Lexington
David Jernigan, WPSD-TV, Paducah

Radio District Directors

Jim Freeland, WCBL AM/FM WCCK,
Benton Calvert City
Henry Lackey, WSON, Henderson
Tom Ulmer, WXMA Radio One,
Louisville
Rene' Bell, WASE-FM WLVK-FM,
Elizabethtown
Mark Thomas, Salem Radio, Louisville
Brooke Cary, WTLO-AM, Somerset
Paul Lyons, WQXX-FM WMOR-AM,
Morehead
Alan Burton, WKLV-FM, Paintsville

Public Television Director

Ed Mastrean, KET, The Kentucky
Network, Lexington

Public Radio Director

Tim Singleton, WEKU-FM Richmond

Associate Director

Ed Henson, Henson Media, Louisville

At-Large Director

Keith Casebolt, East Kentucky
Broadcasting, Pikeville
Bryan McFarland, Henson Media,
Campbellsville

Legislative Leadership Chairman

Steve Newberry, Commonwealth
Broadcasting Co. Glasgow

Legal Council

Dawn Sciarrino, Sciarrino & Associates,
Centerville, WV

President/CEO

Gary R. White, Kentucky Broadcasters
Association, Frankfort

Executive Assistant

Patti L. Pullen, Kentucky Broadcasters
Association, Frankfort

IN MEMORIAM



J.T. WHITLOCK

The Kentucky Broadcasters Association mourns the loss of one of its long-time and most well-known members. J. T. Whitlock, of Lebanon, was active in the KBA beginning in 1957, when he became general manager of WLBN in Marion County. He was a partner in purchasing the station and WLSK-FM in 1985.

He was president of the KBA in 1967 and then became secretary of the association and editor of the newsletter in 1973. The jobs of secretary and treasurer were combined in 1980 and J.T. became the executive-director of the KBA until his retirement in 1995. Since then, as director-emeritus, he continued to serve as legislative-liaison and KBA's representative on state and national committees for emergency action.

J.T.'s straight-forward and energetic style helped to build the Kentucky Broadcasters Association into an active and respected group. He will long be remembered for his work in organizing conventions, Washington lobbying trips, and communicating with the radio and television stations in the state. He had a passion for the great purpose of broadcasting—"to serve the public interest." He was known and loved by broadcasters, government officials and industry leaders in the state and the nation. The life-member award of the KBA is named in his honor.

KBA services and LOBBYING



Sen. Mitch McConnell (center) and Kentucky broadcasters.

Kentucky broadcasters were back on the "hill" this year during the KBA's annual lobbying trip to Washington, D.C. A delegation of 34 radio and TV broadcasters carried our message on issues affecting broadcasters to Kentucky's Senators and Representatives. The message we most often get back from members of our congressional delegation is, "I hear you, loud and clear, and I'm with you."

Back in Kentucky the KBA led another attack on proposed state legislation that would ban non-compete clauses in broadcasters employment contracts. Our opposition to the issue was so strong that proponents of the measure failed to file a legislative bill.

Steve Newberry, has announced he is stepping down as chairman of the KBA's Legislative Leadership Committee. "Unfortunately, my plate is full and I regret that I cannot dedicate more time to this valuable KBA program." Newberry has led the troops on many successful lobbying efforts in Washington and Frankfort and says he will continue to support and work for KBA legislative issues. Randy Thompson, former KBA president, has been named to replace Newberry.



benefits



Representative Ed Whitfield (center) and Western Kentucky broadcasters.

NASBA

The Kentucky Broadcasters Association works closely year-round with other state broadcaster associations through the National Alliance of State Broadcasters Association (NASBA). Richard R. Zaragoza is the attorney for the organization and prepared the following summary for this report.

Federal Regulatory and Legislative Report

Proposals before the Federal Communications Commission (“FCC”), the Federal Aviation Administration (“FAA”) and the Congress in 2006 have required the close attention and active involvement of the Kentucky Broadcasters Association (“KBA”). The KBA’s mission is to protect and advance the best interests of the free, over-the-air, local radio and television broadcast industry in the Commonwealth.

Your Association joined with other state broadcasters associations in numerous proceedings before the FCC and the FAA. Specifically, the KBA strongly urged the FCC to recognize the key role that broadcasters play as the lifeline of information to the American public during times of natural and man-made disasters and thus to classify broadcast station workers as “emergency responders,” as well as to take all necessary steps to insure that the Nation’s Emergency Alert System is reliable and robust. The KBA opposed the FCC pro-



Anne Northrup (right) listens to our message.

posal to apply its Kidvid “core” programming quota to free, digital streams, but strongly supported the notion that a cable television operator be required to carry all of the digital channels offered by a television station. The KBA supported the NAB’s Petition to allow AM stations to use FM translators. However, the association opposed the FAA’s proposal to require broadcasters to obtain FAA clearance for virtually every type of change in their antenna structures.

The FCC issue, with perhaps the most direct impact on broadcasters in the Commonwealth, is whether the Commission should further relax, tighten, or leave alone its regulations relating to multiple and cross-ownership. The deadline for filing comments was October 23. Reply comments are currently due by November 21, although that deadline is likely to be extended due to the number of comments filed, i.e., over 150,000.

The Association continues to make the views of its members known to decision makers in Congress through the KBA’s participation in the NAB’s State Leadership Conference and at the local level throughout the Commonwealth. The KBA will continue to monitor developments and work proactively to protect and advance your best interests.

Richard R. Zaragoza, Esq.

Pillsbury Winthrop Shaw Pittman, LLP

more KBA services and benefits

ABIP

Under the direction of engineer Greg Happe 13 stations were inspected and passed under the KBA's Alternative Broadcast Inspection Program (ABIP). These broadcasters are now exempt from a routine FCC inspection for 3-years.

Once a station passes the ABIP inspection it's issued a certificate of regulatory compliance and the FCC is notified of the action. Stations can request information about the inspection service through the KBA office in Frankfort.

MEMBERSHIP REPORT

Membership in the KBA continues to grow. Six radio stations and four associate members were added to the roster in 2006.

- 100% of the Commercial Television Stations serving Kentucky are members of the KBA, bringing the total to 22 stations.
- 88% of the Radio Stations licensed in Kentucky are members along with 10 stations outside the state, bringing the total radio membership to 308.
- The Associate Membership total is 81.

KBA Dues are based on market population and the annual fees range from \$150 for Television Stations in Louisville to \$30 annually for small market radio stations. Associate Members dues are \$62.50 annually. The annual income from membership dues is \$16,540.00.

TRAINING SEMINARS

Sales and Management training sessions are a major part of the KBA member services and benefits. This year we brought to the membership trainers and topics that help stations produce more revenue from existing business and generate sources for new advertising dollars. Some of this year's programs were held in partnership with the Radio Advertising Bureau (RAB) and the Louisville Radio Broadcasters Association.

Sessions were conducted throughout the year and in cities around the state including Bowling Green, Pikeville, Hopkinsville, Frankfort, Louisville and Paintsville.

Our 2006 speakers and topics included:

- "On the Air" Seminar
Mike Carta
- Annual Sales Seminar
Sean Luce
- Political EEO Seminar
Dawn Sciarrino, Sciarrino & Associates
- KBA Conference
David Rehr, NAB President
keynote speaker
John Potter, RAB Trainer
Ron Gentry, Gentry Media & Marketing
- Washington Inside and Out
Dawn Sciarrino, Sciarrino & Associates
Ann Bobeck, NAB
Associate General Counsel
John Garziglia, Womble, Carlyle
Lee W. Shubert, Katten
Muchim Rosenman
- HD Radio
Scott Stull, VP Broadcast
Business Development
Bob Cauthen, SCMS
Bud Walters, Cromwell
Radio Group



Mike Carta (standing) offers on-the-air tips to broadcasters.

VISITS AND VISITORS



The KBA headquarters in Frankfort played hosts to various groups throughout the year. Ed Mastrean KET (1) led a delegation of East Russian journalists on a trip in Kentucky to visit various broadcast facilities and the KBA offices. Other broadcast groups utilizing the facility included Key Broadcasting and Kentucky Public Radio.

When broadcasters can't come to us the KBA goes to them. During the year Gary White president/CEO hits the highway for personal visits with KBA members. On a trip through central Kentucky White dropped in at the newly remodeled facilities of WHVE-FM Russell Springs. "I can't believe this is the same place", White told Alan Reed owner/manager. What was once a single story building with limited space is now a spacious two story ultra modern facility with state-of-the-art studios.



TDGA

For the third year in a row the Kentucky Broadcasters Association was the underwriter of membership dues for member stations Traffic Directors to join the Traffic Directors Guild of America (TDGA). The TDGA is a professional association of highly skilled persons working in the radio and television broadcasting industry.

Approximately 105 Kentucky stations; 170 Traffic Directors and numerous Continuity Officers and Business Managers, plus several GM's have taken advantage of the free membership in the TDGA.

Membership is free to all KBA member stations. Contact the KBA for more information.

LEGAL HOTLINE



In this election year, by far the "hottest" topic for the Hotline was political advertising making approximately one-third of this year's calls! Not surprisingly August, September and October had the highest volume of calls with approximately 75 hotline calls in the three month pre-election period. Overall, the hotline handled well over 200 calls between December 1, 2005 and November 30, 2006, averaging approximately 18 calls a month.

In addition to political advertising topics, other hot topics in 2006 included FCC Auctions, Community of License Changes, EEO and advertising. The hotline is available free to KBA member stations for legal advice on general FCC related topics.

In her role as counsel to the KBA and member of the Board of Directors, Dawn also has worked on a number of important projects for the KBA including the legal advertisements bill, the ABIP inspection program and the annual conference.

The value of services provided to KBA member stations by the Hotline and Dawn's work with the Board of Directors exceeded \$20,000 in 2006.

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KBA 2006 annual conference

September 26—28, 2006

Lake Barkley State Resort Park, Cadiz, Kentucky





SCHOLARSHIPS



Photo courtesy Eastern Kentucky University

The Harry Barfield-KBA scholarship program has awarded \$63,000 during the past 15 years and over 78 students have benefited from this KBA service.

Each year the KBA awards \$1,000 scholarships to Junior and Senior students majoring in broadcasting or telecommunications at a University or College in Kentucky.

The KBA is proud to report in 2006 three scholarships were awarded to aspiring young broadcasters. (The scholarship program is under the direction of Carl Nathe chairman).

2006 Annual Conference Award Winners



Baynard "Bud" Walters
Al Temple Award



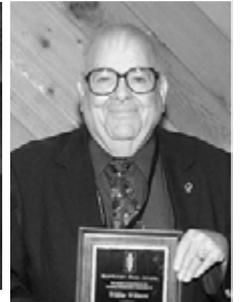
Ky. National Guard
General Donald Storm
Ralph Gabbard
Distinguished Kentuckian Award



Gary Morse
Kentucky 'Mike' Award



Jack Pattie
Kentucky 'Mike' Award



Willie Wilson
Kentucky 'Mike' Award



Leo Wilson
JT Whitlock
Life Member Award



Seldon Short
JT Whitlock
Life Member Award



Pete Boyce
Kentucky 'Mike' Award

What is PEP?

The lifeblood of the KBA is the Public Education Partnership Program (PEP).

PEP generates almost 85% of the KBA's annual operating budget. The program allows government agencies and non-profit organizations to secure statewide airtime for public awareness campaigns that do not have sufficient funding for a paid schedule.

How does PEP work?

- A limited number of PEP sponsors (6 maximum) can participate in the program under strict rules established by the KBA
- For a fee, KBA distributes radio and television messages to 275 Kentucky stations.
- Kentucky stations are asked to donate airtime to the campaigns, document the time and send affidavits to the KBA.
- KBA, in turn, compiles specifics on the airtime and value for the sponsor.
- The PEP program guarantees a ROI of 5 to 1 for the sponsor...but the ROI for KBA member stations is often closer to 10 to 1.

How does KBA Invest the Revenue?

This year the PEP program generated \$545,000 in revenue that is re-invested in Kentucky stations in the form of member services and benefits. On a daily basis, members benefit from KBA services such as the legal hotline, e-CAST (the KBA newsletter), job bank, sales and management training seminars, political advertising workshops, Alternative Broadcast Inspection Program (ABIP), membership directory and much more. Most of these valuable services are *free*.

Thanks to stations for their generous support of PEP sponsors this year: Kentucky Army National Guard, Kentucky Circuit Court Clerks-Trust for Life, Kentucky Colonels, Kentucky Department of Tourism, Kentucky Coal Association and Kentucky Association of Manufacturers.



Patti Pullen—PEP Coordinator

The PEP program is coordinated by KBA administrative assistant Patti Pullen.

Working closely with traffic directors around the state Patti keeps the program operating smoothly and successfully. Current copy and traffic instructions for the various PEP sponsors are distributed by Patti throughout the year. “The support and cooperation I get from stations makes my job easier. Frequently traffic

directors call me to make sure they are running the right spots”, Pullen said. She added, “They understand the importance and value of the program to their station and the association”. On a monthly basis Patti gathers affidavits from stations, calculates total announcements aired and value, then produces an executive summary for each PEP sponsor.

\$545,000

financial report

On behalf of the staff of the Kentucky Broadcasters Association and its Board of Directors, I am pleased to report that on November 30, 2006, Kentucky Broadcasters Association, Inc. completed another successfully financial year. While total gross receipts are down compared to last year the expenses were down also, thereby increasing our net asset reserve by 4%. Working capital ratio at November 30, 2006, was nearly 3 to 1. This strong balance of reserves and liquidity should allow us the ability to continue to grow the programs and services which benefit our membership in the upcoming years. As detailed on the adjoining pie chart you can see where 36.04% of all expenditures were spent directly on members' benefit programs.

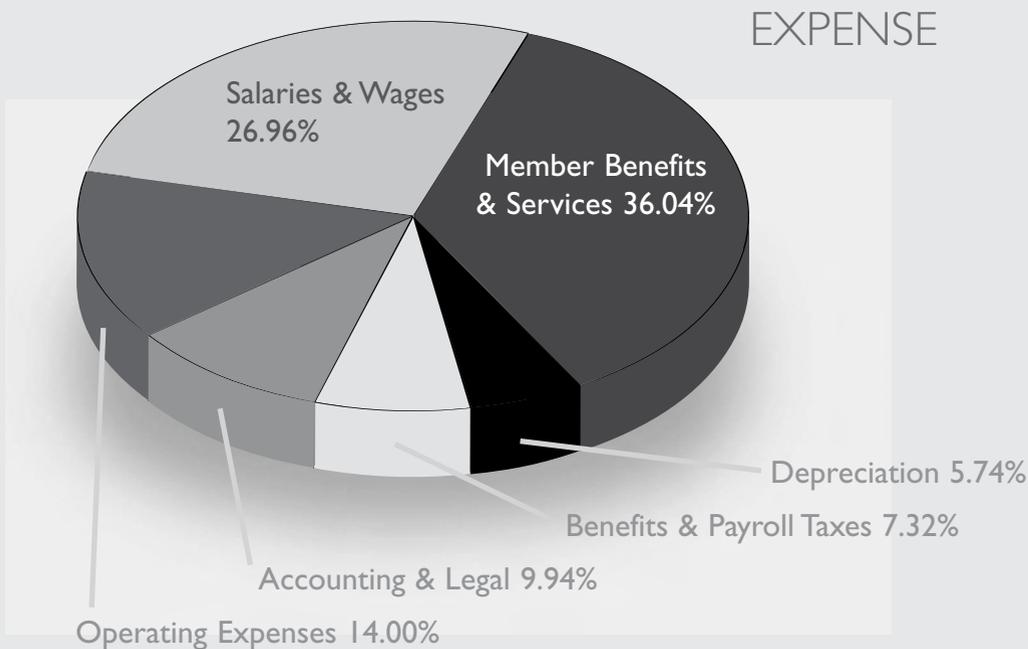
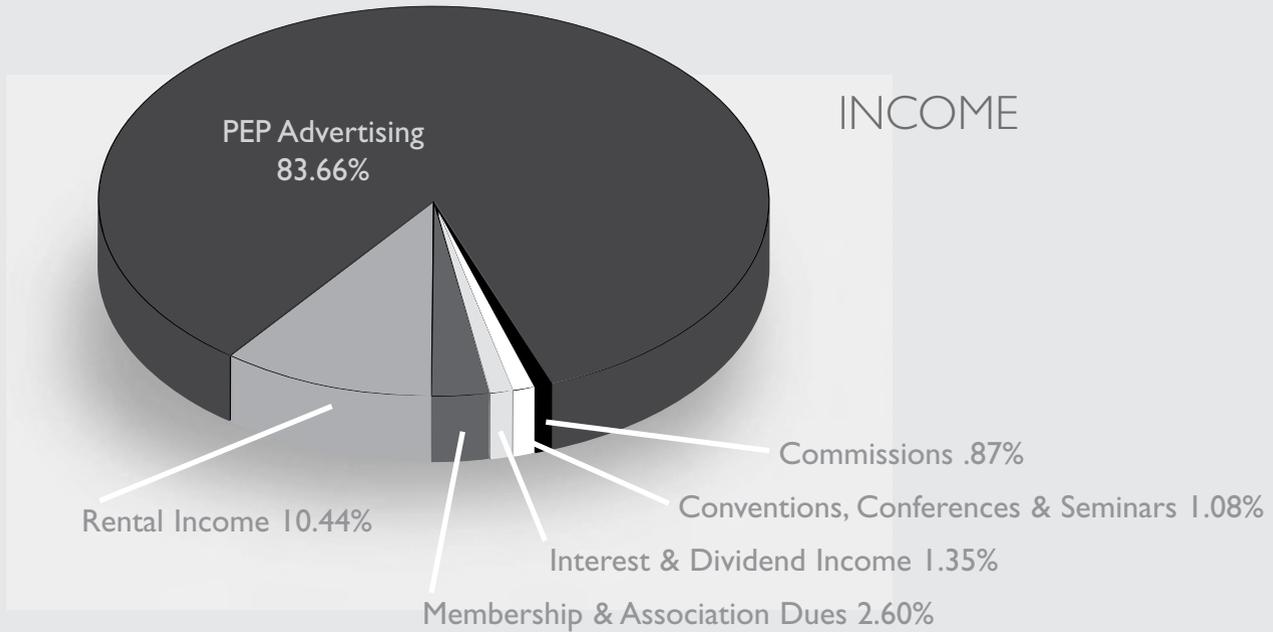
The board recognized its fiduciary duty to protect and maintain the financial strength and integrity of the Association. As part of the process it takes a close and continuous management approach in overseeing the financial aspects of the Association including budgeting of funds as well as program, operating and capital spending. Good stewardship of the Association's funding is a high priority for your board.

The Board believes the Association and its members should be proud of its accomplishments and fees that its current financial situation puts it in a position to achieve even more for the broadcasting industry, and most particularly its membership. Through the combined efforts of the Directors and a dedicated staff its membership can rest assured the assets of the Association will be managed in a manner to achieve maximum benefit for its membership.

Let me take this opportunity to express the Board and staff's grateful appreciation for the memberships' continued loyalty and encourage each and every member to take an active role in our conventions and membership functions.

Gary White
Secretary/Treasurer

financial information and pie charts



KENTUCKY BROADCASTERS ASSOCIATION, INC.
ASSETS, LIABILITIES, AND NET ASSETS - TAX BASIS

November 30, 2006

ASSETS

CURRENT ASSETS

Cash	\$	41,860.94
CD #3 - Century bank		208,810.47
Accrued interest income		<u>183.75</u>

TOTAL CURRENT ASSETS \$ 250,855.16

FIXED ASSETS

Land		87,500.00
Building		1,069,270.99
Furniture, fixtures & equip.		65,940.08
Accumulated depreciation		<u>(237,208.95)</u>

TOTAL FIXED ASSETS 985,502.12

OTHER ASSETS

Investments (cost)		37,328.96
Investments (Equity)		<u>1,291.92</u>

TOTAL OTHER ASSETS 38,620.88

TOTAL ASSETS \$ 1,274,978.16

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued payroll taxes	\$	3,127.33
Accrued pension		798.50
Current portion of L-T debt		<u>81,600.00</u>

TOTAL CURRENT LIABILITIES \$ 85,525.83

LONG TERM LIABILITIES

N/P - Century (#13741)		442,247.15
Less: current portion		<u>(81,600.00)</u>

TOTAL LONG TERM LIABILITIES 360,647.15

TOTAL LIABILITIES 446,172.98

NET ASSETS

Unrestricted net assets		<u>828,805.18</u>
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TOTAL NET ASSETS 828,805.18

TOTAL LIABILITIES AND NET ASSETS \$ 1,274,978.16

"SEE ACCOUNTANT'S COMPILATION REPORT"

"NOT AUDITED OR REVIEWED"

HARROD & ASSOCIATES, P.S.C.

Kentucky Broadcasters Association Past Chairmen

1946	Hugh O Potter	Owensboro	WOMI	1976	Garland R West	Bowling Green	WKCT
1947	J E Willis	Lexington	WLAP	1977	Jack Farmer	Danville	WHIR
1948	Harry McTigue	Louisville	WINN	1978	Fred Paxton	Paducah	WPSD-TV
1949	F E Lackey	Hopkinsville	WHOP	1979	William Summers 3rd	Louisville	WLou/WNUU
1950	J Porter Smith	Louisville	WGRC	1980	Bill Walters	Elizabethtown	WIEL
1951	Charles C Warren	Ashland	WCMI	1981	Henry G Lackey	Henderson	WSON
1952	J W "Bill" Betts	Maysville	WFTM	1982	J B Crawley	Campbellsville	WCND WLCK WMSK
1953	Joseph Eaton	Louisville	WKLO	1983	Harry Barfield	Lexington	WLEX-TV
1954	Mike Layman	Somerset	WSFC	1984	G Nolan Kenner	Somerset	WSFC WSEK
1955	Sam Livingston	Paducah	WKYB	1985	Ralph E Hacker	Lexington	WWLK AM/FM
1956	Gilmore Nunn	Lexington	WLAP	1986	Charles M Anderson	Bowling Green	Western Kentucky University
1957	Arthur Eilerman	Covington	WZIP	1987	Ralph W Gabbard	Lexington	WKYT-TV
1958	Walter "Dee" Huddleston	Elizabethtown	WIEL	1988	B Douglas Hamby	Providence	WHRZ
1959	Alvis H Temple	Bowling Green	WKCT	1989	Edward Henson Jr	Louisville	WAVG WLRs
1960	J Franke Fox	Harlan	WHLN	1990	Bill Evans	Elizabethtown	WQXE
1961	Don Horton	Lexington	WWLk	1991	James Allison III	Lexington	WLEX-TV
1962	James M Caldwell	Louisville	WAVE	1992	Connie J Sabad	Lexington	WWLK AM/FM
1963	William M Whittker	Morehead	WMOR	1993	Robert "Bob" Scherer	Louisville	WHAS WAMZ
1964	C A "Bud" McClain	Frankfort	WFKY	1994	Steven W Newberry	Glasgow	WHHT WKNK WXPC
1965	James H Topmiller	Louisville	WHAS	1995	Leonard "Corky" Norcia	Owensboro	WBIO WKCM WLME
1966	W P Sosh	Russellville	WRUS	1996	Dan Dorsett	Lexington	WLAP AM/FM
1967	J T Whitlock	Lebanon	WLBN	1997	Christopher Baker	Louisville	WLRs
1968	Ray Holbrook	Danville	WHIR	1998	Wayne Martin	Lexington	WKYT-TV
1969	Arthur Grunewald	Henderson	WSON	1999	J Barry Williams	Bowling Green	WBGL WBGN
1970	H Lee Browning	Louisville	WAVE-TV	2000	Francis Nash	Grayson	WGOH WUGO
1971	Walter E May	Pikeville	WPKE	2001	Ed Mastrean	Lexington	KET, The Kentucky Network
1972	Robert Doll	Frankfort	WFKY	2002	Dale Thornhill	Elizabethtown	Commonwealth Broadcasting
1973	Roy A Redmond	Maysville	WFTM	2003	Mark Thomas	Louisville	Clear Channel Radio
1974	Charles W Stratton	Mayfield	WNGO	2004	Mike Tarter	Somerset	Key Broadcasting
1975	Ernest Sparkman	Hazard	WKIC	2005	Steve Langford	Louisville	WAVE-TV



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