

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

ACCOUNTANT'S REPORT AND  
FINANCIAL STATEMENTS  
June 30, 2004 and 2003

AYCOCK AND EDGMON  
CERTIFIED PUBLIC ACCOUNTANTS  
*an accountancy corporation*



KHSU-FM RADIO  
A Public Broadcasting Entity Operated by  
Humboldt State University  
June 30, 2004

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INDEPENDENT AUDITORS' REPORT

Humboldt State University and  
KHSU-FM Radio

We have audited the accompanying basic financial statements of KHSU-FM Radio, a Public Telecommunications Entity operated by Humboldt State University, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These basic financial statements are the responsibility of KHSU-FM's management. Our responsibility is to express an opinion on these basic 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 basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of KHSU-FM Radio at June 30, 2004 and 2003, 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 accompanying management's discussion and analysis as listed in the table of contents 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 audit was performed for the purpose of forming an opinion on the basic 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  
Certified Public Accountants  
Ferndale, California

December 15, 2004



KHSU-FM RADIO  
A Public Broadcasting Entity Operated by  
Humboldt State University  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004

**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, 2004. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow 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 Foundation, relevant to the operation of KHSU-FM.

KHSU-FM RADIO  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004

**Analytical Overview**

The combined net assets of KHSU-FM increased by \$17,371 during the fiscal year ending June 30, 2004. Combined operating and non-operating revenue increased from \$698,387 in the 2002/03 fiscal year to \$824,093 in 2003/04. The increase in revenue was due to larger general fund appropriations and assignment of a greater value to donated facilities and administrative support (indirect support) from Humboldt State University, and increased grant support from the Corporation of Public Broadcasting (CPB).

Total expenses also increased, from \$711,705 to \$806,722. Administrative reorganization within Humboldt State University resulted in increased administrative personnel expenses for KHSU-FM. Smaller increases affected other personnel areas and expenses for supplies and other services.

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 station 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 2002/03</u>	<u>FY 2003/04</u>	<u>Change</u>
<b>Assets</b>			
Current assets	\$ 261,485	\$ 307,525	\$ 46,040
Fixed assets	<u>184,243</u>	<u>151,449</u>	<u>(32,794)</u>
<b>Total Assets</b>	<u>\$ 445,728</u>	<u>\$ 458,974</u>	<u>\$ 13,246</u>
<b>Liabilities</b>			
Current liabilities	\$ 34,011	\$ 28,958	\$ (5,053)
Deferred revenue	<u>152,364</u>	<u>153,292</u>	<u>928</u>
<b>Total Liabilities</b>	<u>\$ 186,375</u>	<u>\$ 182,250</u>	<u>\$ (4,125)</u>
<b>Net Assets</b>			
Unrestricted	\$ 75,110	\$ 125,275	\$ 50,165
Capital assets	<u>184,243</u>	<u>151,449</u>	<u>(32,794)</u>
<b>Total Net Assets</b>	<u>\$ 259,353</u>	<u>\$ 276,724</u>	<u>\$ 17,371</u>
<b>Operating Revenue</b>			
Business and industry	\$ 124,157	\$ 128,928	\$ 4,771
In-kind support	<u>19,091</u>	<u>15,783</u>	<u>(3,308)</u>
<b>Total Operating Revenue</b>	<u>\$ 143,248</u>	<u>\$ 144,711</u>	<u>\$ 1,463</u>

KHSU-FM RADIO  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004

**Analytical Overview - Continued**

	<u>FY 2002/03</u>	<u>FY 2003/04</u>	<u>Change</u>
<b>Non-Operating Revenue</b>			
Membership	\$ 160,719	\$ 159,539	\$ (1,180)
HSU appropriations	157,082	237,488	80,406
HSU indirect support	122,370	139,305	16,935
CPB grants	112,894	135,492	22,598
Other	2,074	7,558	5,484
<b>Total Non-Operating Revenue</b>	<u>\$ 555,139</u>	<u>\$ 679,382</u>	<u>\$ 124,243</u>
<b>Expenses</b>			
Programming	\$ 199,208	\$ 191,346	\$ (7,862)
Broadcasting/Technical	101,849	121,895	20,046
Fund-raising	104,442	116,437	11,995
Management and general	149,847	205,700	55,853
HSU indirect expenses	122,370	139,305	16,935
Depreciation	33,989	32,039	(1,950)
<b>Total Expenses</b>	<u>\$ 711,705</u>	<u>\$ 806,722</u>	<u>\$ 95,017</u>
<b>Beginning Net Assets</b>	\$ 272,671	\$ 259,353	\$ (13,318)
Change in net assets	<u>(13,318)</u>	<u>17,371</u>	<u>30,689</u>
<b>Ending Net Assets</b>	<u>\$ 259,353</u>	<u>\$ 276,724</u>	<u>\$ 17,371</u>

The Station's total support and revenues increased by \$125,706. An increase in general fund appropriations from Humboldt State University accounted for 64% of this increase. Most of the remaining increase reflected rising levels of grant funding from the Corporation for Public Broadcasting (CPB). Community support in the form of membership income and business underwriting remained relatively constant from 2002/03 to 2003/04.

Note B to Financial Statements describes the offsetting non-operating revenue and expenses associated with donated facilities and administrative support provided to the Station by Humboldt State University. These amounts increased from the prior year primarily as a function of the increase in University general appropriations to KHSU-FM; the CPB formula for determining the value of indirect support by institutional licensees substantially depends on the level of direct budgetary support the institution provides the station.

A change in the Station's administrative structure at the beginning of the 2003/04 fiscal year resulted in an increase in administrative personnel expenses of \$50,106. Smaller increases in personnel expenses were seen in the broadcast/technical and fund-raising departments. Expenses for supplies and services other than personnel increased by 4.0% from fiscal year 2002/03 to fiscal year 2003/04.

KHSU-FM RADIO  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2004

**Analytical Overview - Continued**

Restricted 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, 2004**

Expendable:		
CPB community service grants	\$	124,468
OES digital conversion grants		14,419
General appropriations from Humboldt State University		<u>1,488</u>
<b>Total</b>	\$	<u><u>140,375</u></u>

Capital Assets and Long-term Debt

*Capital Assets*

Notes E and F to Financial Statements describe the Station's capital assets, which include equipment and improvements to Humboldt State University buildings.

*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

KHSU-FM's Fiscal Year 2005 CPB Community Service Grant is \$133,583. In September 2004, the Station received a Rural Listener Access Incentive Fund bonus from CPB in the amount of \$31,971. KHSU also was notified in December that it is likely to receive a CPB Internet Acquisition Grant, which would total \$15,000 over a three-year period, beginning in January/February of 2005.

KHSU-FM's Fiscal Year 2004/05 budget allocation from the Humboldt State University General Fund is \$166,609. \$26,893 in funds that were budgeted in fiscal year 2003/04 but not utilized are also available for station operations. These budget allocations are subject to revision at any time by the University. The combined total of \$193,502 is \$43,986 less than the amount of University general fund utilized by the Station in the 2003/04 fiscal year.

KHSU-FM RADIO  
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BALANCE SHEET  
June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 293,928	\$ 226,011
Accounts receivable	8,190	11,724
Prepaid expenses	<u>5,407</u>	<u>23,750</u>
Total Current Assets	<u>307,525</u>	<u>261,485</u>
Noncurrent Assets		
Capital assets	492,205	493,972
Accumulated depreciation	<u>(340,756)</u>	<u>(309,729)</u>
Total Noncurrent Assets	<u>151,449</u>	<u>184,243</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 458,974</b></u>	<u><b>\$ 445,728</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 1,794	\$ -
Deferred revenue	153,292	152,364
Accrued vacation	<u>27,164</u>	<u>34,011</u>
Total Current Liabilities	<u>182,250</u>	<u>186,375</u>
NET ASSETS		
Invested in capital assets	151,449	184,243
Unrestricted net assets	<u>125,275</u>	<u>75,110</u>
<b>TOTAL NET ASSETS</b>	<u><b>276,724</b></u>	<u><b>259,353</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 458,974</b></u>	<u><b>\$ 445,728</b></u>

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



KHSU - FM RADIO  
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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
For the Years Ended June 30, 2004 and 2003

	2004	2003
REVENUES		
Operating Revenues		
Business and industry	\$ 128,928	\$ 124,157
In-kind contributions	<u>15,783</u>	<u>19,091</u>
Total Operating Revenues	<u>144,711</u>	<u>143,248</u>
OPERATING EXPENSES		
Program Services		
Programming and production	191,346	199,208
Broadcasting	<u>121,895</u>	<u>101,849</u>
Total Program Services	<u>313,241</u>	<u>301,057</u>
Support Services		
Management and general	377,044	306,206
Fund-raising	<u>116,437</u>	<u>104,442</u>
Total Support Services	<u>493,481</u>	<u>410,648</u>
TOTAL OPERATING EXPENSES	<u>806,722</u>	<u>711,705</u>
Operating Income (Loss)	(662,011)	(568,457)
NONOPERATING REVENUES (EXPENSES)		
General appropriation from Humboldt State University	237,488	157,082
Donated facilities and administrative support from Humboldt State University	139,305	122,370
Corporation for Public Broadcasting Grant	135,492	112,894
Memberships	159,539	160,719
Other grants and contracts	72	7,903
Other income (expenses)	8,241	(5,829)
Loss on disposal of assets	<u>(755)</u>	<u>-</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>679,382</u>	<u>555,139</u>
INCREASE (DECREASE) IN NET ASSETS	17,371	(13,318)
NET ASSETS - BEGINNING OF YEAR	259,353	374,043
Prior period adjustment	<u>-</u>	<u>(101,372)</u>
NET ASSETS - END OF YEAR	<u>\$ 276,724</u>	<u>\$ 259,353</u>

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



KHSU - FM RADIO  
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STATEMENT OF CASH FLOWS  
For the Years Ended June 30, 2004 and 2003

	2004	2003
<b>OPERATING ACTIVITIES</b>		
Receipts for business and industry	\$ 134,588	\$ 129,982
Payments to suppliers	(220,954)	(227,096)
Payments to employees	(385,352)	(301,770)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(471,718)</b>	<b>(398,884)</b>
<b>NONCAPITAL FINANCING ACTIVITIES</b>		
General appropriations from Humboldt State University	215,226	159,668
Nongovernmental grants and contracts	156,629	157,194
Memberships	159,539	160,719
Other	8,241	1,670
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>539,635</b>	<b>479,251</b>
<b>INCREASE IN CASH</b>	<b>67,917</b>	<b>77,241</b>
<b>CASH- BEGINNING OF YEAR</b>	<b>226,011</b>	<b>148,770</b>
<b>CASH- END OF YEAR</b>	<b>\$ 293,928</b>	<b>\$ 226,011</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>		
Operating loss	\$ (662,011)	\$ (568,457)
Depreciation expense	32,039	33,989
Donated facilities and administration	139,305	122,370
Changes in operating assets and liabilities		
Accounts receivable	3,534	(60)
Prepaid expenses	18,343	(2,586)
Other assets	-	3,441
Accounts payable	1,794	-
Deferred underwriting revenue	2,126	5,885
Accrued vacation	(6,848)	6,534
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>\$ (471,718)</b>	<b>\$ (398,884)</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION</b>		
Donated facilities and administrative support from Humboldt State University	139,305	122,370
In-kind contributions from business and industry	15,783	19,091

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



KHSU - FM RADIO  
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Humboldt State University  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

**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 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 basic financial statements present only the Balance Sheet, 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, 2004 and 2003, and the changes in its financial position and its cash flows for the year 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). Effective for the fiscal year ended June 30, 2003, the financial presentation required by 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*, provides a comprehensive, entity-wide perspective of the Station's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows and replaces the fund-group perspective previously required. 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.

KHSU - FM RADIO  
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NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

**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 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.

Property and Equipment

Property and equipment 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. Cost 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.

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

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

Donated facilities and administrative support from the University comprises 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 financial activity as revenue and offsetting expenses and were calculated based on Corporation for Public Broadcasting guidelines using the basic method. Cost for institutional support and physical plant operations are as follows:

	2004	2003
Institutional support	\$ 111,133	\$ 93,074
Physical plant operations	28,172	29,296
Total facilities and administrative support	\$ 139,305	\$ 122,370

**NOTE C - CONCENTRATION OF CREDIT RISK**

All cash is pooled with the Humboldt State University 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. At June 30, 2004 and 2003, some cash balances on deposit with local financial institutions were in excess of the FDIC/FSLIC maximums of \$100,000 and were uncollateralized by the financial institutions.

The Station's proportionate share of uncollateralized deposits as of June 30, 2004 and 2003 consisted of the following:

	2004	2003
<u>Cash in Local Banks</u>		
Total amount deposited	\$ 21,915	\$ 39,012
Uncollateralized deposits	18,585	36,116

The Foundation maintains cash in the State of California Local Agency Investment Fund (LAIF), an investment pool. The investment is not insured. However, these 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, 2004 and 2003 was \$272,013 and \$186,999, respectively.

**NOTE D - PENSION PLAN**

Humboldt State University 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, 2004 and 2003.

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

**NOTE E - PROPERTY AND EQUIPMENT**

A summary of the property and equipment at June 30, 2004 and 2003 follows:

	<u>July 1, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2004</u>
Computer equipment	\$ 43,195	\$ 736	\$ -	\$ 43,931
Production and broadcast equipment	340,368	-	(2,503)	337,865
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	493,972	736	(2,503)	492,205
Accumulated Depreciation	<u>(309,729)</u>	<u>(32,039)</u>	<u>1,012</u>	<u>(340,756)</u>
Net Capital Assets	<u>\$ 184,243</u>	<u>\$ (31,303)</u>	<u>\$ (1,491)</u>	<u>\$ 151,449</u>
	<u>July 1, 2002</u> (Restated)	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2003</u>
Computer equipment	\$ 43,195	\$ -	\$ -	\$ 43,195
Production and broadcast equipment	337,242	3,126	-	340,368
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	490,846	3,126	-	493,972
Accumulated Depreciation	<u>(275,740)</u>	<u>(33,989)</u>	<u>-</u>	<u>(309,729)</u>
Net Capital Assets	<u>\$ 215,106</u>	<u>\$ (30,863)</u>	<u>\$ -</u>	<u>\$ 184,243</u>

The beginning balances as of July 1, 2002 have been restated to reflect prior year adjustments of a net amount of \$101,372. See Note F.

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2004 and 2003

**NOTE F - PRIOR PERIOD ADJUSTMENT**

The unreserved retained earnings for the year ended June 30, 2003 were decreased by a net amount of \$101,372 to reflect an adjustment to a current schedule of fixed assets as detailed below:

Decrease in fixed assets	\$ (200,971)
Decrease in accumulated depreciation	<u>99,599</u>
Net adjustment to retained earnings	<u><u>\$ (101,372)</u></u>



## **SUPPLEMENTARY INFORMATION**

KHSU -FM RADIO  
A Public Broadcasting Entity Operated by  
Humboldt State University  
FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2004  
(With Comparative Totals for the Year Ended June 30, 2003)

	<u>Program Services</u>		Total Program Services
	<u>Program and Production</u>	<u>Broadcasting</u>	
Salaries, Payroll taxes, and Employee Benefits	\$ 92,789	\$ 72,898	\$ 165,687
Supplies and Other Services			
Office supplies	-	-	-
Communications	-	2,927	2,927
Subscriptions	345	-	345
Postage and shipping	75	-	75
Occupancy	-	22,166	22,166
Expendable equipment	21	8,526	8,547
Equipment repair and maintenance	-	-	-
Printing	-	-	-
Dues	-	-	-
Meetings, conferences, and travel	1,503	-	1,503
Local travel	-	-	-
Production costs	-	-	-
Programming costs	96,471	-	96,471
Advertising	142	-	142
Fund-raising supplies	-	-	-
Fund-raising premiums	-	-	-
Fund-raising catering expenses	-	-	-
Professional services - Accounting	-	-	-
Professional services - Computer	-	1,438	1,438
Professional services - Other	-	13,940	13,940
Volunteer expense	-	-	-
Training	-	-	-
Miscellaneous	-	-	-
Total Supplies and Other Services	<u>98,557</u>	<u>48,997</u>	<u>147,554</u>
Depreciation	-	-	-
Donated Facilities and Administrative Support	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 191,346</u>	<u>\$ 121,895</u>	<u>\$ 313,241</u>

<u>Support Services</u>						
<u>Fund-raising and Membership</u>	<u>Management and General</u>	<u>Total Support Services</u>	<u>Depreciation</u>	<u>2004 Totals</u>	<u>2003 Totals</u>	
\$ 105,810	\$ 107,007	\$ 212,817	\$ -	\$ 378,504	\$ 308,303	
-	2,365	2,365	-	2,365	2,872	
-	9,346	9,346	-	12,273	9,262	
-	1,440	1,440	-	1,785	1,092	
44	5,048	5,092	-	5,167	6,432	
-	48	48	-	22,214	19,221	
388	3,558	3,946	-	12,493	17,806	
-	-	-	-	-	1,191	
1,778	788	2,566	-	2,566	4,977	
1,124	15,885	17,009	-	17,009	12,971	
109	3,583	3,692	-	5,195	10,089	
-	-	-	-	-	503	
-	-	-	-	-	210	
-	-	-	-	96,471	93,189	
202	5,375	5,577	-	5,719	8,656	
1,906	-	1,906	-	1,906	209	
1,099	-	1,099	-	1,099	3,442	
-	1,045	1,045	-	1,045	1,577	
-	43,836	43,836	-	43,836	44,422	
1,855	-	1,855	-	3,293	2,290	
1,517	4,267	5,784	-	19,724	4,980	
150	797	947	-	947	1,642	
455	-	455	-	455	-	
-	1,312	1,312	-	1,312	10	
10,627	98,693	109,320	-	256,874	247,043	
-	32,039	32,039	-	32,039	33,989	
-	139,305	139,305	-	139,305	122,370	
<u>\$ 116,437</u>	<u>\$ 377,044</u>	<u>\$ 493,481</u>	<u>\$ -</u>	<u>\$ 806,722</u>	<u>\$ 711,705</u>	

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

