

National Educational
Telecommunications Association

Financial Statements
with Additional Information
and
Independent Auditors' Report

*As of and for the Years Ended
June 30, 2009 and 2008*

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KIRKLAND, THOMAS, WATSON & DYCHES, LLC

Consultants & Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
National Educational Telecommunications Association

We have audited the accompanying statements of financial position of the National Educational Telecommunications Association as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association'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 misstatement. 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 National Educational Telecommunications Association as of June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 13 to 16, inclusive, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the years ended June 30, 2009 and 2008, has been subjected to the auditing procedures applied in the audit 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.

Kirkland, Thomas, Watson & Dyches, LLC
August 15, 2009

National Educational Telecommunications Association
Statements of Financial Position
As of June 30, 2009 and 2008

Assets

	2009	2008
Current assets:		
Cash	\$ 319,330	\$ 542,495
Investments, at fair value	528,785	475,175
Less: Restricted for grants or designated for member use	(121,802)	(134,872)
Cash and investments available for current operations	726,313	882,798
Accounts receivable, net	173,982	194,289
Prepaid expenses	79,017	139,095
Total current assets	979,312	1,216,182
Restricted or designated cash and investments, at fair value	121,802	134,872
Property and equipment, net	689,622	637,971
Total assets	\$ 1,790,736	\$ 1,989,025

Liabilities and Net Assets

Current liabilities:		
Cash overdraft	\$ -	\$ 89,123
Notes payable, current portion	25,815	24,187
Accounts payable	285,063	159,605
Accrued expenses	78,853	183,056
Royalties payable	49,183	141,327
Unearned revenue	113,727	118,544
Funds held for others	92,352	111,472
Total current liabilities	644,993	827,314
Notes payable, less current portion	218,270	243,657
Total Liabilities	863,263	1,070,971
Net assets:		
Unrestricted net assets:		
Operating	805,671	783,182
Designated	92,352	111,472
Total unrestricted net assets	898,023	894,654
Temporarily restricted	29,450	23,400
Total net assets	927,473	918,054
Total liabilities and net assets	\$ 1,790,736	\$ 1,989,025

National Educational Telecommunications Association
Statements of Activities
For the Years Ended June 30, 2009 and 2008

	2009	2008
Unrestricted Net Assets:		
Unrestricted revenues, grants and other support:		
General and administrative	\$ 1,398,418	\$ 1,365,207
Projects	1,637,824	1,537,146
Special services	1,180,467	1,313,831
Program distribution	44,700	177,700
Total unrestricted revenues, grants and other support	4,261,409	4,393,884
 Expenses:		
General and administrative	1,612,765	1,630,686
Projects	1,540,229	1,421,528
Special services	1,069,945	1,206,486
Program distribution	35,100	128,055
Total expenses	4,258,039	4,386,755
 Increase in unrestricted net assets	3,370	7,129
 Unrestricted net assets, beginning of year	894,653	887,525
 Unrestricted net assets, end of year	898,023	894,654
 Temporarily Restricted Net Assets:		
Increase in temporarily restricted assets:		
Program acquisitions	75,000	—
 Net assets released from restrictions:		
Restrictions satisfied by payments	(68,950)	—
Increase in temporarily restricted net assets	6,050	
Temporarily restricted net assets, beginning of year	23,400	23,400
Temporarily restricted net assets, end of year	29,450	23,400
 Total net assets, end of year	\$ 927,473	\$ 918,054

National Educational Telecommunications Association
Statements of Cash Flows
For the Years Ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Increase in net assets	\$ 9,420	\$ 7,129
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	84,147	77,068
Net unrealized (gains) losses on investments	(4,117)	17,065
Net realized losses on investments	4,815	3,640
(Increase) decrease in:		
Accounts receivable	20,307	86,834
Prepaid expenses	60,078	(77,607)
Increase (decrease) in:		
Accounts payable	125,458	(204,674)
Accrued expenses	(104,203)	122,776
Royalties payable	(92,144)	(35,286)
Unearned revenue	(4,817)	(192,965)
Funds held for others	(19,120)	26,264
Net cash provided (used) by operating activities	79,824	(169,756)
Cash flows from investing activities:		
Purchases of property and equipment	(135,798)	(16,433)
Purchases of investments	(352,493)	(20,000)
Principal repayments received on investments	-	2,628
Proceeds from sales of investments	248,185	653
Proceeds from redemptions of investments	50,000	-
Net cash used by investing activities	(190,106)	(33,152)
Cash flows from financing activities:		
Cash overdraft	(89,123)	89,123
Proceeds from notes payable	-	100,000
Principal repayments on notes payable	(23,759)	(21,982)
Net cash (used) provided by investing activities	(112,882)	167,141
Net decrease in cash	(223,164)	(35,767)
Cash, beginning of the year	542,494	578,262
Cash, end of the year	\$ 319,330	\$ 542,495
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 17,127	\$ 10,062

National Educational Telecommunications Association
Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

Note 1 – Organization and Nature of Activities:

The National Educational Telecommunications Association (the “Association”) is an organization of public and educational television entities, incorporated in 1967 under the laws of South Carolina. The Association’s purpose is to exchange and share on a not-for-profit basis the educational, instructional, and cultural resources of and with participating members so as to assist the development of instructional, educational, and cultural activities of educational television stations; produce and/or distribute material instructional to the public; further the utilization of other forms of electronic communications of educational material; aid in developing and implementing interstate exchange of instructional, educational, or cultural material designed or intended for broadcast by television, or otherwise; and, assist in developing and implementing interstate exchange of materials and information relating to the educational use of electronic communications.

The Association, through its business center, provides administrative functions primarily for other organizations in the public broadcasting industry. The business center continues to grow in terms of revenue, staffing and in services rendered.

Note 2 – Summary of Significant Accounting Policies:

Revenue Recognition

Revenues are reported as restricted support if they are received with grantor or donor stipulations limiting the use of such revenues. When the grantor or donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted revenues are reclassified to unrestricted revenues and reported in the statement of activities as net assets expended.

Investments

Investments are stated at fair value based upon quoted market information.

Accounts Receivable and Allowance for Doubtful Accounts

The allowance for doubtful accounts represents management’s estimate of probable losses inherent in accounts receivable. Additions to the allowance are made by means of a charge to bad debts. Credit losses are deducted from the allowance and subsequent recoveries are added. Balances in accounts receivable are evaluated based upon the borrower’s overall financial position, resources, and payment record. These analyses consider historical and industry factors. Additionally, management considers the current business strategy and the credit process.

National Educational Telecommunications Association
Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued):

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual result could differ from those estimates. Management has considered subsequent events through August 15, 2009.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. The Association's policy is to capitalize all items of a capital nature. Fully depreciated property and equipment are periodically removed from the accounts.

Royalties Payable

Royalties payable consist of royalties earned by program producers but not yet distributed.

Unearned Revenue

Unearned revenue primarily consists of receipts for Association services to be provided in the subsequent year.

Funds Held for Others

Funds held for others consist of funds held for small groups conducting specific program related services and are classified as designated net assets.

Net Assets

Temporarily restricted net assets consist of amounts primarily from members for specified educational services.

Allocations

In the absence of specific contract terms, the Association allocates salaries and fringe benefits to its various programs based on actual hours worked.

Income Taxes

The Association is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and is not classified as a private foundation. The Association is, however, subject to tax on net income derived from unrelated business activities as defined under applicable tax law.

National Educational Telecommunications Association
Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued):

Recent Accounting Pronouncements

In February 2007, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” which permits entities to choose to measure certain financial instruments and other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 became effective January 2008.

This pronouncement did not have any effect on the financial statements because the fair value methodology under SFAS No. 159 was not elected for any of the financial instruments or other items that are not currently required to be measured at fair value.

SFAS No. 157, “Fair Value Measurements” (SFAS No. 157”), defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures regarding fair value measurements for financial assets and liabilities measured on a recurring basis. SFAS No. 157 applies whenever other accounting pronouncements require or permit fair value measurements for assets and liabilities. SFAS No. 157 defines fair value for financial reporting as the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement of the financial assets utilized assumptions categorized as observable inputs under SFAS No. 157. Observable inputs are assumptions based on independent market data sources.

The following table sets forth information regarding the fair value measurements of the financial assets as of June 30, 2009:

<u>Description</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>As of June 30, 2009</u>	<u>(Level 1) Quoted Prices in Active Markets for Identified Assets</u>	<u>(Level 2) Significant Other Observable Inputs</u>	<u>(Level 3) Significant Unobservable Inputs</u>
Investments	\$ 528,785	\$ 528,785	\$ -	\$ -
	<u>\$ 528,785</u>	<u>\$ 528,785</u>	<u>\$ -</u>	<u>\$ -</u>

Quoted market prices in active markets for identical assets as of the measurement date were used to value the financial assets categorized as Level 1.

National Educational Telecommunications Association
Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

Note 2 – Summary of Significant Accounting Policies (continued):

The carrying amounts for cash, accounts receivable, prepaid expenses, cash overdraft, accounts payable and other accrued liabilities approximate fair value because of the immediate or short-term maturity of these financial instruments.

The fair value of the notes payable are estimated by discounting the future cash flows using current rates for similar debt with similar characteristics and remaining maturities. As of June 30, 2009, the carrying amount of the notes payable was \$244,085 and the estimated fair value was approximately \$247,000.

The FASB issued Staff Position (“FSP”) No. 157-2, “Effective Date of FASB Statement No. 157” (“FSP No. 157-2”), which delays the effective date of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities to fiscal years beginning after November 15, 2008, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis. The adoption of this guidance is not expected to have a material impact on the financial statements.

In June 2006, the FASB issued Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes”. This interpretation clarifies the accounting for uncertainty in income taxes recognized in financial statements. FIN 48 details how uncertain tax positions should be recognized, measured, presented, and disclosed that have been or are expected to be taken. As such, financial statements will reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities’ full knowledge of the position and all relevant facts. FIN 48 is not expected to have a material impact on the financial statements.

Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current presentation. Such reclassifications had no effect on the change in net assets.

Note 3 – Concentrations of Credit Risk:

The Association maintains its cash balances primarily with a national banking institution. These balances are insured by the Federal Deposit Insurance Corporation up to the established amount and excess funds are invested overnight in insured accounts.

National Educational Telecommunications Association
Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

Note 4 – Investments:

Investments as of June 30, 2009 and 2008, are summarized as follows:

	2009			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Equity securities, in a loss position greater than 12 months	\$ 47,500	\$ -	\$ 18,751	\$ 28,749
Government bonds	265,000	13,423		278,423
Corporate bonds	194,003	6,554	39,849	160,708
Government mortgage and asset – backed bond funds				
Fannie Mae	1,197	-	82	1,115
Ginnie Mae	89,183	-	29,903	59,280
Freddie Mac	980	-	470	510
	<u>\$ 597,863</u>	<u>\$ 19,977</u>	<u>\$ 89,055</u>	<u>\$ 528,785</u>
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Equity securities, not in a loss position longer than 12 months	\$ 20,000	\$ -	\$ 2,080	\$ 17,920
Equity securities, in a loss position greater than 12 months	27,500	-	7,656	19,844
Government bonds	250,000	-	18	249,982
Corporate bonds	105,217	-	30,914	74,303
Government mortgage and asset – backed bond funds				
Fannie Mae	1,197	-	82	1,115
Ginnie Mae	143,373	-	31,974	111,399
Freddie Mac	1,084	-	472	612
	<u>\$ 548,371</u>	<u>\$ -</u>	<u>\$ 73,196</u>	<u>\$ 475,175</u>

Fair value amounts are subject to significant fluctuations given the market environment.

The Association periodically evaluates its equity securities for other-than-temporary impairment; the Association anticipates the fair value of the equity securities to rebound and deems the unrealized losses on equity securities to be temporary.

National Educational Telecommunications Association
Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

Note 4 – Investments (continued):

Investment return is summarized as follows for the years ended June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest	\$ 44,540	\$ 80,939
Realized gains and (losses), net	(4,815)	(3,640)
Unrealized gains and (losses), net	4,117	(17,065)
	<u>\$ 43,842</u>	<u>\$ 60,234</u>

Note 5 – Accounts Receivable:

Accounts receivable is summarized as follows:

	<u>As of June 30,</u>	
	<u>2009</u>	<u>2008</u>
Members	\$ 42,065	\$ 6,716
Non-members	23,943	53,199
Grants and projects	22,846	79,409
Business Center clients	90,886	59,561
Employees	2,135	3,297
Total	<u>181,875</u>	<u>202,182</u>
Less: allowance for doubtful accounts	<u>(7,893)</u>	<u>(7,893)</u>
Accounts receivable, net	<u>\$ 173,982</u>	<u>\$ 194,289</u>

National Educational Telecommunications Association
Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

Note 6 – Property and Equipment:

Property and equipment and related estimated useful lives are summarized as follows:

	Estimated Life (years)	2009	2008
Land	-	\$ 167,563	\$ 167,563
Building	15-31.5	1,001,201	997,786
Computer equipment and software	3-5	429,231	323,345
Office furniture, fixtures and equipment	5-10	164,580	164,580
Television and radio equipment	6-7	51,632	25,136
Automobiles	3-5	15,808	15,808
Total		1,830,015	1,694,218
Less, accumulated depreciation		(1,140,393)	(1,056,247)
Property and equipment, net		<u>\$ 689,622</u>	<u>\$ 637,971</u>

Note 7 – Notes Payable:

The Association refinanced the amount due on its note payable in May 2008 with a \$170,000 note payable to a bank repayable in monthly installments of \$1,894 including interest at a fixed rate of 6.0% with a balloon payment due June 2013.

The Association entered into an additional \$100,000 note agreement in June 2008 with a bank repayable in monthly installments of \$1,514 including interest at a fixed rate of 7.0% with the final payment due June 2015.

Principal repayments on notes payable are as follows:

Year Ending June 30,

2010	\$ 25,815
2011	27,563
2012	29,431
2013	129,227
2014	16,295
thereafter	<u>15,754</u>
	244,085
Less: current portion	<u>(25,815)</u>
Notes payable, long-term	<u>\$ 218,270</u>

National Educational Telecommunications Association
Notes to Financial Statements
For the Years Ended June 30, 2009 and 2008

Note 7 – Notes Payable (continued):

The Association's office building and other assets of the Association serve as collateral.

Interest expense on the notes payable for the years ended June 30, 2009 and 2008, totaled approximately \$17,100 and \$10,100, respectively.

Note 8 – Defined Contribution Retirement Plan:

The Association has a defined contribution retirement plan covering substantially all of its employees. The plan requires the Association to contribute an amount equal to seven percent of employee compensation (contingent upon the employee electing at least a five percent contribution and subject to prescribed limitations). Association contributions totaled approximately \$110,000 and \$85,000 for the years ended June 30, 2009 and 2008, respectively.

Note 9 – Lease Commitments:

The Association has two non-cancellable lease agreements for office equipment.

Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	
2010	\$ 8,617
2011	5,080
2012	5,080
2013	<u>3,810</u>
	<u>\$ 22,587</u>

Lease expense totaled approximately \$8,600 and \$8,000 for each of the years ended June 30, 2009 and 2008, respectively.

Note 10 – Risks and Uncertainties:

The Association is exposed to various risks of loss arising from litigation and claims in the normal course of business. The Association maintains insurance coverage to provide for risks of loss.

ADDITIONAL INFORMATION

National Educational Telecommunications Association
Schedule of Revenues and Expenses
For the Year Ended June 30, 2009

	General and Administrative	Projects	Special Services	Program Distribution	Total
Revenues:					
Program acquisitions	\$ -	\$ 108,450	\$ 1,044,308	\$ -	\$ 1,152,758
Member dues	964,698	160,800	-	-	1,125,498
Program subscribers	104,656	-	-	44,700	149,356
Business center	-	738,048	-	-	738,048
Administrative overhead earned	38,800	-	-	-	38,800
Registration fees	-	131,238	-	-	131,238
Satellite feeds	-	-	102,555	-	102,555
Royalties	-	333,171	-	-	333,171
Award entry fees	-	15,750	-	-	15,750
Service charges	7,939	-	18,949	-	26,888
Underwriting	-	14,350	-	-	14,350
Investments	48,657	-	-	-	48,657
Consulting services	-	47,057	-	-	47,057
Handling fees	81,940	-	-	-	81,940
Educational resources	-	21,913	-	-	21,913
E-Media	-	18,550	-	-	18,550
Other	151,728	48,497	14,655	-	214,880
Total revenues	<u>\$ 1,398,418</u>	<u>\$ 1,637,824</u>	<u>\$ 1,180,467</u>	<u>\$ 44,700</u>	<u>\$ 4,261,409</u>

(continued)

National Educational Telecommunications Association
Schedule of Revenues and Expenses
For the Year Ended June 30, 2009

	<u>General and Administrative</u>	<u>Projects</u>	<u>Special Services</u>	<u>Program Distribution</u>	<u>Total</u>
Expenses:					
Program acquisition services	\$ -	\$ 17,983	\$ 1,044,308	\$ -	\$ 1,062,291
Salaries and employee benefits	1,116,915	822,517	-	-	1,939,432
Contractual services	67,036	340,895	-	-	407,931
Network origination	-	-	25,637	30,940	56,577
Food and beverage	-	77,697	-	-	77,697
Royalties	-	52,184	-	-	52,184
Depreciation	84,147	-	-	-	84,147
AV Expenses	-	54,995	-	-	54,995
Staff travel	74,360	23,330	-	-	97,690
Board/consultants	569	46,454	-	-	47,023
Maintenance	17,435	4,710	-	-	22,145
Insurance	34,406	-	-	-	34,406
Telephone/fax/audiobridge	19,256	7,731	-	-	26,987
Utilities	37,412	-	-	-	37,412
Interest and bank service charges	26,907	7,526	-	-	34,433
Printing and duplication	3,193	6,753	-	-	9,946
Audit and legal	29,172	-	-	-	29,172
Computer operations and supplies	17,208	4,333	-	-	21,541
Employee recruitment	17,735	-	-	-	17,735
Administrative overhead	-	15,000	-	-	15,000
Postage	3,559	2,713	-	-	6,272
Workshops	-	6,137	-	-	6,137
Software support	14,421	816	-	-	15,237
Supplies	9,222	134	-	-	9,356
Freight	10,694	5,275	-	-	15,969
Promo/photo/film	874	9,756	-	-	10,630
Hospitality	5,213	291	-	-	5,504
Dues and publications	14,316	20,155	-	-	34,471
Data charges	-	-	-	4,160	4,160
Council	1,430	-	-	-	1,430
Consultants and honoraria	-	793	-	-	793
Miscellaneous	7,286	12,050	-	-	19,336
Total expenses	<u>1,612,765</u>	<u>1,540,229</u>	<u>1,069,945</u>	<u>35,100</u>	<u>4,258,039</u>
Excess Revenues (Expenses)	<u>\$ (214,347)</u>	<u>\$ 97,595</u>	<u>\$ 110,522</u>	<u>\$ 9,600</u>	<u>\$ 3,370</u>

(concluded)

National Educational Telecommunications Association
Schedule of Revenues and Expenses
For the Year Ended June 30, 2008

	General and Administrative	Projects	Special Services	Program Distribution	Total
Revenues:					
Program acquisitions	\$ -	\$ 141,565	\$ 1,173,780	\$ -	\$ 1,315,345
Member dues	943,908	167,200	-	-	1,111,108
Program subscribers	106,828	-	-	177,700	284,528
Business center	-	611,014	-	-	611,014
Administrative overhead earned	37,846	-	-	-	37,846
Registration fees	-	154,825	-	-	154,825
Satellite feeds	-	-	103,922	-	103,922
Royalties	-	279,238	-	-	279,238
Award entry fees	-	14,500	-	-	14,500
Service charges	21,727	2,128	20,649	-	44,504
Underwriting	-	9,950	-	-	9,950
Investments	60,234	-	-	-	60,234
Consulting services	-	53,873	-	-	53,873
Bad debt recovery	15,000	-	-	-	15,000
Handling fees	64,759	-	-	-	64,759
Educational resources	-	47,230	-	-	47,230
E-Media	-	22,750	-	-	22,750
CPB reimbursement	-	19,000	-	-	19,000
Other	114,905	13,873	15,480	-	144,258
Total revenues	<u>\$ 1,365,207</u>	<u>\$ 1,537,146</u>	<u>\$ 1,313,831</u>	<u>\$ 177,700</u>	<u>\$ 4,393,884</u>

(continued)

National Educational Telecommunications Association
Schedule of Revenues and Expenses
For the Year Ended June 30, 2008

	General and Administrative	Projects	Special Services	Program Distribution	Total
Expenses:					
Program acquisition services	\$ -	\$ 33,107	\$ 1,180,349	\$ -	\$ 1,213,456
Salaries and employee benefits	1,133,288	721,234	-	-	1,854,522
Contractual services	59,772	311,327	-	-	371,099
Network origination	-	-	26,137	123,760	149,897
Food and beverage	-	91,398	-	-	91,398
Royalties	-	57,692	-	-	57,692
Depreciation	77,068	-	-	-	77,068
AV Expenses	-	50,158	-	-	50,158
Staff travel	94,678	21,186	-	-	115,864
Board/consultants	200	45,180	-	-	45,380
Maintenance	22,075	3,109	-	-	25,184
Insurance	32,614	-	-	-	32,614
Telephone/fax/audiobridge	22,947	4,887	-	-	27,834
Utilities	35,136	-	-	-	35,136
Interest and bank service charges	17,163	6,854	-	-	24,017
Printing and duplication	2,311	5,345	-	-	7,656
Audit and legal	21,307	-	-	-	21,307
Computer operations and supplies	13,962	4,973	-	-	18,935
Employee recruitment	24,806	-	-	-	24,806
Administrative overhead	-	15,000	-	-	15,000
Postage	3,695	5,185	-	-	8,880
Workshops	-	6,905	-	-	6,905
Software support	17,868	3,356	-	-	21,224
Supplies	9,003	2,358	-	-	11,361
Freight	7,969	6,209	-	-	14,178
Promo/photo/film	5,985	1,350	-	-	7,335
Hospitality	6,626	713	-	-	7,339
Dues and publications	16,316	20,255	-	-	36,571
Data charges	-	-	-	4,295	4,295
Council	2,134	-	-	-	2,134
Miscellaneous	3,763	3,747	-	-	7,510
Total expenses	<u>1,630,686</u>	<u>1,421,528</u>	<u>1,206,486</u>	<u>128,055</u>	<u>4,386,755</u>
Excess Revenues (Expenses)	<u>\$ (265,479)</u>	<u>\$ 115,618</u>	<u>\$ 107,345</u>	<u>\$ 49,645</u>	<u>\$ 7,129</u>

(concluded)

See independent auditors' report