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Consolidated Financial Report

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2012

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Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

TABLE OF CONTENTS

Consolidated Financial Report

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2012 and 2011

	Page Number
Financial Section	
Independent Auditor's Report	
Exhibits	1 - 2
A - Consolidated Statement of Financial Position	3
B - Consolidated Statement of Activities	4
C - Consolidated Statement of Functional Expenses	5
D - Consolidated Statement of Cash Flows	6 - 7
E - Notes to Consolidated Financial Statements	8 - 32
Supplemental Information	
1 - Consolidating Statement of Financial Position	33
2 - Consolidating Statement of Activities	34 - 35
3 - Consolidated Schedule of Support and Revenues	36 - 37
Special Report of Certified Public Accountants	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	38 - 39
Schedule of Findings and Responses	40 - 41
Reports by Management	
Schedule of Prior Year Findings and Responses	42
Management's Corrective Action Plan	43

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Greater New Orleans Educational Television Foundation,
New Orleans, Louisiana

We have audited the accompanying consolidated statement of financial position of Greater New Orleans Educational Television Foundation and Subsidiaries as of June 30, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the 2011 consolidated financial statements, and in our report dated November 30, 2011, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Greater New Orleans Educational Television Foundation and Subsidiaries as of June 30, 2012, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with <u>Government Auditing Standards</u>, we have also issued a report dated October 30, 2012 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with <u>Government Auditing Standards</u> and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplemental information (Schedules 1 through 3) is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
October 30, 2012.

Exhibit A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2012
(with comparative totals for 2011)

	2012	2011
Assets		
Cash and cash equivalents	$ 737,928	$ 510,665
Restricted cash	1,289,347	6,417,933
Accounts receivable - net	903,933	1,694,109
Unconditional promises to give - net	5,369	6,220
Capital campaign pledges receivable, net of allowances	284,153	29,026
Note receivable	6,644,822	6,445,668
Prepaid expenses and deposits	44,348	83,948
Investments	3,750,840	3,949,876
Property and equipment, net of accumulated depreciation	11,203,171	7,052,084
Total assets	$ 24,863,911	$ 26,189,529
Liabilities		
Accounts payable and accrued expenses	$ 636,191	$ 1,185,651
Notes payable to bank	2,131,637	3,896,108
Note payable - Community Development Entity	8,000,000	8,000,000
Deferred revenue	1,997,917	2,172,917
Total liabilities	12,765,745	15,254,676
Net Assets		
Unrestricted	10,324,647	6,991,373
Temporarily restricted	825,635	2,995,596
Permanently restricted	947,884	947,884
Total net assets	12,098,166	10,934,853
Total liabilities and net assets	$ 24,863,911	$ 26,189,529

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2012
(with comparative totals for 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2012	Totals 2011
Support and Revenues					
Support					
Contributions	$ 1,942,683	$ 825,635		$ 2,768,318	$ 1,492,501
Grants from the Corporation for Public Broadcasting	546,705			546,705	526,556
Other grants	85,600			85,600	348,489
Other support	111,916			111,916	129,761
In-kind support	331,866			331,866	313,166
Revenues					
Auction sales, net	321,741			321,741	377,386
Miscellaneous sales, net	32,426			32,426	19,684
Contract and production services	6,122,005			6,122,005	6,462,208
Investment income	237,923			237,923	769,271
Hurricane Katrina insurance recovery	1,000,000			1,000,000	-
Gain on sale of equipment	974			974	233,661
Total support and revenues	10,733,839	825,635		11,559,474	10,672,683
Net assets released from restrictions expiration of time and purpose restrictions	2,995,596	(2,995,596)		-	-
Total support and revenues	13,729,435	(2,169,961)		11,559,474	10,672,683
Expenses					
Program services	8,125,437			8,125,437	8,325,070
Management and general	1,388,681			1,388,681	1,091,974
Development	882,043			882,043	821,654
Total expenses	10,396,161			10,396,161	10,238,698
Increase (Decrease) in Net Assets	3,333,274	(2,169,961)		1,163,313	433,985
Net Assets					
Beginning of year	6,991,373	2,995,596	$ 947,884	10,934,853	10,500,868
End of year	$ 10,324,647	$ 825,635	$ 947,884	$ 12,098,166	$ 10,934,853

See notes to consolidated financial statements

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2012
(with comparative totals for 2011)

	Program Services	Supporting Services: Management and General	Supporting Services: Development	Total Expenses: 2012	Total Expenses: 2011
Advertising	$ 4,990	$ 3,000	$ 8,390	$ 16,380	$ 25,134
Board of trustees' expenses	-	42	-	42	217
Building and grounds maintenance	-	31,921	-	31,921	19,508
Building rental	-	142,056	-	142,056	112,015
Capital campaign expense	-	93,883	-	93,883	-
Direct mail solicitation	-	-	43,808	43,808	44,485
Employee travel and other personnel costs	505,903	5,919	1,065	512,887	526,358
Equipment rental and maintenance cost	929,378	7,764	12,306	949,448	1,342,275
Income taxes	-	209,345	-	209,345	175,881
Insurance	192,016	23,467	12,697	228,180	220,065
Interest	-	224,875	-	224,875	132,630
Membership premiums	-	-	108,335	108,335	97,434
Office supplies	24,305	6,425	7,618	38,348	61,580
Other expenses	139,865	122,930	61,449	324,244	202,229
Postage and shipping	37,943	2,307	43,667	83,917	69,207
Printing	45,882	-	22,634	68,516	74,669
Production costs	297,649	72	17,651	315,372	73,045
Professional services	161,215	103,953	69,100	334,268	197,549
Program rental fees	641,991	-	-	641,991	597,835
Salaries, payroll taxes and employee benefits	3,242,395	386,641	442,785	4,071,821	4,163,466
Station dues	-	-	-	-	77,940
Taxes - other	4,290	4,300	-	8,590	3,711
Telephone	53,440	8,433	11,448	73,321	72,405
Tower and transmission equipment rental	202,865	-	-	202,865	202,865
Utilities	86,416	-	-	86,416	89,373
	6,570,543	1,377,333	862,953	8,810,829	8,581,876
Depreciation and amortization	1,554,894	11,348	19,090	1,585,332	1,656,822
Total functional expenses	$ 8,125,437	$ 1,388,681	$ 882,043	$ 10,396,161	$ 10,238,698

Exhibit D

CONSOLIDATED STATEMENT OF CASH FLOWS

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2012
(with comparative totals for 2011)

	2012	2011
Cash Flows From Operating Activities		
Increase in net assets	$ 1,163,313	$ 433,985
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,585,332	1,656,822
Realized and unrealized losses (gains) on investments	129,273	(683,496)
Gain on disposal of property and equipment	(974)	(233,661)
(Increase) decrease in operating assets:		
Accounts receivable and unconditional promises to give	791,027	(791,422)
Note receivable	(199,154)	(6,445,668)
Prepaid expenses and deposits	39,600	(52,516)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(549,460)	420,953
Deferred revenue	(175,000)	(175,000)
Revenues restricted for the acquisition of property and equipment:		
Capital Campaign contributions, net of unamortized discount	(595,219)	(4,585)
Net cash provided by (used in) operating activities	2,188,738	(5,874,588)

Exhibit D
(Continued)

	2012	2011
Cash Flows From Investing Activities		
Purchases of property and equipment, net of tax credits	(5,749,075)	(2,189,904)
Proceeds from sales of property and equipment	13,630	1,509,108
Proceeds from sales and maturities of investments	2,369,908	4,661,874
Purchases of investments	(2,300,145)	(4,059,626)
Net cash used in investing activities	(5,665,682)	(78,548)
Cash Flows From Financing Activities		
New borrowings	-	11,000,000
Payments on notes payable	(1,764,471)	(1,049,533)
Collections of capital campaign support	340,092	55,000
Collections of capital campaign investment income	-	4,585
Net cash provided by (used in) financing activities	(1,424,379)	10,010,052
Net Increase (Decrease) in Cash, Restricted Cash, and Cash Equivalents	(4,901,323)	4,056,916
Cash and Cash Equivalents		
Beginning of year	6,928,598	2,871,682
End of year	$ 2,027,275	$ 6,928,598

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2012

Note 1 - NATURE OF ACTIVITIES

WYES-TV is a community-owned, nonprofit public television station serving metropolitan New Orleans, southeastern Louisiana, and Mississippi Gulf Coast regions. Affiliated with the Public Broadcasting Service, WYES-TV is licensed to the Greater New Orleans Educational Television Foundation and governed by a board of trustees comprised of civic-minded individuals and distinguished community leaders.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Income Taxes

The Greater New Orleans Educational Television Foundation (the "Foundation") is a nonprofit corporation organized under the laws of the State of Louisiana to provide educational television broadcast service to the New Orleans area. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code It is also exempt from Louisiana income tax under the authority of R.S. 47:121(5). Net operating profits from unrelated business income are subject to Federal income tax.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2012 and 2011, management believes the Foundation and its Subsidiaries have no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2009 and later remain subject to examination by taxing authorities.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Organization and Income Taxes (Continued)

Effective July 1, 1982, the Foundation incorporated a wholly-owned subsidiary, Yescom Enterprises, Inc. ("Yescom"). The purpose of this corporation is to engage primarily in providing remote production services to third parties on a for-profit basis. All revenues generated by Yescom are dedicated to the Foundation and are used to fulfill the Foundation's exempt purpose.

John Besh's My New Orleans, L L.C. ("Besh"), wholly owned by the Foundation, and was founded in February 2010 to aid in the production of a television series.

On April 7, 2011, WYES-GO, LLC ("WYES GO") was established to operate exclusively for the benefit of the Greater New Orleans Educational Television Foundation, to support the production and management of public television and related activities of the Foundation, and to facilitate the New Markets Tax Credit transaction as described in Note 13. WYES-GO is owned 90% by the Foundation and 10% by an unrelated entity.

YES/BESH SEASON 2, LLC ("Yes/Besh") is wholly owned by the Foundation, and was founded in February 2012 to aid the production of a television series.

b. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates

c. Basis of Accounting

The consolidated financial statements of the Greater New Orleans Educational Television Foundation and Subsidiaries are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Basis of Presentation

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and Subsidiaries and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor - imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

e. Consolidation

The accompanying consolidated financial statements present the combined assets, liabilities, and net assets of the Foundation and its Subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

f. Cash and Cash Equivalents

The Foundation and its Subsidiaries consider investments in money market funds to be cash equivalents, except for money market funds maintained in investment brokerage accounts which are reported as investments (see Note 9)

g. Restricted Cash

The Foundation and its Subsidiaries have restricted cash balances that consist of contributions collected and restricted for the acquisition of property and equipment.

h. Investments

Investments are carried at fair market value, based on quoted market prices for the investments.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

j. Contributions and Revenue Recognition

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from restrictions Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

k. Allowance for Uncollectible Accounts

The Foundation and its Subsidiaries provide for estimated uncollectible accounts receivable on a specific account basis as determined by management. Accounts receivable are comprised principally of balances due from third parties for remote production services. The allowance for doubtful accounts was $67,393 and $67,846 as of June 30, 2012 and 2011, respectively.

The Foundation provides for estimated uncollectible pledges receivable (unconditional promises to give) based on management's analysis of specific promises made There was no balance for the allowance for uncollectible capital campaign pledges receivable as of June 30, 2012 and June 30, 2011.

l. Property and Equipment

The Foundation and its Subsidiaries record all property and equipment acquisitions at cost except for those received through donation, which are recorded at estimated value as of the date of donation. Such donations are reported as unrestricted support. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Property and Equipment (Continued)

donated assets must be maintained, the Foundation and its Subsidiaries report expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Foundation and its Subsidiaries reclassify temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment acquired with funds received through grants or contributions which stipulate a time period for the asset to be maintained are reported as temporarily restricted net assets. Temporarily restricted net assets are reclassified to unrestricted net assets for expiration of time restrictions as the assets are depreciated or the time period expires

Repairs and maintenance are charged to expense as incurred; major renewals, replacements, and betterments are capitalized. Depreciation and amortization are determined using the straight-line method and are intended to write-off the cost of the property and equipment over their estimated useful lives which range from five to thirty-nine years.

m. In-Kind Support

On June 8, 1970, the Foundation exchanged operating frequencies with WVUE, a station owned and operated at that time by Screen Gems Broadcasting of Louisiana, Inc. Emmis Televisions Broadcasting, L P. acquired the transmitter facilities and assumed the rights and obligations of the original exchange agreement. The exchange agreement required certain items of compensation to be paid to the Foundation. On November 30, 2003, the existing agreement was terminated by a new agreement under which the Foundation was paid a buyout payment of $3,500,000 (see Note 2(o)) and a new antenna and transmission line, owned by the Foundation, was constructed. The Foundation will continue to receive the substantially free lease on the transmittal facilities, which is $1 per year for twenty years through November 30, 2023 (see Note 17). The Foundation's policy is to record the appraised rental value as revenue and recognize a corresponding amount as an expense of fulfilling its exempt purposes. An independent appraisal was used to establish the value of this lease

The Foundation records the value of the substantially free use of the land occupied by its studio and office building and recognizes a similar amount as expense

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. In-Kind Support

Beginning in July of 2004, grant money was transferred to Louisiana Public Broadcasting ("LPB") under a cooperative endeavor agreement. This grant money was used by LPB to purchase transmission equipment to be used by the Foundation. The use of the transmission equipment is at no cost to the Foundation, other than general maintenance, as long as the mission of public broadcasting does not change In return, the State of Louisiana owns and insures the equipment The estimate of the annual in-kind contributions and rental expense is $82,865 for the years ended June 30, 2012 and 2011.

n. Auction Revenue

The Foundation annually conducts two auctions to sell contributed and purchased merchandise and other items. Gross auction revenue of $324,947 includes all proceeds received from auction sales and cash contributions received by the Foundation for support of the auctions Cost of merchandise sold of $3,206 includes the cost of items purchased by the Foundation. For the year ended June 30, 2012, net auction revenue of $321,741 is reported on the Consolidated Statement of Activities. For the year ended June 30, 2011, the net auction revenue was $377,386.

o. Deferred Revenue

The Foundation received $3,500,000 under an agreement with Emmis Televisions Broadcasting, L P. for the exchange of operating frequencies with WVUE which covers a twenty year period ending in 2023 (see Note 2(m)). This amount is being amortized on a straight line basis over the life of the agreement, which makes the Foundation responsible for the payment of the operating expenses of the transmittal facilities. Deferred revenue as of June 30, 2012 and 2011 approximated $1,998,000 and $2,173,000, respectively.

p. Program Rental Fees

Costs incurred for the acquisition of programs are amortized by an accelerated method until subsequent broadcasts have negligible benefit

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Unemployment Benefits

In lieu of unemployment tax contributions, the Foundation and its Subsidiaries have elected under the Louisiana Employment Security Law to reimburse the State of Louisiana for benefits paid by the State and charged against the account of the Foundation. The Foundation and its Subsidiaries recognize this expense in the period for which the benefits are billed by the State.

r. Allocated Expenses

The costs of providing the various programs and other activities are summarized in the Consolidated Statement of Functional Expenses. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

s. Subsequent Events

Management evaluates events occurring subsequent to the date of consolidated financial statements in determining the accounting for and disclosure of transactions and events that effect the consolidated financial statements. Subsequent events have been evaluated through October 30, 2012, which is the date the consolidated financial statements were available to be issued

t. Reclassifications

Certain amounts in the 2011 consolidated financial statements have been reclassified to conform to the 2012 consolidated financial statement presentation.

Note 3 - CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Foundation and its Subsidiaries maintain cash balances at several local financial institutions where they are insured by the Federal Deposit Insurance Corporation up to $250,000 per institution for interest bearing accounts and fully insured for non-interest bearing accounts. As of June 30, 2012, cash deposits in excess of the insured limits were approximately $457,000

Note 4 - RESTRICTIONS ON ASSETS

Temporarily restricted and permanently restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. Cash and investments raised through the capital campaigns are restricted for the acquisition of property and equipment. Restrictions on such funds are considered to expire when payment for the designated purpose is made.

In prior years, the Foundation was awarded two grants by the U.S. Department of Commerce Public Telecommunications Facilities Program which funded certain percentages of the cost of new equipment. The terms of these grants provide for repayment under certain conditions which generally relate to a change in ownership from nonprofit to proprietary or changes in uses of assets acquired with grant funds. The restrictions apply during a ten-year period beginning on the date of the grant. All of these restricted periods have expired.

Temporarily restricted net assets as of June 30, 2012 and 2011 are available for the following purposes or periods:

	2012	2011
Capital campaign	$ 595,219	$ 2,879,622
Department of Commerce Teleplex Grant - equipment to be acquired with grant funds which stipulate a ten-year period of use (unspent funds not transferred to Louisiana Public Broadcasting)	-	783
Capital campaign (1983) contributions to be used for property and equipment acquisitions	-	108,971
Yes/Besh	230,416	-
Contributions due for subsequent periods	-	6,220
Totals	$ 825,635	$ 2,995,596

Permanently restricted net assets are endowment principal of $947,884, which includes cash and investments

Note 5 - LIMITED USE ASSETS

Pursuant to the 2011 issuance of the New Markets Tax Credits Financing Commitment (as described in Note 14) between the Foundation, its Subsidiaries and Capital One Bank, the Foundation is required to maintain certain funds until disbursements are approved by the bank. These funds are restricted for the construction of the facilities damaged during Hurricane Katrina. The amount of restricted cash as of June 30, 2012 totaled $1,063,787.

The Foundation maintains a separate bank account for the new capital campaign (Note 7). The balance as of June 30, 2012 was $225,560.

Note 6 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of amounts due from membership drives and program underwriting and are restricted for subsequent periods. All amounts are due within one year As of June 30, 2011, $6,220 was outstanding.

As of June 30, 2012, $5,369 was due related to miscellaneous promises to give.

Note 7 - CAPITAL CAMPAIGN PLEDGES RECEIVABLE/ FUNDS HELD FOR OTHERS

During the year ended June 30, 2002, WYES-TV entered into a capital campaign. The purpose of the campaign is to raise funds to build and furnish a digital broadcasting center, and to purchase digital broadcasting equipment. The balance of pledges receivable, which are all deemed collectible by management and are due within one year, totaled $27,026 and $29,026 as of June 30, 2012 and 2011, respectively.

During the year ended June 30, 2012, WYES-TV entered into Capital Campaign Phase II. The purpose of the campaign is to raise $2,500,000 for the construction of an administration building that will house programming, educational outreach, local and national productions, volunteers, public information, membership and special events, and Foundation personnel. The balance of pledge receivables is deemed fully collectible by management. As of June 30, 2012, WYES-TV has raised $605,378. WYES-TV has discounted the value of future pledges receivables by using an effective interest rate of 5%.

Note 7 - CAPITAL CAMPAIGN PLEDGES RECEIVABLE/ FUNDS HELD FOR OTHERS (CONTINUED)

Promises receivables are as follows:

	2012	2011
Promises receivable at beginning of year	$ 29,026	$ 84,026
New promises made during the year	605,378	-
Less:		
Cash received	(340,092)	(55,000)
Write-offs	-	-
Promises receivable at end of year	294,312	29,026
Unamortized discount	(10,159)	-
Allowance for doubtful promises	-	-
Totals	$ 284,153	$ 29,026
Amounts due in:		
Less than one year	$ 186,030	$ 29,026
One to five years	108,282	-
	$ 294,312	$ 29,026

Note 8 - NOTE RECEIVABLE

The Foundation entered into an agreement on May 31, 2011, to lend to COCRF Investor I, LLC a maximum aggregate amount of $6,420,000 The note is secured by certain funds on deposit at a local financial institution. The outstanding principal and accrued interest as of June 30, 2012 and 2011 totaled $6,644,822 and $6,445,668, respectively. The note accrues interest at the rate of approximately 4 8% per annum. Interest payments in the amount of 2% are paid semi-annually on March 31st and September 30th. The unpaid interest of 2 8% on the outstanding principal will continue to accrue through the maturity date of May 31, 2018. Upon its maturity, all outstanding principal and interest on the note will be paid. Interest earned on this note for the year ended June 30, 2012 was approximately $308,000, of which approximately $210,000 is included in the note receivable balance.

Note 9 - INVESTMENTS

Investments are stated at fair market value as of June 30, 2012 and 2011 and consist of the following

Description	2012 Cost	2012 Market Value
Equity securities	$ 1,411,814	$ 1,715,558
Corporate bonds and U.S. Government Agency obligations	992,855	1,050,503
Mutual funds	750,608	761,941
Money market funds	222,838	222,838
Total investments	$ 3,378,115	$ 3,750,840

Description	2011 Cost	2011 Market Value
Equity securities	$ 1,240,773	$ 1,672,745
Corporate bonds and U.S. Government Agency obligations	893,245	957,343
Mutual funds	616,300	711,433
Money market funds	608,355	608,355
Total investments	$ 3,358,673	$ 3,949,876

Investment return for the year ended June 30, 2012 is summarized as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of June 30, 2012	$ 3,378,115	$ 3,750,840	$ 372,725
Balances as of June 30, 2011	$ 3,358,673	$ 3,949,876	591,203
Decrease in unrealized appreciation			$ (218,478)

Interest and dividend income, net (including interest on note receivable)	$ 367,196
Unrealized loss for the year	(218,478)
Realized gain, net	89,205
Investment income, net	$ 237,923

Note 9 - INVESTMENTS (Continued)

Investment return for the year ended June 30, 2011 is summarized as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances as of June 30, 2011	$ 3,358,673	$ 3,949,876	$ 591,203
Balances as of June 30, 2010	$ 3,696,663	$ 3,868,628	171,965
Increase in unrealized appreciation			$ 419,238

Interest and dividend income, net (including interest on note receivable)	$ 85,775
Unrealized gain for the year	419,238
Realized loss, net	264,258
Investment income, net	$ 769,271

Note 10 - FAIR VALUE MEASUREMENTS

Fair value concepts are applied in recording investments. A fair value hierarchy which has three levels based on the reliability of the inputs is used to determine fair value. These levels include. Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Foundation uses the market approach for valuing equity securities, mutual funds, corporate bonds, U.S Government Agency Obligations and, money market funds which are within the Level 1 fair value hierarchy. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while the Foundation believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 10 - FAIR VALUE MEASUREMENTS (Continued)

Assets measured at fair value on a recurring basis as of June 30, 2012 and 2011 are comprised of and determined as follows.

		2012		
			Based on	
Description	Total Assets Measured at Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities				
Consumer discretionary	$ 349,243	$ 349,243	$ -	$ -
Industrial and materials	315,367	315,367		
Financials	308,585	308,585		
Technology and telecommunication	286,400	286,400		
Health care	217,954	217,954		
Energy	106,965	106,965		
Consumer staples	67,203	67,203		
Utilities	59,122	59,122		
Real Estate Investment Trust	4,719	4,719		
	1,715,558	1,715,558	-	-
Mutual funds				
Foreign large blend	337,080	337,080		
Intermediate government	231,094	231,094		
Diversified emerging markets	143,429	143,429		
Large Blend	24,033	24,033		
Small Blend	14,908	14,908		
Mid-Value Blend	5,721	5,721		
Multi-Sector Bonds	5,676	5,676		
	761,941	761,941	-	-
Corporate bonds and U.S. Government Agency obligations				
AAA	693,332	693,332		
AA	220,606	220,606		
A	136,565	136,565		
	1,050,503	1,050,503	-	-
Money market funds	222,838	222,838		
Total	$ 3,750,840	$ 3,750,840	$ -	$ -

Note 10 - FAIR VALUE MEASUREMENTS (Continued)

		2011		
			Based on	
Description	Total Assets Measured at Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity securities				
Consumer discretionary	$ 203,704	$ 203,704	$ -	$ -
Technology and telecommunication	348,498	348,498		
Health care	152,755	152,755		
Industrial and materials	305,017	305,017		
Financials	269,161	269,161		
Consumer staples	158,230	158,230		
Energy	169,907	169,907		
Utilities	65,473	65,473		
	1,672,745	1,672,745	-	-
Mutual funds				
Diversified emerging market	366,255	366,255		
Intermediate government	215,782	215,782		
Foreign large blend	129,396	129,396		
	711,433	711,433	-	-
Corporate bonds and U.S. Government Agency obligations				
AAA	561,992	561,992		
AA	293,442	293,442		
A	101,909	101,909		
	957,343	957,343	-	-
Money market funds	608,355	608,355		
Total	$ 3,949,876	$ 3,949,876	$ -	$ -

As of June 30, 2012 and 2011, there were no assets measured at fair value on a non-recurring basis

Note 11 - PROPERTY AND EQUIPMENT

As of June 30, 2012 and 2011, property and equipment and accumulated depreciation were as follows:

	2012	2011
Remote production equipment	$ 11,284,902	$ 10,946,507
Equipment	2,322,883	2,224,268
Leasehold improvements	392,123	392,123
Construction in progress	6,111,760	831,875
Office equipment	144,401	125,851
	20,256,069	14,520,624
Less accumulated depreciation	(9,052,898)	(7,468,540)
Net property and equipment	$ 11,203,171	$ 7,052,084

Depreciation expense was $1,585,332 and $1,656,822 for the years ended June 30, 2012 and 2011, respectively

Note 12 - BANK LINE OF CREDIT

The Foundation obtained a line of credit on May 7, 2012, with a limit of $500,000 with a local financial institution with an interest rate of LIBOR plus 2 25% per annum. The line of credit is secured by an account held at the local financial institution and expires on May 7, 2013. As of June 30, 2012, the Foundation had no outstanding borrowings under the line of credit

The Foundation obtained a line of credit on May 7, 2012, with a limit of $650,000 with a local financial institution with an interest rate of 3.25% per annum. The line of credit is secured by an account held at the local financial institution and expires on November 7, 2012. As of June 30, 2012, the Foundation had no outstanding borrowings under the line of credit.

Note 13 - NOTES PAYABLE TO BANK

The Foundation is obligated on the following notes payable·

	June 30, 2012	June 30, 2011
Note payable to Capital One Community Renewal Fund, LLC, bearing interest at 1.605%, due semi-annually, principal is due May 31, 2018, secured by a guarantee by the Foundation, a leasehold mortgage on the assets being constructed, and certain deposits held by a financial institution of the Foundation.	$ 8,000,000	$ 8,000,000
Note payable to Whitney Bank. The note was amended in December 2010 and is due in fifty-nine monthly installments of principal (twelve of \$19,700, twelve of \$20,900, twelve of \$22,200, twelve of \$23,600, and eleven of \$25,100) plus interest with the final payment of \$687,100 due in December 2015. The note bears interest at an adjustable rate based on one month LIBOR plus 2.25% (2.49% as of June 30, 2012) and is secured by cash and securities on deposit with the bank.	1,659,100	1,881,800
Note payable to Capital One, National Association. Interest on the note is payable on the last business day of each month, with the balance of the outstanding principal and interest due on November 30, 2012. The note bears interest at LIBOR Rate plus 2.75% (2.96% as of June 30, 2011) and is secured by a security interest in the investment account at Whitney Bank. The note was paid in full during the year end June 30, 2012.	-	1,000,000

Note 13 - NOTES PAYABLE TO BANK (Continued)

	June 30, 2012	June 30, 2011
Note payable to Whitney Bank. The note was amended in December 2010 and is due in forty-one installments of principal (twelve of \$8,100, twelve of \$8,500, twelve of \$8,900, and five of \$9,275) plus interest, with the final payment of \$9,278 due in June 2014. The note bears interest at an adjustable rate based on one month LIBOR plus 2.25% (2 49% as of June 30, 2012) and is secured by various equipment.	221,953	313,053
Note payable to the United States Small Business Administration. The note is due in seventy-two equal monthly installments of principal and interest of \$24,034 through June 2013 The note bears interest at 4% and is secured by the structure and improvements that will be purchased with the proceeds	250,584	524,424
Note payable to Whitney Bank. The note was due in fifty-nine equal monthly installments of principal and interest of \$51,661 through October 2011. The note bore interest at 8 5% and was secured by high definition mobile unit equipment. The note was paid off during fiscal year end June 30, 2012.	-	176,831
Totals	\$ 10,131,637	\$ 11,896,108

Note 13 - NOTES PAYABLE TO BANK (Continued)

Future principal payments to be made on these notes are as follows:

Year Ending June 30,	
2013	$ 611,884
2014	391,353
2015	290,700
2016	837,700
2017	-
Later years	8,000,000
Total	$ 10,131,637

In December 2010, the Foundation entered into a five year interest rate swap agreement with a financial institution whereby a notional amount of $1,659,100 of an outstanding note payable bears interest at a fixed rate of 2 25%, payable monthly. The floating interest rate adjustment on the swap agreement is calculated based on the USD-LIBOR-BBA (.24% as June 30, 2012). This swap agreement, which terminates in December 2015, was designed to hedge the risk of changes interest rate payments on the note. The remainder ($1,659,100 and $1,881,806 as June 30, 2012) of the outstanding note continues to bear interest at an adjustable rate of interest. The fair value of the swap is not material to the financial statements as of June 30, 2012 and 2011.

In December 2010, the Foundation entered into a five year interest rate swap agreement with a financial institution whereby a notional amount of $221,953 of an outstanding note payable bears interest at a fixed rate of 1.6%, payable monthly. The floating interest rate adjustment on the swap agreement is calculated based on the USD-LIBOR-BBA (.24% as June 30, 2012). This swap agreement, which terminates in December 2015, was designed to hedge the risk of changes interest rate payments on the note. The remainder ($221,953 and $313,053 as of June 30, 2012 and 2011, respectively) of the outstanding note continues to bear interest at an adjustable rate of interest, payable monthly. The fair value of the swap is not material to the financial statements as of June 30, 2012 and 2011.

Note 14 - NEW MARKETS TAX CREDIT

During the year ended June 30, 2011, the Foundation and WYES GO began a capital construction project to repair and rebuild facilities previously damaged due to Hurricane Katrina. However, in order to receive additional financing for the construction and better than market loan terms, a credit agreement was executed on May 31, 2011 by and among the Foundation and Capital One Community Renewal Fund, LLC, a community development entity ("CDE" or the "Lender"). These loans qualify as a "quality low income community investment" and generate certain tax credits called New Markets Tax Credit ("NMTC") under Section 45D of the Internal Revenue Code To qualify, WYES GO complied with certain representations, warranties, and covenants, including continuing to qualify as a qualified low-income community business. WYES GO will realize benefits from the New Markets Tax Credit Program of the Community Development Financial Institution Fund ("CDFI"), a branch of the U S. Department of Treasury.

The Lender agreed to make a loan to WYES GO totaling $8,000,000 The loan is secured by a security agreement executed by WYES GO granting a lien on certain accounts, a guarantee by the Foundation, and a leasehold mortgage on the assets being constructed on land that is leased. The loan matures on May 31, 2018.

Note 15 - ENDOWMENT

The Endowments. The Foundation's Endowment Fund consists of one fund established for support of operations and facility maintenance costs and consists of donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Board of Trustees has interpreted the Uniform Prudent Management Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the following amounts as permanently restricted net assets in the accompanying consolidated financial statements:

- the original value of the gifts donated to the permanent endowment,
- the original value of subsequent gifts to the permanent endowment, and

Note 15 - ENDOWMENT (Continued)

- when applicable, accumulations to the permanent endowment, made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. There were no additional gifts during the years ended June 30, 2012 and 2011.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Endowment net asset composition by type of fund as of June 30, 2012 and 2011 is as follows:

	2012		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 947,884	$ 947,884
Board-designated funds	-	-	-
Total funds	$ -	$ 947,884	$ 947,884

Note 15 - ENDOWMENT (Continued)

	2011		
	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 947,884	$ 947,884
Board-designated funds	-	-	-
Total funds	$ -	$ 947,884	$ 947,884

Changes in endowment net assets for the years ending June 30, 2012 and 2011 are as follows:

	2012		
	Unrestricted	Permanently Restricted	Total
Net assets, beginning of the year	$ -	$ 947,884	$ 947,884
Interest income	1,028		1,028
Transfers to operations	(1,028)		(1,028)
Net assets, end of the year	$ -	$ 947,884	$ 947,884

	2011		
	Unrestricted	Permanently Restricted	Total
Net assets, beginning of the year	$ -	$ 947,884	$ 947,884
Interest income	3,128		3,128
Transfers to operations	(3,128)		(3,128)
Net assets, end of the year	$ -	$ 947,884	$ 947,884

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations and when continued appropriations for certain programs that were deemed prudent by the Board of Trustees occur in concurrence with the unfavorable market fluctuations. There were no such deficiencies as of June 30, 2012 and 2011.

Note 15 - ENDOWMENT (Continued)

Return Objectives and Risk Parameters Endowment assets include donor restricted funds that the Foundation must hold in perpetuity. Under this policy, as approved by the Board of Trustees, permanent gifts to the Foundation are invested in money market funds and cash equivalents. The investment objective of the Endowment shall be interest and dividends earnings of 1% - 2% of the Endowment's restricted balance The Board of Trustees, through the recommendations of the Finance Committee, makes investment decisions. The Finance Committee reviews these guidelines with management on a quarterly basis.

Strategies Employed for Achieving Objectives To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through current yield (interest and dividends).

Spending Policy and How Investment Objectives Relate to the Spending Policy. The Foundation has a policy of appropriating for distribution, depending on fiscal need, any interest or dividend income yielded during the year. In establishing this policy, the Foundation considered the risk in the investment environment related to its endowment gifts. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity

Note 16 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2012, the Foundation had no payments to related parties. The Foundation paid legal fees totaling $200 during the year ended June 30, 2011, to a law firm in which a member of WYES-TV's Board of Trustees is a partner.

Note 17 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER

The television station, transmission tower, and land are leased through November 30, 2023, at $1 per year. An independent appraisal set a fair rental value for the tower, antenna, and land at approximately $120,000 per year.

The fair value of transmission equipment owned by Louisiana Public Broadcasting and leased to the Foundation for no rent was $82,865 for the years ended June 30, 2012 and 2011.

The television studio and office building are located on land leased through January 31, 2035 at $1 per year. An independent appraisal established a fair rental value for the land at $49,001 per year.

Note 17 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER (Continued)

The Foundation recorded the value of certain in-kind goods and services received of $80,000 and $61,300 for the years ended June 30, 2012 and 2011, respectively.

The fair rental values of the above described properties have been recorded as support and expenses in the years ended June 30, 2012 and 2011, respectively, as follows·

	2012	2011
Support		
Transmitter in-kind rent:		
Tower and facility	$ 120,000	$ 120,000
Transmission equipment	82,865	82,865
Studio and office building in-kind rent	49,001	49,001
Other goods and services	80,000	61,300
Total in-kind support	$ 331,866	$ 313,166
Expenditures		
Tower rental	$ 120,000	$ 120,000
Transmission equipment	82,865	82,865
Building rental	49,001	49,001
Donated goods and services	80,000	61,300
Total expenditures	$ 331,866	$ 313,166

Numerous volunteers have donated significant amounts of time to the Foundation's fund-raising campaigns and programs. No amounts have been reflected in the consolidated financial statements because they did not meet the criteria for recognition under FASB ASC 958, *Not-for-profit entities.*

Note 18 - COMMITMENTS AND CONTINGENCIES

The television studio and office building are located on land leased from the City of New Orleans for $1 per year for a fifty-year period ending January 31, 2035.

YESCOM leased a facility to store one of its trucks starting in July 2011 under an operating lease through July 2013. The monthly lease payment is $3,750 per month. Rent expense for the year end June 30, 2012 was $45,000.

Note 18 - COMMITMENTS AND CONTINGENCIES (Continued)

Furutre minimum lease payments due under this lease are as follows:

Year ending June 30,	Amount
2013	$ 45,000
2014	3,750
	$ 48,750

If there is a breach of the loan agreements (Notes 13 and 14) between WYES GO and the Lender, and the Lender is required to recapture all or part of the New Market Tax Credits that they claimed, the Foundation has agreed to pay to the Lender an amount equal to the sum of the credits recaptured The maximum aggregate amount due under the clauses in the agreement governing these possible recaptures is approximately $1,600,000. Management believes there are no breaches of these agreements

During the year ended June 30, 2011, WYES-GO entered into a contract with a construction contractor of approximately $5,886,000 for the replacement of television studios and offices for the Foundation at 916 Navarre Avenue. As of June 30, 2012, the Foundation incurred construction in progress related to this project of approximately $5,054,000.

Note 19 - UNRELATED BUSINESS INCOME

Revenues from certain projects are considered unrelated business income of a nonprofit organization by the Internal Revenue Service Any net operating profits derived from such projects are subject to Federal unrelated business income tax.

The Foundation derives revenue from the rental of the remote production vehicle and the studio equipment and facilities to Yescom (see Note 20). This income is reported as unrelated business income in the Foundation's Exempt Organization Business Income Tax Return (Form 990T). For the year ended June 30, 2012, the Foundation reported a tax expense and tax liability from its unrelated business income activities of approximately $149,000 and $84,000, respectively.

Note 20 - SUBSIDIARY OPERATIONS AND INCOME TAXES

Yescom Enterprises, Inc. ("Yescom"), the Foundation's wholly-owned subsidiary, derives income by providing remote production services with two remote production vehicles, production services at the Foundation's facility, and other services to third parties. This income is reported in Yescom's U.S. Corporation Income Tax Returns. For the year ended June 30, 2012, Yescom reported a tax expense and a tax liability of approximately $60,200.

Note 21 - BROADCAST HOURS

Broadcast hours of the television station were 8,760 (unaudited) for the years ended June 30, 2012 and 2011.

Note 22 - RETIREMENT PLAN

The Foundation has a retirement program whereby its employees participate in the TIAA-CREF Retirement Annuity Program, a Tax-Sheltered Annuity. The program requires the Foundation to match the 3% contribution of an employee with a 7% contribution. As of June 30, 2012, twenty-two employees were participating in the program. Retirement expenses under this plan totaled $48,076 and $62,352 for the years ended June 30, 2012 and 2011, respectively

Note 23 - CASH FLOWS INFORMATION

Cash payments of interest during the years ended June 30, 2012 and 2011 were approximately $225,000 and $122,000, respectively Cash payments of income taxes during the years ended June 30, 2012 and 2011 were approximately $205,000 and $98,000, respectively.

Note 24 - RISKS AND UNCERTAINTIES

In general, investment securities are exposed to various risks, such as interest rate, currency, and credit and market volatility. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in risk in the near term would materially affect the fair market value of investments held by the Foundation.

Note 25 - SUBSEQUENT EVENT

On August 29, 2012, Hurricane Isaac caused approximately $50,000 of damage to the Foundation's building at 906 Navarre Avenue. The amount is below the property's insurance deductible, and the Foundation is attempting to get reimbursed for some of the losses from the contractors of the new building.

SUPPLEMENTAL INFORMATION

Schedule I

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiaries

June 30, 2012

	Foundation	Yescom	Besh	Yes/Besh	WYES GO	Eliminations	Totals
Assets							
Cash and cash equivalents	$ 488,239	$ 128,789	$ 763	$ 8,529	$ 111,608		$ 737,928
Restricted cash	225,560				1,063,787		1,289,347
Accounts receivable - net	43,410	860,023		500			903,933
Unconditional promises to give - net	5,369						5,369
Capital campaign pledges receivable - teleplex	27,026						27,026
Capital campaign pledges receivable	257,127						257,127
Note receivable	6,644,822						6,644,822
Prepaid expenses and deposits	38,616	5,732					44,348
Investments	3,750,840						3,750,840
Property and equipment, net of accumulated depreciation	4,370,472				6,832,699		11,203,171
Investment in Yescom (subsidiary)	10,000					$ (10,000)	-
Due from subsidiaries, net	500,867					(500,867)	-
Total assets	$ 16,362,348	$ 994,544	$ 763	$ 9,029	$ 8,008,094	$ (510,867)	$ 24,863,911
Liabilities							
Accounts payable and accrued expenses	$ 154,148	$ 393,233		$ 25,400	$ 63,410		$ 636,191
Notes payable to bank	2,131,637						2,131,637
Deferred revenue	1,997,917						1,997,917
Note payable - Community Development Entity					8,000,000		8,000,000
Due to/from parent, net		186,412	$ 397,560	(246,787)	163,682	$ (500,867)	-
Total liabilities	4,283,702	579,645	397,560	(221,387)	8,227,092	(500,867)	12,765,745
Net Assets							
Common stock		10,000				(10,000)	-
Net assets (deficit)							
Unrestricted	10,535,543	404,899	(396,797)		(218,998)		10,324,647
Temporarily restricted	595,219			230,416			825,635
Permanently restricted	947,884						947,884
Total net assets and common stock	12,078,646	414,899	(396,797)	230,416	(218,998)	(10,000)	12,098,166
Total liabilities, net assets and common stock	$ 16,362,348	$ 994,544	$ 763	$ 9,029	$ 8,008,094	$ (510,867)	$ 24,863,911

Schedule 2

CONSOLIDATING STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2012

	Foundation	Yescom	Besh	Yes/Besh	WYES GO	Eliminations	Totals
Changes in Unrestricted Net Assets							
Support and revenues							
Support							
Contributions	$ 1,738,099			$ 204,584			$ 1,942,683
Grants from the Corporation for Public Broadcasting	546,705						546,705
Other grants	85,600						85,600
Other support	104,416		$ 7,500				111,916
In-kind support	331,866						331,866
Revenues							
Auction sales, net	321,741						321,741
Miscellaneous sales, net loss	32,426						32,426
Contract and production services	1,990,016	$ 6,087,514				$ (1,955,525)	6,122,005
Investment income	237,923						237,923
Hurricane Katrina insurance recovery	1,000,000						1,000,000
Management fees					$ 1,033,720	(1,033,720)	-
Gain on sale of equipment	974						974
Total unrestricted support and revenues	6,389,766	6,087,514	7,500	204,584	1,033,720	(2,989,245)	10,733,839
Net assets released from restrictions	2,995,596			-			2,995,596
Total unrestricted support and revenues	9,385,362	6,087,514	7,500	204,584	1,033,720	(2,989,245)	13,729,435
Expenses							
Program services	3,038,893	5,905,832	4,338	$ 204,584	927,315	(1,955,525)	8,125,437
Management and general	2,205,725	63,349	-	-	153,327	(1,033,720)	1,388,681
Development	751,521	-	-	-	130,522	-	882,043
Total expenses	5,996,139	5,969,181	4,338	204,584	1,211,164	(2,989,245)	10,396,161
Increase (decrease) in unrestricted net assets	3,389,223	118,333	3,162	-	(177,444)	-	3,333,274

Schedule 2
(Continued)

	Foundation	Yescom	Besh	Yes Besh	WYES GO	Eliminations	Totals
Changes in Temporarily Restricted Net Assets							
Support							
Capital campaign pledges	595,219						595,219
Contributions				230,416			230,416
Interest on capital campaign pledges							-
Total support	595,219	-	-	230,416	-	-	825,635
Net assets released from restrictions	(2,995,596)			-			(2,995,596)
Increase (decrease) in temporarily restricted net assets	(2,400,377)	-	-	230,416	-	-	(2,169,961)
Changes in Permanently Restricted Net Assets	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets	988,846	118,333	3,162	230,416	(177,444)	-	1,163,313
Net Assets (Deficit)							
Beginning of year	11,089,800	286,566	(399,959)	-	(41,554)	-	10,934,853
End of year	$ 12,078,646	$ 404,899	$ (396,797)	$ 230,416	$ (218,998)	$ -	$ 12,098,166

CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenues				
Support:				
Contributions:				
Membership and general	$ 929,970			$ 929,970
Capital campaign		$ 595,219		595,219
Major gifts	239,726			239,726
Program underwriting	597,987	230,416		828,403
Support from commercial station - Transmitter	175,000			175,000
Total contributions	1,942,683	825,635		2,768,318
Grants from the Corporation for Public Broadcasting	546,705			546,705
Other grants:				
Grants - foundations and agencies	85,600			85,600
Other support:				
Special events	98,382			98,382
Miscellaneous	13,534			13,534
Total other support	111,916			111,916
In-kind support				
Rent:				
Transmitter	120,000			120,000
Transmission equipment	82,865			82,865
Land	49,001			49,001
Goods and services	80,000			80,000
Total in-kind support	331,866			331,866
Total support	3,018,770	825,635	$ -	3,844,405

Schedule 3
(Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Support and Revenues				
Total support (carried forward)	3,018,770	825,635	-	3,844,405
Revenues				
Auction sales, net	321,741			321,741
Miscellaneous sales, net	32,426			32,426
Contract and production services:				
Production services	747,026			747,026
Contract services	5,333,310			5,333,310
Tower rental	41,669			41,669
Total contract and production services	6,122,005			6,122,005
Investment income				
Interest income, net of custodian fees	367,196			367,196
Net unrealized loss on investments	(218,478)			(218,478)
Net realized loss on investments	89,205			89,205
Total investment income	237,923	-		237,923
Hurricane Katrina insurance recovery	1,000,000			1,000,000
Gain on sale of equipment	974			974
Total revenues	7,715,069	-		7,715,069
Total support and revenues	$ 10,733,839	$ 825,635	$ -	$ 11,559,474

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees,
Greater New Orleans Educational Television Foundation,
New Orleans, Louisiana.

We have audited the consolidated financial statements of Greater New Orleans Educational Television Foundation and Subsidiary's as of June 30, 2012 and the year then ended, and have issued our report thereon dated October 30, 2012 . We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Foundation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Greater New Orleans Educational Television Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater New Orleans Educational Television Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Greater New Orleans Educational Television Foundation's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis.

P O BOX 60600 NEW ORLEANS, LA 70160-0600 504 831 4949 BOURGEOISBENNETT COM

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency in internal control over financial reporting as described in 12-01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater New Orleans Educational Television Foundation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

The Foundation's response to the finding identified in our audit is described in the accompanying schedule of Findings and Responses. We did not audit the Foundation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Trustees, management and the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

New Orleans, Louisiana
October 30, 2012.

SCHEDULE OF FINDINGS AND RESPONSES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 2012

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

• Material weakness(es) identified?	___ yes	__ none reported
• Significant deficiency(ies) identified?	_X_ yes	__ none reported
Noncompliance material to financial statements noted?	___ yes	_X_ no

b) Federal Awards

Greater New Orleans Educational Television Foundation and Subsidiaries did not expend Federal awards in excess of $500,000 during the year ended June 30, 2012, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

12-01 Employee Defalcation of Funds

Criteria - Accounting functions related to the refund of credit card transactions should be closely monitored.

Condition - Fraudulent credit card refunds were issued for general membership donations.

Context - Isolated.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements (Continued)

Internal Control Over Financial Reporting (Continued)

12-01 Employee Defalcation of Funds (Continued)

Effect - An employee in the membership department created a new fictitious donor account, processed several fictitious charges for which the Foundation did not receive the funds, and subsequently issued refunds to a personal credit card. Upon discovery and review of transactions, the Foundation believes its total loss was $2,400.

Cause - Improper segregation of duties and lack of review of credit card refunds processed by an employee in the membership department created an opportunity for theft.

Recommendation - The Foundation should strengthen its internal control procedures to ensure that segregation of duties is maintained and refunds of credit card payments are reviewed and approved.

Views of responsible officials of the auditee when there is a disagreement with the findings, to the extent practical - None

Compliance and Other Matters

There were no findings reported during the audit for the year ended June 30, 2012 related to compliance and other matters.

Section III - Internal Control and Compliance Material to Federal Awards

The Foundation did not expend Federal awards in excess of $500,000 during the year ended June 30, 2012, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

REPORTS BY MANAGEMENT

<u>SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES</u>

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2012

Section I - Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit of the consolidated financial statements for the year ended June 30, 2011.

No reportable conditions were reported during the audit of the consolidated financial statements or the year ended June 30, 2011.

Compliance

No compliance findings material to the consolidated financial statements were noted during the audit for the year ended June 30, 2011.

Section II - Internal Control and Compliance Material to Federal Awards

Greater New Orleans Educational Television Foundation and Subsidiary did not receive federal awards during the year ended June 30, 2011.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2011.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Greater New Orleans Educational Television Foundation and Subsidiaries

For the year ended June 30, 2012

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

Recommendation - The Foundation should strengthen its internal control procedures to ensure that segregation of duties is maintained and refunds of credit card payments are reviewed and approved.

Management's Corrective Action - Management has implemented new internal control procedures to correct the weakness which led to the theft.

Section II - Internal Control and Compliance Material to Federal Awards

Greater New Orleans Educational Television Foundation and Subsidiaries did not expend Federal awards in excess of $500,000 during the year ended June 30, 2012, and therefore is exempt from the audit requirements under the Single Audit Act and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2012.