

Sunday, June 4, 2023
Truro Vineyards

b/A. (ROCK[®])

Special thanks to:

“The Volunteers,” for jazzing up our meeting: Alex Hay on percussion, Asa Nadeau on guitar, Andrew Staker on sax, and Rod McCaulley on bass.

And to Truro Vineyards for offering a beautiful place for this meeting.

And to Tony Schoener our patient D.P.O. advisor.

AGENDA AND FINANCIAL REPORT

1. Introductions

2. Overview: Why We Are Optimistic About the *Independent*

Why would anyone invest in a newspaper in 2023? One of every four papers in the U.S. has closed since 2005. Researchers are mapping America’s growing “news deserts.”

Our optimism comes from looking closely at those closures. The cause was tremendous consolidation of news organizations in the last two decades and pressure to reach inflated profit targets. Newspapers are not as profitable as they were before the internet. But conversations with publishers of independent community weeklies encouraged us.

While Facebook and Google have eaten a big chunk of daily newspapers’ advertising revenues, truly local newspapers in places where there is economic life and community support are still profitable. The average profit margin of newspapers today is 12 percent of gross revenue. That’s not enough for private equity investors, but it’s enough for small business success.

Our vision for the *Independent*: a newspaper where modest profits and reinvestment in the business support top-notch reporting of stories that matter: our fragile environment, climate change, public health, the arts, the future of this community. We created a hybrid business model that expands our capacity and impact through a nonprofit partner organization — the Local Journalism Project — that supports the educational elements of our work.

It’s working. In its first three years, the *Independent* has won 47 awards in the Better Newspaper competition of the New England Newspaper and Press Association. In 2022, the Indie was named Newspaper of the Year by NENPA among New England weeklies with more than 5,000 circulation.

3. The Indie Is Growing

Circulation. Readers are our reason for being.

This chart shows our circulation growth for the last four years:

PAID CIRCULATION

As of	Subscribers in county	Subscribers out of county	Total subscriptions	Newsstand sales	Total paid circulation
June 1, 2020	1,139	506	1,645	526	2,171
June 1, 2021	2,064	1,228	3,292	974	4,266
June 1, 2022	2,528	1,619	4,147	1,035	5,182
June 1, 2023	2,864	1,796	4,660	1,087 (est.)	5,747 (est.)

Federal regulations require newspapers distributed by the USPS to submit a statement of ownership, management, and circulation on October 1 every year. The chart below shows how the Indie has performed against the competing weeklies, as reported to the Postal Service:

CIRCULATION COMPARISON — 3 WEEKLY PAPERS

Total paid circulation	Provincetown Independent	Provincetown Banner (Gannett)	Cape Codder (Gannett)
Oct. 1, 2020	3,332	2,298	4,452
Oct. 1, 2021	4,551	1,734	3,800
Oct. 1, 2022	5,447	1,121	2,517

Advertising. Local newspapers thrive where there is a local economy.

The chart below shows our advertising revenue growth, with a projection of the 2023 totals based on actual results in January through May of this year:

ADVERTISING REVENUE

	2019 (3 mos.)	2020	2021	2022	2023 (est.)
Display ads	\$27,607	\$236,398	\$371,268	\$451,716	\$770,000
Legal notices	0	29	14,278	34,555	55,000
Classified ads	90	670	1,380	1,755	2,250
Total revenue	\$27,697	\$237,097	\$386,926	\$488,026	\$827,250

One way to assess growth is to look at the number of pages we’re publishing. The more ads we sell, the more pages we have to produce. At the same time, we try to achieve a pleasing balance of editorial and advertising material. The goal we set in our business plan is to reach 40 percent paid advertising. So, we watch the growth of that percentage.

The following chart shows four years of the Indie’s page totals and ad percentage for the period January through May:

PAGES PUBLISHED AND ADVERTISING PERCENTAGE

	Total pages published	Weekly average	Percentage increase	Advertising percentage
Jan-May, 2020	516	24.6	—	21%
Jan-May, 2021	568	27.0	+10%	26%
Jan-May, 2022	652	31.0	+15%	30%
Jan-May, 2023	764	36.4	+17%	32%

Website traffic. It’s trending upward.

Four-fifths of our subscribers get the print edition; only 20 percent are digital only. But traffic to our website is steadily increasing, as the chart below shows:

TRAFFIC ON THE INDIE WEBSITE (provincetownindependent.org)

Two-year comparison	Total sessions (unique visitors)	Monthly average	Total page views	Monthly average
Jun ’21-May ’22	821,426	68,452	1,403,062	116,922
Jun ’22-May ’23	900,275	75,023	1,588,402	132,367
Percent increase	9.6%		13.2%	

Staffing. Good news and bad news.

Our total number of staff members has not changed significantly since we started. The number of reporters, in particular, fluctuates because we add one or two journalism fellows each winter and four or five fellows each June. These fellowships are supported by the nonprofit Local Journalism Project.

We are falling short of our goal of 20 FTE staffers by year five. Our current needs: an arts editor, a managing editor, a part-time photo editor, three full-time reporters, one editorial assistant, an associate publisher. Lack of affordable housing is affecting us and requiring urgent attention.

STAFFING: ONE YEAR AGO, CURRENT, PROJECTED

Staff positions (full-time equiv.)	Publisher, business	Editors	Reporters	Operations & sales	Design & production	Total
June 1, 2022	1	4	3.625	2.25	0.8	11.675
June 1, 2023	1	2.5	4.625	4.25	1.3	13.675
June 1, 2024	3	4	7	4.5	1.5	20

Thanks to increased revenue and new investment, we are making progress on increasing salaries, though they are still far below what is required to live on the Outer Cape.

PAYROLL: ONE YEAR AGO, CURRENT, PROJECTED

	Annual FTE salary range	Median FTE salary	Total annual salaries
June 1, 2022	\$39,000 to \$75,000	\$42,000	\$532,160
June 1, 2023	\$41,000 to \$100,000	\$45,560	\$721,265
June 1, 2024	\$45,000 to \$105,000	\$55,000	\$950,000

Notes: FTE salary range obscures two dynamics: (1) FTE salaries for production jobs requiring technical skills are higher, but those employees are part-time; the highest actual current salary is \$60,000/year. (2) Advertising sales staff add significantly to their base salaries through commissions.

4. Financial Report: The Bottom Line

We believe the Indie will continue to grow if we can recruit the right new people and pay them well enough to keep them here. See profit-and-loss summary below, with projections for the current year. We anticipate a modest profit in 2024, increasing in subsequent years to allow shareholder dividends.

(See table on next page)

PROFIT & LOSS SUMMARY

	2020	2021	2022	2023 (projected)
Income				
Advertising	\$237,097	\$386,926	\$488,026	\$827,250
Circulation	133,531	386,403	498,611	580,000
Grants & gifts	189,745	225,001	216,446	225,000
Miscellaneous	2,361	8,758	8,443	10,000
Total Income	\$562,734	\$1,007,088	\$1,211,526	\$1,642,250
Expenses				
Personnel & benefits	466,446	657,318	792,669	1,040,000
Production, distribution	201,347	259,585	304,082	425,000
General, administrative	74,347	76,233	117,768	150,000
Miscellaneous	30,798	23,204	36,394	45,000
Total Expenses	\$772,938	\$1,016,340	\$1,250,913	\$1,660,000
PROFIT or (LOSS)	(\$210,204)	(\$9,252)	(\$39,387)	(\$17,750)

5. Investors. That’s you.

We launched the *Provincetown Independent* in October 2019 with a five-year plan and a group of 16 accredited investors who bought Series A stock at \$100 per share. We raised \$375,000, which was half of what we thought would be needed for us to break even in year five.

The Covid-19 crisis was a setback in terms of revenue growth but not in terms of our purpose. We kept reporting and weathered the pandemic; many have told us we contributed to the community’s resilience. We have grown as the local economy has recovered.

The need to expand operations, pay higher salaries, and provide better employee benefits has made us revise our estimate of the total investment required for long-term sustainability, from \$750,000 to \$1,125,000.

We are now raising the rest of our start-up capital, offering 6,000 shares of Series C stock at \$125 per share, for a total new investment of \$750,000. (There is also a Series B, with 3,750 shares set aside for an employee ownership program.)

We aimed to raise half of our Series C goal through a Direct Public Offering (also called community investment or crowdsourcing) and half through accredited investors.

So far, we have sold: 3,560 Series C shares, raising \$445,000 as follows:
1,600 shares have been sold to 12 accredited investors for \$200,000.
1,960 shares have been sold through the DPO to 155 investors for a total of \$245,000.



Our priorities for growth of the Independent are:

- Improve and expand coverage of local and regional news and arts in areas of demonstrated interest to readers.
- Build business and management capacity to increase year-round revenue and carry out growth strategies.
- Provide more competitive salaries and benefits to improve our ability to attract and retain outstanding employees — journalists, creatives, and people with business skills.
- Improve our website to make it more engaging and easier to maintain, update, search, and archive.
- Strengthen the company's marketing, including outreach, events, mailings, and special products that reflect our commitment to community building.

6. Election of Series A preferred shareholder director

Why I invested in the Independent

We're probably a few decades late in beginning to recognize the importance to our civic life of a robust, independent media. The vast majority of our "news" is poured, sifted, and twisted through a Rube Goldberg digital apparatus of computer algorithms and psy-op marketing, fueled by nihilistic corporations, unscrupulous advertising, and the darkest money. It filters and perverts legitimate information to get our blood pumping and keep our eyeballs trained on the screen. It crowds out real, nuanced dialog. It amplifies and injects fabrications and wild distortions that encourage us to fear and hate, tapping into an emotional core in order to overwhelm our intellect and our reasoning.

But on our spit of sand on the Outer Cape, a handful of people are playing a critical role in maintaining a semblance of civic life and providing that important component to our democracy. Every week, I pick up the Indie and find a deep dive into a question or issue I have been wondering about. I feel compelled to read the full paper each week out of interest in what's going on and fear of missing something important.

So, it was a public service that the *Provincetown Independent* created a mechanism to allow us to support its work by investing in the paper, an opportunity for symbolic and real ownership of something important and special. It is as important as any charitable donation because it opens our eyes to what we as a community are doing to address those same problems the charities we patronize are tackling. It is as important as any political donation because it holds our political institutions and officials to account, describing, evaluating, lauding, and exposing what our elected officials are doing.

There are a handful of philanthropists leading efforts to preserve the independence and existence our journalistic institutions. So far, though, they are not supporting individual small-town efforts like the *Independent*. But while most of us can't make a six-figure investment in saving our democracy, some of us can commit a few hundred or a few thousand dollars to support a group of people who devote their professional lives to doing the research to provide us with the most important tool of public discourse: local, independent news.

We will all still subscribe, buy copies at the store, give subscriptions to friends and family, and advertise when the opportunity comes up; buying a share of our local newspaper means something more: we are invested.

—Nate Mayo, *Provincetown*