Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Accounting

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

c. Consolidation

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

d. Use of Estimates

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

e. Investments

Investments in bonds are recorded at amortized cost. Investments in other securities are recorded at cost.

f. 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. For the year ended June 30, 1996 all promises to give were recognized as assets and revenues. All promises are deemed by management to be collectible.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. 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 the 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 statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

h. Allowance for Uncollectible Accounts

The Foundation provides for estimated uncollectible accounts receivable on a specific account basis as determined by management. The allowance for doubtful accounts was $108,000 at June 30, 1996.

i. Book Inventory

The inventory of cookbooks held for sale is carried at lower of cost or market as determined under the first-in, first-out (FIFO) method.

j. Property and Equipment

The Foundation records all property and equipment acquisitions at cost except for those donated to the Foundation, 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 donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Exhibit A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1996

Assets	
Cash and cash equivalents	$ 161,681
Accounts receivable less allowance for uncollectible accounts	304,075
Unconditional promises to give	113,553
Interest receivable	20,211
Prepaid expenses and deposits	157,498
Inventory	113,748
Investments, at cost	2,280,409
Property and equipment, net of accumulated depreciation	2,062,321
Total assets	$ 5,213,496
Liabilities	
Accounts payable and accrued expenses	$ 268,360
Notes payable	1,142,025
Commitments and Contingencies	
(Notes 3 and 10)	-
Total liabilities	1,410,385
Net Assets	
Unrestricted	2,507,620
Temporarily restricted	407,607
Permanently restricted	887,884
Total net assets	3,803,111
Total liabilities and net assets	$ 5,213,496

See notes to consolidated financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Property and Equipment (Continued)

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 as an expiration of time restrictions as the assets are depreciated or the time period expires.

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.

k. 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. The exchange agreement required certain items of compensation to be paid to the Foundation. One of the stipulated items of compensation was the lease of the transmitter facilities at a nominal amount of rent. 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 also records as support and expenses the in-kind value of maintenance, utilities and other direct costs of the transmission facilities based on the actual costs incurred as reported by the lessor. 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.

The Foundation annually conducts two auctions to sell contributed and purchased merchandise and other items. Gross auction revenue of $504,655 includes all proceeds received from auction sales and cash contributions received by the Foundation for support of the auctions. Cost of merchandise sold of $17,756 includes the cost of items purchased by the Foundation. Net auction revenue of $486,899 is reported on the statement of activities. The value of contributed merchandise based on the donors' estimates of the retail market value of their merchandise aggregated $734,111 for the year ended June 30, 1996. The value of the items donated for auction is not recorded.

Our audit was made 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 has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated October 22, 1996 on our consideration of the Foundation's internal control structure and a report dated October 22, 1996 on its compliance with laws and regulations.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
October 22, 1996.

Schedule 3
(Continued)

	Current Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Total support (carried forward)	$ 3,108,706	$ 83,124	$ 3,191,830
Revenues:			
Auction sales, net	486,899		486,899
Cookbook sales, net	195,791		195,791
Contract and production services:			
Productions services	272,055		272,055
Contract services	760,155		760,155
Tower rental	18,888		18,888
Total contract and production services	1,051,098		1,051,098
Interest income	182,917		182,917
Total revenues	1,916,705		1,916,705
Total support and revenues	$ 5,025,411	$ 83,124	$ 5,108,535

CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1996

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Support:			
Contributions:			
Membership and general	$ 954,533		$ 954,533
Major gifts	103,097		103,097
Program underwriting	365,879	$ 83,124	449,003
National production underwriting	79,772		79,772
Support from commercial station	55,423		55,423
Total contributions	1,558,704	83,124	1,641,828
Grants from the Corporation for Public Broadcasting	531,431		531,431
Broadcasting services for Louisiana Educational Television Authority	313,800		313,800
Other grants:			
Grants - foundations and agencies	60,789		60,789
Training grants	27,306		27,306
Total other grants	88,095		88,095
Other support:			
Special events	43,998		43,998
Miscellaneous	20,351		20,351
Total other support	64,349		64,349
In-kind support:			
Rent:			
Transmitter	422,450		422,450
Land	72,000		72,000
Goods and services	57,877		57,877
Total in-kind support	552,327		552,327
Total support	3,108,706	83,124	3,191,830

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. In-Kind Support (Continued)

The Foundation records the in-kind value of goods and services contributed to support the conduct of the auctions and related development expenses and various other in-kind goods and services.

l. Program Rental Fees

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

m. Unemployment Benefits

In lieu of tax contributions, the Foundation has 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 recognizes this expense in the period for which the benefits are billed by the State.

n. Statement of Cash Flows

The Foundation considers investments in money market funds to be cash equivalents, except money market funds maintained in the Hibernia National Bank Trust account and the FNBC Collateralized Loan Account held at Marquis Investments, Inc. which are reported as investments (Note 5).

o. Financial Statement Presentation

On July 1, 1995, the Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities accordingly to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by this new Statement, the Foundation has discontinued its use of fund accounting and has, accordingly reclassified its financial statements to present the three required classes of net assets. This reclassification had no effect on the change in net assets for the year ended June 30, 1996.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

To the best of our knowledge, management has not consulted with or obtained opinions from other independent accountants during the past year that are subject to the requirements of Statement on Auditing Standards No. 50.

Difficulties Encountered in Performing the Audit

There were no difficulties encountered in performing the audit. Management was very cooperative and gave us responsive assistance on all matters we brought to their attention.

During our audit we were pleased to note that suggestions we made last were implemented. These included improvements in documentation for contract services contracts and record keeping for auction sales for staff and volunteers.

The following items are deserving of your attention:

DONATED USE OF FACILITIES

The Foundation leases its studio facilities for $1 per year through January 2035. The estimated market rental value is $72,000 per year, and the difference of $71,999 is recorded each year as in-kind support. The estimated market rental value was calculated in an independent appraisal in 1981.

Bourgeois Bennett

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December 5, 1996

To the Finance Committee and
Mr. Randall Feldman, President and
Chief Executive Officer
Greater New Orleans Educational
Television Foundation
P. O. Box 24026
New Orleans, Louisiana 70184

Ladies and Gentlemen:

We have audited the financial statements of Greater New Orleans Educational Television Foundation for the year ended June 30, 1996 and have issued our report thereon dated October 22, 1996. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards and Government Audit Standards

Our audit was conducted in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States which requires that we plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As requested, separate letters have been issued on the internal control structure and compliance with laws, regulations and grant provisions.

As part of our audit, we considered the internal control structure of Greater New Orleans Educational Television Foundation (The Foundation). Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

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Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Various anticipated general ledger corrections and year end adjustments were made, and the effect of these adjustments is not deemed material to the financial statements taken as a whole.

We proposed, and the Foundation recorded, several audit adjustments. The details are as follows:

		Increase (Decrease) in the Increase in Net Assets for the Year Ended June 30, 1996
1)	Cumulative effect adjustment of the change in the method of accounting for support:	
	Total adjustment	$363,308
	Reduction of support and revenues for reclassifications	(113,793)
	Net increase	249,515
2)	Increase in support through recording unconditional promises to give and reducing unearned revenues	113,553
3)	Recording year end salary bonuses	(107,210)
4)	Other	(17,018)
	Total	$238,840

Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions," requires that multi-year promises for the use of facilities should be accounted for in a similar manner to promises for cash contributions to be made in future years. Unconditional promises to give are discounted to present value using a risk free rate of interest. The total net present value of all years' promises are recorded as a receivable and support. Management has expressed intentions to move to a new studio facility within the next few years, and accordingly, this receivable has not been calculated and recorded.

The Foundation leases its television transmission tower, antenna, and land for $600 per year through 2069. The estimated market rental value is $356,000 per year, and the difference on $355,400 is recorded each year as in-kind support. The estimated market rental value was calculated in an independent appraisal in 1982. The Foundation receives the use of these facilities from a corporation in return for swapping Channel 8 for Channel 12 on the television dial in 1970. This transaction is deemed to be an exchange transaction and is not covered in SFAS No. 116.

We recommend that the Foundation acquire updated appraisals on these two properties. The values possibly could have increased over the years, which would also increase the Foundation's funding from the Corporation for Public Broadcasting.

ACCOUNTING FOR INVESTMENTS

Effective July 1, 1996, the Foundation is required to adopt the provisions of SFAS No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations." SFAS No. 124 requires that all investments in equity securities with readily determinable fair market values and all investments in debt securities be measured at fair market value. To implement the change, a cumulative effect on prior years of a change in the method of accounting for investments of $189,370 will be reported on the consolidated statement of activities for the year ended June 30, 1997.

The Foundation has not segregated investments between endowment funds and unrestricted funds. At June 30, 1996, the Foundation held $2,280,409 of investments (at cost), of which $887,884 relates to prior years' endowment contributions. SFAS No. 124 requires gains and net appreciation on donor-restricted endowment funds to be reported as a change in unrestricted net assets unless the change is either temporarily or permanently restricted by explicit donor stipulations or by state law.

We recommend that the Foundation's attorney be contacted for a legal opinion concerning Louisiana state law relative to endowment funds.

Bourgeois Bennett

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 the Greater New Orleans Educational Television Foundation and Subsidiary as of June 30, 1996, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 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 audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Greater New Orleans Educational Television Foundation and Subsidiary as of June 30, 1996, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Notes 2(o) and 9 to the financial statements, on July 1, 1995, the Greater New Orleans Educational Television Foundation changed its method of accounting for support and its method of reporting and financial statement presentation.

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Exhibit D

CONSOLIDATED STATEMENT OF CASH FLOWS

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1996

Cash Flows From Operating Activities	
Increase in net assets	$ 327,757
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	461,881
Provision for losses on receivables	68,000
Cumulative effect of adoption of new accounting principle	(299,348)
(Increase) decrease in operating assets:	
Accounts receivable and unconditional promises to give	(8,668)
Interest receivable	(991)
Prepaid expenses and deposits	134,882
Inventory	130,021
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	(148,194)
Unearned revenue	(31,179)
Unrelated business income tax payable	(3,627)
Net cash provided by operating activities	630,534
Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	2,024,638
Purchases of investments	(2,258,211)
Purchases of property and equipment	(1,077,002)
Net cash used in investing activities	(1,310,575)
Cash Flows From Financing Activities	
New borrowings	820,000
Payments on notes payable	(189,308)
Net cash provided by financing activities	630,692
Net decrease in cash and cash equivalents	(49,349)
Cash and Cash Equivalents	
Beginning of year	211,030
End of year	$ 161,681

See notes to consolidated financial statements.

Exhibit C

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1996

	Program Services	Supporting Services: Management and General	Supporting Services: Development	Totals
Advertising	$ 31,684	$ 3,195		$ 34,879
Bad debt expense	83,130			83,130
Board of trustees' expenses		356		356
Building and grounds maintenance		20,483		20,483
Building rental		72,001		72,001
Direct mail solicitation			$ 21,279	21,279
Donated goods and services		33,515	24,362	57,877
Employee travel and other personnel costs	106,361	31,149	8,363	145,873
Equipment rental and maintenance cost	204,213	12,498	34,052	250,763
Insurance	74,512	13,824	4,524	92,860
Interest		61,683		61,683
Membership premiums			52,749	52,749
Office supplies	11,311	9,318	10,732	31,361
Other expenses	10,669	8,376	11,713	30,758
Postage and shipping	23,208	5,862	27,424	56,494
Printing	47,092	38	35,344	82,474
Production costs	103,638		16,899	120,537
Professional services	145,021	29,096	69,617	243,734
Program rental fees	509,327			509,327
Salaries, payroll taxes and employee benefits	1,318,395	410,901	344,478	2,073,774
Satellite interconnect fee	30,721			30,721
Station dues	67,731			67,731
Telephone	25,963	7,153	42,515	75,631
Tower rental	355,400			355,400
Utilities	110,330			110,330
	3,258,706	719,448	704,051	4,682,205
Depreciation and amortization	432,926		28,955	461,881
Total functional expenses	$ 3,691,632	$ 719,448	$ 733,006	$ 5,144,086

See notes to consolidated financial statements.

Exhibit B

CONSOLIDATED STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1996

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Support:				
Contributions	$1,558,704	$ 83,124		$1,641,828
Grants from the Corporation for Public Broadcasting	531,431			531,431
Broadcasting services for Louisiana Educational Television Authority	313,800			313,800
Other grants	88,095			88,095
Other support	64,349			64,349
In-kind support	552,327			552,327
Revenues:				
Auction sales, net	486,899			486,899
Cookbook sales, net	195,791			195,791
Contract and production services	1,051,098			1,051,098
Investment income	182,917			182,917
Total unrestricted support and revenues	5,025,411	83,124		5,108,535
Net assets released from restrictions:				
Expiration of time restrictions	190,893	(190,893)		0
Total support, revenues, and other support	5,216,304	(107,769)		5,108,535
Expenses				
Program services	3,691,632			3,691,632
Management and general	719,448			719,448
Development	733,006			733,006
Total expenses	5,144,086			5,144,086
Increase (decrease) in net assets before cumulative effect of change in accounting principle	72,218	(107,769)		(35,551)
Cumulative effect on prior years of change in the method of accounting for support	254,337	108,971		363,308
Increase in Net Assets	326,555	1,202		327,757
Net Assets at the Beginning of the Year	2,181,065	406,405	$ 887,884	3,475,354
Net Assets at the End of the Year	$2,507,620	$ 407,607	$ 887,884	$3,803,111

See notes to consolidated financial statements.

This report is intended for the information of the Board of Trustees, management of the Greater New Orleans Educational Television Foundation, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
October 22, 1996.

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Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1996

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Greater New Orleans Educational Television Foundation and Subsidiary

New Orleans, Louisiana

June 30, 1996

Note 1 - NATURE OF ACTIVITIES

WYES-TV is a community-owned, nonprofit Public television station serving a total market area of 1.7 million viewers in the 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.

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.

Bourgeois Bennett

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE 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 the Grater New Orleans Educational Television Foundation (the Foundation) as of and for the year ended June 30, 1996, and have issued our report thereon dated October 22, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 financial statements are free of material misstatement and about whether the Foundation complied with laws and regulations, noncompliance with which would be material to the Public Telecommunications Facility award program.

Compliance with laws, regulations, contracts and grants applicable to the Foundation, is the responsibility of the Foundation's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Foundation's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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Note 3 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or designated for subsequent periods. Cash and investments raised through the Capital Campaign are restricted for the acquisition of property and equipment and 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 provided 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 such assets acquired with grant funds. The restrictions apply during a ten-year period beginning on the date of the grant.

Temporarily restricted net assets at June 30, 1996 are available for the following purposes or periods:

Capital Development Program contributions to be used for property and equipment acquisitions	$108,971
Equipment acquired with grant funds which stipulate a ten-year period of use	215,512
Contributions due for subsequent periods	83,124
Total	$407,607

Permanently restricted net assets of $887,884 consist of cash and investments which are endowment principal. The earnings from such assets are unrestricted and available for operations.

Note 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consists of amounts due from membership drives and program underwriting and is comprised of the following:

Unrestricted promises	$ 30,429
Restricted for subsequent periods	83,124
Total	$113,553

All amounts are due within one year.

Note 5 - INVESTMENTS

Investments include amounts held in a trust account by Hibernia National Bank, an investment account at Marquis Investments, Inc. and certificates of deposit. Details of investments, which are carried at cost, are as follows:

Investments By Type	June 30, 1996 Cost	June 30, 1996 Market Value
Money Market Funds:		
Tower U.S. Treasury Money Market	$ 272,288	$ 272,288
Marquis Treasury Money Market	43,602	43,602
U.S. Government Agency Bond	99,719	100,060
U.S. Government Agency Mortgage Backed Securities	21,300	20,297
Corporate Stocks	925,453	1,128,212
Corporate Bonds	815,540	802,813
Certificate of Deposit	102,507	102,507
Total investments	$2,280,409	$2,469,779

Market value in excess of cost on investments held at June 30, 1996 is as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances at June 30, 1996	$2,280,409	$2,469,779	$189,370
Balances at June 30, 1995	$2,046,836	$2,100,491	53,655
Unrealized gain for the year			$135,715

Certain investments which cost $595,962 are pledged to secure a note payable described in Note 6.

We appreciate our relationship with you and the opportunity to help you succeed. Our personnel who attend your special events, assist during the various auction activities, and help answer the telephones during the various membership drives are very happy to be able to assist you. We extend our thanks to you and your staff for all of the assistance given to us during our audit.

Please call if you'd like to discuss any of these matters further, or if anything else comes to your attention. We hope that the Foundation has another successful year for fiscal June 1995 and look forward to working with you in the future.

This information is intended solely for the use of the Finance Committee, Board of Directors, management of Greater New Orleans Education Television Foundation and should not be used for any other purpose.

Sincerely,

Laurence Holmes

For the Firm.

LH/df

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Note 6 - NOTES PAYABLE

The Foundation is obligated on a note payable to the First National Bank of Commerce, with a balance due at June 30, 1996, of $393,333. The note is due on demand, or if no demand, in sixty equal principal payments of $9,833, plus interest of 7.5% of the outstanding principal balance. The note is secured by investments in six securities, which are held in an investment account at an institution affiliated with the bank. The cost of these pledged securities is $595,962. Interest expense incurred on this note was $34,867 for the year ended June 30, 1996.

The Foundation is obligated on a note payable to Whitney National Bank with a balance due at June 30, 1996, of $748,692. The note is due in sixty equal monthly installments of principal and interest of $16,354. The note bears interest at 7.3% and is secured by camera equipment which was purchased with the proceeds. Interest expense for the year ended June 30, 1996 was $26,816.

Note 7 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER

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 approximately $72,000 per year.

The television station transmission tower, antenna, and land is leased through June 7, 2069, at $600 per year. An independent appraisal set a fair rental value for the tower, antenna, and land at approximately $356,000 per year. The in-kind value of direct operating costs are also recorded based on actual costs incurred as reported by the lessor.

The Foundation recorded the value of in-kind goods and services received in support of the two auctions of $24,362 and other goods and services of $33,515 for the year ended June 30, 1996.

Note 7 - IN-KIND SUPPORT - RENTAL VALUE OF LEASED FACILITIES AND OTHER (Continued)

The fair rental values of the above described properties have been recorded as support and expenses in the year ended June 30, 1996, as follows:

Support		
Studio and office building in-kind rent		$ 72,000
Transmitter in-kind rent:		
Tower and facility	$355,400	
Direct operating costs	67,050	422,450
Other goods and services		57,877
Total in-kind support		$552,327
Expenses		
Tower rental		$355,400
Building rental		72,000
Donated goods and services		57,877
Utilities		52,695
Equipment rental and maintenance cost		7,487
Insurance		6,868
Total expenses		$552,327

Numerous volunteers have donated significant amounts of time to the Foundation's fund-raising campaigns and programs. Although no amounts have been reflected in the financial statements because they did not meet the criteria for recognition under Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made, management estimates the fair value of those services to be approximately $292,240 for the year ended June 30, 1996.

Note 8 - COOKBOOK SALES

The Foundation has entered into several joint ventures and distribution agreements in conjunction with a variety of cooking series, most of which were produced by the Foundation. Details of revenues and expenses are as follows:

Sales of cookbooks and reimbursement of expenses	$737,388
Cost of cookbooks sold and fulfillment expenses	(541,597)
Cookbook sales, net	$ 195,791

Note 9 - CHANGE IN ACCOUNTING PRINCIPLES FOR SUPPORT

Effective July 1, 1995, the Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. The Foundation previously recorded contributions as unearned revenue until the funds were either expended for restricted purposes or recognized through the expiration of time restrictions also grants and term contributions were recorded as revenues in the period to which they related. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. As permitted by SFAS No.116, the Foundation has recognized the cumulative effect of the provisions of this new statement in its statement of activities for the year ended June 30, 1996.

The cumulative effect adjustment of $363,308 at July 1, 1995 include $108,971 of Capital Development Program support received in prior years which was previously recorded as unearned revenue until the funds were expended for restricted purposes (property and equipment acquisitions). Also included is support from the Corporation for Public Broadcasting of $140,544 and program underwriting contributions of $49,833 previously recorded as unearned revenue for amounts received prior to June 30, 1995, but their grant terms expended beyond that date; and program underwriting and other promises to give of $63,960 which were not recorded as unearned revenue at June 30, 1995, because funds were not received by the Foundation at that date, and terms were for the year ended June 30, 1996. Under SFAS No. 116, time-restricted contributions are recorded as temporarily restricted support and then, reclassified to unrestricted net assets upon expiration of time-restrictions. Assuming this new statement had been applied retroactively, the Foundation's net assets would have deceased by $35,551 ($363,308 less than the $327,757 increase in net assets reported).

Bourgeois Bennett

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF THE 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 the Greater New Orleans Educational Television Foundation (the Foundation) as of and for the year ended June 30, 1996, and have issued our report thereon dated October 22, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 financial statements are free of material misstatement.

The management of the Foundation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

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Note 12 - SUBSIDIARY NET OPERATING LOSSES

Yescom Enterprises, Inc., the Foundation's wholly-owned subsidiary, derives income by providing remote production services through the use of the remote production vehicle, production services at the Foundation's facility, and other services to third parties. That income is reported in Yescom's U.S. Corporation Income Tax Returns.

Yescom's operations have accumulated net operating losses of $677,287 after deduction of expenses allocated to the projects, which all pertains to Yescom Enterprises, Inc., at June 30, 1996. Federal and Louisiana net operating losses, which can be carried forward to reduce any future net operating profits subject to income taxes, will expire if not used as follows:

Year Ending June 30,	Amount
2001	$ 12,437
2002	219,065
2003	200,462
2004	62,603
2005	72,671
2006	110,049
Total	$677,287

Note 13 - BROADCAST HOURS

Broadcast hours of the television station were 6,512 for the year ended June 30, 1996.

Note 14 - RETIREMENT PLAN

On April 1, 1978, the Foundation established a retirement program for its employees to 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, 1996, twenty-six employees were participating in the program. Retirement expenses under this plan amounted to $54,414 for the year ended June 30, 1996.

In planning and performing our audit of the consolidated financial statements of the Foundation for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

We noted other matters involving the internal control structure and its operation that we have communicated to the management of the Foundation in a separate letter dated October 22, 1996.

This report is intended for the information of the Board of Trustee, management of The Greater New Orleans Educational Television Foundation and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
October 22, 1996.

Note 15 - CONCENTRATION OF CREDIT RISK

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of accounts receivable. Accounts receivable consists of one receivable from a corporation for which production services were provided which is approximately 16% of the total balance at June 30, 1996, and the remaining accounts are concentrated in the telecommunications and retailing industries, the majority of which are located in the New Orleans area.

Note 16 - CASH FLOWS INFORMATION

Cash payments of interest during the year ended June 30, 1996, was $61,683. Cash payments of unrelated business income taxes made during the year ended June 30, 1996, were $3,627.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1996

	Foundation	Yescom	Eliminations	Totals
Assets				
Cash and cash equivalents	$ 155,581	$ 6,100		$ 161,681
Accounts receivable less allowance for uncollectible accounts	95,178	208,897		304,075
Unconditional promises to give	113,553			113,553
Interest receivable	20,211			20,211
Prepaid expenses and deposits	157,498			157,498
Inventory	113,748			113,748
Investments, at cost	2,280,409			2,280,409
Property and equipment, net of accumulated depreciation	2,062,321			2,062,321
Investment in Yescom	10,000		$ (10,000)	0
Due from subsidiary	926,563		(926,563)	0
Total assets	$ 5,935,062	$ 214,997	$ (936,563)	$ 5,213,496
Liabilities				
Accounts payable and accrued expenses	$ 235,142	$ 33,218		$ 268,360
Notes payable	1,142,025			1,142,025
Due to Foundation		926,563	$ (926,563)	0
Total liabilities	1,377,167	959,781	(926,563)	1,410,385
Net Assets and Capital Deficiency				
Common stock		10,000	(10,000)	0
Net assets (deficit):				
Unrestricted and accumulated deficit	3,262,404	(754,784)		2,507,620
Temporarily restricted	407,607			407,607
Permanently restricted	887,884			887,884
Total net assets and capital deficiency	4,557,895	(744,784)	(10,000)	3,803,111
Total liabilities, net assets and capital deficiency	$ 5,935,062	$ 214,997	$ (936,563)	$ 5,213,496

CONSOLIDATING STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1996

	Foundation	Yescom	Eliminations	Totals
Changes in Unrestricted Net Assets				
Support and Revenues				
Support:				
Contributions	$ 1,558,704			$ 1,558,704
Grants from the Corporation for Public Broadcasting	531,431			531,431
Broadcasting services for Louisiana Educational Television Authority	313,800			313,800
Other grants	88,095			88,095
Other support	64,349			64,349
In-kind support	552,327			552,327
Revenues:				
Auction sales, net	486,899			486,899
Cookbook sales, net	195,791			195,791
Contract and production services	174,903	$ 1,032,210	$(156,015)	1,051,098
Investment income	182,917			182,917
Total unrestricted support and revenues	4,149,216	1,032,210	(156,015)	5,025,411
Net assets released from restrictions:				
Expiration of time restrictions	190,893			190,893
Total unrestricted support, revenues, and other support	4,340,109	1,032,210	(156,015)	5,216,304
Expenses				
Program services	2,910,200	937,447	(156,015)	3,691,632
Management and general	672,956	46,492		719,448
Development	733,006			733,006
Total expenses	4,316,162	983,939	(156,015)	5,144,086
Increase in unrestricted net assets before cumulative effect of change in accounting principle	23,947	48,271	0	72,218
Cumulative effect on prior years of change in the method of accounting for support	254,337			254,337
Increase in unrestricted net assets	278,284	48,271	$ 0	326,555

	Foundation	Yescom	Eliminations	Totals
Changes in Temporarily Restricted Net Assets				
Support:				
Contributions	$ 83,124			$ 83,124
Net assets released from restrictions	(190,893)			(190,893)
Decrease in temporarily restricted net assets before cumulative effect of change in accounting principle	(107,769)			(107,769)
Cumulative effect on prior years of change in the method of accounting for support	108,971			108,971
Increase in temporarily restricted net assets	1,202			1,202
Increase in Net Assets	279,486	48,271		327,757
Net Assets (Deficit) at Beginning of Year	4,278,409	(803,055)		3,475,354
Net Assets (Deficit) at End of Year	$ 4,557,895	$ (754,784)		$ 3,803,111

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Greater New Orleans Educational Television Foundation are described in notes to the financial statements.

Effective July 1, 1995, the Foundation adopted Statement of Financial Accounting Standards No. 116 "Accounting for Contributions Received" and No. 117 "Financial Statements of Not-for-Profit Organizations." SFAS No. 116 requires contributions to be recorded as support when a donor makes an unconditional promise to give. SFAS No. 117 requires organizations to report information about its activities and financial position according to three classes of net assets - unrestricted, temporarily restricted and permanently restricted. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Foundation during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments.

Management's estimate of the collectibility of accounts receivable and the allowance for doubtful accounts is based on past history and aging of the receivables. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Note 9 - CHANGE IN ACCOUNTING PRINCIPLES FOR SUPPORT (Continued)

In prior years, the value of volunteers' time assisting with fund-raising campaigns and programs was recorded as in-kind support and related expenses. Those services described in Note 7 do not meet the criteria for recognition under SFAS No. 116, and therefore, are no longer recorded.

Note 10 - COMMITMENT

The television studio and office building are located on land leased from the City of New Orleans for a fifty-year period ending January 31, 2035, at $1 per year. The lease requires the Foundation to construct additional permanent leasehold improvements on the property by February 1, 2001, at a minimum cost of $500,000. Approximately $117,000 has been expended for permanent improvements through June 30, 1996. No additional contracts or commitments for construction or additional improvements have been entered into as of June 30, 1996.

Note 11 - UNRELATED BUSINESS INCOME

Revenues from certain projects are considered unrelated business income of a nonprofit organization by the Internal Revenue Service. Any net operating profit 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. 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, 1996, the Foundation incurred at net loss on its unrelated business income activities of $70,897.

The Foundation has $83,667 of unused investment tax credits which can be used to offset future Federal income taxes on its unrelated business income. These credits will expire if not used by various years beginning with the year ending June 30, 1997.