

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

**ACCOUNTANTS' REPORT AND
FINANCIAL STATEMENTS**
June 30, 2009 and 2008

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June 30, 2009

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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, 2009 and 2008, 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, 2009 and 2008, 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 3 through 6 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 inquiries 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 and Edgmon
December 11, 2009

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2009

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, 2009. 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.

Statement 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

Combined operating and non-operating revenue dropped by 1.2% to \$879,461 in FY08/09 from \$889,767 in fiscal year 07/08. Underwriting revenue increased by 7.7% or \$12,406, while membership revenue fell by 2.2% to \$203,210. In-kind revenues increased by \$15,707, offsetting decreases in CPB grants and appropriations from Humboldt State University.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2009

Analytical Overview - Continued

The Station cut personnel expenses significantly during this past fiscal year. Salary expenses declined by 30% or \$164,658, reflecting lower staffing levels over the course of the year, as well as the impact of employee termination costs in the fiscal 2007/2008 year. Fundraising expenses increased over the previous year, as the development director position was filled during the year.

The Station has seen a significant increase in programming fees from its suppliers. In the last fiscal year, total programming fees grew 7% to a total of \$162,997. The Station's management expects this trend to continue, and will have to either continue to raise additional funds to handle these costs or potentially discontinue some of the 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 2007/08</u>	<u>FY 2008/09</u>	<u>Change</u>
Assets			
Current assets	\$ 223,579	\$ 157,836	\$ (65,743)
Noncurrent assets	183,990	156,238	(30,752)
Total Assets	<u>\$ 407,569</u>	<u>\$ 314,074</u>	<u>\$ (96,495)</u>
Liabilities			
Current liabilities	\$ 94,530	\$ 22,304	\$ (72,226)
Deferred revenue	29,577	29,030	(547)
Total Liabilities	<u>\$ 124,107</u>	<u>\$ 51,334</u>	<u>\$ (72,773)</u>
Net Assets			
Unrestricted	\$ 199,632	\$ 189,077	\$ (10,555)
Capital assets	83,830	73,663	(10,167)
Total Net Assets	<u>\$ 283,462</u>	<u>\$ 262,740</u>	<u>\$ (20,722)</u>
Operating Revenue			
Business and industry	\$ 161,805	\$ 174,211	\$ 12,406
In-kind support	11,561	27,268	15,707
Total Operating Revenue	<u>\$ 173,366</u>	<u>\$ 201,479</u>	<u>\$ 28,113</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2009

Analytical Overview - Continued

	<u>FY 2007/08</u>	<u>FY 2008/09</u>	<u>Change</u>
Non-Operating Revenue			
Membership	\$ 207,792	\$ 203,210	\$ (4,582)
HSU appropriations	202,286	197,132	(5,154)
HSU indirect support	118,826	135,167	16,341
CPB grants	161,952	152,610	(9,342)
Other	26,498	(10,137)	(36,635)
Total Non-Operating Revenue	<u>\$ 717,354</u>	<u>\$ 677,982</u>	<u>\$ (39,372)</u>
Expenses			
Programming	\$ 326,535	\$ 278,266	\$ 48,269
Broadcasting/Technical	135,309	124,331	10,978
Fund-raising	138,392	157,114	(18,722)
Management and general	425,263	321,273	103,990
Depreciation	19,270	20,152	(882)
Total Expenses	<u>\$ 1,044,769</u>	<u>\$ 901,136</u>	<u>\$ 143,633</u>
Beginning Net Assets	\$ 438,464	\$ 284,415	\$ (154,049)
Change in net assets	<u>(154,049)</u>	<u>(21,675)</u>	<u>132,374</u>
Ending Net Assets	<u>\$ 284,415</u>	<u>\$ 262,740</u>	<u>\$ (21,675)</u>

The Station's total support and revenues showed a slight decline of 1.8%. As previously noted, the Station underwriting revenue saw gains of \$12,406, or 737%, the largest area of growth for the Station.

Expenses dropped 14%, reflecting primarily lower staffing levels and prior year termination costs associated with two employees. Higher programming fees paid to third parties increased expenses by \$10,812, while other expenses held mostly constant.

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, 2009

Expendable:	
OES digital conversion grants	14,419
Other grants	<u>112</u>
Total	<u>\$ 14,531</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2009

Analytical Overview - Continued

Investments

During the fiscal year, the Station invested \$100,000 of its operating reserves with the Humboldt State University Advancement Foundation ("HSUAF"). HSUAF invests in a portfolio of stocks and bonds with a long-term focus. During the fiscal year, this investment recorded a decline in value of \$17,425, reflecting the turmoil in the stock market. This investment has show improvement subsequent to the end of the fiscal year.

Capital Assets and Long-term Debt

Capital Assets

Note E to Financial Statements describe the Station's capital assets, which include equipment and improvements to Humboldt State University buildings. During the fiscal year, the Station upgraded its Eel River Valley translator at a total coast of \$9,965.

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 five years. The overall economy has affected Station membership, which has declined slightly over the past two years.

The Station has decreased personnel costs significantly during the fiscal 08/09 year in order to stem the losses of the last two years. It also plans on re-evaluating programming costs (which are expected to continue to rise), and possibly dropping some of the more expensive programs, if necessary.

The Station also faces some large capital equipment needs over the next several years relating to its translators and microwave systems. 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 after the fiscal year; however, the Station will still need to fund a portion of the conversion costs from fundraising or operating reserves.

STATEMENT OF NET ASSETS

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 121,963	\$ 209,703
Accounts receivable	26,795	12,822
Prepaid expenses	<u>9,078</u>	<u>1,054</u>
Total Current Assets	<u>157,836</u>	<u>223,579</u>
Noncurrent Assets		
Capital assets, depreciated	533,259	523,274
Accumulated depreciation	<u>(459,596)</u>	<u>(439,444)</u>
Total Net Capital Assets	<u>73,663</u>	<u>83,830</u>
Quasi-Endowment	<u>82,575</u>	<u>100,160</u>
Total Noncurrent Assets	<u>156,238</u>	<u>183,990</u>
TOTAL ASSETS	<u>\$ 314,074</u>	<u>\$ 407,569</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,794	\$ 11,216
Deferred revenue	29,030	29,577
Accrued salaries and vacation benefits	<u>20,510</u>	<u>83,314</u>
Total Current Liabilities	<u>51,334</u>	<u>124,107</u>
Net Assets		
Invested in capital assets	73,663	83,830
Unrestricted net assets	<u>189,077</u>	<u>199,632</u>
Total Net Assets	<u>262,740</u>	<u>283,462</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 314,074</u>	<u>\$ 407,569</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, 2009 and 2008

	2009	2008
REVENUES		
Operating Revenues		
Business and industry	\$ 174,211	\$ 161,805
In-kind contributions	27,268	11,561
Total Operating Revenues	201,479	173,366
 OPERATING EXPENSES		
Program Services		
Programming and production	278,266	326,535
Broadcasting	124,331	135,309
Total Program Services	402,597	461,844
Support Services		
Management and general	341,425	444,533
Fund-raising and memberships	157,114	138,392
Total Support Services	498,539	582,925
Total Operating Expenses	901,136	1,044,769
 OPERATING INCOME (LOSS)	(699,957)	(871,403)
 NONOPERATING REVENUES (EXPENSES)		
General appropriation from Humboldt State University	197,132	202,286
Donated facilities and administrative support from Humboldt State University	135,167	118,826
Corporation for Public Broadcasting Grant	152,610	160,999
Memberships	203,210	207,792
Donations	-	12,725
Other grants and contracts	-	6,406
Investment earnings(losses)	(13,093)	635
Other income (expenses)	2,956	6,732
Total Nonoperating Revenues (Expenses)	677,982	716,401
 INCREASE (DECREASE) IN NET ASSETS	(21,675)	(155,002)
 NET ASSETS - BEGINNING OF YEAR	283,462	438,484
Prior period adjustment	953	-
NET ASSETS - END OF YEAR	\$ 262,740	\$ 283,462

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, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from business and industry	\$ 172,020	\$ 167,857
Cash payments to suppliers for goods and services	(348,848)	(334,611)
Cash payments to employees for service	(448,999)	(496,508)
Net Cash Flows Provided by (Used) by Operating Activities	(625,827)	(663,262)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
General appropriations from Humboldt State University	192,009	202,286
Nongovernmental grants and contracts received	152,518	163,660
Memberships received	195,724	210,184
Special events receipts	1,650	6,732
Other income	1,680	-
Private gifts received	-	12,725
Net Cash Flows Provided by (Used) by Noncapital Financing Activities	543,581	595,587
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets acquired	(9,985)	-
Net Cash Flows Provided by (Used) by Capital and Related Financing Activities	(9,985)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,159)	(100,160)
Interest received	5,650	635
Net Cash Flows Provided (Used) by Investing Activities	4,491	(99,525)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(87,740)	(167,200)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	209,703	376,903
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 121,963	\$ 209,703
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Donated facilities and administrative support from Humboldt State University	135,167	118,826
In-kind trades from business and industry	27,268	11,561

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

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2009 and 2008

	2009	2008
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (699,657)	\$ (871,403)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	20,152	19,270
Donated facilities and administration	135,167	118,826
Prior period adjustment	952	
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(1,737)	167
(Increase) decrease in prepaid expenses	(8,024)	(428)
Increase (decrease) in accounts payable	(9,422)	10,075
Increase (decrease) in deferred underwriting	(454)	5,885
Increase (decrease) in accrued vacation	(62,804)	54,346
Net Cash Used in Operating Activities	\$ (625,827)	\$ (663,262)

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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, 2009 and 2008, 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

June 30, 2009 and 2008

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, 2009 and 2008

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, 2009 and 2008, 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, 2009 and 2008 consisted of the following:

	2009	2008
<u>Cash in Local Banks</u>		
Total amount deposited	\$ 21,587	\$ 27,261
Uninsured and uncollateralized deposits	18,349	21,536

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, 2009 and 2008 was \$100,376 and \$182,442, 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:

	2009	2008
Institutional support	\$ 98,251	\$ 88,329
Physical plant operations	36,916	30,497
Total facilities and administrative support	\$ 135,167	\$ 118,826

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

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, 2009 and 2008, the Station's investment of \$82,575 and \$100,160 was held in the following investments:

	2009	2008
Large Cap US Equity, Small/Mid Cap US Equity and Non-US Equity	\$ 32,122	\$ 55,088
Fixed income	24,773	26,042
Real estate	16,432	10,016
All assets strategies	6,441	6,010
Short term bonds	2,395	-
Cash	412	3,004
Total	\$ 82,575	\$ 100,160

As of June 30, 2009 and 2008, the investments listed above include \$16,432 and \$10,016 in market priced real estate investments and \$ 7,514 and \$13,221 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 counterparty 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 counterparty 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, 2009 and 2008.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE F - PROPERTY AND EQUIPMENT

A summary of the property and equipment at June 30, 2009 and 2008 follows:

	<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	-	-	523,274
Accumulated Depreciation	<u>(439,444)</u>	<u>(20,152)</u>	<u>-</u>	<u>(439,444)</u>
Net Capital Assets	<u>\$ 83,830</u>	<u>\$ (10,167)</u>	<u>\$ -</u>	<u>\$ 73,663</u>
	<u>July 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2008</u>
Computer equipment	\$ 51,726	\$ -	\$ -	\$ 51,726
Production and broadcast equipment	361,139	-	-	361,139
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	-	-	523,274
Accumulated Depreciation	<u>(420,174)</u>	<u>(19,270)</u>	<u>-</u>	<u>(439,444)</u>
Net Capital Assets	<u>\$ 103,100</u>	<u>\$ (19,270)</u>	<u>\$ -</u>	<u>\$ 83,830</u>

NOTE G - PRIOR PERIOD ADJUSTMENT

Prior year net assets was adjusted by \$953 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, 2009
(With Comparative Totals for the Year Ended June 30, 2008)

	Program Services		
	Program and Production	Broadcasting	Total Program Services
Salaries, Payroll taxes, and Employee Benefits	\$ 111,259	\$ 69,970	\$ 181,229
Supplies and Other Services			
Office supplies	20	-	20
Communications	-	5,467	5,467
Subscriptions	655	-	655
Postage and shipping	-	-	-
Occupancy	-	22,062	22,062
Building repair and maintenance	-	-	-
Expendable equipment	513	5,573	6,086
Equipment rental	-	-	-
Equipment repair and maintenance	64	4,983	5,047
Printing	-	-	-
Dues	-	-	-
Meetings, conferences, and travel	1,725	150	1,875
Local travel	-	-	-
Programming costs	162,997	-	162,997
Music expense	-	-	-
Advertising expense	-	-	-
Fund-raising expense	-	-	-
Premiums	-	-	-
Professional services - Legal	-	-	-
Professional services - Accounting	-	-	-
Professional services - Computer	-	-	-
Professional services - Other	1,006	16,126	17,132
Membership development	-	-	-
Volunteer expense	27	-	27
Training	-	-	-
Miscellaneous	-	-	-
Indirect expense	-	-	-
Total Supplies and Other Services	167,007	54,361	221,368
Depreciation	-	-	-
Donated Facilities and Administrative Support	-	-	-
Total Expenses	\$ 278,266	\$ 124,331	\$ 402,597

<u>Support Services</u>		<u>Total Support Services</u>	<u>2009 Totals</u>	<u>2008 Totals</u>
<u>Fund-raising and Membership</u>	<u>Management and General</u>			
\$ 103,965	\$ 101,001	\$ 204,966	\$ 386,195	\$ 550,853
-	4,422	4,422	4,422	6,860
-	8,590	8,590	14,057	22,301
-	336	336	991	681
6,212	45	6,257	6,257	5,724
-	-	-	22,062	14,837
-	94	94	94	2,002
1,595	4,960	6,555	12,641	11,938
-	-	-	-	-
-	325	325	5,372	6,743
7,709	-	7,709	7,709	6,981
1,521	1,219	2,740	2,740	6,732
1,463	1,647	3,110	4,985	5,587
1852	164	2,016	2,016	-
-	-	-	162,997	152,185
-	-	-	-	137
17,872	1,184	19,056	19,056	3,036
3,037	720	3,757	3,757	7,720
11,088	-	11,088	11,088	5,585
-	2,086	2,086	2,086	85
-	16,262	16,262	16,262	19,650
50	-	50	50	8,800
650	6,785	7,435	24,567	23,714
-	-	-	-	-
100	2,743	2,843	2,870	3,234
-	-	-	-	-
-	-	-	-	7,247
-	33,523	33,523	33,523	34,041
53,149	85,105	138,254	359,622	355,820
-	20,152	20,152	20,152	19,270
-	135,167	135,167	135,167	118,826
<u>\$ 157,114</u>	<u>\$ 341,425</u>	<u>\$ 498,539</u>	<u>\$ 901,136</u>	<u>\$ 1,044,769</u>

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