

KHSU-FM RADIO  
A Public Broadcasting Entity Operated by  
Humboldt State University

**ACCOUNTANTS' REPORT AND  
FINANCIAL STATEMENTS**  
June 30, 2010 and 2009



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June 30, 2010

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INDEPENDENT AUDITORS' REPORT

Humboldt State University and  
KHSU-FM Radio

We have audited the accompanying financial statements of the business-type activities of KHSU-FM Radio, a Public Telecommunications Entity operated by Humboldt State University, as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of KHSU-FM Radio's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of KHSU-FM Radio at June 30, 2010 and 2009, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages three through six is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the financial statements of KHSU-FM Radio taken as a whole. The other supplementary information on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements of KHSU-FM Radio. Such information had been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Aycock & Edgmon*

Aycock and Edgmon  
November 18, 2010

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Year Ended June 30, 2010

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**Introduction**

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of KHSU-FM (the Station) for the year ended June 30, 2010. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follows this section.

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement 35, Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities. Note A to Financial Statements further describes the organization and nature of activities of KHSU-FM and the basis of presentation of these financial statements.

The financial statements include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. These statements are supplemented in the annual report by Notes to Financial Statements, required supplementary or statistical information, and this section (the Management's Discussion and Analysis). All sections must be considered together to obtain a complete understanding of the financial picture of the Station.

Balance Sheet: The Balance Sheet includes all assets and liabilities. Assets and liabilities are reported at their book value, on an accrual basis, as of the statement date. It also identifies major categories of restrictions on the net assets of the Station.

Statements of Revenues, Expenses, and Changes in Net Assets: The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and expenses incurred during the year on an accrual basis, and the resulting effect of operations on net assets of the Station.

Statement of Cash Flows: The Statement of Cash Flows presents the inflows and outflows of cash, summarized by operating, capital, financing, and investing activities.

**Reporting Entity**

Note A to Financial Statements describes the relationships between Humboldt State University and its auxiliary corporation, the Humboldt State University Sponsored Programs Foundation, relevant to the operation of KHSU-FM.

**Analytical Overview**

Management is most concerned about revenue and expenses. Combined operating and non-operating revenue increased \$162,153 from \$879,461 in FY08/09 to \$1,041,614 in FY09/10. Underwriting revenue from business and industry remained relatively flat, decreasing only by \$1,021. This suggests that the station's underwriting efforts are performing well in an economic environment that has seen marketing and advertising expenditures by businesses shrink. Membership revenue increased significantly, up by \$73,993 – an increase of 36.4%. This is a reflection of the station's

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Year Ended June 30, 2010

**Analytical Overview - Continued**

more aggressive efforts and additional initiatives to raise more funds from memberships and listener contributions. Investment earnings of the station's endowment have also begun to rebound as the stock market recovers.

Operating expenses increased \$200,720(+22%) for both programming and support services. This reflects higher costs to acquire programming, as well as the impact of recent personnel changes. FY09/10 was a year in which the full annual impact of hires made in FY08/09 was realized. It was also a year that saw redundant management expenses when the station transitioned from an interim general manager to a permanent appointment, resulting in duplicate salaries being paid during the transition period.

Station management expects the cost of acquired programming to continue to rise, and will have to either continue to raise additional funds to handle these costs or eliminate some programs.

The following discussion highlights management's understanding on the key financial aspects of the Station's financial activities. Included are comparative analysis of current and prior year activities and balances; a discussion of restrictions of the Station's net assets; a discussion of capital assets; and factors impacting future reporting periods.

Comparative Analysis of Current and Prior Year Activities and Balances

A summary of key financial statement information is used as a basis for reviewing current year results in comparison with the prior year.

	<u>FY 2008/09</u>	<u>FY 2009/10</u>	<u>Change</u>
<b>Assets</b>			
Current assets	\$ 157,836	\$ 118,904	\$ (38,932)
Noncurrent assets	156,238	150,496	(5,742)
<b>Total Assets</b>	<u>\$ 314,074</u>	<u>\$ 269,400</u>	<u>\$ (44,674)</u>
<b>Liabilities</b>			
Current liabilities	\$ 22,304	\$ 23,574	\$ 1,270
Deferred revenue	29,030	43,328	14,298
<b>Total Liabilities</b>	<u>\$ 51,334</u>	<u>\$ 66,902</u>	<u>\$ 15,568</u>
<b>Net Assets</b>			
Unrestricted	\$ 189,077	\$ 142,136	\$ (46,941)
Capital assets	73,663	60,362	(13,301)
<b>Total Net Assets</b>	<u>\$ 262,740</u>	<u>\$ 202,498</u>	<u>\$ (60,242)</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Year Ended June 30, 2010

**Analytical Overview - Continued**

	FY 2008/09	FY 2009/10	Change
<b>Operating Revenue</b>			
Business and industry	\$ 174,211	\$ 173,190	\$ (1021)
In-kind support	27,268	30,584	3,316
<b>Total Operating Revenue</b>	\$ 201,479	\$ 203,774	\$ 2,295
<b>Non-Operating Revenue</b>			
Membership	\$ 203,210	\$ 277,203	\$ 73,993
HSU appropriations	197,132	195,279	(1,853)
HSU indirect support	135,167	185,987	50,820
CPB grants	152,610	156,607	3997
Other	(10,137)	22,764	32,901
<b>Total Non-Operating Revenue</b>	\$ 677,982	\$ 837,840	\$ 159,858
<b>Expenses</b>			
Programming	\$ 278,266	\$ 312,700	\$ (34,434)
Broadcasting/Technical	124,331	149,129	(24,798)
Fund-raising	157,114	218,462	(61,348)
Management and general	321,273	408,262	(86,989)
Depreciation	20,152	13,303	6,849
<b>Total Expenses</b>	\$ 901,136	\$ 1,101,856	\$ (200,720)
<b>Beginning Net Assets</b>	\$ 284,415	\$ 262,740	\$ (21,675)
Change in net assets	(21,675)	(60,242)	(38,567)
<b>Ending Net Assets</b>	\$ 262,740	\$ 202,498	\$ (62,242)

Resources

Assets of the Station include funds that have legal restrictions placed on their use. Funds may be expendable for a specific purpose or they may be nonexpendable. The following table summarizes which funds are restricted, the type of restriction, and the amount:

**Restricted Funds at June 30, 2010**

Expendable:

OES digital conversion grants	14,419
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Year Ended June 30, 2010

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**Analytical Overview - Continued**

Investments

State University Advancement Foundation ("HSUAF"). HSUAF invests in a portfolio of stocks and bonds with a long-term focus. This investment declined with the stock market turmoil in FY08/09, but began to rebound in FY09/10. At the end of the fiscal year it was valued at \$90,134. This investment has shown additional improvement subsequent to the end of the fiscal year.

Long-term Debt

KHSU-FM, as an individual program within Humboldt State University, has no long-term debt. Obligations of Humboldt State University and its auxiliaries are reflected in those organizations' financial statements and are not meaningful with respect to the operation of the Station.

Factors Impacting Future Periods

Overall economic conditions and financial pressures upon the State of California (which in turn affects the support Humboldt State University can provide) and the federal budget (which will impact Corporation for Public Broadcasting funding) means the Station faces potential decreases in revenue for the next fiscal year and beyond. Humboldt State University has already indicated it will be decreasing its direct support by \$20,000 a year over the next two years.

Countering this trend is the increase in listener support, which reflects the value that the KHSU audience places on the station's success. Management intends to enhance efforts to increase this support in the next year, as well as reduce expenses to operate within the station's means.

The Station also faces some large capital equipment needs over the next several years relating to its transmitters, translators, microwave systems and studio equipment. Management is placing increased emphasis on grants in order to fund some of those equipment purchases. The Station was awarded a \$95,000 grant from the Corporation for Public Broadcasting for digital conversion of its main transmitter. After the fiscal year the station was awarded two grants from the Public Telecommunication Facilities Program of the U.S. Department of Commerce: \$30,000 for an emergency power generator for its studios and \$67,844 for new studio equipment. However, the Station will still need to fund a portion of these costs from fund-raising or operating reserves.

**STATEMENT OF NET ASSETS**

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 76,961	\$ 121,963
Accounts receivable	36,149	26,795
Prepaid expenses	<u>5,794</u>	<u>9,078</u>
Total Current Assets	<u>118,904</u>	<u>157,836</u>
Noncurrent Assets		
Capital assets, depreciated	504,956	533,259
Accumulated depreciation	<u>(444,594)</u>	<u>(459,596)</u>
Total Net Capital Assets	<u>60,362</u>	<u>73,663</u>
Quasi-Endowment	<u>90,134</u>	<u>82,575</u>
Total Noncurrent Assets	<u>150,494</u>	<u>156,238</u>
<b>TOTAL ASSETS</b>	<u>\$ 269,400</u>	<u>\$ 314,074</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 4,216	\$ 1,794
Deferred revenue	43,328	29,030
Accrued salaries and vacation benefits	<u>19,358</u>	<u>20,510</u>
Total Current Liabilities	<u>66,902</u>	<u>51,334</u>
Net Assets		
Invested in capital assets	60,362	73,663
Restricted net assets	14,419	14,531
Unrestricted net assets	<u>127,717</u>	<u>174,546</u>
Total Net Assets	<u>202,498</u>	<u>262,740</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 269,400</u>	<u>\$ 314,074</u>

The accompanying notes to financial statements are an integral part of this statement.

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**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**

For the Years Ended June 30, 2010 and 2009

	2010	2009
<b>REVENUES</b>		
Operating Revenues		
Business and industry	\$ 173,190	\$ 174,211
In-kind contributions	30,584	27,268
Total Operating Revenues	203,774	201,479
 <b>OPERATING EXPENSES</b>		
Program Services		
Programming and production	312,700	278,266
Broadcasting	149,129	124,331
Total Program Services	461,829	402,597
Support Services		
Management and general	421,565	341,425
Fund-raising and memberships	218,462	157,114
Total Support Services	640,027	498,539
Total Operating Expenses	1,101,856	901,136
 <b>OPERATING INCOME (LOSS)</b>	(898,082)	(699,657)
 <b>NONOPERATING REVENUES (EXPENSES)</b>		
General appropriation from Humboldt State University	195,279	197,132
Donated facilities and administrative support from Humboldt State University	185,987	135,167
Corporation for Public Broadcasting Grant	156,607	152,610
Memberships	277,203	203,210
Donations	3,590	-
Investment earnings(losses)	8,085	(13,093)
Other income (expenses)	11,089	2,956
Total Nonoperating Revenues (Expenses)	837,840	677,982
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	(60,242)	(21,675)
 <b>NET ASSETS - BEGINNING OF YEAR</b>	262,740	283,462
Prior period adjustment	-	953
<b>NET ASSETS - END OF YEAR</b>	\$ 202,498	\$ 262,740

The accompanying notes to financial statements are an integral part of this statement.

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**STATEMENT OF CASH FLOWS**

For the Years Ended June 30, 2010 and 2009

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from business and industry	\$ 186,188	\$ 172,020
Cash payments to suppliers for goods and services	(392,190)	(348,848)
Cash payments to employees for service	(470,114)	(448,999)
Net Cash Flows Provided by (Used) by Operating Activities	(676,116)	(625,827)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
General appropriations from Humboldt State University	195,278	192,009
Nongovernmental grants and contracts received	156,496	152,518
Memberships received	264,136	195,724
Special events receipts	9,447	1,650
Other income	3,591	1,680
Private gifts received	1,639	-
Net Cash Flows Provided by (Used) by Noncapital Financing Activities	630,587	543,581
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital assets acquired	-	(9,985)
Net Cash Flows Provided by (Used) by Capital and Related Financing Activities	-	(9,985)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	-	(1,159)
Interest received	527	5,650
Net Cash Flows Provided (Used) by Investing Activities	527	4,491
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(45,002)	(87,740)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	121,963	209,703
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 76,961	\$ 121,963
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Donated facilities and administrative support from Humboldt State University	185,987	135,167
In-kind trades from business and industry	30,584	27,268

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS**

For the Years Ended June 30, 2010 and 2009

	2010	2009
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (898,082)	\$ (699,657)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	13,303	20,152
Donated facilities and administration	185,987	135,167
Prior period adjustment	-	952
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	3,713	(1,737)
(Increase) decrease in prepaid expenses	3,284	(8,024)
Increase (decrease) in accounts payable	2,422	(9,422)
Increase (decrease) in deferred underwriting	14,409	(454)
Increase (decrease) in accrued vacation	(1,152)	(62,804)
Net Cash Used in Operating Activities	\$ (676,116)	\$ (625,827)

**NOTES TO FINANCIAL STATEMENTS**

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June 30, 2010 and 2009

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and Nature of Activities

KHSU-FM Radio (the Station) is operated by Humboldt State University (the University) in Arcata, California, under a license granted by the Federal Communications Commission. All amounts contained in this report are included in the audited financial statements of Humboldt State University, a component unit of the State of California. The Station is part of the University and as such, is exempt from federal and state income taxes.

The Humboldt State University Sponsored Programs Foundation, an auxiliary corporation of the University, provides certain functions for the Station under an operating agreement with the University. The functions are performed under the direction of the University and include employing the number of full-time and part-time staff as the University deems necessary to operate the Station, and providing payroll, benefit administration services, and related human resources services, and performing other functions necessary for the operation of the Station.

The financial statements present only the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows of the Station and does not purport to, and does not, present fairly the financial position of Humboldt State University as of June 30, 2010 and 2009, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Station prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, and Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities, the Station's financial reporting provides a comprehensive, entity-wide perspective of the Station's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Revenue Recognition

Contributions, pledges, and grants are recorded as revenues in the accompanying statement of revenues, expenses, and changes in net assets. In-kind contributions, other than the contribution from the University, are recognized as revenue at the estimated fair market value at the date of the gift.

The portion of the University's indirect costs attributable to the Station's operations and the value of space provided to the Station by the University are included as revenues and expenses, and are computed in accordance with guidelines established by the Corporation for Public Broadcasting.

**NOTES TO FINANCIAL STATEMENTS**

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June 30, 2010 and 2009

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Cash and Cash Equivalents

For administrative purposes, cash balances of the Station are included in accounts maintained by the Humboldt State University Sponsored Programs Foundation (the Foundation). For purposes of the statement of cash flows, the Station considers all investments purchased with an original maturity of three months or less to be cash or cash equivalents.

The Foundation currently uses commercial banks and the State of California Local Agency Investment Fund as depositories.

Accounts Receivable

Accounts receivable consists of business and industry and membership activities. Accounts receivable are recorded net of uncollectible amounts.

Deferred Revenue

Deferred revenues include amounts received from grant and contract sponsors for which eligibility requirements have not been fully satisfied or that have not yet been earned.

Capital Assets

Capital assets are stated at cost at the date of acquisition or at an estimated fair market value at the date of donation in the case of donated property. Costs for repairs and maintenance are charged to expense when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, which is generally 5 to 10 years for equipment. Buildings and improvements are depreciated over an estimated useful life of 30 years.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Compensated Absences

Station policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits as earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the date of the balance sheet.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and 2009

**NOTE B - CASH AND CASH EQUIVALENTS**

Cash is pooled with the Humboldt State University Sponsored Programs Foundation. The Foundation, as a matter of Board policy, maintains their cash deposits in local banks, as well as the State of California Local Agency Investment Fund. As of June 30, 2010 and 2009, some cash balances on deposit with local financial institutions were in excess of the FDIC/FSLIC maximums of \$250,000 and were uninsured and uncollateralized by the financial institutions.

The Station's proportionate share of uninsured and uncollateralized deposits as of June 30, 2010 and 2009 consisted of the following:

	2010	2009
Cash in Local Banks		
Total amount deposited	\$ 7,696	\$ 21,587
Uninsured and uncollateralized deposits	3,079	18,349

The Foundation maintains cash in the State of California Local Agency Investment Fund (LAIF), an investment pool. The investment is not insured. LAIF funds are invested in accordance with California Government Code Section 16430 and 16480, the stated investment authority for the Pooled Money Investment Account. The Station's proportionate share of cash in LAIF at June 30, 2010 and 2009 was \$66,186 and \$100,376, respectively. Custodial credit risk does not apply to a local governments indirect investment in securities through the use of government investment pools.

**NOTE C - DONATED FACILITIES AND ADMINISTRATIVE SUPPORT**

Donated facilities and administrative support from the University is comprised of costs for institutional support and physical plant operations. These costs are allocated financial costs incurred by the University on behalf of the Station. These amounts are recorded in the accompanying statement of revenues, expenses, and changes in net assets as revenue and offsetting expenses and were calculated based on Corporation for Public Broadcasting guidelines using the basic method. Costs for institutional support and physical plant operations are as follows:

	2010	2009
Institutional support	\$ 150,397	\$ 98,251
Physical plant operations	35,590	36,916
Total facilities and administrative support	\$ 185,987	\$ 135,167

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and 2009

**NOTE D - INVESTMENTS**

The Station's quasi-endowment funds are managed by Humboldt State University Advancement Foundation under the provisions of an agreement dated April 15, 2008.

The Station's investments represent a portion of the Advancement Foundation's total investment.

As of June 30, 2010 and 2009, the Station's investment of \$90,134 and \$82,575 was held in the following investments:

	2010	2009
Large Cap US Equity, Small/Mid Cap US Equity and Non-US Equity	\$ 53,810	\$ 32,122
Fixed income	12,979	24,773
Real estate	13,700	16,432
All assets strategies	8,076	6,441
Short term bonds	1,172	2,395
Cash	397	412
Total	<u>\$ 90,134</u>	<u>\$ 82,575</u>

As of June 30, 2010 and 2009, the investments listed above include \$13,737 and \$16,432 in market priced real estate investments and \$6,529 and \$7,514 in a private commingled trust that invests in publicly traded stocks.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Station does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** - Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The Station does not have a formal investment policy that would limit its choices.

**Custodial Credit Risk** - Custodial credit risk is the risk that in the event of the failure of the counter party to a transaction, the Station will not be able to recover the value of investments or collateral securities that are in the possession of an outside-party. The Station does not have a formal policy for custodial credit risk.

**NOTE E - PENSION PLAN**

Humboldt State University Sponsored Programs Foundation has a defined contribution plan (the Plan) covering all employees with at least two years of service who agree to make contributions to the Plan. The Foundation contributed 4% of gross salaries for qualified employees to the plan for the years ended June 30, 2010 and 2009.

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2010 and 2009

**NOTE F - PROPERTY AND EQUIPMENT**

A summary of the property and equipment at June 30, 2010 and 2009 follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2010</u>
Computer equipment	\$ 51,726	\$ -	\$ (9,434)	\$ 42,292
Production and broadcast equipment	371,124	-	(18,868)	352,256
Production and broadcast equipment (Federally funded)	60,345	-	-	60,345
Building and improvements	<u>50,064</u>	<u>-</u>	<u>-</u>	<u>50,064</u>
Total Property and Equipment	533,259	-	(28,302)	504,957
Accumulated Depreciation	<u>(459,596)</u>	<u>(13,301)</u>	<u>28,302</u>	<u>(444,595)</u>
Net Capital Assets	<u>\$ 73,663</u>	<u>\$ (13,301)</u>	<u>\$ -</u>	<u>\$ 60,362</u>

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2009</u>
Computer equipment	\$ 51,726	\$ -	\$ -	\$ 51,726
Production and broadcast equipment	361,139	9,985	-	371,124
Production and broadcast equipment (Federally funded)	60,345	-	-	60,345
Building and improvements	<u>50,064</u>	<u>-</u>	<u>-</u>	<u>50,064</u>
Total Property and Equipment	523,274	9,985	-	533,259
Accumulated Depreciation	<u>(439,444)</u>	<u>(20,152)</u>	<u>-</u>	<u>(459,596)</u>
Net Capital Assets	<u>\$ 83,830</u>	<u>\$ (10,167)</u>	<u>\$ -</u>	<u>\$ 73,663</u>

**NOTE G - PRIOR PERIOD ADJUSTMENT**

Prior year net assets was adjusted by \$953 in 2009 to correct an understatement of revenue recognized in the prior year.

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## **SUPPLEMENTARY INFORMATION**

**FUNCTIONAL EXPENSES**

For the Year Ended June 30, 2010  
(With Comparative Totals for the Year Ended June 30, 2009)

	Program Services		Total
	Program and Production	Broadcasting	Program Services
Salaries, Payroll taxes, and Employee Benefits	\$ 133,022	\$ 72,653	\$ 205,675
Supplies and Other Services			
Office supplies	46	-	46
Communications	-	5,411	5,411
Subscriptions	-	-	-
Postage and shipping	-	-	-
Occupancy	-	23,635	23,635
Building repair and maintenance	-	-	-
Expendable equipment	-	4,564	4,564
Equipment repair and maintenance	-	95	95
Printing	-	-	-
Dues	-	-	-
Meetings, conferences, and travel	-	-	-
Local travel	-	-	-
Programming costs	167,936	-	167,936
Advertising expense	-	75	75
Fund-raising expense	-	-	-
Premiums	-	-	-
Professional services - Legal	-	18,538	18,538
Professional services - Accounting	-	-	-
Professional services - Computer	11,492	-	11,492
Professional services - Other	204	24,158	24,362
Membership development	-	-	-
Volunteer expense	-	-	-
Special events	-	-	-
Miscellaneous	-	-	-
Merchant fees	-	-	-
Indirect expense	-	-	-
<b>Total Supplies and Other Services</b>	<b>179,678</b>	<b>76,476</b>	<b>256,154</b>
Depreciation	-	-	-
Donated Facilities and Administrative Support	-	-	-
<b>Total Expenses</b>	<b>\$ 312,700</b>	<b>\$ 149,129</b>	<b>\$ 461,829</b>

<u>Support Services</u>					
<u>Fund-raising and Membership</u>	<u>Management and General</u>	<u>Total Support Services</u>	<u>2010 Totals</u>	<u>2009 Totals</u>	
\$ 141,941	\$ 126,468	\$ 268,409	\$ 474,084	\$ 386,195	
41	5,042	5,083	5,129	4,442	
-	11,500	11,500	16,911	14,057	
30	336	366	366	991	
5,080	-	5,080	5,080	6,257	
-	296	296	23,931	22,062	
-	-	-	-	94	
372	3,720	4,092	8,656	12,641	
-	633	633	728	5,372	
15,388	291	15,679	15,679	7,709	
9,131	1,400	10,531	10,531	2,740	
1,790	4,166	5,956	5,956	4,985	
-	-	-	-	2,016	
-	-	-	167,936	162,997	
17,362	1,082	18,444	18,519	19,056	
8,118	-	8,118	8,118	3,757	
12,801	-	12,801	12,801	11,088	
-	100	100	18,638	2,086	
-	15,185	15,185	15,185	16,262	
-	-	-	11,492	50	
1,563	1,541	3,104	27,466	24,567	
646	-	646	646	-	
737	9,448	10,185	10,185	2,870	
3,000	-	3,000	3,000	-	
462	2,066	2,528	2,528	-	
-	38,997	38,997	38,997	-	
-	4	4	4	33,523	
76,521	95,807	172,328	428,482	359,622	
-	13,303	13,303	13,303	20,152	
-	185,987	185,987	185,987	135,167	
<u>\$ 218,462</u>	<u>\$ 421,565</u>	<u>\$ 640,027</u>	<u>\$ 1,101,856</u>	<u>\$ 901,136</u>	

The accompanying notes to financial statements are an integral part of this statement.