



# Executive Summary

## Opportunity

KGAY should stay GAY! The owners of radio station KGAY, Sunnylands Broadcasting, wants to place the radio station in the ownership of an LGBTQ+ person or company. We plan to operate KGAY as a California Benefit Corporation to provide multiple programming streams. Those include the well-known KGAY music channel and the #ILoveGayPalmSprings Podcast platform. We will expand programming on KGAY AM 1270 in the future.

KGAY1065.com, AM 1270 and 106.5 FM are the music channels providing entertainment 24/7 to listeners locally and globally. The stations are known for playing Dance Hits from the disco era to today in a unique blend.

It is difficult to reach the LGBTQ+ audience without waste. We take an integrated approach. Gay Desert Guide will be re-integrated into the station for content, promotions and advertising plans.

The station originally was part of the QChella Media Company, a not for profit formed to purchase and run KGAY and a podcast platform. That entity failed to raise the funds and fulfill its mission, and the not-for-profit dissolved.



Brad Fuhr, the originating architect of the KGAY brand, sees an opportunity to combine the sales and marketing efforts of his digital media property GayDesertGuide.com with the streams of programming to create an LGBTQ+ content and marketing powerhouse in Palm Springs.

The station has worldwide listeners via its streaming platform and easy discovery as "K-GAY", the best call letters possible for such programming.

Locally, KGAY roared into the market place with an immediate fan base with a combination of dance music and local programming. It has become a station to reach both the coveted LGBTQ demographic as well as the general market. That local element will be brought back to the

new KGAY Pam Springs and expanded upon.



The KGAY AM frequency will be split from the FM music stations allowing for separate programming and a separate revenue stream with talk programming in certain hours on AM 1270 in the future.

The #ILoveGayPalmSprings podcast platform will be expanded to offer opportunities for longer form interviews and information.

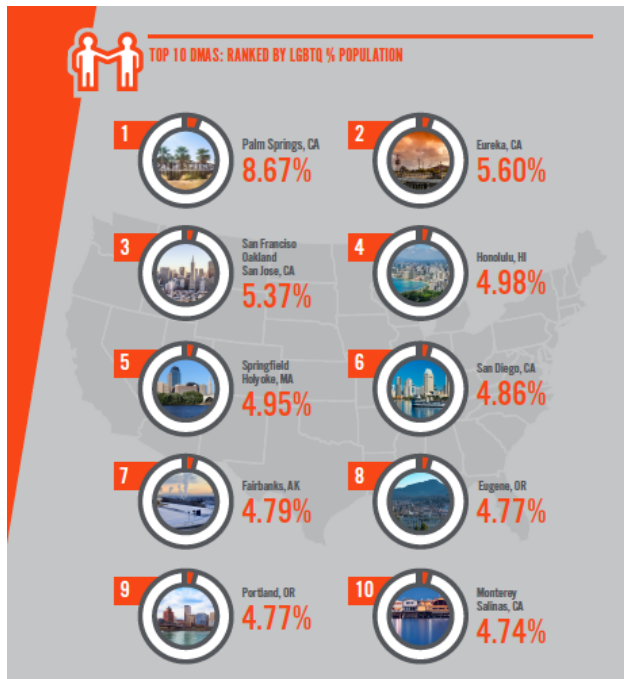
GayDesertGuide.com will be packaged with KGAY radio to deliver consumers who are engaged online through social media and discovering where to go and what to do through the website.

Cross promotion between the two entities will once again compliment each and provide unique revenue opportunities.

The station will launch a new public service campaign called "KGAY Cares" for local non-profits.



## Market



**Palm Springs, California is #1 in the DMAs with the highest concentration of LGBTQ+ residents. Combine that with its reputation as one of the top LGBTQ+ destinations in the world for travel and the consumers are here! By targeting LGBTQ+ consumers, KGAY radio can carve out a rather large niche of listeners with that demographic alone. However, allies and the general public have also proven to love the music programming and therefore will respond to advertising messages on the station.**

### Palm Springs, California Market

- Nielsen/Arbitron Rank #131
- 12+ Population: 375,400 (Black: 11,100) (Hispanic: 183,800)
- BIA reports a market count of 428,800 with \$5.72B in retail sales and \$12.6M in local radio revenue.



## **Competition**

Entercom, formerly CBS Radio, has put its nationally syndicated format Channel Q on the 103.1 frequency (KQPS) in the Coachella Valley. The station competes directly with KGAY for advertisers, but it skews much younger demographically. It has no local personalities and a no staff to execute local promotions and guerrilla marketing.

Radio stations can subscribe to Nielson/Arbitron ratings. KGAY does not currently subscribe, and therefore does not show in the most recent rankings. However, the station has ranked well in certain key demographics according to radio insiders.

You can see the radio ratings and stations on Page 10.

## **Why Us?**

Brad Fuhr is an established leader in the Coachella Valley with a proven track record of engagement and involvement with all sectors of the community. He is the recipient of the Palm Springs Human Rights Commission Community Service award in 2018.

Brad was also recognized by the Desert Business Association as Businessperson of the Year and Business of the Year (Gay Desert Guide).

Brad Fuhr and his team at GayDesertGuide have built a reputation in the marketplace by creating a website, GayDesertGuide.LGBT, #ILoveGayPalmSprings podcast and Oasis Marketing Group, a digital advertising company that serves the LGBTQ communities of the Coachella Valley.

He successfully operated KGAY at the beginning and took it to listener and advertiser success. He now seeks to own the station and continue the plans originally architected in 2018.

Current KGAY sales management will stay in place and programming will be returned to its roots.

With radio station prices suppressed, the investment in KGAY will pay off with profitability forecasted in under 3 years. The investment is a revenue share arrangement which will begin sharing 7% of revenue in 2022.

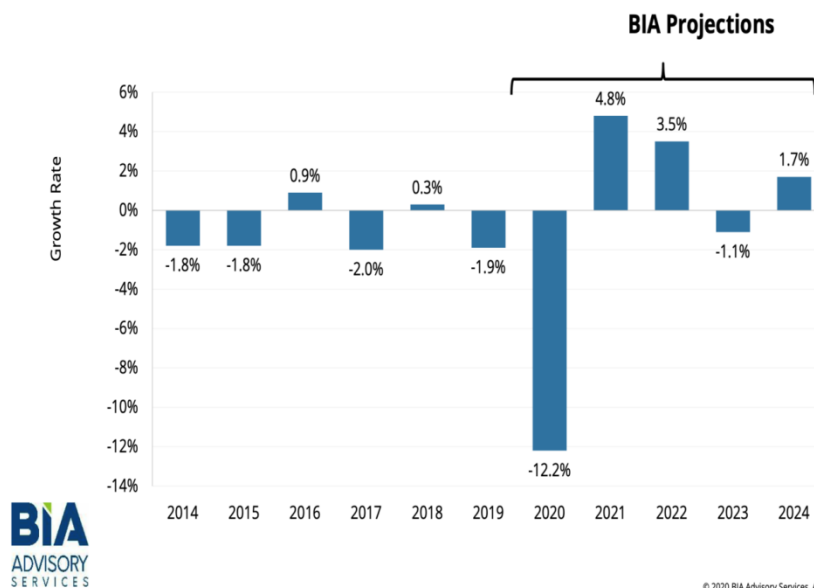


## Expectations

### Forecast

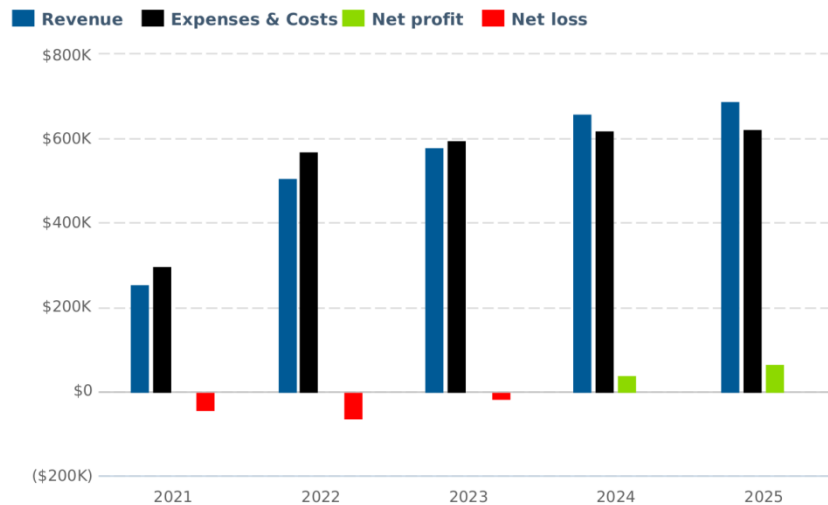
Radio Revenue nationally took a huge hit in 2020 as the pandemic struck. However, BIA shows revenues will rebound over the next several years. This makes KGAY Palm Springs a good business venture now as the station's value is at its lowest point in decades. This parallels KGAY's revenues, which are seasonal and have been as high as \$30,000-\$35,000 in September/October 2019 going into Palm Springs Pride. That was in the first 10 months of operation!

Historic & Projected Radio Revenue: Growth in Nielsen Audio Markets 2014-2024





### Financial Highlights by Year



### Financing Needed

KGAY PSP, a California benefit corp, seeks \$250,000 in investments to purchase the station and fund its operation through the next two years, where the stations is conservatively forecast to break even.

The initial round of \$125,000 will finance expanded operations to bring the station back to its recent headcount with sales, marketing and programming as well as the \$40,000 deposit on the radio stations and \$15,000 to purchase receivables.

The second round of \$125,000 will help complete the sale at the agreed upon price. The stations will be operated under an LMA (Local Marketing Agreement) with Sunnylands Broadcasting being paid \$1,000 per month as an LMA fee in year one and \$2,000 per month in year two.



# Opportunity

## Competition

### Current alternatives

According to BIA (2016), there are a total of 22 commercial stations in the market not including HD2 or translator signals. BIA reports a market count of 428,800 with \$5.72B in retail sales and \$12.6M in local radio revenue (.22%). BIA reports 15 stations with greater than a 1% share for a total combined 67.4 share points. This works out to 4.49 share points on average per reported station. Given 100 points that leaves 32.6 share points to be divided among 7 stations for an average of 4.65 share points per non reported station). Average share points per station across the board comes to 4.54. This obviously places together AM and FM stations but it provides a generalized image of what a "stick" in that market "could" be worth. This also assumes a certain number of stations and 100% share points. These are "averages" and should be considered a guideline only.

Given annual \$12.6M local radio revenue and an assumed 100 share points, the average annual radio revenue per share point becomes \$126,000. Assuming 22 commercial stations in the market and 4.54 average share points, the average revenue become \$47,727 per station per month and \$572,040 per year with an averaged valuation of \$572,040 to \$715,050 at a multiple of 1.0X to 1.25X.

When comparing this to Nielsen numbers, the results are very similar: The Nielsen population is less; 373,700 and the stations reported are different. Nielsen reports 16 top-line stations for a total of 62.0 share points. This includes a three-AM cluster simulcasting Talk to be repeated on a translator (Alpha) and two HD2 feeds (KDES-HD2 and KKUU-HD2; both Alpha). Alpha has 11 full channel signals (analog and HD) plus what has to be at least three translators. For all that, they show 27.3 share points averaging 2.4 points per station (not counting translators). Nielsen reports 11 stations below the line but that includes two non-commercial entities (KCOD and KLXB). With nine stations vying for the remaining 38 points, the average there comes to 4.22 points per station.



## #131 Palm Springs



Fall 2020 12+ Mon-Sun, 6a-12mid  
 Population: 375,400 (Black: 11,100) (Hispanic: 183,800)  
 Last Updated: 01-19-21 (Nielsen Subscribing Stations Only)

Station	Format	Owner	Spr 19	Fall 19	Spr 20	Fall 20
KUNA-FM	Regional Mexican	Gulf-California Broadcast	7.7	8.0	8.7	10.9
KKUU-FM	Rhythmic CHR	Alpha Media	8.5	7.0	8.7	7.7
KMRJ-FM	Rhythmic AC	RM Broadcasting	4.0	4.2	3.2	5.3
KNWZ-AM	News/Talk	Alpha Media	4.0	3.5	3.2	5.3
KLOB-FM	Adult Hits	Entravision	6.6	7.5	6.1	4.8
KPSI-FM	Hot AC	Alpha Media	5.6	5.7	5.8	4.5
KCLB-FM	Rock	Alpha Media	2.9	3.2	3.2	3.2
KDGL-FM	Classic Hits	Alpha Media	3.4	2.7	3.4	3.2
KCRW-FM	Variety	Santa Monica Community College	2.4	2.0	1.9	2.4
KDES-FM	Country	Alpha Media	1.3	1.5	2.4	2.4
KDES-FM-HD2	Nostalgia	Alpha Media	1.9	3.2	3.4	2.4
KPLM-FM	Country	RM Broadcasting	5.0	3.2	2.4	2.4
KVLA-FM	News/Talk	Southern California Public Radio	1.9	1.5	1.3	2.4
KPST-FM	Regional Mexican	Entravision	4.2	4.7	4.8	2.1
KUSC-FM	Classical	University of Southern California	3.2	2.5	2.6	2.1
KJJZ-FM	AC	RM Broadcasting	1.9	2.2	2.4	1.6
KRHQ-FM	Classic Rock	RM Broadcasting	2.1	2.2	1.9	1.6
KFI-AM	News/Talk	iHeartMedia	0.8	1.7	1.3	1.1
KQPS-FM	AC	Entercom	1.1	1.0	1.3	0.8
KJJZ-FM-HD2	Alternative	RM Broadcasting	0.8	0.7	0.5	0.5

**Totals are Persons 12+, Mon-Sun, 6am-midnight**

This profile contains an quarter hour rating (AQH) share of persons, ages 12+, Monday through Sunday in the Metro Survey Area.

A share is the percentage of those listening to radio in the MSA who are listening to a particular radio station.

Average Quarter-Hour Persons (AQH Persons) is the average number of persons listening to a particular station for at least five minutes during a 15-minute period.

[AQH Persons to a Station / AQH Persons to All Stations] x 100 = Share (%)





## Problem & Solution

### **Problem Worth Solving**

There are limited LGBTQ+ advertising options in the Coachella Valley. Gay Print media has been decimated. TV is ineffective. Billboards are untargeted to LGBTQ+ . By combining GayDesertGuide.com with KGAY Palm Springs, we can extract a larger share of advertising revenue from the Palm Springs market.

With a growing population base and with many visitors moving to the Greater Palm Springs area, our company fills a void and a need. Reach LGBTQ+ consumers in targeted ways with synergy and efficiency.

We are also seeing increases in visitors to the Coachella Valley with the "drive market" now expanding to Arizona, Northern California and Nevada.

Taking an integrated approach between KGAY Palm Springs and the print and digital assets of GayDesertGuide, we become a one-stop solutions provider to a businesses looking to reach the LGBTQ+ demographic.

Gay Desert Guide has a track record of revenue success and had over 1 million pages views to its site in 2019 pre-COVID. Many of its advertisers bought into KGAY Palm Springs at inception. It will continue to be a good lead source and upsell opportunity as sales people offer packages of radio and digital.

Gay Desert Guide publishes printed visitor guides which can cross promote KGAY as well as provide sales leads.

Oasis Marketing Group is a full-service digital advertising agency associated with GayDesertGuide. It provides digital advertising solutions to not only businesses targeting LBGTQ+ consumers but also to any target demographic.

Sales people will sell and receive commission from their cross platform sales. This helps us attract a higher caliber salesperson who can make a higher wage from our company.



# Execution

## Marketing & Sales

### Marketing Plan

There are perfect synergies created between KGAY Palm Springs and Gay Desert Guide. Radio is a great driver of traffic to websites. At the same time, Gay Desert Guide's built in traffic, huge social media following and established partnerships with large-scale events provide KGAY Palm Springs radio access to new potential listeners and advertisers.

When the companies cross-promoted in 2019, the duo worked exceedingly well in capturing more revenue share in the market. Gay Desert Guide also helped establish KGAY as a brand with consumers and advertisers.

KGAY Palm Springs has a general sales manager who is currently handling most sales for the station. Stephanie Brown has extensive radio experience and was hired by Brad Fuhr at the inception of KGAY. She has expressed a desire to continue with the new ownership.

Brad Fuhr would sell and bring his team of part-time sellers from GayDesertGuide into the fold. We would share five part-time sales reps and are looking to hire another full-time.

We would bring back the sales plans that ramped up revenue when KGAY first launched, selling packages that include radio advertising, DBA memberships and GayDesertGuide directory listing. The revenue to GayDesertGuide.LGBT for an annual plan is \$100 per month. Average radio schedules would be \$300-\$750 per month.



# Company

## Overview

### **Ownership & Structure**

BGF LLC is a Limited Liability Company wholly owned by Brad Fuhr. The company was formed in 2013 and has DBA's as Gay Desert Guide, the LGBTQ website for greater Palm Springs and Oasis Marketing Group, a digital marketing agency. This entity will operate with a joint agreement for sales, marketing and administrative support.

KGAY PSP is formed as a California Benefit Corporation and operating company with reciprocal agreements for marketing, sales and operations with BGF LLC/Gay Desert Guide.

Your investment is for the purchase of the assets of KGAY radio and its translator from Sunnylands Broadcasting LLC and funding operations under the LMA (Local Marketing Agreement) until the sale is completed.

The companies will operate under a Joint Venture agreement to share resources and economies of scale.

### **Company history**

KGAY AM 1270 was first licensed on Dec. 20, 1965 as KGOL. The company was Media Women, Inc., but little history exists on whether it was truly women-owned. In 1970, the call letters were changed to KGUY. Over the years, the station was owned by DUGGAY Corp., Bear Broadcasting and is now owned by Sunnylands Broadcasting, LLC.

KGAY AM 1270 was granted two FM translator stations - on 106.5 FM in Palm Springs and 93.1 in Indio, covering the Palm Springs DMA. The 93.1 frequency is being sold to another entity.

Brad Fuhr was tapped to launch KGAY 106.5 when it hit the airwaves on Christmas Day, 2018. He had joined the board of directors of non-profit QChella Media and then named as general manager.

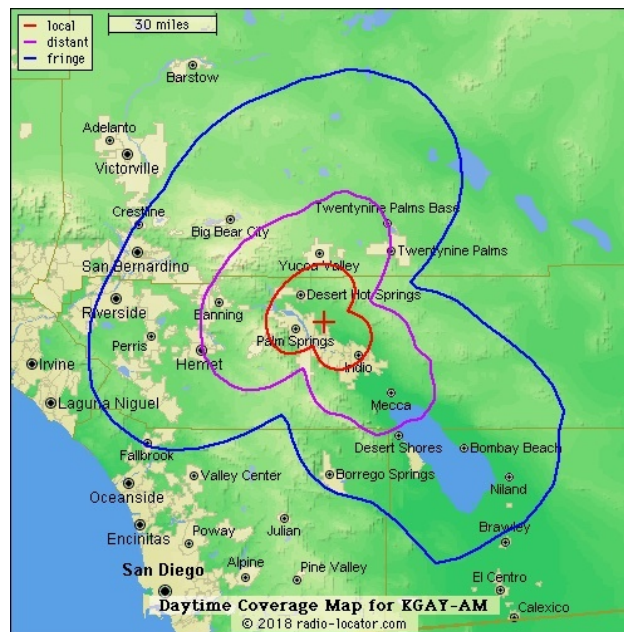


Brad was joined on the board of the non-profit by David Powell, James Williamson, Elijah Hartman, and Jackie Thomas. The purpose was to provide LGBTQ+ programming and access to media by producing and distributing podcasts and on-demand programming via our Qchella Media platform. The station's revenue would subsidize the non-profit. Fundraising would allow Qchella to buy the station from Sunnylands.

Philosophical differences developed between the board, the owners and fundraising stalled. Brad left the station along with the programming and on air team in October of 2019. As the pandemic hit in 2020, revenues fell and the owners decided on an exit strategy.

Fuhr entered into talks with Sunnylands in late 2020 to purchase the station and now has a signed letter of intent.

Following are the coverage maps for the stations:



KGAY 1270 5,000 watts