

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

**ACCOUNTANTS' REPORT AND
FINANCIAL STATEMENTS**
June 30, 2008 and 2007

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June 30, 2008

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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, 2008 and 2007, 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, 2008 and 2007, 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.

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Aycock and Edgmon
December 18, 2008

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2008

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, 2008. 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 Statement of Net Assets; 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.

Statement of Net Assets: The Statement of Net Assets 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

The combined operating and non-operating revenue increased by only 0.7% from \$882,689 in 06/07 to \$889,767 in fiscal year 07/08, underwriting revenue increased by 6% or \$8,862, while membership revenue remained relatively flat at \$207,792. In-kind revenues declined by \$14,011, offset by increases in Corporation for Public Broadcasting grants and appropriations from Humboldt State University.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2008

Analytical Overview - Continued

The Station experienced significant increases in both salaries as well as programming fees. Salary expenses rose by 15% or \$85,036, and were impacted by termination costs of two senior employees which were recorded during the fiscal year. Excluding the termination costs, salaries and personnel costs rose by \$31,488, or 6.3%. Fund-raising expenses decreased over the year, due to a vacancy in the development director position during a portion of the year.

The Station has seen a significant increase in programming fees from its suppliers. In the last fiscal year, total programming fees grew 15% to a total of \$152,185. 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 2006/07</u>	<u>Change</u>
Assets			
Current assets	\$ 223,579	\$ 392,537	\$ (168,958)
Noncurrent assets	183,990	103,100	80,890
Total Assets	<u>\$ 407,569</u>	<u>\$ 495,637</u>	<u>\$ (88,068)</u>
Liabilities			
Current liabilities	\$ 94,530	\$ 30,109	\$ 64,421
Deferred revenue	29,577	27,064	2,513
Total Liabilities	<u>\$ 124,107</u>	<u>\$ 57,173</u>	<u>\$ 66,934</u>
Net Assets			
Unrestricted	\$ 199,632	\$ 335,364	\$ (135,732)
Capital assets	83,830	103,100	(19,270)
Total Net Assets	<u>\$ 283,462</u>	<u>\$ 438,464</u>	<u>\$ (155,002)</u>
Operating Revenue			
Business and industry	\$ 161,805	\$ 152,943	\$ 8,862
In-kind support	11,561	25,572	(14,011)
Total Operating Revenue	<u>\$ 173,366</u>	<u>\$ 178,515</u>	<u>\$ (5,149)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2008

Analytical Overview - Continued

	FY 2007/08	FY 2006/07	Change
Non-Operating Revenue			
Membership	\$ 207,792	\$ 208,600	\$ (808)
HSU appropriations	202,286	193,972	8,314
HSU indirect support	118,826	122,988	(4,162)
CPB grants	160,999	156,619	4,380
Other	26,498	21,995	4,503
Total Non-Operating Revenue	\$ 716,401	\$ 704,174	\$ 12,227
Expenses			
Programming	\$ 326,535	\$ 252,991	\$ 73,544
Broadcasting/Technical	135,309	116,009	19,300
Fund-raising	138,392	154,474	(16,082)
Management and general	306,437	274,098	32,339
HSU indirect expenses	118,826	122,988	(4,162)
Depreciation	19,270	25,600	(6,330)
Total Expenses	\$ 1,044,769	\$ 946,160	\$ 98,609
Beginning Net Assets	\$ 438,464	\$ 501,935	\$ (63,471)
Change in net assets	(155,002)	(63,471)	(91,531)
Ending Net Assets	\$ 283,462	\$ 438,464	\$ (155,002)

The Station's total support and revenues were flat, growing only 0.8%. As previously noted, the Station's underwriting revenue saw gains of nearly \$9,000, the single largest area of growth.

Expenses grew by 9%, reflecting primarily increases in salaries as well as termination costs associated with two employees. Higher programming costs are the other major area impacting expenses. Excluding the employee termination costs, expenses increased by 5%, again mostly reflecting higher personnel costs and programming costs.

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, 2008

Expendable:	
OES digital conversion grants	14,419
Other grants	204
Total	\$ 14,623

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2008

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.

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. There were no capital equipment additions during 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 five years. The Station is in the process of filling its development director position to focus on increased underwriting and membership support.

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. However, there is no assurance that the grant writing will be successful.

STATEMENT OF NET ASSETS

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 209,703	\$ 376,903
Accounts receivable	12,822	15,008
Prepaid expenses	<u>1,054</u>	<u>626</u>
Total Current Assets	<u>223,579</u>	<u>392,537</u>
Noncurrent Assets		
Capital assets, depreciated	523,274	523,274
Accumulated depreciation	<u>(439,444)</u>	<u>(420,174)</u>
Total Net Capital Assets	<u>83,830</u>	<u>103,100</u>
Quasi-Endowment	<u>100,160</u>	<u>-</u>
Total Noncurrent Assets	<u>183,990</u>	<u>103,100</u>
TOTAL ASSETS	<u><u>\$ 407,569</u></u>	<u><u>\$ 495,637</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 11,216	\$ 1,141
Deferred revenue	29,577	27,064
Accrued salaries and vacation benefits	<u>83,314</u>	<u>28,968</u>
Total Current Liabilities	<u>124,107</u>	<u>57,173</u>
Net Assets		
Invested in capital assets	83,830	103,100
Unrestricted net assets	<u>199,632</u>	<u>335,364</u>
Total Net Assets	<u>283,462</u>	<u>438,464</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 407,569</u></u>	<u><u>\$ 495,637</u></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, 2008 and 2007

	2008	2007
REVENUES		
Operating Revenues		
Business and industry	\$ 161,805	\$ 152,943
In-kind contributions	11,561	25,572
Total Operating Revenues	173,366	178,515
 OPERATING EXPENSES		
Program Services		
Programming and production	326,535	252,991
Broadcasting	135,309	116,009
Total Program Services	461,844	369,000
Support Services		
Management and general	444,533	422,686
Fund-raising and memberships	138,392	154,474
Total Support Services	582,925	577,160
Total Operating Expenses	1,044,769	946,160
 OPERATING INCOME (LOSS)	(871,403)	(767,645)
 NONOPERATING REVENUES (EXPENSES)		
General appropriation from Humboldt State University	202,286	193,972
Donated facilities and administrative support from Humboldt State University	118,826	122,988
Corporation for Public Broadcasting Grant	160,999	156,619
Memberships	207,792	208,600
Donations	12,725	-
Other grants and contracts	6,406	10,088
Investment earnings	635	-
Other income (expenses)	6,732	11,907
Total Nonoperating Revenues (Expenses)	716,401	704,174
 INCREASE (DECREASE) IN NET ASSETS	(155,002)	(63,471)
 NET ASSETS - BEGINNING OF YEAR	438,464	501,935
 NET ASSETS - END OF YEAR	\$ 283,462	\$ 438,464

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, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from business and industry	\$ 167,857	\$ 152,198
Cash payments to suppliers for goods and services	(334,611)	(302,679)
Cash payments to employees for service	(496,508)	(463,052)
Net Cash Flows Provided by (Used) by Operating Activities	(663,262)	(613,533)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
General appropriations from Humboldt State University	202,286	193,972
Nongovernmental grants and contracts received	163,660	158,570
Memberships received	210,184	207,213
Special events receipts	6,732	11,907
Private gifts received	12,725	-
Net Cash Flows Provided by (Used) by Noncapital Financing Activities	595,587	571,662
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital assets acquired	-	(14,107)
Net Cash Flows Provided by (Used) by Capital and Related Financing Activities	-	(14,107)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(100,160)	-
Interest received	635	-
Net Cash Flows Provided (Used) by Investing Activities	(99,525)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(167,200)	(55,978)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	376,903	432,881
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 209,703	\$ 376,903
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Donated facilities and administrative support from Humboldt State University	118,826	122,988
In-kind trades from business and industry	11,561	25,572

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

STATEMENT OF CASH FLOWS

For the Years Ended June 30, 2008 and 2007

	2008	2007
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$ (871,403)	\$ (767,645)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	19,270	25,600
Donated facilities and administration	118,826	122,988
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	167	1,180
(Increase) decrease in prepaid expenses	(428)	4,761
Increase (decrease) in accounts payable	10,075	(1,255)
Increase (decrease) in deferred underwriting	5,885	(1,926)
Increase (decrease) in accrued vacation	54,346	2,764
Net Cash Used in Operating Activities	\$ (663,262)	\$ (613,533)

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

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, 2008 and 2007, 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, 2008 and 2007

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, 2008 and 2007

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, 2008 and 2007, some cash balances on deposit with local financial institutions were in excess of the FDIC/FSLIC maximums of \$100,000 and were uninsured and uncollateralized by the financial institutions.

The Station's proportionate share of uninsured and uncollateralized deposits as of June 30, 2008 and 2007 consisted of the following:

	2008	2007
<u>Cash in Local Banks</u>		
Total amount deposited	\$ 27,261	\$ 150,761
Uninsured and uncollateralized deposits	21,536	134,777

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, 2008 and 2007 was \$182,442 and \$226,142, 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:

	2008	2007
Institutional support	\$ 91,076	\$ 91,076
Physical plant operations	31,912	31,912
Total facilities and administrative support	\$ 122,988	\$ 122,988

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE D - INVESTMENTS

The Station's quasi-endowment funds are managed by Humboldt State University Advancement Foundation (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, 2008, the Station's investment of \$100,160 was held in the following investments:

Large Cap US Equity, Small/Mid Cap US Equity and Non-US Equity	\$	55,088	55%
Fixed income		26,042	26
Real estate		10,016	10
All assets strategies		6,010	6
Cash		3,004	3
Total		\$ 100,160	100%

Alternative investments are defined as any investment in private equity, non-listed and market priced absolute return strategies, non-listed and market priced vehicles investing in real estate, non-listed and market priced vehicles investing in commodities, non-listed and market priced vehicles off-shore vehicles, and non-listed and market priced commingled funds. The investments listed above include \$10,016 in market priced real estate investments and \$13,221 in a private commingled trust that invests in publicly traded stocks. The fair market value of the real estate investments is determined based on annual appraisals of the underlying properties. The fair market value of the commingled trust is determined based on the stock price underlying the investment.

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, 2008 and 2007.

NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

NOTE F - PROPERTY AND EQUIPMENT

A summary of the property and equipment at June 30, 2008 and 2007 follows:

	<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>
	<u>July 1, 2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2007</u>
Computer equipment	\$ 43,931	\$ 7,795	\$ -	\$ 51,726
Production and broadcast equipment	354,827	6,312	-	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	509,167	14,107	-	523,274
Accumulated Depreciation	<u>(394,574)</u>	<u>(25,600)</u>	<u>-</u>	<u>(420,174)</u>
Net Capital Assets	<u>\$ 114,593</u>	<u>\$ (11,493)</u>	<u>\$ -</u>	<u>\$ 103,100</u>

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SUPPLEMENTARY INFORMATION

FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008
(With Comparative Totals for the Year Ended June 30, 2007)

	Program Services		
	Program and Production	Broadcasting	Total Program Services
Salaries, Payroll taxes, and Employee Benefits	\$ 170,123	\$ 74,340	\$ 244,463
Supplies and Other Services			
Office supplies	52	-	52
Communications	-	7,846	7,846
Subscriptions	-	-	-
Postage and shipping	-	-	-
Occupancy	-	13,061	13,061
Building repair and maintenance	-	507	507
Expendable equipment	210	10,705	10,915
Equipment rental	-	-	-
Equipment repair and maintenance	-	6,368	6,368
Printing	326	-	326
Dues	-	3,443	3,443
Meetings, conferences, and travel	-	-	-
Local travel	-	-	-
Programming costs	150,112	2,073	152,185
Music expense	137	-	137
Advertising expense	-	-	-
Fund-raising expense	-	-	-
Premiums	-	-	-
Professional services - Legal	-	-	-
Professional services - Accounting	-	-	-
Professional services - Computer	5,500	-	5,500
Professional services - Other	75	16,966	17,041
Membership development	-	-	-
Volunteer expense	-	-	-
Training	-	-	-
Miscellaneous	-	-	-
Indirect expense	-	-	-
Total Supplies and Other Services	156,412	60,969	217,381
Depreciation	-	-	-
Donated Facilities and Administrative Support	-	-	-
Total Expenses	\$ 326,535	\$ 135,309	\$ 461,844

<u>Support Services</u>		<u>Total Support Services</u>	<u>2008 Totals</u>	<u>2007 Totals</u>
<u>Fund-raising and Membership</u>	<u>Management and General</u>			
\$ 101,416	\$ 204,974	\$ 306,390	\$ 550,853	\$ 465,817
-	6,808	6,808	6,860	5,272
-	14,455	14,455	22,301	22,918
-	681	681	681	1,068
5,450	274	5,724	5,724	7,160
-	1,776	1,776	14,837	18,674
-	1,495	1,495	2,002	-
1,023	-	1,023	11,938	9,577
-	-	-	-	1,688
-	375	375	6,743	5,880
6,655	-	6,655	6,981	5,374
1,340	1,949	3,289	6,732	7,020
2,628	2,959	5,587	5,587	1,268
-	-	-	-	1,884
-	-	-	152,185	129,982
-	-	-	137	64
1,535	1,501	3,036	3,036	14,453
7,720	-	7,720	7,720	-
5,585	-	5,585	5,585	5,352
-	85	85	85	-
-	19,650	19,650	19,650	-
3,300	-	3,300	8,800	-
1,540	5,133	6,673	23,714	90,689
-	-	-	-	2,051
200	3,034	3,234	3,234	1,307
-	-	-	-	44
-	7,247	7,247	7,247	30
-	34,041	34,041	34,041	-
36,976	101,463	138,439	355,820	331,755
-	19,270	19,270	19,270	25,600
-	118,826	118,826	118,826	122,988
<u>\$ 138,392</u>	<u>\$ 444,533</u>	<u>\$ 582,925</u>	<u>\$ 1,044,769</u>	<u>\$ 946,160</u>

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

