

MULTIPLE OWNERSHIP COMPLIANCE
AND REQUEST FOR FAILING STATION WAIVER

By this application, Rocky Mountain Broadcasting Company (“Rocky Mountain”) and Gray Television Licensee, LLC (“Gray”) seek consent to assign the license for KMTF, Helena, Montana (the “Station”) from Rocky Mountain to Gray. KMTF serves as the CW affiliate in the Helena Designated Market Area (the “Helena DMA”).

Apart from the instant application, Gray and Beartooth Communications Company (“Beartooth”) seek consent to assign the license for KTVH-DT in Helena, Montana, which serves as the NBC affiliate for the Helena DMA, from Beartooth to Gray.¹ The market currently has fewer than nine independent owners. Accordingly, by this exhibit, Rocky Mountain and Gray request a waiver of the FCC’s local television ownership rule pursuant to the failing station exception.

Background

KMTF has faced an uphill battle for financial success since it launched operations in 1998. Through a series of time brokerage and affiliate relationships, it has tried many programming arrangements in an effort to achieve financial viability. Currently, KMTF has a Joint Sales Agreement with KTVH-DT. However, even the sales support it receives through this agreement has not allowed it to compete effectively in the Helena market. KMTF is not affiliated with the top-four networks and currently airs CW programming. KMTF has never operated at a profit sufficient to sustain operations. During the past two years, no buyer has expressed interest in KMTF as a stand-alone station. All offers extended for KMTF were tied to the acquisition of KTVH-DT.

Request for Waiver

Gray believes that it can leverage KTVH-DT to improve KMTF’s service and programming. A grant of a failing station waiver to permit this acquisition would serve the public interest because the common ownership would produce significant and tangible public interest benefits for the community.

¹ See FCC File No. BALCDT-20140516AAM.

The Commission considers waivers of its local television ownership rule under its “failing station” waiver standard to be in the public interest when the applicants demonstrate that:

1. One of the merging stations has had a low all-day audience share of four percent or lower;
2. The financial condition of one of the stations is poor, with a waiver more likely to be granted where one station has had negative cash flow for three consecutive years immediately prior to filing the application;
3. The proposed merger would produce tangible public interest benefits; and
4. An in-market buyer is the only reasonably available candidate willing and able to acquire the station, and selling the station to an out-of-market buyer would result in an artificially depressed price.²

Gray’s proposed acquisition of KMTF meets each of these criteria.

A. KMTF Achieves Low All-Day Audience Shares

KMTF has struggled to achieve meaningful audience shares. The most recent Nielsen ratings for February 2014 illustrate this point. KMTF’s reported all-day audience share (Sundays through Saturdays from 9:00 a.m. to midnight) has not risen above 1% in over three years, well below the 4% benchmark set by the Commission.³

The proposed transaction therefore satisfies the first criterion of the “failing” station waiver standard, because KMTF’s all-day audience share falls well below the Commission’s 4% benchmark.

B. KMTF Has Experienced Persistent Negative Cash Flows

The Station’s persistent financial difficulties are unquestionable, and it has been unable to become a viable voice and competitor in the Helena DMA. KMTF has generated little to no income over the past three years, even when the station’s financial statements include the benefits of its Joint Sales Agreement and Shared Services Agreement with KTVH.⁴ In 2011, KMTF posted a Net Income of only \$2,298.31. In 2012, the Station operated at a Net Loss of \$9,328.69. In 2013, KMTF fared slightly better, generating a Net Income of \$15,739.05. However, even this modest increase

² 47 C.F.R. § 73.3555, n.7; *see also* Review of the Commission’s Regulations Governing Television Broadcasting; Television Satellite Stations Review of Policy and Rules, *Report and Order*, 14 FCC Rcd 12903, 12939 (1999) (“*Local Ownership Order*”), recon. granted in part, 16 FCC Rcd 1067, 1076-78 (2001); *KSMO, Inc.*, 20 FCC Rcd 15254 (MB 2005); *Sunflower Broadcasting, Inc.*, 22 FCC Rcd 11845 (Med. Bur. 2007).

³ Attachment A contains the relevant page from the Nielsen report.

⁴ Attachment B contains KMTF’s income statements for FY 2011, 2012, 2013 and 2014 (through March 2014).

was insufficient to offset past losses or to make KMTF a viable stand-alone station. Put another way, KMTF has averaged just \$2,314.36 in *annual* income from 2011 through the first quarter of 2014. However, when KMTF's finances are considered separate from its relationship with KTVH, it is clear that the financial status of KMTF is dire. As shown in the attached cash flow statement, the station has suffered crippling six-figure losses for the past three years. In 2011, KMTF losses totaled \$246,637.34. In 2012, the losses increased to \$250,618.45 and continued into 2013 with a loss of \$236,666.69.⁵

The proposed transaction satisfies the second criterion of the "failing" station waiver standard because of the poor financial condition of KMTF.⁶ As demonstrated above, the Station has suffered severe financial hardship for years.

C. Gray's Ownership of KMTF Would Produce Tangible and Verifiable Public Interest Benefits.

Gray's ownership of KMTF would result in important technical and service enhancements to the Helena market that more than outweigh any theoretical harm to competition and diversity. Gray is committed to leveraging the resources of KTVH to improve the local reach of KMTF. Gray plans to upgrade the severe weather alert system currently used by KTVH to allow these resources to be shared between KTVH and KMTF. Currently, KMTF offers little local programming. Gray is committed to increasing KMTF's service to the Helena market. In fact, should the Media Bureau grant the instant waiver request, Gray intends to launch a 30-minute, weekly newscast on KMTF. This newscast will focus in particular on Helena and other communities in the market.

Additionally, if the Bureau grants the instant waiver request, Gray intends to:

- Provide the market with new and expanded coverage of local sports, spelling bees, and other community events.
- Staff KMTF with sufficient employees to improve programming and responsiveness to the local community.⁷

⁵ Attachment D contains KMTF's stand-alone cash flow statement for FY 2011, 2012, and 2013.

⁶ See *KWBA(TV)*, 23 FCC Rcd 8594, 8595-96 (Med. Bur. 2008) (a "worsening financial posture [that] has hampered the ability of the current licensee to provide more than minimal public interest benefits" is evidence of poor financial condition); *Hispanic Keys Broad., Inc.*, 19 FCC Rcd 4603, 4606 (Med. Bur. 2004) (failing station waiver granted when station unable to maintain its transmission equipment due to insufficient funds); *Pappas Telecasting of the Carolinas*, 17 FCC Rcd 842, 844 (Mass Med. Bur. 2002) (operation at extremely low power provided as evidence of a station's poor financial condition).

- Provide KMTF viewers with important news and weather alerts as events develop. Today, the station does not produce any local news or weather programming or have the capability to monitor weather events.⁸
- Create an enhanced web presence allowing local viewers to access an abundance of local news and information online as well as over the air.
- Provide some educational and informational children's programming during weekday time slots rather than the typical, and crowded, Saturday morning time slots.

Thus, Gray's proposed acquisition of KMTF satisfies the third criterion of the "failing" station waiver because it would produce substantial tangible and verifiable public interest benefits. The proposed transaction would allow KMTF to provide its viewers new local news and events programming and enhanced weather coverage.

D. An In-Market Buyer Is the Only Reasonably Available Candidate for KMTF

Gray, the prospective purchaser of KTVH-DT, an in-market station, is the only reasonably available candidate willing and able to acquire and operate KMTF. As detailed in the Declaration of Frank Higney, Vice President of Kalil and Company, the only offers extended for KMTF in the past two years were conditioned upon an offer for KTVH.⁹ No prospective purchaser expressed interest in KMTF as a stand-alone station. The Helena, Montana market is classified as very small, #205 out of 210. As a CW Plus affiliate, KMTF is not strong enough to thrive or survive as a stand-alone station.¹⁰

The proposed transaction therefore satisfies the fourth criterion of the "failing" station waiver. The attached declaration demonstrates that Gray, as the prospective purchaser of KTVH-DT, an in-market station, is the only reasonably available candidate to acquire KMTF and enhance its service to Helena.

Conclusion

The Commission should waive its local television ownership rule in the instant case to allow Gray to acquire and operate failing station KMTF. The Commission concluded in adopting its

⁷ The Commission recognizes that improved facilities and programming benefits the public interest. *See Local Ownership Order*, 14 FCC Rcd at 12939; *Banks-Boise, Inc.*, 24 FCC Rcd at 6; *KWBA(TV)*, 23 FCC Rcd at 8597; *Minden Television Company, LLC*, 24 FCC Rcd 10151, 10153 (Med. Bur. 2009).

⁸ The Commission considers improved local weather and emergency announcement capabilities to be a public interest benefit. *WBUI(TV)*, 22 FCC Rcd 16852, 16854 (Med. Bur. 2007).

⁹ Attachment C contains the Declaration of Frank J. Higney.

¹⁰ *Id.*

failing station waiver policy that “[p]ermitting such stations to merge should pose minimal harm to our diversity and competition goals, since their financial situation typically hampers their ability to be a viable ‘voice’ in the market.”¹¹ Here, KMTF’s poor ratings and poor financial performance prevent Rocky Mountain from making the investments necessary to make KMTF a viable station. Gray’s acquisition of KMTF, on the other hand, would allow the Station to launch a local news program, increasing viewers’ access to local news and weather and otherwise improving local programming opportunities, achieving precisely the result the Commission sought by adopting its “failing” station waiver policy. Thus, the public interest would be well served by granting a waiver of the local television ownership rule.

¹¹ *See Local Ownership Order*, 14 FCC Rcd at 12938-39.

Attachment A

WRAP Sweeps : Dayparts Analysis

HOMES
DMA
RTG

HOMES
DMA
SHR

[205] HELENA

Mon-Sun 9:00A-12:00M

KMTT-CW (10)		0.2	1
14 Sweep Avg		0.2	1
Feb 14		0.2	1
Nov 13		0.1	0
Jul 13		0.1	0
May 13		0.1	0
Feb 13		0.1	1
Nov 12		0.2	1
Jul 12		0.1	0
May 12		0.1	0
Feb 12		0.2	1
Nov 11		0.2	1
Jul 11		0.1	1
May 11		0.1	1
Feb 11		0.1	1
Nov 10		0.4	1

KTHNBC (12)		3.0	12
14 Sweep Avg		3.0	12
Feb 14		6.8	24
Nov 13		2.9	12
Jul 13		2.0	9
May 13		2.4	10
Feb 13		2.1	9
Nov 12		2.9	10
Jul 12		2.0	9
May 12		2.8	12
Feb 12		2.8	10
Nov 11		3.0	11
Jul 11		2.6	12
May 11		3.6	14
Feb 11		2.9	11
Nov 10		3.3	11

KTHB ABC (21)		1.1	4
14 Sweep Avg		1.1	4
Feb 14		1.0	3
Nov 13		1.3	5
Jul 13		0.9	4
May 13		1.0	4
Feb 13		1.1	4
Nov 12		1.3	5
Jul 12		0.8	4
May 12		1.1	5
Feb 12		1.3	5
Nov 11		0.7	3
Jul 11		1.3	5
May 11		1.2	4
Feb 11		1.2	4
Nov 10		1.5	5

KXLIHORS (9)		3.3	13
14 Sweep Avg		3.3	13
Feb 14		3.5	12
Nov 13		3.8	15
Jul 13		2.3	11
May 13		3.3	14
Feb 13		3.6	15
Nov 12		3.8	14
Jul 12		2.5	11
May 12		3.4	15
Feb 12		3.8	13
Nov 11		3.6	13
Jul 11		2.1	10
May 11		3.0	12
Feb 11		3.1	11
Nov 10		4.0	14

KRSB-FOX (21)		1.1	4
14 Sweep Avg		1.1	4
Feb 14		1.5	6
Nov 13		1.4	6
Jul 13		0.8	3
May 13		0.8	3
Feb 13		0.8	3
Nov 12		1.3	5
Jul 12		0.6	2
May 12		1.2	4
Feb 12		1.1	4
Nov 11		1.3	5
Jul 11		0.8	3
May 11		0.9	3
Feb 11		1.1	4
Nov 10		1.3	5

Attachment B

ROCKY MOUNTAIN BROADCASTING COMPANY, INC.

Profit & Loss

January through December 2011

	<u>Jan - Dec 11</u>
Income	
JSA Beartooth	300,000.00
Total Income	<u>300,000.00</u>
Gross Profit	300,000.00
Expense	
Miscellaneous	-318.68
Advertising	275.00
Dues & Subscriptions	1,911.00
Insurance	
Commercial Auto	1,163.00
Liability/Umb, etc	2,254.25
Workers Comp	1,377.53
Health/Dental Ins.	49,718.48
Total Insurance	<u>54,513.26</u>
Licenses & Filing Fees - FCC	3,345.00
Licenses, Filing Fees, Taxes	1,830.00
Meals & Entertainment	1,125.91
Mileage reimbursement	1,320.00
Music License	3,403.00
Office Supplies/Equipment	6,543.93
Outside Services	17,798.98
Payroll - Taxes	9,939.14
Payroll Preparation fees	1,234.00
Payroll - Wages	89,815.08
Postage	107.74
Programming	18,183.19
Prof. Meetings & Education	95.00
Professional Fees	
Accounting	900.00
Consulting	1,999.88
Legal	40,429.77
Total Professional Fees	<u>43,329.65</u>
Promotion	1,047.91
Research - Legal	2,109.00
Research - Market	25,897.36
Rent	7,200.00
Repairs & Maintenance	225.00
Taxes	850.00
Telephone	
Cell	1,448.39
Telephone - Other	1,630.00
Total Telephone	<u>3,078.39</u>

ROCKY MOUNTAIN BROADCASTING COMPANY, INC.

Profit & Loss

January through December 2011

Jan - Dec 11

Travel & Auto	
Per Diem	86.04
Gas	972.82
Meals	38.15
Parking	16.75
Travel	<u>635.07</u>
Total Travel & Auto	1,748.83
Amortization Expense	900.96
Depreciation Expense	<u>193.04</u>
Total Expense	<u>297,701.69</u>
Net Income	<u><u>2,298.31</u></u>

ROCKY MOUNTAIN BROADCASTING COMPANY, INC.

Profit & Loss

January through December 2012

	<u>Jan - Dec 12</u>
Income	
JSA Beartooth	306,860.00
Total Income	<u>306,860.00</u>
Gross Profit	306,860.00
Expense	
Internet	1,166.48
Automobile	259.79
Advertising	2,799.90
Bank Service Charges	34.00
Dues & Subscriptions	1,621.00
Insurance	
Commercial Auto	1,315.75
Liability/Umb, etc	2,029.25
Workers Comp	1,043.44
Health/Dental Ins.	<u>54,607.86</u>
Total Insurance	58,996.30
Interest Expense	83.62
Licenses & Filing Fees - FCC	3,435.00
Licenses, Filing Fees, Taxes	1,215.00
Meals & Entertainment	1,900.99
Mileage reimbursement	1,320.00
Music License	2,719.00
Office Supplies/Equipment	3,524.75
Outside Services	1,081.00
Payroll - Taxes	9,565.41
Payroll Preparation fees	1,381.95
Payroll - Wages	94,873.58
Postage	238.00
Programming	30,026.84
Prof. Meetings & Education	125.00
Professional Fees	
Accounting	900.00
Consulting	9,812.28
Legal	<u>44,525.00</u>
Total Professional Fees	55,237.28
Promotion	2,075.58
Research - Legal	1,915.34
Research - Market	26,508.64
Rent	7,200.00
Telephone	
Cell	2,423.00
Telephone - Other	<u>1,500.00</u>

Cash Basis

ROCKY MOUNTAIN BROADCASTING COMPANY, INC.

Profit & Loss

January through December 2012

	<u>Jan - Dec 12</u>
Total Telephone	3,923.00
Travel & Auto	
Per Diem	100.00
Gas	982.33
Meals	45.55
Travel	<u>1,320.36</u>
Total Travel & Auto	2,448.24
Amortization Expense	376.00
Depreciation Expense	<u>137.00</u>
Total Expense	<u>316,188.69</u>
Net Income	<u><u>-9,328.69</u></u>

ROCKY MOUNTAIN BROADCASTING COMPANY, INC.

Profit & Loss

January through December 2013

	<u>Jan - Dec 13</u>
Income	
JSA Beartooth	315,360.00
Total Income	<u>315,360.00</u>
Gross Profit	315,360.00
Expense	
Internet	1,095.36
Advertising	367.10
Bank Service Charges	136.00
Dues & Subscriptions	555.00
Insurance	
Commercial Auto	2,590.25
Liability/Umb, etc	679.75
Workers Comp	969.29
Health/Dental Ins.	<u>54,940.04</u>
Total Insurance	59,179.33
Interest Expense	918.66
Licenses & Filing Fees - FCC	4,060.00
Licenses, Filing Fees, Taxes	1,230.00
Meals & Entertainment	1,505.52
Mileage reimbursement	1,320.00
Music License	2,727.00
Office Supplies/Equipment	4,131.30
Outside Services	589.00
Payroll - Taxes	9,804.83
Payroll - Wages	101,604.48
Postage	64.93
Programming	25,154.21
Prof. Meetings & Education	43.99
Professional Fees	
Accounting	1,000.00
Consulting	1,266.13
Legal	<u>40,167.80</u>
Total Professional Fees	42,433.93
Promotion	1,065.98
Research - Legal	1,573.00
Research - Market	24,273.00
Rent	7,200.00
Telephone	
Cell	2,641.95
Telephone - Other	<u>1,653.08</u>
Total Telephone	4,295.03

Cash Basis

ROCKY MOUNTAIN BROADCASTING COMPANY, INC.

Profit & Loss

January through December 2013

Jan - Dec 13

Travel & Auto	
Gas	149.32
Travel	<u>1,524.98</u>
Total Travel & Auto	1,674.30
Amortization Expense	1,801.96
Depreciation Expense	<u>817.04</u>
Total Expense	<u>299,620.95</u>
Net Income	<u><u>15,739.05</u></u>

ROCKY MOUNTAIN BROADCASTING COMPANY, INC.

Profit & Loss

January through March 2014

Jan - Mar 14

Income	
JSA Beartooth	75,000.00
Total Income	<u>75,000.00</u>
Gross Profit	75,000.00
Expense	
Internet	275.82
Bank Service Charges	0.00
Dues & Subscriptions	325.00
Insurance	
Commercial Auto	822.50
Workers Comp	686.00
Health/Dental Ins.	16,004.20
Total Insurance	<u>17,512.70</u>
Interest Expense	26.95
Meals & Entertainment	375.15
Mileage reimbursement	330.00
Music License	528.00
Office Supplies/Equipment	479.12
Payroll - Taxes	2,951.24
Payroll - Wages	31,134.15
Postage	49.00
Programming	8,241.53
Prof. Meetings & Education	135.00
Professional Fees	
Legal	4,900.00
Total Professional Fees	<u>4,900.00</u>
Promotion	1,176.89
Research - Legal	429.00
Research - Market	4,038.00
Rent	1,500.00
Telephone	
Cell	376.73
Telephone - Other	250.00
Total Telephone	<u>626.73</u>
Travel & Auto	
Parking	34.00
Travel	1,093.97
Total Travel & Auto	<u>1,127.97</u>
Amortization Expense	450.49
Depreciation Expense	204.26

Cash Basis

ROCKY MOUNTAIN BROADCASTING COMPANY, INC.

Profit & Loss

January through March 2014

Jan - Mar 14

Total Expense

76,817.00

Net Income

-1,817.00

Attachment C



Kalil & Co., Inc.

2960 North Swan Road • Suite 134 • Tucson, Arizona 85712 • (520) 795-1050 • FAX (520) 322-0584

DECLARATION OF FRANK J. HIGNEY

I, FRANK HIGNEY, DO HEREBY DECLARE UNDER PENALTY OF PERJURY THAT THE FOLLOWING IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF:

1. I AM VICE PRESIDENT OF KALIL AND COMPANY ("KALIL"), A MEDIA AND BROKERAGE CONSULTING FIRM BASED IN TUCSON, ARIZONA. KALIL HAS PROVIDED FULL SERVICE TO CLIENTS IN THE MEDIA BROKERAGE BUSINESS FOR MORE THAN FORTY YEARS, AND ITS SEVEN BROKERS HAVE MORE THAN A HUNDRED COMBINED YEARS OF EXPERIENCE IN MEDIA BROKERAGE. FOR THE LAST TEN YEARS, KAGAN RESEARCH HAS RATED KALIL AS THE TOP MEDIA BROKERAGE FIRM IN THE COUNTRY IN TERMS OF TOTAL DEAL VOLUME, AND OVER THE SAME PERIOD KALIL HAS BROKERED MEDIA TRANSACTIONS TOTALING MORE THAN A BILLION DOLLARS.

2. AS VICE PRESIDENT OF KALIL, I HAVE EXTENSIVE KNOWLEDGE OF THE TELEVISION INDUSTRY IN GENERAL, HAVING WORKED AS A MEDIA BROKER FOR THE PAST 20 YEARS. I HAVE BOTH CONSULTED FOR AND APPRAISED TELEVISION STATIONS FOR A VARIETY OF PURPOSES, INCLUDING ACQUISITIONS, DIVESTITURES, MERGERS, FINANCING, AND RESTRUCTURING OF DEBT. I HAVE BEEN PERSONALLY INVOLVED IN THE ACQUISITION OR SALE OF HUNDREDS OF BROADCAST PROPERTIES, INCLUDING STATIONS IN SMALL, MEDIUM, AND LARGE MARKETS. PRIOR TO JOINING KALIL, I WAS CHIEF OPERATING OFFICER AT BROADCAST INVESTMENT ANALYST (NOW BIA/KELSEY), THE LARGEST BROADCAST APPRAISAL FIRM.

3. IN MARCH 2012, KALIL WAS RETAINED BY INTERMOUNTAIN WEST ("INTERMOUNTAIN") TO LOCATE A QUALIFIED, OR QUALIFIED BUYERS, FOR ITS SMALL MARKET TELEVISION STATIONS SERVING YUMA, ARIZONA; POCATELLO/IDAHO FALLS, IDAHO; CASPER/CHEYENNE, WYOMING; AND HELENA/GREAT FALLS, MONTANA MARKETS.

4. THE ADVERTISING TIME AVAILABLE ON KMTF-TV, HELENA AT THAT TIME WAS BEING SOLD BY INTERMOUNTAIN'S SUBSIDIARY, BEARTOOTH COMMUNICATIONS COMPANY UNDER A JOINT SALES AGREEMENT. AS PROSPECTIVE PURCHASERS CONSIDERED INTERMOUNTAIN'S STATION - KTVH-DT - IN HELENA, THEY ALSO CONSIDERED PURCHASE OF KMTF.

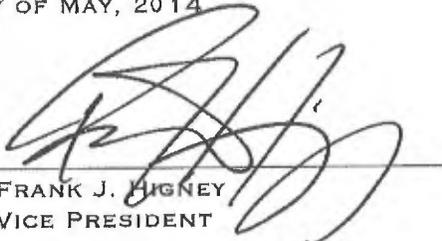
5. HELENA, MONTANA DMA IS THE 205TH LARGEST TELEVISION MARKET AS RANKED BY NIELSEN. THAT MAKES HELENA ONE OF THE SMALLEST OF THE 210 TELEVISION MARKETS IDENTIFIED BY NIELSEN. AT NO TIME, WAS KMTF-TV MARKETED, NOR DID ANY PROSPECTIVE PURCHASERS INDICATE AN INTEREST IN IT, AS A STAND-ALONE PROPERTY.

6. KALIL HAD A LIST OF MORE THAN THIRTY PROSPECTIVE BUYERS FOR THE INTERMOUNTAIN PROPERTIES. OF THOSE BUYERS, THERE WERE EIGHT PROSPECTIVE BUYERS FOR THE MONTANA PROPERTIES. OUT OF THOSE PROSPECTS, FOUR OFFERS WERE GENERATED FOR THE MONTANA PROPERTIES, THREE FROM OUT-OF-MARKET BUYERS AND ONE IN-MARKET BUYER. EACH OF THE PROSPECTIVE BUYERS ONLY CONSIDERED AND INCLUDED KMTF IN ITS OFFER FOR KTVH AS A VALUE ADDED ASSET TO KTVH. NO PROSPECTIVE PURCHASER CONSIDERED OR EXPRESSED INTEREST IN KMTF AS A STAND-ALONE PROPERTY.

7. BASED ON OUR PROFESSIONAL EXPERIENCE, THE CURRENT PROSPECTS FOR FINDING PURCHASERS OF STAND-ALONE CW PLUS AFFILIATES IN VERY SMALL MARKETS IS EXTREMELY NEGLIGIBLE. THE CW PLUS PROGRAM IS NOT STRONG ENOUGH TO SUPPORT A THRIVING STAND-ALONE STATION UNDER MOST CIRCUMSTANCES, AND MOST CERTAINLY IN A MARKET AS SMALL AS HELENA. STAFFING, PROGRAMMING, AND OPERATIONAL COSTS WOULD BE PROHIBITIVE IN A MARKET OF THIS SIZE.

8. IN LIGHT OF THESE FACTS, IT IS OUR BELIEF, BASED ON OUR KNOWLEDGE OF THE MARKET AND THE MARKETING PROCESS WE UNDERWENT, THAT KMTF-TV COULD NOT BE SOLD ON A STAND-ALONE BASIS.

EXECUTED ON THIS 14TH DAY OF MAY, 2014


FRANK J. HIGNEY
VICE PRESIDENT

Attachment D

KMTF (A Broadcasting Station)

SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS

FOR THE YEARS ENDED 2011, 2012, 2013

(Unaudited)

	2011	2012	2013
Cash Receipts:			
Advertising Revenue	\$ 72,967.96	\$ 93,777.35	\$ 90,456.00
Cash Disbursements:			
Advertising	275.00	2,824.81	367.10
Bank Service Charges		34.00	136.00
Commissions	8,685.80	9,692.22	14,284.08
Dues & Subscriptions	3,321.00	2,950.00	1,283.00
Equipment-Small	1,230.12	2,301.84	288.64
Insurance	54,513.26	58,996.30	59,179.33
Interest Expense		83.62	918.64
Internet	451.82	1,664.78	1,095.36
Licenses, Filing Fees, Taxes	5,270.00	4,650.00	5,290.00
Meals & Entertainment	1,125.91	1,900.99	1,505.52
Mileage reimbursement	1,320.00	1,320.00	1,320.00
Music License	3,403.00	2,719.00	2,727.00
Office Supplies	6,436.64	3,524.75	4,130.80
Outside Services	18,439.19	1,886.79	1,667.98
Payroll - Taxes	9,939.14	9,565.00	9,804.83
Payroll - Wages	89,815.08	94,874.00	101,604.00
Payroll - Preparation Fees	1,234.00	1,382.00	
Postage	107.74	238.00	64.93
Programming	18,183.19	30,026.84	25,154.21
Prof. Meetings & Education			43.99
Legal and Professional	43,329.65	55,237.28	42,433.93
Promotion	1,047.91	2,075.58	1,065.98
Refunds	212.50	1,190.00	221.00
Research - Legal	2,109.00	1,915.34	1,573.00
Research - Market	25,897.36	26,508.64	24,273.00
Rent	7,200.00	7,200.00	7,200.00
Repairs and Maintenance	225.00		
Returned Check		200.00	
Shipping	53.24		
Storage	875.06	1,050.00	1,050.00
Taxes	850.00		
Telephone	3,078.39	4,048.00	4,295.03
Traffic Expense	9,227.47	11,627.99	12,202.04
Travel & Auto	1,748.83	2,708.03	1,943.30
Total Expenses	319,605.30	344,395.80	327,122.69
Revenues Less Expenses	(246,637.34)	(250,618.45)	(236,666.69)

This Schedule is for Management Use Only