

Public Broadcasting Management Association

Financial Statements  
and  
Independent Auditors' Report

*As of and for the Years Ended  
June 30, 2008 and 2007*

Public Broadcasting Management Association

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KIRKLAND, THOMAS, WATSON & DYCHES, LLC

*Consultants & Certified Public Accountants*

Independent Auditors' Report

To the Board of Directors  
Public Broadcasting Management Association

We have audited the accompanying statements of financial position of the Public Broadcasting Management Association as of June 30, 2008 and 2007, 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 Public Broadcasting Management Association as of June 30, 2008 and 2007, 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 8 and 9, 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, 2008 and 2007, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kirkland, Thomas, Watson & Dyches, LLC*

August 20, 2008

**Public Broadcasting Management Association**  
**Statements of Financial Position**  
**As of June 30, 2008 and 2007**

|   | 2008       | 2007       |
|---|------------|------------|
| <b>Assets:</b>  |            |            |
| Cash  | \$ 187,500 | \$ 123,088 |
| Accounts receivable, net of allowance for doubtful accounts<br>of \$3,000 | 18,913     | 8,957      |
| Prepaid expenses  | 12,560     | 1,385      |
| Board designated cash   | 25,000     | 25,000     |
| Total Assets  | \$ 243,973 | \$ 158,430 |
| <br><b>Liabilities and Net Assets:</b>                                    |            |            |
| <b>Liabilities</b>  |            |            |
| Accounts payable  | \$ 126,303 | \$ 27,304  |
| Deferred member dues  | 1,250      | -          |
| Accrued expenses  | 4,700      | 4,700      |
| Total Liabilities   | 132,253    | 32,004     |
| <br><b>Net Assets</b>   |            |            |
| Unrestricted:   |            |            |
| Undesignated  | 86,720     | 101,426    |
| Designated  | 25,000     | 25,000     |
| Total Unrestricted Net Assets   | 111,720    | 126,426    |
| Total Liabilities and Net Assets  | \$ 243,973 | \$ 158,430 |

*See independent auditors' report and accompanying notes*

**Public Broadcasting Management Association**  
**Statements of Activities**  
**For the Years Ended June 30, 2008 and 2007**

|                                    | <u>2008</u>              | <u>2007</u>              |
|------------------------------------|--------------------------|--------------------------|
| Unrestricted Revenues and Support: |                          |                          |
| Conference                         | \$ 180,170               | \$ 174,431               |
| Membership dues                    | 70,380                   | 65,050                   |
| Conference workshops               | 3,000                    | 1,250                    |
| Toolkits                           | 9,350                    | 8,213                    |
| SABS Training                      | 31,600                   | 21,171                   |
| Interest                           | 4,846                    | 2,395                    |
| Total revenues and support         | <u>299,346</u>           | <u>272,510</u>           |
| Expenses:                          |                          |                          |
| Program services:                  |                          |                          |
| Conference                         | 164,796                  | 133,472                  |
| Conference workshops               | 4,071                    | 6,076                    |
| Toolkits                           | 4,058                    | 3,818                    |
| SABS Training                      | 25,266                   | 16,610                   |
| Total program services             | <u>198,191</u>           | <u>159,976</u>           |
| Management and general             | <u>115,861</u>           | <u>93,054</u>            |
| Total expenses                     | <u>314,052</u>           | <u>253,030</u>           |
| Increase (Decrease) in Net Assets  | (14,706)                 | 19,480                   |
| Net Assets, Beginning of Year      | <u>126,426</u>           | <u>106,946</u>           |
| Net Assets, End of Year            | <u><u>\$ 111,720</u></u> | <u><u>\$ 126,426</u></u> |

*See independent auditors' report and accompanying notes*

**Public Broadcasting Management Association**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2008 and 2007**

|   | <u>2008</u>           | <u>2007</u>           |
|---|-----------------------|-----------------------|
| Operating activities  |                       |                       |
| Increase (decrease) in net assets   | \$ (14,706)           | \$ 19,480             |
| Adjustments to reconcile net assets to net cash provided by operating activities: |                       |                       |
| Bad debts   | -                     | 1,000                 |
| Change in operating assets and liabilities:                                       |                       |                       |
| Accounts receivable   | (9,956)               | (184)                 |
| Prepaid expenses  | (11,175)              | 205                   |
| Accounts payable  | 98,999                | 3,633                 |
| Deferred member dues  | 1,250                 | -                     |
| Accrued expenses  | -                     | 4,700                 |
| Net cash provided by operating activities   | <u>64,412</u>         | <u>28,834</u>         |
| <br>Increase in cash  | <br>64,412            | <br>28,834            |
| <br>Cash, beginning of year   | <br><u>123,088</u>    | <br><u>94,254</u>     |
| <br>Cash, end of year   | <br><u>\$ 187,500</u> | <br><u>\$ 123,088</u> |

*See independent auditors' report and accompanying notes*

**Public Broadcasting Management Association**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2008 and 2007**

**Note 1 - Organization and Nature of Activities:**

The Public Broadcasting Management Association ("PBMA") was incorporated in 1993 as a not-for-profit organization, for the purpose of engaging in activities in the advancement of public education by providing a forum where issues and matters relating to the financing and operation of public broadcasting radio and television stations primarily in the United States may be considered and discussed. PBMA receives support primarily from member dues and conference registration fees.

**Note 2 - Summary of Significant Accounting Policies:**

Basis of Presentation

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of PBMA 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 the actions of PBMA and/or the passage of time.

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that must be maintained permanently by PBMA.

As of June 30, 2008 and 2007, none of PBMA's net assets were classified as temporarily or permanently restricted.

The Board of Directors has designated \$25,000 of its unrestricted net assets for contingencies such as unexpected conference cancellations.

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.

Accounts Receivable

Accounts receivable are primarily from members, conference and workshop attendees as well as sponsors located throughout the United States. Due to the nature of its operations, credit is extended without collateral. PBMA uses the allowance method to account for uncollectible receivables.

**Public Broadcasting Management Association**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2008 and 2007**

**Note 2 - Summary of Significant Accounting Policies (continued):**

Accounts Receivable (continued)

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.

Revenue Recognition

PBMA reports membership dues and other service fees received for future periods as unearned revenue.

Functional Allocation of Expenses

The costs of providing programs and support services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and support services benefited.

Income Taxes

PBMA is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code based upon its educational purpose.

Management Agreement

The business affairs of PBMA are administered by the National Educational Telecommunications Association ("NETA") under a management agreement. Management fees totaled approximately \$23,000 for both years presented and are allocated to expenses based upon time allocation records. NETA is an organization of member public and educational television entities. Its primary purpose is to exchange the educational, instructional and cultural resources of and amongst its members.

Use of Estimates

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

**Public Broadcasting Management Association**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2008 and 2007**

**Note 2 - Summary of Significant Accounting Policies (continued):**

Advertising

The cost of advertising is expensed as incurred.

**Note 3 - Accounts Payable:**

Accounts payable includes approximately \$21,500 and \$24,300 due to NETA as of June 30, 2008 and 2007, respectively.

**Note 4 - Conference Revenues:**

Included in conference revenues is underwriting support of approximately \$73,000 and \$70,000 for the years ended June 30, 2008 and 2007, respectively.

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## **Additional Information**

**Public Broadcasting Management Association  
Schedule of Revenues and Expenses  
For the Year Ended June 30, 2008**

|                                   | Management<br>and General | Conference       | Conference<br>Workshops | Toolkits        | SABS Training   | Total              |
|-----------------------------------|---------------------------|------------------|-------------------------|-----------------|-----------------|--------------------|
| <b>Revenues and Support:</b>      |                           |                  |                         |                 |                 |                    |
| Membership dues                   | \$ 70,380                 | -                | \$ -                    | -               | \$ -            | \$ 70,380          |
| Registration fees                 | -                         | 106,971          | 3,000                   | 9,350           | -               | 119,321            |
| Interest                          | 4,846                     | -                | -                       | -               | -               | 4,846              |
| Other revenues:                   |                           |                  |                         |                 |                 |                    |
| Underwriting, consulting, etc.    | -                         | 73,199           | -                       | -               | 31,600          | 104,799            |
|                                   | <u>75,226</u>             | <u>180,170</u>   | <u>3,000</u>            | <u>9,350</u>    | <u>31,600</u>   | <u>299,346</u>     |
| <b>Expenses:</b>                  |                           |                  |                         |                 |                 |                    |
| Personnel                         | 68,870                    | 35,769           | 527                     | 1,780           | 10,466          | 117,412            |
| Food and beverage                 | 644                       | 70,388           | 750                     | -               | 7,996           | 79,778             |
| Audio/visual                      | -                         | 24,012           | 1,828                   | -               | 2,081           | 27,921             |
| Consultants and honoraria         | -                         | 5,788            | 560                     | -               | -               | 6,348              |
| Board and committee               | 15,793                    | 935              | -                       | -               | -               | 16,728             |
| Staff travel                      | 5,692                     | 3,887            | -                       | -               | 738             | 10,317             |
| Audit/legal                       | 5,648                     | -                | -                       | -               | -               | 5,648              |
| Postage                           | 1,112                     | 490              | -                       | 26              | 114             | 1,742              |
| Printing                          | 1,440                     | 4,365            | -                       | -               | 1,473           | 7,278              |
| Freight                           | 88                        | 1,870            | -                       | -               | 118             | 2,076              |
| Office supplies                   | 103                       | 328              | -                       | -               | -               | 431                |
| Computer operations and supplies  | 1,017                     | -                | -                       | -               | -               | 1,017              |
| Duplication                       | 219                       | 80               | -                       | 2               | 174             | 475                |
| Hazard insurance                  | 1,700                     | -                | -                       | -               | -               | 1,700              |
| Hospitality                       | 63                        | -                | -                       | -               | -               | 63                 |
| Audio/bridge                      | 1,754                     | 36               | -                       | 799             | -               | 2,589              |
| Telephone/fax                     | 74                        | 9                | -                       | 3               | 3               | 89                 |
| Scholarships                      | 798                       | -                | -                       | -               | -               | 798                |
| Promotion/photo/file              | -                         | 2,150            | -                       | -               | -               | 2,150              |
| Miscellaneous                     | 2,458                     | 2,835            | -                       | 250             | 1,103           | 6,646              |
| Total before management expenses  | <u>107,473</u>            | <u>152,942</u>   | <u>3,665</u>            | <u>2,860</u>    | <u>24,266</u>   | <u>291,206</u>     |
| Management expenses               | 8,388                     | 11,854           | 406                     | 1,198           | 1,000           | 22,846             |
| Total expenses                    | <u>115,861</u>            | <u>164,796</u>   | <u>4,071</u>            | <u>4,058</u>    | <u>25,266</u>   | <u>314,052</u>     |
| <b>Excess Revenues (Expenses)</b> | <b>\$ (40,635)</b>        | <b>\$ 15,374</b> | <b>\$ (1,071)</b>       | <b>\$ 5,292</b> | <b>\$ 6,334</b> | <b>\$ (14,706)</b> |

**Public Broadcasting Management Association  
Schedule of Revenues and Expenses  
For the Year Ended June 30, 2007**

|                                   | Management and General | Conference       | Conference Workshops | Toolkits        | SABS Training   | Total            |
|-----------------------------------|------------------------|------------------|----------------------|-----------------|-----------------|------------------|
| <b>Revenues and Support:</b>      |                        |                  |                      |                 |                 |                  |
| Membership dues                   | \$ 65,050              | -                | -                    | \$ -            | -               | \$ 65,050        |
| Registration fees                 | -                      | 97,850           | 1,250                | 8,213           | -               | 107,313          |
| Interest                          | 2,395                  | -                | -                    | -               | -               | 2,395            |
| Other revenues:                   |                        |                  |                      |                 |                 |                  |
| Underwriting, consulting, etc.    | -                      | 76,581           | -                    | -               | 21,171          | 97,752           |
|                                   | <u>67,445</u>          | <u>174,431</u>   | <u>1,250</u>         | <u>8,213</u>    | <u>21,171</u>   | <u>272,510</u>   |
| <b>Expenses:</b>                  |                        |                  |                      |                 |                 |                  |
| Personnel                         | 51,827                 | 29,528           | 176                  | 862             | 11,028          | 93,421           |
| Food and beverage                 | 973                    | 55,207           | 864                  | -               | 2,559           | 59,603           |
| Audio/visual                      | 520                    | 21,360           | 3,708                | -               | -               | 25,588           |
| Consultants and honoraria         | -                      | 2,486            | 822                  | -               | -               | 3,308            |
| Board and committee               | 12,914                 | -                | -                    | -               | -               | 12,914           |
| Staff travel                      | 3,625                  | 3,780            | -                    | -               | 650             | 8,055            |
| Audit/legal                       | 5,105                  | -                | -                    | -               | -               | 5,105            |
| Postage                           | 1,010                  | 147              | -                    | 27              | 459             | 1,643            |
| Printing                          | 1,280                  | 1,556            | -                    | -               | -               | 2,836            |
| Freight                           | 253                    | 876              | 89                   | -               | -               | 1,217            |
| Office supplies                   | 544                    | 406              | -                    | -               | -               | 950              |
| Computer operations and supplies  | 888                    | -                | -                    | -               | -               | 888              |
| Duplication                       | 582                    | 1,037            | -                    | -               | 518             | 2,137            |
| Hazard insurance                  | 1,700                  | -                | -                    | -               | -               | 1,700            |
| Hospitality                       | 152                    | -                | -                    | -               | -               | 152              |
| Audio/bridge                      | 2,183                  | 47               | -                    | 1,247           | 28              | 3,505            |
| Telephone/fax                     | 97                     | 52               | -                    | 32              | 7               | 188              |
| Scholarships                      | 334                    | -                | -                    | -               | -               | 334              |
| Provision for bad debts, net      | 1,000                  | -                | -                    | -               | -               | 1,000            |
| Miscellaneous                     | 2,347                  | 3,151            | -                    | 250             | 361             | 6,109            |
| Total before management expenses  | <u>87,334</u>          | <u>119,632</u>   | <u>5,659</u>         | <u>2,418</u>    | <u>15,610</u>   | <u>230,653</u>   |
| Management expenses               | 5,720                  | 13,840           | 417                  | 1,400           | 1,000           | 22,377           |
| Total expenses                    | <u>93,054</u>          | <u>133,472</u>   | <u>6,076</u>         | <u>3,818</u>    | <u>16,610</u>   | <u>253,030</u>   |
| <b>Excess Revenues (Expenses)</b> | <u>\$ (25,610)</u>     | <u>\$ 40,959</u> | <u>\$ (4,826)</u>    | <u>\$ 4,395</u> | <u>\$ 4,561</u> | <u>\$ 19,480</u> |