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Standard accounting for broadcasting stations

National Association of Broadcasters

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**THE
NATIONAL
ASSOCIATION
OF
BROADCASTERS
INCORPORATED**

**11 West 42nd Street
New York City**



**Standard Accounting
for
Broadcasting Stations**



August 15th, 1929

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10

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FOREWORD

YOUR Committee on devising a standard accounting practice for broadcasting stations, submits the information contained in this folder, with two purposes in mind, first, that for which the Committee was appointed and, second, with the hope that the members of the National Association of Broadcasters will break down their present accounts for the first six months of 1929 to fit the various classifications set up in the forms outlined.

Upon receipt of these, it is proposed to make an analysis as explained herewith, the preliminary data of which it is hoped will be ready for the annual convention this fall.

Broadcasters may be definitely assured that individual figures from any particular stations will in no way be divulged, but that the data which will be available will be the result of a careful study of the returned questionnaires, as a whole.

You can help your Association, as it is attempting to help you, by returning the questionnaire, which is part of this booklet, to the chairman of the Committee no later than September first.

Do your part and the Association will do its.

INTRODUCTION

UP to the present time it has been practically impossible for one broadcaster to make a comparison of operating costs with those of a fellow broadcaster on any basis other than gross operating cost, revenue and net operating costs.

To cite the operating costs of one individual station, expecting to compare them with the costs of another station, and get anything but a most superficial benefit, is, under present conditions, and very likely under any conditions, just expecting too much.

There are too many factors which make such comparisons impractical and inadvisable; stations operate at various powers; on various frequencies; for various numbers of hours. All of these conditions have their given effects on operating costs. Location, too, enters the picture, namely, whether a station is located in a large metropolitan area and subject to considerable competition, or whether it is located in an area of few stations where talent in quantity is not available, and the listener does not expect the high caliber of programs rendered from the larger metropolitan centers.

Therefore, we may find ourselves comparing two 1,000 watt stations, one in New York City and another one in Podunk, with the New York station of necessity spending far more money than the Podunk station. If the Podunk station attempts to make any comparison with the costs of the New York station, or vice versa, neither would be ahead very much.

Until stations adopt a uniform set of account classifications no one will know what the other fellow is including in any set of figures.

One broadcaster of a 1,000 watt station says he spends \$25,000 a year for salaries. The next broadcaster, who also has a 1,000 watt station, says he is spending \$75,000. When we make a further analysis of both figures, the first broadcaster says, "No, I do not include musicians' salaries in that figure. I put such expense under program expense." The second broadcaster says, "Sure, I include talent, even that which I hire for commercial programs, under salaries. My total salaries for talent are \$60,000." Thus we find that our first friend has an actually bigger payroll for

operating expenses than the second. Still, we do not know whether the \$60,000 is salaries at all. Maybe most of it is money paid musical talent hired when the station needs it, and very little for musicians or the permanent staff. In such an event we still don't know the actual salaries. Even if we did, they would mean little unless divided between operators, musicians, etc.

It is this variation of opinion and lack of uniformity which has led the National Association of Broadcasters to an attempt at setting up some guide whereby all stations will use the same methods of allocating costs to various standard classifications.

With this in mind, there has been outlined a system of accounts which we believe will serve the majority of broadcasters with but few minor changes.

The system as outlined allows for an elaboration or contraction of minor sub-classifications in either case still giving an opportunity of comparing costs of major items of one station with those of another.

Any analysis of costs of operating radio stations must be based on a reasonable division of type of stations, and for this purpose it is proposed to divide the study into the following groups:

POWER—Watts	OPERATING TIME	HOURS	
Less than 500	} 1. Ltd. to Daytime	} Hours	
			} 2. Unlimited
500 to 1000	a. Full Time	16 and Over	
1000 to 5000	b. 1/2 Time	10 to 16 Hours	
5000 to 10000	c. 1/3 Time	5 to 10 Hours	
10000 to 25000	d. Less than 1/3	Less than 5	
Over 25000	Time		

As the chart shows, the completed study will show a section devoted to stations of less than 500 watts, which will be first divided to show figures for those operating during daylight hours only. As it is felt that most such daylight stations operate under approximately the same conditions, no further division is contemplated.

The second division will show stations operating full time. This group will be divided further to show statistics for those on the air 16 or more hours per week, 10 to 16, 5 to 10, and less than 5.

The same study with its major and subdivisions is

contemplated for stations of 500 to 1000 watts, 1000 to 5000 watts, 5000 to 10000 watts, 10000 to 25000 watts.

While it is recognized that net operating costs may fluctuate considerably, depending on whether the station is on a local, regional or cleared channel, and if on regional or cleared, the frequency it operates on, due to revenues being greater for stations operating on easily heard frequencies, we are of the opinion that net operating costs should not be, at this time, as paramount as the setting up of a uniform cost system, and a comparison of the gross operating costs, with a minor study only of revenues and net costs.

The study will make a further division as between stations operating as one unit, that is, stations where the transmitter and studios are within the same building, and those stations operating these two units from separate locations.

The proposed accounting set-up is based on the idea that all stations will adopt as accounting classifications the major and sub-headings. The further detailed accounts, while highly desirable, it is expected will not appeal to some of the smaller stations whose annual gross expense is less than \$25,000.

In endeavoring to arrive at a method of accounting for radio stations, the use of which will result in a comparison of costs of stations of various types and classes, the first thought that comes to mind is the difference between two types of stations, namely:

1. Those operated by a corporation having no other affiliations than the operation of the radio station; and
2. Those stations operated by corporations as part of their advertising or promotion programs.

These latter stations will, of necessity, find their accounting systems involved because there is no question but that certain expenses which Class 1 stations will have to bear will, in many cases in connection with Class 2 stations, not exist or, if they do, they will be transferred charges from the books of the parent company.

Among these, as an illustration, is the matter of rent. A station owned by a corporation, having as its object nothing else but the operation of the radio

station, will, of necessity, have to pay rent for its studio, offices, etc., except in isolated cases where reciprocal arrangements with hotels or some other institutions are made, in which case it is suggested that the station place on its books a reasonable charge as rent for the space occupied, and credit itself under Revenues with a like amount as moneys received for the services rendered, in return for the space occupied. In this way a more accurate comparison will be possible when the costs of stations are compared with those of stations which have to actually pay rent. We believe it is safe to say that the majority of stations operated as Class 2 stations will not be taxed with any items classed as rent by Class 1 stations. Neither, do we believe, will most of Class 2 stations be charged with executive management, by which we mean that portion of the time of the executives of the parent corporation devoted to the supervision of the radio station. True, the station will probably have a manager, a business manager and/or sales manager. Yet these people will probably have no connection with the parent company, and would not be employed by the parent company were it not for the radio station.

Therefore, in setting up a system of accounts, these factors must be taken into consideration, plus the further fact that stations operated as Class 2 stations will undoubtedly wish to keep their accounts in such a way that they may know at any time exactly what the parent company is actually spending for radio. In other words, were Class 2 stations charged directly with all of the accruing costs, such as their proportion of executive management, rent, etc., the figure would not be a true figure as to what radio is costing the parent company, because unquestionably the costs charged indirectly to the operation of the radio station would have to be borne by the parent company anyway.

AN EXPLANATION OF DIRECT AND INDIRECT EXPENSES

IN the following explanation of account classifications, we find as three major divisions:—

Salaries (Being salaries paid to regularly employed full time staff, and not including any moneys paid to talent either for sustaining or commercial programs, which talent is not on a full time basis.)

Current Expenses (Being everything exclusive of salaries of regular full time employes.)

Revenue:

Salaries and current expenses are each again divided into two groups:—

1. Direct Expenses
2. Indirect Expenses

This division is made for the benefit of stations operated by corporations whose principal purpose is of a nature other than broadcasting, and where in such cases certain of the expenses of the parent company are used in behalf of the station, yet which expenses would, regardless of whether the company operated a regular staff or not, still be part of the costs of the parent company.

As an example, let us assume that the John Doe Company is a manufacturer of laundry soap. It operates radio station XYZ and the company owns a building which it has owned for some time and on it pays maintenance, depreciation, insurance, heat, light, power, etc. When it decides to operate a radio station, it sets aside part of the space in the building, which has been used for other purposes, for studios and radio staff office. The transmitter, however, is housed in a new building located at a distant point.

On the basis of this set-up, the cost of the transmitter building, its maintenance, depreciation, insurance, etc., is a direct cost, chargeable to the operation of the radio activities. Let us assume that the company hires John Smith as manager of its radio activities. It is self evident that if the company did not operate a radio station, it would not need a manager of radio activities; therefore, John Smith's salary is chargeable as a direct expense under Managers and Assistants. However, we find that Jim

Jones, who is the vice-president of the John Doe Company, and has been such for some time, in connection with his other duties on behalf of the John Doe Company, keeps a guiding hand on the activities of the station and directs its policies, etc. It is self evident that Jim Jones would still be in the employ of the company, whether it had a radio station or not, and for that reason a proportionate amount of his salary would be chargeable to Indirect Radio Expense under Officers and Executives.

To illustrate further: The parent company having had its own building, and paid its maintenance costs, taxes, etc., is not involved in any additional expense by letting the radio station use certain parts of the building. However, proportionate charges should reasonably be made in some way against the radio station, and therefore, under this set-up are chargeable as Indirect Expense. The cost of building studios and furnishing them is something else due entirely to radio, and therefore chargeable as a Direct Expense.

The John Doe Company might possibly be also operating a central stenographic bureau. This bureau has been operated by the company for a number of years, but since the inception of a radio station it does some of the work for the radio division. The service charge for that portion of the work done for the radio division would, under this set-up, be charged as an Indirect Expense.

A careful study of the set-up will show that there are possibly other classifications in which expenses may be charged both direct and indirect, and those stations operated in such a way as to use the direct and indirect system will of necessity have to determine, when setting up the entire accounting system, which items shall be charged under the two divisions. It can easily be seen that such a system will give the John Doe Company at any time not only the total costs of its radio activity, but also, by deducting the charges against Indirect Expense, the John Doe Company will know exactly how much money it is spending over and above its operating costs, to operate a radio station; or, in other words, if it decided suddenly to cease its radio activity, how much money it would save.

Stations operated by a corporation organized ex-

clusively for the operation of the station need, of course, not pay any attention to the Indirect division. Any classification in the Direct division may, of course, apply to the Indirect division at the discretion of the station manager, provided it is for an expense which the parent company would have to incur even though it did not operate a radio station. It may develop that some radio stations operated by parent companies, as illustrated above, may not draw on the parent company in any way, shape or manner, and, if this is the case, they will undoubtedly disregard the Indirect classification.

It is for this reason that the major classifications are repeated under what is termed Indirect Expenses, these items being set up to provide Class 2 stations with a place to charge so-called transfer charges from departments of the parent company to the radio station operating costs, yet in such a way as to permit at any time to strike a total of direct expenses, namely, those directly incurred by the radio station.

THE ACCOUNT CLASSIFICATION ANALYZED

Where stations find various employees performing work under two classifications, it is suggested that their salaries be "split" between such classifications and charged accordingly. This will result in a far more accurate record of expenses for each classification.

Where this is done, fractional figures based on the amount of the total salary charged to each classification should be shown under number of employees.

In Salaries, seven major classifications have been set up as follows:

- Executives
- Commercial Staff
- Technical Staff
- Musical Staff
- Studio Staff
- General Office Staff
- Sundry

These major classifications are self-explanatory, and it is self-evident that individual stations may not have staff members whose salaries are chargeable to some of these classifications.

EXECUTIVE STAFF

A station operated by a parent company would probably not have any officers and executives of the radio station, and therefore would have no charges against this classification, but if it had a manager of the radio station, his salary would be charged to Managers and Assistants. While, if any officers or executives of the parent company divided some of their time with the radio activities, their salaries would be charged to Indirect Officers and Executives.

Officers and Executives:

For stations operated as a separate corporation, the salaries of any officers and executives are chargeable under this classification. Stations operated by a parent company will have no charges against this classification.

Managers and Assistants:

This classification has been set up to take care of the salary of any employees who are exclusively the managers of the station or assistant to the managers, and whose duty in line with the above explanation is actually the management of the station.

COMMERCIAL STAFF

Under this major heading should be charged all salaries which are involved with the selling of time and the handling of its details to the point where it is put on the air. Again the reader is reminded that only such salaries should be charged here of employees whose major duties are involved in this work. If a man sells time on the air but his major duty is announcing, his salary should be split accordingly.

Supervisors and Sub-Managers:

This classification has been set up to take care of the salaries of the manager of the commercial department of the radio station, and any assistant he may have whose major duties are to supervise the sale of time, the solicitation, etc.

Salesmen's Salaries:

This classification is set up to take care of the salaries of salesmen who are on a full time salary basis.

Salesmen's Commissions:

This classification is set up to take care of charges

against the station for salesmen working on an exclusive commission basis. Where men work on a salary and commission basis, it is desirable that they be classified as Commission Salesmen because undoubtedly the salaries are guarantees and the commission is paid on business over and above a certain amount.

Continuity Writers:

This classification is set up to take care of the salaries of any employees exclusively hired to write continuity for commercial accounts, not for station sustaining programs. Again attention is called to the fact that if an announcer or a supervisor does some continuity writing, but his major job is announcing, or supervising, his salary should be split.

Secretaries and Stenographers:

This classification is self-explanatory.

Agency and Representative Commissions:

Under this classification should be charged the commissions the station pays to agencies or special representatives.

TECHNICAL STAFF

This major classification has been set up to take care of the salaries of all of the technical men, as shown by the sub-divisions.

Supervisors and Sub-Managers:

This classification is to take care of any employes whose exclusive time, or the major portion of whose time is devoted to supervising or managing the technical staff. It is for the chief engineer whose entire time, if the station had such, was devoted to supervision. If, in addition to a chief engineer, the station maintained an assistant chief engineer whose duty, we will assume, would be to supervise studio and remote control operators, his salary would be charged here.

Transmitter Staff:

Under this classification should be charged all transmitter operators, in other words, licensed men except those operators whose prime duty may be studio and remote control, and who may just incidentally act as relief at the transmitter.

Studio and Remote Control Operators:

This classification covers men employed at the central board or at studios, and men employed to operate so-called remote control stations.

Telegraphers:

It is doubtful whether this classification will apply to many stations as it is set up to cover only men exclusively employed as telegraphers either on a connection with chain programs or to take care of operating Western Union wires for the receipt of baseball and football play-by-play games.

Maintenance Staff:

This classification has been set up to take care of the salaries of men employed by stations for the maintenance of speech input equipment, or the building of new equipment. Again, if this work is done by men, some of whose major duties fall under one of the other classifications, their salaries should be split.

Caretakers, etc.:

This classification is set up to take care of the salaries of labor hired to maintain studio buildings, take care of the lawns, etc., for the transmitter building, as well as the building itself. Janitors, cooks, waitresses, too, are to be charged here.

MUSICAL STAFF

This classification is self-explanatory and under this major heading are to be included all salaries involved in permanent musical staff. Salaries paid to incidental artists are not considered salaries in this set-up, and are to be charged as a current operating expense, either under advertiser's program expense or local sustaining program expense.

Supervisors and Sub-Managers:

This classification applies here as it does in any of the other groups, namely, to take care of salaries of persons exclusively employed as supervisors and assistants in connection with the musical staff.

Permanent Musicians:

This classification is set up to take care of the salaries of all musicians who are permanently on

the staff and paid a salary for regular full-time work. It should not include moneys paid to what might be termed "transient artists" although they may be appearing regularly at the station, but such appearances being only once or twice a week, or less.

Permanent Vocalists:

This is to take care of anyone on the permanent staff of vocalists, and is not to include any moneys paid to vocalists for irregular appearances.

Librarians:

This classification is to take care of salaries of any persons employed as librarians for the music library. If this work is done by any of the musicians, vocalists, or supervisors whose duties also place them under one of these classifications, then their salaries should be split.

STUDIO STAFF

This major classification is set up to take care of the charges for any of the employees involved in studio work other than that of a technical nature.

Supervisors and Sub-Managers:

This classification has been explained above, and applies equally well here. If the chief announcer or supervising announcer does more announcing than supervising, he should be classified as an announcer.

Announcers:

This classification is set up to take care of announcers' salaries. If some announcing is done by members of the staff whose salaries are charged in other places, their salaries should be split. This classification does not take care of guest announcers on commercial programs, which should be charged to Advertisers' Program Expense.

Hostess:

Where stations maintain a studio hostess or a reception room hostess, such salary should be charged here.

Sustaining Program Continuity Writers:

Set up for those hired, if any, to write sustaining material.

GENERAL OFFICE

This takes care of the general routine office salaries.

Supervisors and Sub-Managers:

Salaries to be charged here are in accordance with explanations made previously.

Information Clerks:

This classification is to take care of any information clerks, and should not be confused with hostesses.

Office Clerks:

This classification takes care of office help regularly employed, but not stenographers:

Secretaries and Stenographers:

This classification is self-explanatory.

SUNDRY

No doubt various stations will have sundry salaries of one kind or another, which will not come under any of the major classifications or their sub-classifications.

Bonuses:

This classification has been set up to take care of any bonuses which may be paid at the end of the year for good work or other reasons. If such bonuses are paid, it would be unreasonable to charge them to the classifications under which the employees to whom they were paid come, for the simple reason that it would not show the true cost of those particular classifications.

Extra and Overtime:

This classification is to take care of any extra salaries or overtime salaries paid to regular employes, except that it is suggested not to charge here overtime to permanent staff musicians. It is rather a minor sub-division to take care of overtime paid to operators, office help, etc.

Vacation Replacements:

This classification is to take care of any moneys paid to persons temporarily employed, who are replacing any of the permanent staff members while

on vacation with pay. If such salaries were charged to the classification of the employees to whom they are paid, that classification would not show a true cost.

Temporary Miscellaneous Help:

This classification is to take care of any short time help employed in connection with some special stunt or event.

For those stations adopting the indirect classification of expense, any of the above classifications and sub-classifications naturally will apply. In the suggested outline, those which we believe will most logically apply have been listed.

We now come to the classifications known as Current Expenses. These again are divided into Direct and Indirect and, as in the matter of salaries, the classifications which will be carried over from direct to indirect will depend largely upon the situation among individual stations. Those shown in the outline are suggested as the most common.

OPERATING MATERIALS AND SUPPLIES

Operating materials and supplies as set up by this classification are such materials and supplies used in the operation of the mechanical end of the station. This classification does not take any major equipment, such as microphones, amplifiers, generators, etc., which items will naturally be capitalized and written off at a given rate of depreciation. The materials and supplies classification takes any such minor new materials and supplies as tubes, dry batteries, head phones, patching cords, etc. It does not take any tubes which are replacements on tubes already in use, nor batteries which are replacements in batteries already in use, nor parts of amplifiers or other equipment which are to replace old or worn out parts. Where a station buys the necessary material to build an amplifier themselves, such miscellaneous parts would be chargeable under this classification.

Under materials and supplies there have been written three classifications of experimental work. These will apply only to stations doing experimental work of this kind in a minor way. It is supposed that

where anyone carries such experiments on to an extent where they become items of a substantial nature, the expense will be kept in a separate budget, as this type of work really has nothing to do with the current operation of a broadcasting station. There are, however, some stations who are doing a little experimenting in this line, and for such, where it is done by the technical staff of the broadcasting stations, we have included the first three classifications.

Experimental—Television:

Under this classification would be chargeable such materials and supplies purchased to build small equipment and make experiments in television and photo transmission, etc.

Experimental—Re-Broadcasting:

This classification should be used for charging any materials and supplies used in carrying on or experimenting with re-broadcasting.

Experimental—Amateur:

Many stations supply their operators with an amateur set, and any materials and supplies purchased in connection with such experiments should be charged to this classification.

Transmitter Materials and Supplies:

This classification contemplates any minor supplies purchased in connection with the transmitter, the rotating and rectifying equipment, antenna and ground systems, as this entire set-up is based on considering the antenna and ground system, the rotating and rectifying equipment as part of the transmitter. The set-up does not contemplate that the speech input equipment at a transmitter located from the studio is part of the transmitter, but considers such speech input equipment on a par with studio input equipment. Major items will, of course, be capitalized.

Speech Input and Remote Control Materials and Supplies:

This classification is to take care of the new materials and supplies purchased for studio input, new transmitter speech input and remote control parts, which are not capitalized.

General:

This is a miscellaneous heading under which such items used in the mechanical end of the station and for which it is impossible to find another suitable heading. Stations desiring to elaborate on the above set-up may do so by carrying on the code numbers up to 99.

Office Expense:

Under office expense there are chargeable all the expenses used in the office end of the broadcasting station.

Letterheads and Envelopes:

As this is a major item with many broadcasting stations, a separate classification has been set up for letterheads and envelopes.

Music Library:

To this is to be charged all music, orchestrations, transcriptions, etc.

Newspapers, Magazines and Books:

This classification is self-explanatory. To it are to be charged subscriptions to all newspapers, magazines and books purchased by the stations other than books which are part of the music library.

Postage:

This is self-explanatory.

Printed Matter and Form Letters:

In setting up printed matter and form letters in this outline, it must be remembered that in Current Expenses we are dealing only with expenses for the operation of the station. Any Printed Matter and Form Letters used of a promotional nature, such as advertising the station to advertisers, promotional souvenir cards or things of this kind, are based on this set-up termed "Promotion" and will be discussed later. This classification takes care of printed matter and form letters used in the current operation of the station, such as program forms, form letters of acknowledgment, operators' schedules, program schedules, etc.

Stationery and Office Supplies:

Letterheads are not considered stationery, and

therefore to this classification is chargeable all stationery and other office supplies.

Services, Fees, Licenses, Insurance:

These items have all been grouped under one major heading, as they are all somewhat similar, being expenditures which all fall in the same class.

Advertisers' Program Expense:

This classification has been set up to take care of any expense which the station becomes involved in in putting on commercial programs, which expense is charged back to the advertiser. Most stations have a separate charge for their time on the air, but do expend money for advertisers' programs and add this to their bill. To this also would be charged any music purchased for advertisers, or any orchestration made. The account will in many cases not balance with the revenue account called "Advertisers' Program Services" for the simple reason that the majority of stations use some of their permanent talent on advertisers' programs, and charge the advertiser the current rate. Therefore, stations doing this, by deducting the charge of advertisers' program expense from advertisers' program service revenue, will find how much of their regular permanent staff, in dollars and cents, has been thus used.

Chain Sustaining Expense:

This classification takes care of any expense by stations who are on networks for so-called sustaining programs.

Station Sustaining Program Expense:

This takes care of any talent hired for local sustaining programs to round out the permanent staff, which talent is not regularly employed on a full-time basis. Many stations may find that their entire program expense will be charged under this classification.

Business Services:

This classification takes care of subscriptions to business services of one kind or another, such as the Stephenson Bulletin, Heintz Service, or services tending to show the total amount of advertising used by various advertisers, etc.

Association and Club Dues:

This classification is divided into two groups, one, dues tax deductible, and the other, dues which are tax non-deductible. Under the respective headings there are to be charged whatever dues are paid for national associations, managers' associations, etc.

Licenses:

This classification takes care of any licenses paid to authors, composers and societies, American Telephone & Telegraph Co., etc.

Royalties:

This classification takes care of performing rights to individual operas or musical presentations, which are not permanent licenses but are sums paid merely upon presentation of given selections. Under this heading would also be chargeable any accounts paid the American Society of Composers, Authors & Publishers on an hourly basis for commercial programs where station pays a minimum fee as a license.

Legal Services:

This classification is self-explanatory and may, at the option of the individual station, be further subdivided into legal services for representation at Washington and those for libel and slander suits, etc.

Auditing:

This classification takes care of the expense of outside auditors.

Rent:

This applies to stations who have to pay rent. Those stations who do not pay any rent in cash, but who are charged with the space they occupy by a parent company, should charge such cost as Indirect under rent.

Stations having a reciprocal arrangement in return for rent, it is suggested, charge themselves with a reasonable amount of rent as a Direct expense, and credit themselves with an equal amount under Revenues, as revenue received for services rendered. This will allow for a more accurate comparison of costs when all the questionnaires are returned.

Electric Light and Power:

This takes care of electric light and power, and if stations care to have it divided between the stu-

dio building and the transmitter building, this is easily possible by a further subdivision.

Fuel, Gas and Oil:

This is self-explanatory and again may be further divided for those stations desiring to do so.

Water:

This is self-explanatory.

Broadcasting Circuits:

This classification is set up to take care of the cost of all circuits between studios and transmitter, or studios and remote control points, and to this should not be charged ordinary house telephone service or long distance calls.

Telephone and Telegraph Tolls:

This classification is exclusively for regular telephone service charges, long distance charges and telegraph tolls, and to it should not be charged telephone lines used for broadcasting purposes or for monitoring purposes.

Cartage, Expressage and Freight:

This is self-explanatory.

Taxes:

This classification may be further divided to take care of taxes on transmitter and buildings, and another division for studio and buildings.

Insurance:

As will be noted, seven typical examples of insurance have been listed. Some stations may not use all of these; others may use more.

Servicing Labor:

This classification is to take care of such minor labor the cost of which cannot be charged to any other heading. It might include an interior decorator for some minor work, etc.

Artists' Bureau Expense:

This is to take care of any extra moneys paid to permanent staff or artists for services rendered, where the station rents talent to theaters, clubs, etc. Undoubtedly the stations doing this charge the artists a customary service fee, and therefore the total money paid to artists for this work should be

charged here and the total received should be credited to the Artists' Bureau revenue fund. The difference at the end of the year will be the profit that the station has made on this work. Also charge here cost of operating such a service.

Public Address Expense:

This account is to take care of any and all expenses for those stations operating a public address system, either for their own use or for renting purposes. Total expenses should be charged here, and if there are any revenues, they will be credited under the proper heading for revenues.

Field Expense:

This classification is set up and called Field Expense because most of the expenses are not incidental to actual operation.

Auto Expense:

To this should be charged any moneys paid to any of the staff members for the use of an automobile or the running expenses of automobiles owned by the station. The original cost of such automobiles owned by the station will, of course, be capitalized and depreciated under the Depreciation account.

Carfare and Taxis:

This account is to take care of any carfare, taxi fares, which may be paid either to staff members or artists.

Station Building Maintenance:

This classification is to take care of any maintenance costs, other than salaries, for the station building. It may be janitor service, window cleaning, maintenance of landscape, laundry, etc.

Studio Maintenance:

This classification covers the cost of studio maintenance, including salaries such as piano tuning, etc.

Office Building Maintenance:

This classification would apply to stations who own the building in which the studios are located, provided the entire building is used for the studios.

Station Staff Maintenance:

This covers the cost of food for the operators, personal linen, etc.

Traveling:

This is self-explanatory.

Promotion Expense:

Many stations may not agree with this set-up in the matter of Promotion Expense. In setting up this outline, we believe that all of the expenses should be kept on the basis of actual operating expenses, and any expenses incurred in popularizing the station in contests, or clubs, or advertising, should be called Promotion Expense.

Circulars and Printed Matter:

Under this classification there would be chargeable circulars detailing the popularity of the station, which are sent to advertisers, and any other printed matter of a similar nature.

Cups, Medals and Prizes:

Under this classification would be chargeable such minor prizes as do not involve any extended contests.

Entertainment:

This is self-explanatory.

Art Work, Cuts and Photos:

Under this would be chargeable any work, as indicated by the heading, for pictures or cuts or art work to be sent to newspapers and trade papers, or to be used in circulars and printed matter of a promotional nature.

Billboards, Posters and Signs:

Self-explanatory.

Car Cards:

Self-explanatory.

Club and Organization Expense:

This classification is to include the operating costs of any club or organization that the station might maintain. In connection with this, it is intended that all of the costs pertaining to such a club or organization will be chargeable here, even though they might involve some cups or medals or some advertising, etc., thus giving the station at the end of the year a figure representing the total amount it had spent for this type of work.

Contests:

This would cover expenses in contests as outlined for club and organization expense.

Form Letters and Inserts:

These will be form letters of a promotional nature used in popularizing the station with advertisers, etc.

Miscellaneous:

This is self-explanatory.

Movie Trailers:

This is self-explanatory.

Newspaper Advertising:

To this would be charged any moneys paid by the station for newspaper advertising.

Publication Advertising:

To this would be charged any moneys used for advertising publications on the assumption that any such advertising would be used to promote the popularity of the station.

Publicity Service:

To this would be charged any expense involved in getting out a weekly program service to newspapers or press services, or any special publicity stories.

Special Stunts:

This is a general heading to take care of any special stunts the station might put over.

Repairs and Renewals:

The general heading of repairs and renewals is not only divided into several major classifications, but the major classifications are again subdivided. The major classifications are as follows:

Transmitter Operating Equipment:

This again is divided to take care of renewals on tubes, condensers and resistances; rotating and rectifying equipment; wiring; miscellaneous. Stations may desire to add even more subdivisions.

Studio and Speech Input:

This item is again subdivided for amplifier tubes, rectifier tubes, microphone repairs and miscellaneous.

Studios:

This has been subdivided into two classes: Repairs and renewals to acoustic treatment, and miscellaneous.

Office Building:

This is for use by stations owning their own building, exclusively used for studios and offices. This has been subdivided into elevators, heating, lighting, ventilation, miscellaneous.

Station Building:

This is for the transmitter building and has been subdivided into heating, lighting, ventilation, miscellaneous.

Miscellaneous:

This is to take care of any miscellaneous repairs and renewals not chargeable to any of the other classifications, and stations will have to make their own subdivisions if they wish them. Primarily it will cover repairs and renewals to office equipment.

Sundry:

Under the Sundry classification there are only four headings set up, namely:

Remodeling and Rearranging:

This has been divided into studios and business office, and another for transmitter house.

Miscellaneous:

This is a general miscellaneous heading for any miscellaneous expense.

Donations:

This has been subdivided for tax deductible donations and tax non-deductible donations.

Officers and Executives Expense:

Unless stations are a separate corporation, and have a set of officers and executives whose major duties are not included in any of the other salary groups, this classification will not apply. Where it does, it covers the expense which officers and executives will incur in entertaining guests, artists, etc. It will not include traveling expense.

Depreciation:

In the Depreciation account we have listed what we believe to be an ideal rate of depreciation on vari-

ous items, but this should not be taken as the Association's official recommendation, as a separate committee is now working on this and will report their recommendations at a later date.

Buildings:

This has been subdivided into foundations and buildings, for insurance purposes, and the rate has been set, with the average for buildings of this type at $3\frac{1}{2}\%$ per year.

Land Improvements:

It is contemplated that Land Improvements will include fences, walls, driveways, sidewalks and landscaping, for all of which the rate of depreciation has been set at 10%, except on walls, which has been set at 15%.

Building Equipment:

Building equipment contemplates only the bare building, with its electrical wiring, ventilating, heating and plumbing. It does not include furnishing, or any special wiring for installation of transmitter or studios. The rate of depreciation has been set at 15%.

Operating Equipment:

The Operating Equipment has been divided into—first, transmitter and accessories, 25%; second, transmitter wiring and installation (being confined to the installation inside the building) 25%; third, towers, 10%; fourth, ground system, 10%; fifth, speech input at studios, 25%; sixth, speech input at transmitter, 25%; seventh, portable amplifiers, 25%; eighth, microphones, 30%; ninth, storage batteries, 50%; tenth, frequency measuring equipment, other than heat controlled crystals which are part of the transmitter, 25%; eleventh, loud speakers, 50%.

Sundry:

The Sundry account has been divided into house furniture, that is, transmitter furniture, 15%; office furniture, 15%, which is to include studio furniture as well, unless stations care to make a separate division; office equipment, 15%.

For the Indirect Expenses, stations will have to pick up such items from the Direct Expenses as will apply. The outline gives what we believe is a logical set-up.

REVENUES

Revenues have been divided into eight different accounts, and some stations will probably find even more than this.

1st—Departmental Credits:

This would apply to stations selling time to departments of the parent company, for which they are paid in a transfer on the books.

2nd—Advertisers' Program Revenue:

This is revenue paid back to the station by advertisers for money spent for talent, orchestrations, music, etc.

3rd—Advertisers' Service Revenue:

This is revenue received by the station, based on its card rates for time.

4th—Chain Revenue:

This is self-explanatory.

5th—Remote Control Revenue:

To this account would be credited any revenue from hotels, restaurants, etc., which are based on the payment of line costs, but which do not pay the card rates.

6th—Artists' Bureau Revenue:

This is a revenue account for those stations who rent out their permanent talent to theaters, concerts, etc.

7th—Public Address Revenue:

This is an account for any revenue coming to stations by reason of renting out public address systems, etc.

8th—Sundry Revenue:

THE EXPENSE ANALYSIS SET-UP

DIRECT SALARIES & WAGES

Executive Staff

Officers and Executives
Managers and Assistants

Commercial Staff

Supervisors or Sub-Managers
Salesmen's Salaries
Salesmen's Commissions
Continuity Writers
Secretaries and Stenographers
Agency and Representative's Commissions

Technical Staff

Supervisors or Sub-Managers
Transmitter Staff
Studio and Remote Control Operators
Telegraphers
Maintenance Staff
Caretakers, etc.
Station
Studios
Office Building

Musical Staff

Supervisors or Sub-Managers
Permanent Musicians
Permanent Vocalists
Librarians

Studio Staff

Supervisors or Sub-Managers
Announcers
Hostesses

General Office

Supervisors or Sub-Managers
Information Clerks
Office Clerks
Secretaries and Stenographers

Sundry

Bonuses
Extra and Overtime
Vacation Replacements
Temporary Miscellaneous Help

TOTAL DIRECT SALARIES.....

INDIRECT SALARIES & WAGES

Executive Staff
Commercial Staff
Technical Staff
Musical Staff
Studio Staff
General Office
Sundry

TOTAL INDIRECT SALARIES.....

GRAND TOTAL SALARIES AND WAGES

DIRECT CURRENT EXPENSE

Operating Materials and Supplies

Experimental—Television
Experimental—Rebroadcasting
Experimental—Amateur
Transmitter Materials and Supplies
Speech Input and Remote Control

Office Expense

Letterheads and Envelopes
Music Library
Newspapers, Magazines & Books
Postage
Printed Matter and Form Letters
Stationery and Office Supplies

Services, Fees, Licenses, Insurance

Advertisers' Program Expense
Chain Sustaining Program Expense
Station Sustaining Program Expense
Business Services
Association and Club Dues
 Tax Deductible
 Tax Non-Deductible

Licenses
Royalties
Legal Services
Auditing
Rent
Electric Light & Power
 Transmitter and Transmitter Building
 Studio and Studio Building

Fuel, Gas & Oil
Water
Broadcasting Circuits
Telephone and Telegraph Tolls
Cartage, Expressage and Freight

Taxes

Transmitter Building
Studio Building

Insurance

Autos
Burglary, Fidelity and Explosion
Fire
Group
Liability
Miscellaneous
Plate Glass
Servicing Labor
Artists' Bureau
Public Address

Field Expense

Auto Expense
Carfare and Taxis
Station Building Maintenance
Studio Maintenance
Office Building Maintenance
Station Staff Maintenance
Traveling

Promotion Expense

Circulars and Printed Matter
Cups, Medals, Prizes
Entertainment
Art Work, Cuts and Photos
Billboards, Posters and Signs
Car Cards
Club and Organization Expense
Contests
Form Letters and Inserts
Miscellaneous
Movie Trailer
Newspaper Advertising
Publication Advertising
Publicity Service
Special Stunts

Repairs and Renewals

Transmitter Operating Equipment
Tubes
Condensers and Resistances
Rotating and Rectifier Equipment
Wiring
Miscellaneous
Studio and Speech Input
Amplifier Tubes
Rectifier Tubes
Microphone Repairs
Miscellaneous

Studios
Acoustic Treatment
Miscellaneous
Office Building
Elevators
Heating
Lighting
Ventilation
Miscellaneous
Station Building
Heating
Lighting
Ventilation
Miscellaneous
Miscellaneous

Sundry

Remodeling and Rearranging
Studios and Business Office
Transmitter Building
Miscellaneous
Donation Tax
Non-Deductible
Deductible
Officers and Executives Expense

Depreciation

Buildings
Foundations
Buildings
Land Improvements
Fences
Walls
Driveways
Sidewalks
Landscaping
Building Equipment
Electric Wiring
Ventilating
Heating and Plumbing
Operating Equipment
Transmitter and accessories
Transmitter Wiring and Installation
Towers
Ground System
Speech Input (Studio)
Speech Input (Transmitter)
Portable Amplifiers
Microphones
Batteries
Frequency Measuring Equipment
Loud Speakers

Sundry
Furniture (House)
Office Furniture
Office Equipment

TOTAL DIRECT EXPENSE.....

*INDIRECT CURRENT EXPENSE

Operating Materials and Supplies
Office Expense
Services, Fees, Licenses, Insurance
Field Expense
Promotion Expense
Repairs and Renewals
Sundry
Depreciation

TOTAL INDIRECT CURRENT EXPENSES.....

TOTAL DIRECT COSTS.....

TOTAL INDIRECT COSTS.....

GRAND TOTAL COSTS.....

* Stations availing themselves of the use of the so-called Indirect group should follow the sub-classifications of the major classifications, as shown under Direct, using such of these sub-classifications as they have use for.

REVENUE

Departmental Credits
Advertisers' Program Revenue
Advertisers' Service Revenue
Chain Revenue
Remote Control Revenue
Artists Bureau Revenue
Public Address Revenue
Sundry Revenue

TOTAL REVENUE

NET EXPENSE OR EARNING (Based on Direct Costs)

NET EXPENSE OR EARNING (Based on Total Costs)