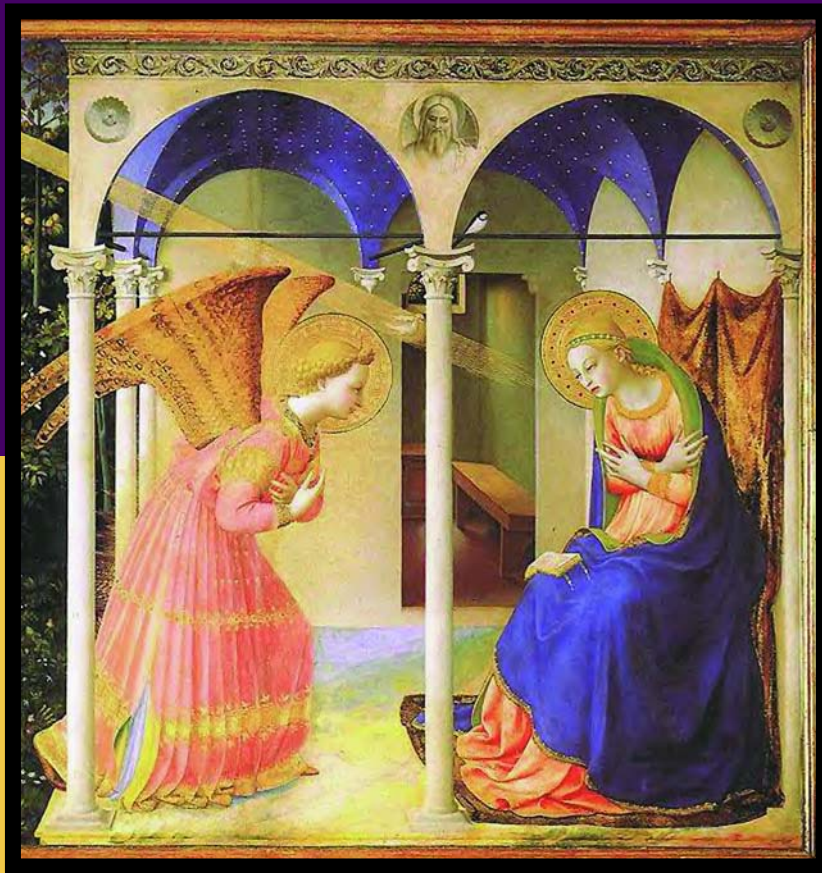


**A N N U N C I A T I O N  
R A D I O , I N C .**



**Dedicated to bringing EWTN Radio programming  
to Denver and the Colorado Front Range**

**BUSINESS PLAN**

**ADVANCE COPY**

**March 2003**



*Our mission is  
to advance God's work  
of redeeming and  
sanctifying the world,  
and to bring all people  
to salvation in Jesus Christ.*

*That's our mission  
in community as a Church;  
and individually as believers.  
We own it. We can't  
delegate it away.*

—ARCHBISHOP CHARLES J. CHAPUT, O.F.M. CAP.  
“SPEAKING THE TRUTH IN LOVE”

# ANNUNCIATION RADIO INC.



Dear Brothers and Sisters in Christ,

*"The Lay Faithful must take an active, conscientious and responsible part in the mission of the Church in this great moment of history."*

– Christifidelis Laici 3

We are here to answer the call of the Holy Father. It is for this reason that Annunciation Radio has been established.

When the Holy Father spoke before the Catholic Media Association, he said that radio offers perhaps the closest equivalent today to what Jesus was able to do with his preaching 2000 years ago.

As you read these pages, you will discover the value of Catholic radio in meeting the needs of a growing Catholic population along the front range.

You will see how radio can spread the teachings of Christ and his Holy Church to many more people than can we reached in any other way.

You will understand why fallen-away Catholics are returning to the Church and why converts are entering the Church in record numbers.

You will read about the tried and true formula for starting Catholic radio that has been proven successful in other cities.

The Annunciation Radio organizing committee has been brought together by the touch of the Holy Spirit. We are doctors, lawyers, teachers, technologists, advertisers and businessmen. All of us are local Catholics, loyal to the teachings of the Church and to the Archbishop of Denver.

We have identified a radio station that is for sale, and have begun negotiations with the owners for the purchase of it.

Knowing that prayer is the force that will bring our cause to fruition, we have consecrated ourselves to Mary, the Mother of God, through the *Militia Immaculata*, an apostolate founded by St. Maximilian Kolbe, the patron of mass media. We ask all Catholics for a similar commitment. Annunciation Radio belongs to the people.

Thank you for reading and evaluating this Business Plan. We believe you will agree that there is a need for Catholic radio in Colorado and that you will give your highest consideration to helping establish it.

Sincerely yours in Christ,

Robert Lemming  
Chairman of the Board

Dedicated to bringing

**EWTN**  
PROGRAMMING

to Denver and the  
Colorado Front Range

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# 1. EXECUTIVE SUMMARY

## 1.1 OVERVIEW

Lay people have been charged with the same responsibilities as our pastors, namely the evangelization of the world.

We, the laity, perform our role within the structures of the world. We are the salt of the earth. We are the leaven. We must respond.

The laity's own field of evangelizing activity is not only "*the vast and complicated world of politics, society and economics,*" but also the "*world of culture, of the sciences and the arts, of international life, of the mass media.*"

– Pope Paul VI, *Evangelii Nuntiandi*, 70

Annunciation Radio is answering a clear call specifically regarding mass media and radio in particular.

Annunciation Radio, Inc. is a faith based Catholic lay apostolate utilizing radio to follow Jesus' call to evangelize. This document is a *business plan*, but Annunciation Radio is about the *business* of the Church founded by Jesus Christ two thousand years ago.

Although Christian Radio can be heard up and down the front range, a vital voice is absent, the one of Christian truth as expressed in Sacred Scripture and through Sacred Tradition and the Magisterium of the Roman Catholic Church. Annunciation Radio will fill that void.

## 1.2 OUR MISSION: PREACH IT FROM THE ROOFTOPS

Annunciation Radio is a non-profit, tax exempt radio ministry whose purpose is to broadcast the authentic teachings of Jesus Christ and his Holy Catholic Church to the general public.

A business is many things simultaneously. The Business of Annunciation Radio:

- is a non-profit 501(c)(3) tax-exempt organization committed to electronic evangelization via radio for the Catholic Church.
- is a high quality rebroadcaster of Catholic programming received at no cost from the EWTN Global Catholic Network.
- is a local station which, in time, will feature programs about local Catholic events by local and non-local speakers.
- will have a predominately Catholic audience, who will be our largest source of financial support, but the outreach will be to all. Experience has shown this programming to be so rich and rewarding that non-Catholics will listen as well – and some will even support the station morally and financially.

... this is our mission.

### 1.3 WHY RADIO?

Why radio? These words of our Holy Father in an address to the Catholic Media Association say it all:

- *“Radio offers perhaps the closest equivalent today of what Jesus was able to do with large groups through his preaching.”*
- *“Radio is an intimate medium, which can reach people on the street, in their cars, or in their homes.”*
- *“Radio may well be the most cost effective means of reaching large numbers of people who may not want to read or may lack exposure to Catholic publications - but will be willing to ‘eaves drop’ on Catholic stations or programming.”*

– Pope John Paul II, Address to the Catholic Media Association

### 1.4 WHY ANNUNCIATION RADIO WILL SUCCEED

Many factors will enable Annunciation Radio to reach it’s goal of bringing Catholic radio to the Colorado Front Range:

- **LOW COST:** Programming from EWTN, proven to be of the highest quality and appeal, will be re-broadcast free of any cost or licensing fee.
- **NON-PROFIT:** Annunciation Radio will primarily be listener-supported. 501(c)(3) tax exempt status frees Annunciation Radio from the need to generate profit; its only operating cost is direct overhead.
- **LOCAL CONTROL:** The Board of Directors, made up of local Catholics who are our fellow parishioners, will steer the radio station, keep it focused, and encourage it to fill the needs of the local community. While Annunciation Radio is a lay apostolate, it will be available to our Archbishop whenever he wishes to address the local community.
- **FOCUS:** Annunciation Radio will re-broadcast authentic Catholic teaching as carried by EWTN, featuring popular programs and famous personalities true to the magisterium of the Roman Catholic Church.
- **SHARED EXPERIENCE:** Annunciation Radio is a member of the Catholic Radio Association (CRA), a group founded by a handful of pioneers who paved the way ahead of us, who are dedicated to sharing ideas, experience and advice with other Catholic radio stations all across the country. There are currently twenty members in the CRA, and among them are Immaculate Heart Radio in Reno and northern California, Sacred Heart Radio in Minneapolis-St. Paul, KVSS Radio in Omaha, and Queen of Peace Radio in Jacksonville, FL. We encourage you to visit CRA web site at: [www.catholicradioassociation.org](http://www.catholicradioassociation.org)

## 2. THE CALL TO ACTION

### 2.1 PREACH IT FROM THE ROOFTOPS

*"Do not be afraid to go out into the streets and public places, like the first Apostles who preached Christ? This is no time to be ashamed of the Gospel. The Gospel must not be kept hidden because of fear or indifference. It is the time to preach it from the rooftops."*

– John Paul II, Vigil of World Youth Day, Denver. 1993

In the Apostolic Exhortation *Christifidelis Laici* we hear our Holy Father tell us clearly that we, the Lay Faithful, have a mission ...the same as the Church.

*"The Lay Faithful must "take an active, conscientious and responsible part in the mission of the Church in this great moment in history, made especially dramatic by occurring on the threshold of the Third Millennium."*

– Christifidelis Laici, 3

### 2.2 THROUGH THE MEDIA

We have carefully studied the Holy Father's call referring to the Church in America and we have answered that call to action.

Catholic Radio is the single most relevant and effective way for the lay faithful of Colorado to answer that call. Annunciation Radio is our answer to the call..

*"For the new evangelization to be effective, it is essential to have a deep understanding of the culture of our time in which the social communications media are most influential. Therefore, knowledge and use of the media is indispensable."*

*"Contemporary reality demands a capacity to learn the language, nature and characteristics of mass media."*

*"Using the media correctly and competently can lead to a genuine inculturation of the Gospel. At the same time, the media also help to shape the culture and mentality of people today, which is why there must be special pastoral activity aimed at those working in the media."*

*"Business people should be encouraged to provide economic support for quality products promoting human and Christian values."*

– Ecclesia in America 72

### 3. OUR GOALS ARE THE GOALS OF THE CHURCH

#### 3.1 MISSIONARY CHURCH: ENCOUNTERING CHRIST

From the beginning, we have been missionaries following the Lord's mandate: "Go, Teach all that I have taught you." Annunciation Radio will follow that mandate.

Annunciation Radio will re-energize Catholics with a deeper understanding of the authentic teachings of the Catholic Church.

Annunciation Radio will help further Christian unity by dispelling misconceptions of the Church held by our other Christian denominations.

The youth are the future of the Church. The special catechetical and spiritual needs of those who will lead next will be addressed by Annunciation Radio.

Radio is the one media available for all, especially the poor. Annunciation Radio follows Jesus' model, "to proclaim Good News to the poor" (Lk 4:18).

Annunciation Radio appreciates the gift of Latino culture. Once the station is successfully up and running, our Board of Directors is committed to introducing some Hispanic programming, also available from EWTN.

*"The Latino people of the Americas have a special gift to give to all of us. They love Christ, they love the Church. I hope they will be proud of who they are, proud of their culture, and bring that gift to the archdiocese. We very much need it. Be who you are, be proud of it. To non-Latino people I would say, 'Be open to this gift, appreciate it and receive it.'"*

– Archbishop Charles J. Chaput, O.F.M. Cap., "New Evangelization Begins in the Home"

Annunciation Radio will give voice to authentic human rights as taught in Catholic moral and social doctrine.

*"Peoples everywhere, open the doors to Christ!  
...God is opening before the Church the horizons of a humanity  
more fully prepared for the sowing of the Gospel.  
I sense that the moment has come to commit all of the Church's energies  
to a new evangelization and to the mission ad gentes."*

## 4. WHY WE NEED CATHOLIC RADIO

### 4.1 NO CATHOLIC VOICE

There are over 16,000 radio stations within the United States. Only about forty-five to fifty are Catholic. Is it any wonder that the Holy Father has called upon United States Catholics to dramatically improve their use of modern forms of communication as tools of the New Evangelization? He means radio and television.

With the religious freedom and material blessings we have in our country, we should feel an especially strong sense of urgency in establishing free and public Catholic radio programming.

The current state in the Metropolitan Denver area is even more serious considering our large Catholic population and the size of our metropolitan area. There is no Catholic voice on the radio in the Denver metro area.

The Denver area has numerous evangelical Christian denominations regularly taking their message to the airwaves. In media terms, Catholics have remained silent. We can learn from the things our separated brothers have done well. They have gathered widespread listener support, provided high quality teaching, and maintained commercial-free, non-profit programming. In them we have an excellent model of how to effectively use technology for evangelization.

### 4.2 A BENEFIT TO ALL

Catholic radio in Metropolitan Denver will provide positive benefits for the entire community:

- Catholic radio will help deepen the faith of all Catholics. This is especially true for those who have been catechized poorly or whose foundations are weak.
- Ongoing adult catechesis, as well as the formation of our youth, is an ever-growing need in the church. Catholic radio is a proven means of providing the highest quality teaching to the largest number of people on an ongoing basis.
- Through Catholic radio, lapsed Catholics have returned home to the Church. Catholic Radio has also introduced many non-Catholics to the truth of Christ's church for the first time, many of whom have eventually been led into the fold of the Church. With Catholic radio, those seeking spiritual direction and guidance on Christian radio will finally hear the full truth.
- The true voice of the Catholic Church on radio will help narrow the gulf and misunderstandings between Catholics and other Christians. But misunderstandings don't exist only within Christianity. Catholic Radio can bridge the gulf with non-Christians as well. Indeed, the Holy Father has told us dialogue with Jews and Muslims "*ought to have a pre-eminent place.*"

**4.3  
LIVES WILL BE  
TOUCHED,  
SOULS WILL BE  
SAVED**

We know from our Lord's example on the cross that the salvation of even one soul more than justifies the effort and cost of bringing Catholic radio to any community. Successful Catholic radio ministries give witness to inspiring stories of lives that have been dramatically changed through hearing their programming.

Here are just a few examples of what can happen when Catholic radio comes to a community:

- A group of death row inmates formed a study group using a program of religious study taken from the a Catholic radio station.
- One station reported many conversion stories and glowing reports from priests, excited for their parishioners to have access Catholic radio programming.
- A man dropped by one station to find out how he could return to the Church.
- While driving across a barren stretch of road. a fallen away former Catholic priest tuned into a Catholic Radio station. What he heard inspired him to eventual reconciliation with the Church.

*"No believer in Christ, no institution of the Church can avoid this supreme duty:  
to proclaim Christ to all peoples."*

## 5. THE DENVER RADIO MARKET

### 5.1 THE CURRENT STATE OF DENVER RADIO

Colorado is one of the largest population bases not having Catholic Radio and the Metropolitan Denver area itself is one of the fastest growing areas in the United States.

Catholics make up around 20% of the population of Colorado, estimated at 385,000 plus. It is in this market that Annunciation Radio will achieve its mission.

Ever since Mother Angelica's Eternal Word Television Network demonstrated the great hunger for Catholic truth, the Catholic message has been seen on TV screens all across America. And now that EWTN is providing radio programming free of charge, new Catholic radio stations are starting up all over.

That 20% is ready for Catholic radio. Yet Colorado has no Catholic radio station. The chart below illustrates the make-up of existing Colorado stations:

STATIONS	AM	FM
Secular	28	29
Evangelical	5	2
Catholic	0	0
Total	33	31

What a tremendous void there is. The sound of the silence is deafening. Roughly one out of five is Catholic, yet the Catholic Voice is not heard on Denver Radio.

The New Advent is upon us. The market is before us. Come with us into the vineyard. The harvest is plenty.

### 5.2 COMPETITIVE COMPARISON

The competition is from Protestant radio stations, since Annunciation Radio would be competing for many of the same Christian listeners.

Annunciation Radio offers the authentic teaching of the Magisterium of the Catholic Church and the doctrine as intended by its founder, Jesus Christ. Jesus promised to guide the the Church in all truth by sending us his Holy Spirit. We, as Annunciation Radio, will provide the voice of the Spirit of truth on the air waves of Metropolitan Denver.

## 6. OUR GENUINELY CATHOLIC EWTN PROGRAMMING

### 6.1 THE EWTN STORY

Annunciation Radio will begin broadcasting EWTN radio programming 24 hours a day, seven days a week.

The Eternal Word Television Network (EWTN) was founded by Rita Frances Rizzo, better known as Mother Angelica, of the Sisters of Perpetual Adoration in Birmingham, Alabama.

Mother Angelica is no stranger to the miraculous. She became a nun after she prayed a novena to St. Therese and was healed of a stomach ailment. She came South to build a monastery to honor a promise she made before risky back surgery. A few years before the end of the second millennium, she threw away her crutches, able to walk after another miracle.

Mother Angelica knows that God's purposes are often hidden and the faithful must simply wait, persevere in prayer, and act once the light of the Holy Spirit shows the way.

Mother Angelica is fond of saying "*We have to be willing to do the ridiculous so God can do the miraculous.*" Through Mother Angelica's "*ridiculous*" work, we now enjoy the Eternal Word Television Network.

EWTN is a superb catechetical network teaching the Catholic faith as given by the Magisterium, bringing us the truth and beauty of the Catholic Church through its live talk shows, special events, teaching series, documentaries and dramas and devotions.

EWTN affirms the unity of the universal Catholic Church: her beauty, her Sacraments, her Traditions, and the gifts of her people.

We have received a great gift. We see now that EWTN is clearly part of God's providential plan.

How did this come to be from 12 cloistered nuns with no television experience, a monastery garage turned into a studio, and 1980? The answer is a tremendous belief in God's providence and generous donors brought by the Holy Spirit.

In 1981, even before the first satellite dish arrived, one of the sisters, Sr. Regina had a vision. She saw a black sky, a white satellite dish, and a flame emerging from the center. She heard God say, "*This is my network, and it will glorify my Son.*" After the dish arrived, a photograph taken while it was installed reproduced Sr. Regina's vision: a black sky, the white dish, and a red flame emerging from its center. Professional photographers could not account for the red flame. Mother Angelica called it a miracle.

On December 7, 1983, Mother Angelica has white rags hung on the trees where she wanted to build a new studio. Mother Angelica tells everyone she wanted the Lord to look down and see EWTN needed a new and larger studio. A friend came by, asked about the rags and then donated \$50,000 to start the building.

Two years later, through the providence of God, a 6,500 square-foot post-production facility was dedicated. The Lord's beneficence only grew.

In 1987, a master control area, the centerpiece of EWTN's video production was completed.

In 1998, EWTN's first production vehicle outfitted for taping, producing, and editing, is delivered, allowing for additional location work followed by an uplink truck.

In February 1991, EWTN began broadcasting live daily Masses during Lent from Our Lady of the Angels Monastery.

In 1992, providence came through generous donors. The world's largest privately owned short wave radio network, WEWN (*Eternal Word Network*) is launched to a potential worldwide listening audience of 600 million. Now, WEWN transmits across five continents in both Spanish and English.

In 1996 providence again blessed EWTN with the acquisition of *Catholic Resource Network* (CRNET), a Catholic online internet service to expand the network's media apostolate to include the largest online collection of Catholic documents.

February 12, 1996 the Catholic World News (CWN) is added providing a daily news service for EWTN's Television, Radio and Online Service.

Only two weeks later, EWTN launched a worldwide AM/FM radio service, providing free programming to startup radio stations. Mother felt since this programming was *already created* for the *short-wave world wide signal*, it could also be given out to help evangelize through radio stations here at home. It is *this free programming distributed by satellite* that will enable us to bring the message of the Catholic Faith to Denver and the Colorado front range.

## **6.2 POPULAR EWTN PROGRAMMING**

EWTN programming has grown in popularity ever since the founding of the network, and its TV and radio signals are broadcast the world over. A sampling of the radio programming available to us free of charge includes:

- *Daily Mass*, especially for those confined to home or nursing facilities.
- Devotional programming such as the *Rosary* and the *Chaplet of Divine Mercy*.
- The *Daily Liturgical Readings*.
- *Scripture Matters*, a show offering deep insights into the Bible from a truly Catholic perspective.
- *Catholic Answers Live*, EWTN's most popular call-in, question-and-answer program about the practice of the faith.
- *The World Over*, featuring current national and international news

about the Church or involving the Church.

- *The Journey Home*, a program featuring conversion stories by individual guest speakers who are former pastors or religious leaders of other faiths.
- *Dr. Ray Talks it Over*, a program offering advice on living the Catholic faith through our daily struggles, featuring Dr. Ray Guarendi.
- *Life on the Rock*, a show for and featuring Catholic youth who are putting their Catholic faith into practice.
- *Defending Life*. a Pro-Life program featuring Fr. Frank Pavone of *Priests for Life*.
- *Super Saints*, featuring the lives of heroic Catholics who came before us and left their mark on the Church.

Programming will reflect the multicultural aspect of the Metropolitan Denver area, serving both the English and Spanish language people of God..

*"...entire groups of the baptized have lost a living sense of the faith,  
or even no longer consider themselves members of the Church,  
and live a life far removed from Christ and his Gospel.  
...In this case what is needed is a "new evangelization"  
or a "re-evangelization."*

## **7. FOLLOWING THOSE THAT CAME BEFORE US: THE CATHOLIC RADIO ASSOCIATION**

### **7.1 THE REMARKABLE GROWTH OF CATHOLIC RADIO**

With the availability of *already-produced, genuinely Catholic* programming available to anyone who wanted to start a Catholic radio station, entrepreneurs stepped out in faith to launch their own AM and FM networks. Since programming has always been a major cost consideration in radio programming, a large expense was now eliminated.

These pioneers of Catholic radio picked up EWTN's signal and were up and running, each in their own little worlds, each in their own area of the country.

### **7.2 PIONEERS SHARING KNOWLEDGE AND EXPERIENCE**

Once these entrepreneurs learned of each other, they began calling and confiding in each other, so each didn't have to "*reinvent the wheel*" every time someone had to retrace the same steps. A genuine sharing of ideas began to develop in the interest of spreading the Catholic faith. This proved to be so helpful and beneficial to everyone involved that a seed was planted in the hearts and minds of these pioneers.

### **7.3 BIRTH OF THE CATHOLIC RADIO ASSOCIATION**

Out of this willingness and generous sharing of ideas was born the Catholic Radio Association.

The Catholic Radio Association is an association comprised primarily of the majority of Catholic radio stations in the United States and Catholic program providers united to advance the apostolate of Catholic radio. The Association serves as the trade association for Catholic radio. In doing so it seeks to help member stations grow and operate successfully, to assist new apostolates in establishing Catholic stations, to provide critical services for the success of Catholic radio, and to serve as a forum within which program providers, the Hierarchy, and radio apostolates may interact for the good of the Church.

The most important philosophy that guides the Association is not a business philosophy. It is the recognition by its members and leaders that the apostolate of Catholic radio is a work of the Holy Spirit in which we are but instruments for the glory of God. All of our efforts are entrusted to the Holy Spirit to bear fruit. Therefore, the principle that the Association is guided by the total fidelity of its leaders to the magisterium of the Catholic Church, is unquestionably paramount. Keeping this philosophy foremost in mind, the Association will market and offer its services and counsel to Catholic dioceses and those groups throughout the United States and abroad who endeavor to establish and operate Catholic radio stations as well as those who offer Catholic programming.

## 7.4 BENEFITS OF MEMBERSHIP

The Catholic Radio Association offers its members several vital products and services that aid in all aspects of a radio station :

**STATION ACQUISITION ASSISTANCE** - At the member's request, the Association will help members to locate, evaluate and negotiate a station in their market. The Association also has contacts developed with multiple radio station brokers to quickly find stations that are for sale or can help members to locate and negotiate a station directly with the owner.

**ACQUISITION LOAN PROGRAM** - The Association is working to establish a matching funds loan program with a Catholic fraternal insurance society to provide members with a low-interest acquisition loan.

**MARKETING** – The Association is committed to and currently developing a marketing strategy incorporating Internet, Catholic periodicals and Catholic television to promote Catholic radio across the nation.

**FUND RAISING/DIRECT MAIL** – The Association is seeking a Director of Development who can provide general and specialized guidance to members seeking to raise funds for the purchase or operation of Catholic station(s). The Association can aid members in determining whether to retain the services of a professional fund raising consultant. Fees may be assessed in the event a member requires a substantial amount of the director's time.

**SPECIAL EVENTS** – The Association will co-host with EWTN an annual conference each year to provide members with the most up-to-date information and guidance available to train and assist members in their apostolate.

**NEWSLETTERS / INFORMATION EXCHANGE** – The Association provides to its members a quarterly newsletter with information, pertinent news and ideas relevant to Catholic broadcasting.

**REGULATORY** – The Association will share with its members via its newsletter or e-mail broadcast any regulatory changes or updates of which it becomes aware.

**RESOURCE SHARING** – The Association will make known to all its members via its newsletter of any items or abilities possessed by its members which other members may use.

**ENGINEERING / TECHNICAL** – The Association will evaluate the coverage area of a station that a member is seeking to purchase and provide recommendations as to its upgrade-ability, suggested purchase price and signal enhancement. The fee for a detailed upgrade analysis is only \$300. V-Soft Communications, a broadcast consulting firm, has agreed to offer its AM/FM spectrum analysis services to CRA members at a \$950 discount if the initial engineering is done by the CRA.

**LEGAL** – The Association has developed relationships with two attorneys practiced in FCC law, contractual work and nonprofit corporations who offer their services to the members at significantly reduced rates. The Association would like to underwrite half the cost of the legal work a member requires in order purchase a station or incorporate. As the first step is often the most difficult, this would assist fledgling apostolates get over the first hurdle more easily and ensure it is done correctly.

**PURCHASING** – The Association is developing discount purchase plans for members on a wide variety of needed services and equipment:

- *Broadcast Software International* (BSI) has agreed to offer a 20% discount on all its proprietary software to Association members, including its cutting edge station automation system, Simian. In addition, it will extend a 10% discount on all other software and hardware.
- *Armstrong Transmitter Corporation* has agreed to offer a 25% discount on the purchase of all transmitters and a 20% discount on the purchase of all other hardware to Association members.
- Gorman-Redlich has agreed to offer a 5% discount and free shipping on its well-known Emergency Alert Systems (EAS) to Association members.

**INSURANCE** – The Association has developed a relationship with *Royal & Sun Alliance* (R&SA), a leader in the area of broadcaster's business insurance, to provide its services to our members. R&SA provides tailored services and industry expertise to our members to ensure they obtain the appropriate kinds and levels of insurance protection necessary to keep their operations running in the event of a loss. When a significant number of members have joined, R&SA will pass along a volume discount to the members.

**EMPLOYEE BENEFITS** – The Association is working with a Catholic fraternal insurance company to provide tax-advantaged retirement vehicles and planning to Association members.

*"...entire groups of the baptized have lost a living sense of the faith, or even no longer consider themselves members of the Church, and live a life far removed from Christ and his Gospel."*

## 8. ACQUIRING A STATION

### 8.1 STATION ACQUISITION COST

Acquisition costs will vary depending upon whether the station is AM or FM, station geographic coverage, property included with the sale, age of equipment, and motivation of the owners to sell.

We are looking to start with an AM station since they are much less expensive, and easier to acquire.

The cost range for AM stations in the targeted area is from \$3,500,000 to \$5,000,000.

### 8.2 STRATEGY AND IMPLEMENTATION

Our goal is to purchase a radio station in the above mentioned 3.5 to 5 million dollar range and begin broadcasting within one year. The station will be paid for in full within three to five years.

The steps necessary to achieve this goal are as follows:

- Raise down payment funds (10%) within 30 days of signing Letter of Intent.
- Locate a suitable station and sign a letter of intent.
- Raise additional 30% for closing as needed.
- acquire all licenses and permits necessary.
- Hire a qualified General Manager who will be responsible for running the day-to-day operation of the station, one who shares our commitment to the Catholic faith.
- Purchase or lease equipment (if necessary) to allow station to receive EWTN satellite feed.
- Initiate Advertising and Public Relations campaign to announce our entry into the Denver radio market.
- Close the deal and begin broadcasting.
- Develop ongoing sponsors who will support the annual budget of the station.
- Pay off the remainder within three to five years.

### 8.3 BROADCAST COVERAGE

The actual number of potential listeners will depend on the geographic coverage area of the station purchased. But it can be expected that the typical Denver-based station will reach the Greater Denver Metro area and beyond, as far as Loveland to the north, and Monument to the south

## 9. SOURCE AND USE OF FUNDS

### 9.1 KEY BENEFACTORS

Funds raised from key benefactors will be used as a down-payment of the radio station. There are many devout Catholics in our community who share our desire to evangelize through the spreading of the Gospel and lift our culture out of the depths of despair it currently finds itself in.

### 9.2 CAPITAL CAMPAIGN

Once a sufficient down payment is raised, we will embark on an aggressive capital campaign to the Catholic community living within the range of our future radio station. We recognize that we are all called to give to the extent to which we are blessed. We can reach the entire community through direct mail with fund raising letters in a matter of weeks.

This effort will raise the balance of our closing costs and give us enough operating capital to be on the air while we begin to build our listener support.

This fundraising campaign is already under development.

### 9.3 ADVERTISING AND PUBLIC RELATIONS

Once we close on our station and begin broadcasting, we will start advertising and promotion to let the community know we are out there. We will begin with the use of free media through news releases to both the secular and Catholic press. We will also make use of Church bulletin announcements and bulletin inserts to parishes that will allow us. The same parishes will be given posters to be used in their entry ways, and color brochures for literature racks.

Paid advertising will be used in the Denver Catholic Register to help build awareness.

As opportunities allow, we will have a presence at various Archdiocesan functions, such as Liturgy and Catechetical Conferences, etc.

### 9.3 LISTENER SUPPORT

Once Annunciation Radio begins broadcasting, we will begin building listener support through on-air appeals. This will grow to be our primary source of operating capital. Being a not-for-profit organization, our financial requirements will be minimal. This has proven effective with Catholic radio stations all over the United States.

### 9.5 ANNUAL OPERATING COSTS

Once a station is acquired, annual operating costs can be minimal due to the availability of free EWTN programming. As a startup, we will operate by broadcasting the EWTN live feed 24 hours a day, seven days a week.

Our affiliate stations in the Catholic Radio Association maintain that a startup station broadcasting EWTN's signal will have expenses averaging \$17.12 per hour, or around \$150,000 annually. This allows for a single full-time employee (*the General Manager*), and all maintenance, licensing, promotional costs, etc.

Being a non-profit organization, this is easily maintainable from a loyal listener base.

As listener financial support grows, local programs can be added to the EWTN scheduled offerings. This can be done as we are able to add additional employees, production talent and capabilities.

A possibility may exist to contract out periodical local broadcasts in conjunction with Good News Productions, the company of dedicated Catholics who now bring *The Catholic Hour* to our local PBS television station. Such an arrangement would allow us to do a couple of special event-oriented broadcasts without having to add additional persons on the payroll.

*"Dear brothers and sisters, what an extraordinary  
hour of history we have been granted to live in!  
What important tasks Christ has entrusted to us!  
He is calling each of us to prepare the new springtime of the Church."*

– Pope John Paul II, Thousandth Anniversary of the Death of St. Adalbert, 6

## 10. COMPANY ORGANIZATION & RELATIONSHIPS

### 10.1 ORGANIZATIONAL STRUCTURE

Annunciation Radio is a nonprofit 501(c)(3) Colorado corporation formed by a group of lay Catholics for the sole purpose of providing 24 hour Catholic programming to the Metropolitan Denver area. The positions below are unpaid, filled by those with great love and zeal.

#### **OPERATING OFFICERS:**

- Dennis Machlica, Executive Director
- Peggy Sawyer Gorsuch, Secretary
- Bonnie Knievel, Treasurer
- Peter Stapp, Legal Advisor

Annunciation Radio's Board of Directors has demonstrated their commitment to the success of this project through prayer, gifts of time and money, and enlistment of other interested Catholics to work on the project. Great zeal is their hallmark.

#### **BOARD OF DIRECTORS:**

- Bob Lemming, Chairman
- Jessica Jones Carson
- Mike Polakovic

Our Advisory Board is being carefully being built as we find dedicated and talented individuals who share our zeal for spreading the faith.

#### **ADVISORY BOARD**

- Father Antoine Thomas of the Community of St. John is our Spiritual Advisor
- Father Frank Pavone, Pro-Life Advisor
- Fr Stan Fortuna, CFR
- Monsignor Thomas Barry, Honorary Chaplain

### 10.2 MANAGEMENT RELATIONSHIPS

Annunciation Radio is working with professionals and consultants who have expertise and proven success in establishing Catholic radio.

#### **ETERNAL WORD TELEVISION NETWORK (EWTN),**

John Pepe, National Radio Marketing Manager.

EWTN has developed radio programming for the purpose of spreading and renewing the faith all over the world using Short Wave radio. It has been the desire of Mother Angelica, foundress of the network, to make their radio signal available *free of charge* to anyone in the United States who is willing to purchase and operate a local AM or FM radio station to help spread and renew the faith.

It is out of this love of God that Catholic radio has started to blossom all across the United States.

**THE CATHOLIC RADIO ASSOCIATION** , Steve Gajdosik, Executive Director

According to Steve Gajdosik, "*the mission of the Catholic Radio Association is to help draw people to Jesus Christ and his holy Church through expediting the establishment of, guiding the operation of and offering critical services to Catholic radio stations,*" and to see that there are "*faithful Catholic radio stations broadcasting to every diocese throughout the United States.*"

**PETER B. KELLY, ATTORNEY AT LAW**

Peter Kelly is a member of Brennan, Steil, Basting & MacDougall, S.C. in Monroe Wisconsin. Peter is a member of the Catholic Radio Association, and an expert in FCC and IRS matters pertaining to Catholic Radio Stations. He is currently processing our paperwork for non-profit, tax exempt status with the Internal Revenue Service.

A devout Catholic, Peter will soon graduate from Ave Maria University's *Adult Education Program (Wisconsin)* with a Masters in Theology.

**DENNIS J. KELLY, ATTORNEY AT LAW**

Dennis Kelly (*no relation to Peter Kelly*), is located in the District of Columbia, where he limits his practice to, and is a leading expert in Communications Law. (*his phone number 888-FCC-LAW-1 should give you a good indication*). Dennis is also a member of the Catholic Radio Association, and has handled the purchasing and licensing of more than 20 Catholic Radio Stations all across the United States. A graduate of Notre Dame, his "*Fighting Irish*" ambition has come to the aid of his Catholic Radio clients when dealing with the Federal Communications Commission on many an occasion.

Dennis will handle all our legal affairs in regards to purchasing a station and all the licensing necessary to allow us to start broadcasting.

**GOOD NEWS PRODUCTIONS**

Melissa & Dave Pierson, owners of Good News Productions, have produced and directed *The Catholic Hour*, an Archdiocese of Denver television program that has aired on the local PBS channel for many years. They have many years of experience in both radio and television production and broadcasting.

We are very encouraged by their interest in assisting us in any way possible. Most importantly, they will be able to offer us the talent and expertise in creating our on-air promotion and fundraising spots so necessary for a listener-supported radio station. And with such talent available through an independent supplier, we will not have to have full-time employees on staff to execute them.

Good News Productions will also be able to assist us in producing local programs as finances and opportunities allow.

### **ARCHDIOCESE OF DENVER**

Annunciation Radio is composed of loyal sons and daughters of the Catholic Church. Therefore, Annunciation Radio will be actively responsive and obedient to Archbishop Charles Chaput, Archbishop of Denver. Of all our relationships, this is our most important.

### **CATHOLIC APOSTOLATES AND RELIGIOUS ORDERS**

Certainly a key relationship will be the Catholic Community of Denver.

Various Catholic Apostolates are part of that key relationship. They are salt of the earth Catholics, and as such, we will approach them with the hope of having their representatives on our advisory board and of their assistance in raising pledges.

An example of some of these Catholic organizations are:

- \* Knights of Columbus
- \* Opus Dei
- \* Neo Catechuminal Way
- \* Catholic Daughters
- \* Respect life
- \* Forming Families for the Third Millennium
- \* Third Order Franciscans
- \* Third Order Carmelites

*“Upon all the lay faithful, then, rests the exalted duty of working to assure that each day the divine plan of salvation is further extended to every person, of every era, in every part of the earth.”*

## 11. LOOKING TO THE FUTURE

### 11.1 WHAT HAPPENS AFTER WE ARE ON THE AIR?

Once Annunciation Radio has established the original station in the Denver Area and reached an operational rhythm, we will look at other opportunities in spreading the faith to an even wider audience:

**SPANISH LANGUAGE PROGRAMMING** is also available from EWTN.

The Archdiocese is actively focusing on the pastoral needs of our increasing Hispanic population. This is evident with the arrival of Bishop Gomez, the inception of *El Pueblo Catolico* and the dedication of *Centro Juan Diego*.

Following this lead, Annunciation Radio is committed to providing a few hours of daily Spanish language programming in support of the Archdiocese's initiative.

**LOCAL PROGRAMMING**, produced right here in Colorado, will be a possibility as listener support grows. Such programs might be either live or taped broadcasts from *Parish Missions* given by well known visiting speakers or Theologians. *Archdiocesan Conferences*, or even seminars given by the *Catechetical School* or *Catholic Biblical School* could also be arranged in conjunction with the Archdiocese.

And then, of course, our station will always be freely available to the Archbishop any time he might wish to address the faithful (*The Diocese of Omaha found their local Catholic station KVSS to be a great advantage in the wake of the recent Church scandals*).

**EXPANSION TO COLORADO SPRINGS, FORT COLLINS OR GRAND JUNCTION** is a possibility once our initial station is paid for.

Being *not-for-profit*, listener-supported stations are relatively easy and inexpensive to maintain. This has allowed other Catholic Radio stations to expand to reach wider areas. Immaculate Heart Radio, which started in Reno, has expanded by purchasing stations in Lake Tahoe, Sacramento, and other Northern California cities, and is now working on their *seventh* radio station! Queen of Peace Radio in Jacksonville, Florida, now has three stations in three different markets. Many others in the Catholic Radio Association are operating two stations.

**A SPANISH LANGUAGE CATHOLIC RADIO STATION** could be operated as a compliment to our initial station. This would allow 24 hour broadcasting in both English and Spanish (*EWTN can provide programming in both languages at no charge*).

The opportunities for the future are endless. It is a matter of us opening our hearts to the Spirit and letting him guide us one step at a time.

## **12. CALL TO EVANGELIZATION FROM THE HOLY FATHER**

*"I hope that through this prayer we shall be able to receive the Holy Spirit coming upon us and thus become Christ's witnesses 'to the end of the earth', like those who went forth from the Upper Room in Jerusalem on the day of Pentecost."*

– Redemptoris Hominis, 22

*"This prodigal son is man, every human being:  
bewitched by the temptation to separate himself from his Father  
in order to lead his own independent existence;  
disappointed by the emptiness of the mirage which had fascinated him;  
alone, dishonored, exploited when he tries to build a world  
all for himself sorely tried, even in the depths of his own misery,  
by the desire to return to communion with his Father."*

*"Like the father in the parable, God looks out for the  
return of his child, embraces him when he arrives  
and orders the banquet of the new meeting  
with which the reconciliation is celebrated."*

– Pope John Paul II, Apostolic Exhortation, Reconciliation and Penance, 5

**APPENDIX A.  
ESTIMATED 5 YEAR OPERATING PLAN**

<b>DONATIONS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Major Donor Gifts	\$1,500,000	\$1,000,000	\$1,000,000	\$450,000	\$0
Pledge Drives	100,000	50,000	0	0	0
Sponsorship	5,000	10,000	15,000	20,000	25,000
Share-a-thons	0	50,000	120,000	130,000	140,000
Planned Giving	0	0	0	0	20,000
<b>TOTAL DONATIONS</b>	<b>1,605,000</b>	<b>1,110,000</b>	<b>1,135,000</b>	<b>600,000</b>	<b>185,000</b>

<b>EXPENSES:</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Salaries/Benefits	\$55,000	\$57,700	\$60,600	\$63,700	\$66,800
Consulting	5,000	5,000	5,500	5,500	6,000
Office supplies/expenses	5,000	5,500	6,000	6,600	7,200
Repairs/Maintenance	2,400	2,700	3,000	3,300	3,600
Advertising	10,000	5,000	6,000	7,000	8,000
Travel	3,000	2,000	2,000	2,000	2,500
Accounting and Legal	1,000	1,000	1,100	1,100	1,200
Rent*	0	0	0	0	0
Telephone	2,400	2,600	2,800	3,100	3,300
Utilities	10,000	10,500	11,000	11,500	12,000
Insurance	2,400	2,600	2,900	3,200	3,600
Interest	230,000	145,000	60,000	10,000	0
Miscellaneous	8,000	9,000	10,000	11,000	12,100
<b>TOTAL EXPENSES</b>	<b>334,200</b>	<b>248,600</b>	<b>170,900</b>	<b>128,000</b>	<b>126,300</b>

<b>NET DONATIONS AFTER EXPENSES</b>	<b>\$1,270,800</b>	<b>\$861,400</b>	<b>\$964,100</b>	<b>\$472,000</b>	<b>\$58,700</b>
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\* Rent (Assuming real estate is part of station acquisition)

**APPENDIX B  
ESTIMATED BALANCE SHEET**

<b>ASSETS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
Cash	\$50,800	\$42,200	\$136,300	\$88,300	\$27,000
Property and Equipment	3,520,000	3,540,000	3,560,000	3,580,000	3,600,000
<b>TOTAL ASSETS</b>	<b>3,570,800</b>	<b>3,582,200</b>	<b>3,696,300</b>	<b>3,668,300</b>	<b>3,627,000</b>
<b>LIABILITIES</b>	<b>Year 1</b>	<b>Year2</b>	<b>Year3</b>	<b>Year4</b>	<b>Year5</b>
Notes Payable	2,300,000	1,450,000	600,000	100,000	0
Accumulated Net Donations after Expenses	1,270,800	2,132,200	3,096,300	3,568,300	3,627,000
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,570,800</b>	<b>3,582,200</b>	<b>3,696,300</b>	<b>3,668,300</b>	<b>3,627,000</b>

**APPENDIX C  
ESTIMATED STATEMENT OF CASH FLOWS**

<b>CASH FLOWS</b>	<b>Year 1</b>	<b>Year2</b>	<b>Year 3</b>	<b>Year4</b>	<b>Year5</b>
Operating Activities					
Net Cash from Operating Activities	\$1,270,800	\$861,400	\$964,100	\$472,000	\$58,700
Investing Activities					
Purchase of property and equipment	(3,520,000)	(20,000)	(20,000)	(20,000)	(20,000)
Financing Activities					
Notes Payable	3,500,000	0	0	0	0
Note Payments	(1,200,000)	(850,000)	(850,000)	(500,000)	(100,000)
Net Increase (Decrease) In Cash	50,800	(8,600)	94,100	(48,000)	(61,300)
Beginning CashBalance	0	50,800	42,200	136,300	88,300
<b>ENDING CASH BALANCE</b>	<b>\$50,800</b>	<b>\$42,200</b>	<b>\$136,300</b>	<b>\$88,300</b>	<b>\$27,000</b>

**FOR FURTHER INFORMATION,  
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