

2008–2009 Financial Report



The 2008-2009 fiscal year presented monumental challenges for nearly every organization in our community, from commercial enterprises to not-for-profit groups. KCET was no exception. We had to make difficult decisions to adapt to the changing economic environment. Still, our sense of purpose remains undaunted and we continue to uphold our commitment to the principled values that are the hallmark of KCET and public media.

Now, more than ever as technology continues to evolve into newer and bolder platforms of distribution, the independent voice of KCET is needed to provide the essential ingredient people are looking for -- inspiring, informative and educational content. You can depend on KCET to deliver balanced news and information, cutting edge science and nature programs, insightful documentaries, provocative arts, cultural and musical broadcasts and so much more.

KCET is an efficient steward of the vital resources entrusted to us by our donors. Roughly 76% of our expenditures are for program services, which include locally produced shows, education and outreach, along with the fees we pay to PBS for all of the iconic programs expected from a top-tier PBS affiliate. What's more, KCET essentially begins each and every fiscal year anew to raise the necessary funds to provide these services.

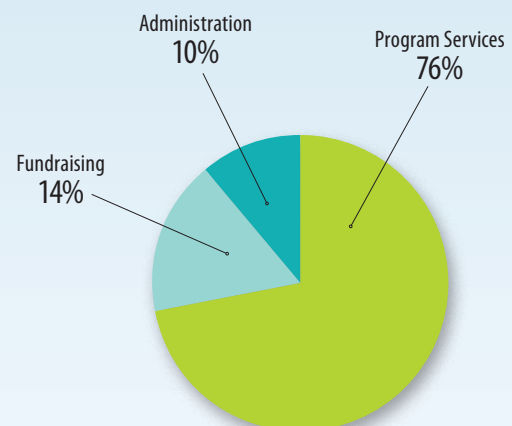
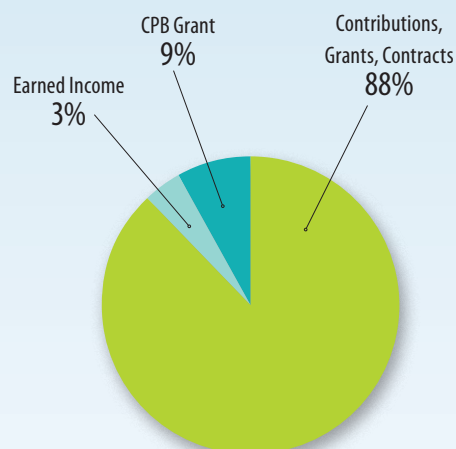
The challenge to raise these funds each year is immense, yet the reach of our services makes KCET a great philanthropic value for our donors when you consider the fact that more than four million viewers watch KCET in the average month. Our far-reaching broadcast signal allows many families to receive KCET over-the-air for free. Additionally KCET is carried on satellite systems and on nearly 150 cable systems in 11 counties and each month our online audience continues to dramatically expand as we provide new original content and interactive services.

As you review this financial report, I hope you will take pride in knowing that your investment in KCET is money well spent. Together, we help improve our world by providing a trusted and independent media voice, an easily accessible venue for the arts and culture, an in-home learning center for young children, and a place where history, science and nature come alive.

Sincerely,

Al Jerome

KCET Operating Revenue and Expense Breakdown 2009



AUDITED STATEMENT OF FINANCIAL POSITION

(Community Television of Southern California, a nonprofit organization)
June 30, 2009 (with Comparative Totals at June 30, 2008)



	ASSETS	
	2009	2008
Current assets		
Cash and cash equivalents	\$ 4,885,254	\$ 11,544,901
Investments	536,327	533,052
Grants and contributions receivable	6,155,788	8,009,475
Accounts receivable, net of allowance for doubtful accounts of \$87,903 and \$112,697 for 2009 and 2008, respectively	<u>2,903,517</u>	<u>2,057,228</u>
Total current assets	14,480,886	22,144,656
Property, plant and equipment, net	25,153,075	25,022,995
Grants and contributions receivable, net	1,617,856	—
Investments	523,200	—
Restricted investments	4,758,366	4,274,514
Beneficial interest in charitable remainder trust	180,106	179,786
Prepaid expenses and other assets	<u>48,387</u>	<u>181,706</u>
Total assets	<u>\$ 46,761,876</u>	<u>\$ 51,803,657</u>
	LIABILITIES AND NET ASSETS	
Current liabilities		
Accounts payable	\$ 3,393,690	\$ 1,931,674
Accrued expenses	1,984,842	1,859,367
Advances under grant agreements	227,709	2,381,060
Certificates of participation, current portion	675,000	—
Loans payable, current portion	121,813	367,295
Charitable gift annuities payable, current portion	<u>44,192</u>	<u>41,232</u>
Total current liabilities	6,447,246	6,580,628
Certificates of participation, net of current portion	2,325,000	3,000,000
Loans payable, net of current portion	—	121,813
Charitable gift annuities payable, net of current portion	<u>207,859</u>	<u>185,104</u>
Total liabilities	<u>8,980,105</u>	<u>9,887,545</u>
Commitments and contingencies		
Net assets		
Unrestricted	14,696,631	14,850,870
Temporarily restricted	18,868,933	23,641,340
Permanently restricted	<u>4,216,207</u>	<u>3,423,902</u>
Total net assets	<u>37,781,771</u>	<u>41,916,112</u>
Total liabilities and net assets	<u>\$ 46,761,876</u>	<u>\$ 51,803,657</u>

AUDITED STATEMENT OF ACTIVITIES

(Community Television of Southern California, a nonprofit organization)

June 30, 2009 (with Comparative Totals at June 30, 2008)



	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2009 Total</u>	<u>2008 Total</u>
Support and revenue					
Contributions, grants and contracts	\$ 39,445,804	\$ 13,001,792	\$ 792,305	\$ 53,239,901	\$ 51,020,033
Community service grants	5,549,449	—	—	5,549,449	4,887,697
Facility rentals and other earned income	1,932,325	—	—	1,932,325	2,152,552
Net realized and unrealized losses on investments	(34,043)	(453,843)	—	(487,886)	(429,898)
License and royalty revenue	133,621	—	—	133,621	281,941
Change in value of split-interest agreements	(73,318)	—	—	(73,318)	(7,925)
Net assets released from restrictions	<u>17,320,356</u>	<u>(17,320,356)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total support and revenue	<u>64,274,194</u>	<u>(4,772,407)</u>	<u>792,305</u>	<u>60,294,092</u>	<u>57,904,400</u>
Functional expenses					
Program services					
Programming and production	40,739,487	—	—	40,739,487	38,699,274
Transmission	6,187,095	—	—	6,187,095	5,988,033
Public information	<u>2,257,931</u>	<u>—</u>	<u>—</u>	<u>2,257,931</u>	<u>3,261,464</u>
Total program services	49,184,513	—	—	49,184,513	47,948,771
Supporting services					
Fundraising and development	8,803,797	—	—	8,803,797	9,938,166
General and administrative	<u>6,440,123</u>	<u>—</u>	<u>—</u>	<u>6,440,123</u>	<u>7,062,533</u>
Total functional expenses	<u>64,428,433</u>	<u>—</u>	<u>—</u>	<u>64,428,433</u>	<u>64,949,470</u>
Change in net assets	(154,239)	(4,772,407)	792,305	(4,134,341)	(7,045,070)
Net assets, beginning of year	<u>14,850,870</u>	<u>23,641,340</u>	<u>3,423,902</u>	<u>41,916,112</u>	<u>48,961,182</u>
Net assets, end of year	<u>\$14,696,631</u>	<u>\$ 18,868,933</u>	<u>\$ 4,216,207</u>	<u>\$ 37,781,771</u>	<u>\$ 41,916,112</u>

AUDITED STATEMENT OF CASH FLOWS

(Community Television of Southern California, a nonprofit organization)
June 30, 2009 (with Comparative Totals at June 30, 2008)



	2009	2008
Cash flows from operating activities		
Change in net assets	\$ (4,134,341)	\$ (7,045,070)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,838,809	2,832,733
Allowance for doubtful accounts	1,500	63,077
Loss on disposal of fixed assets	6,348	–
Revenue from barter transactions	(1,230,500)	(1,831,323)
Expenses relating to barter transactions	1,230,500	1,831,323
Contributions restricted for long-term investment	(792,305)	(331,675)
In-kind programming services loan repayment	–	(179,894)
Net realized and unrealized losses (gains) on investments	487,886	429,898
Change in value of split-interest agreements	73,318	7,925
Changes in operating assets and liabilities		
Grants, contributions and accounts receivable	(611,958)	17,406,028
Prepaid expenses and other assets	132,999	(148,407)
Accounts payable	3,871,937	294,699
Accrued expenses	125,475	(1,400,802)
Advances under grant agreements	(2,153,351)	1,541,351
	(153,683)	13,469,863
Net cash provided by (used in) operating activities		
Cash flows from investing activities		
Net purchase of investments	(1,545,816)	(666,955)
Purchases of property, plant and equipment	(2,975,237)	(1,738,849)
	(4,521,053)	(2,405,804)
Net cash used in investing activities		
Cash flows from financing activities		
Repayments on loans payable	(2,777,216)	(357,017)
Principal payments on capital lease obligations	–	(45,052)
Contributions restricted for long-term investment	792,305	331,675
	(1,984,911)	(70,394)
Net cash used in financing activities		
Net increase (decrease) in cash balances	(6,659,647)	10,993,665
Cash and cash equivalents, beginning of year	11,544,901	551,236
Cash and cash equivalents, end of year	4,885,254	11,544,901
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 219,105	\$ 263,201
Noncash investing and financing activities		
Principal loan repayment through providing in-kind program underwriting services	\$ –	\$ 179,894