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Consolidated Financial Report

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1997

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June 30, 1997

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 Subsidiary as of June 30, 1997, 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 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 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 presented. 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 Greater New Orleans Educational Television Foundation and Subsidiary as of June 30, 1997, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Information for the year ended June 30, 1996 is presented for comparative purposes only and was extracted from the consolidated financial statement presentation by net asset class for that year, on which we expressed an unqualified opinion dated October 22, 1996. The consolidated statements of activities and functional expenses include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's consolidated financial statements for the year ended June 30, 1996, from which the summarized information was derived.

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As discussed in Note 10 to the consolidated financial statements, on July 1, 1996, Greater New Orleans Educational Television Foundation changed its method of accounting for investments.

In accordance with Government Auditing Standards, we have also issued a report dated September 13, 1997 on our consideration of the Foundation's internal control over financial reporting and on its compliance with laws and regulations.

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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, La.,
September 13, 1997.

Exhibit A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1997
(with comparative totals for 1996)

	1997	1996
Assets		
Cash and cash equivalents	$ 207,461	$ 161,681
Accounts receivable less allowance for uncollectible accounts	207,280	304,075
Unconditional promises to give	167,361	113,553
Interest receivable	16,280	20,211
Prepaid expenses and deposits	144,038	157,498
Inventory	102,297	113,748
Investments	2,712,931	2,280,409
Property and equipment, net of accumulated depreciation	1,806,573	2,062,321
Total assets	$ 5,364,221	$ 5,213,496
Liabilities		
Accounts payable and accrued expenses	$ 133,675	$ 268,360
Unearned revenue	32,651	-
Notes payable	878,386	1,142,025
Total liabilities	1,044,712	1,410,385
Commitments and Contingencies (Notes 3 and 12)	-	-
Net Assets		
Unrestricted	2,810,930	2,507,620
Temporarily restricted	620,695	407,607
Permanently restricted	887,884	887,884
Total net assets	4,319,509	3,803,111
Total liabilities and net assets	$ 5,364,221	$ 5,213,496

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, 1997
(with comparative totals for 1996)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 1997	Totals 1996
Support and Revenues					
Support:					
Contributions	$ 1,404,269	$ 136,864		$ 1,541,133	$ 1,641,828
Grants from the Corporation for Public Broadcasting	442,873			442,873	531,431
Broadcasting services for Louisiana Educational Television Authority	313,800			313,800	313,800
Other grants	91,342			91,342	88,095
Other support	82,858			82,858	64,349
In-kind support	574,114			574,114	552,327
Revenues:					
Auction sales, net	579,250			579,250	486,899
Cookbook sales, net	63,532			63,532	195,791
Contract and production services	1,127,665			1,127,665	1,051,098
Investment income	332,870	128,185		461,055	182,917
Total support and revenues	5,012,573	265,049		5,277,622	5,108,535
Net assets released from restrictions:					
Expiration of time restrictions	125,815	(125,815)			
Total support, revenues, and other support	5,138,388	139,234		5,277,622	5,108,535
Expenses					
Program services	3,509,282			3,509,282	3,691,632
Management and general	734,285			734,285	719,448
Development	707,027			707,027	733,006
Total expenses	4,950,594			4,950,594	5,144,086
Increase (decrease) in net assets before cumulative effect of changes in accounting principles	187,794	139,234		327,028	(35,551)
Cumulative effect on prior years of a change in the method of accounting for support					363,308
Cumulative effect on prior years of a change in the method of accounting for investments	115,516	73,854		189,370	
Increase in Net Assets	303,310	213,088		516,398	327,757
Net Assets at the Beginning of the Year	2,507,620	407,607	$ 887,884	3,803,111	3,475,354
Net Assets at the End of the Year	$2,810,930	$ 620,695	$ 887,884	$4,319,509	$3,803,111

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, 1997
(with comparative totals for 1996)

	Program Services	Supporting Services: Management and General	Supporting Services: Development	Total Expenses 1997	Total Expenses 1996
Advertising	$ 30,182	$ 5,569		$ 35,751	$ 34,879
Bad debt expense	10,017		$ (751)	9,266	83,130
Board of trustees' expenses		1,454		1,454	356
Building and grounds maintenance		17,861		17,861	20,483
Building rental		72,001		72,001	72,001
Direct mail solicitation			29,912	29,912	21,279
Donated goods and services		23,180	42,153	65,333	57,877
Employee travel and other personnel costs	89,219	39,540	15,505	144,264	145,873
Equipment rental and maintenance cost	199,143	13,281	20,319	232,743	250,763
Insurance	76,652	13,849	3,492	93,993	92,860
Interest		76,413		76,413	61,683
Membership premiums			42,827	42,827	52,749
Office supplies	8,552	13,909	11,799	34,260	31,361
Other expenses	12,043	9,059	13,682	34,784	30,758
Postage and shipping	21,664	6,638	28,075	56,377	56,494
Printing	52,527	20	27,539	80,086	82,474
Production costs	93,717		19,184	112,901	120,537
Professional services	138,604	31,026	81,109	250,739	243,734
Program rental fees	470,966			470,966	509,327
Salaries, payroll taxes and employee benefits	1,274,722	395,343	316,879	1,986,944	2,073,774
Satellite interconnect fee	29,829			29,829	30,721
Station dues	59,026			59,026	67,731
Telephone	30,202	7,331	36,843	74,376	75,631
Tower rental	355,400			355,400	355,400
Utilities	123,361			123,361	110,330
	3,075,826	726,474	688,567	4,490,867	4,682,205
Depreciation and amortization	433,456	7,811	18,460	459,727	461,881
Total functional expenses	$3,509,282	$ 734,285	$ 707,027	$4,950,594	$5,144,086

See notes to consolidated financial statements.

Exhibit D

CONSOLIDATED STATEMENT OF CASH FLOWS

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1997
(with comparative totals for 1996)

	1997	1996
Cash Flows From Operating Activities		
Increase in net assets	$ 516,398	$ 327,757
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	459,727	461,881
Provision for losses (recoveries) on receivables	(5,500)	68,000
Cumulative effect of adoption of new accounting principles	(189,370)	(299,348)
Unrealized gain on investments	(380,705)	-
(Increase) decrease in operating assets:		
Accounts receivable and unconditional promises to give	48,487	(8,668)
Interest receivable	3,931	(991)
Prepaid expenses and deposits	13,460	134,882
Inventory	11,451	130,021
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(134,685)	(148,194)
Unearned revenue	32,651	(31,179)
Unrelated business income tax payable	-	(3,627)
Net cash provided by operating activities	375,845	630,534
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	1,569,131	2,024,638
Purchases of investments	(1,431,578)	(2,258,211)
Purchases of property and equipment	(203,979)	(1,077,002)
Net cash used in investing activities	(66,426)	(1,310,575)
Cash Flows From Financing Activities		
New borrowings	-	820,000
Payments on notes payable	(263,639)	(189,308)
Net cash provided by (used in) financing activities	(263,639)	630,692
Net increase (decrease) in cash and cash equivalents	45,780	(49,349)
Cash and Cash Equivalents		
Beginning of year	161,681	211,030
End of year	$ 207,461	$ 161,681

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Greater New Orleans Educational Television Foundation and Subsidiary

New Orleans, Louisiana

June 30, 1997

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.

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. Financial Statement Presentation

The Foundation reports 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 based on donor stipulations and restrictions placed on contributions, if any.

e. 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 disclosures. Actual results could differ from those estimates.

f. Investments

Investments at June 30, 1997 are carried at fair market value, based on quoted market prices for the investments, as a result of the Foundation's adoption of a change in accounting principle described in Note 10. Investments at June 30, 1996 are carried at cost.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. 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, 1997 all promises to give were recognized as assets and revenues. All promises are deemed by management to be collectible.

h. 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 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.

i. 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 $102,500 at June 30, 1997.

j. 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. 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.

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.

l. 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. In-Kind Support (Continued)

The Foundation annually conducts two auctions to sell contributed and purchased merchandise and other items. Gross auction revenue of $641,495 includes all proceeds received from auction sales and cash contributions received by the Foundation for support of the auctions. Cost of merchandise sold of $62,245 includes the cost of items purchased by the Foundation. Net auction revenue of $579,250 is reported on the consolidated statement of activities. The value of contributed merchandise based on the donors' estimates of the retail market value of their merchandise aggregated $830,360 for the year ended June 30, 1997. The value of the items donated for auction is not recorded.

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.

m. Program Rental Fees

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

n. 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.

o. 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Statement of Cash Flows

The Foundation considers investments in money market funds to be cash equivalents, except for 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).

Note 3 - 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 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, 1997 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	172,821
Contributions due for subsequent periods	86,864
Production expenses for a program to be broadcast	50,000
Net realized and unrealized investment gains on endowment principal which is available for future operations	202,039
Total	$620,695

Note 3 - RESTRICTIONS ON ASSETS (Continued)

Permanently restricted net assets of $887,884 consist of cash and investments which are endowment principal. Interest and dividends earned from such assets are unrestricted and available for operations. Realized and unrealized gains on such assets are available for future operations and are classified as temporarily restricted net assets until expended as described in Note 5.

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	$ 80,497
Restricted for subsequent periods	86,864
Total	$167,361

All amounts are due within one year.

Note 5 - INVESTMENTS

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

	June 30, 1997	
Investments By Type	Cost	Market Value
Money Market Funds:		
Marquis Treasury Money Market	$ 214,677	$ 214,677
Schwab Tax Exempt Fund	122,824	122,824
Corporate Stocks	1,085,142	1,643,515
Corporate Bonds	613,068	624,770
Certificate of Deposit	107,145	107,145
Total investments	$2,142,856	$2,712,931

Note 5 - INVESTMENTS (Continued)

Investments By Type	June 30, 1996 Cost	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, 1997 and 1996 is as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances at June 30, 1997	$2,142,856	$2,712,931	$570,075
Balances at June 30, 1996	$2,280,409	$2,469,779	189,370
Unrealized gain for the year			$380,705

Investment return for the year ended June 30, 1997 is summarized as follows:

Interest and dividend income	$ 97,794
Unrealized gain for the year	380,705
Less:	
Realized losses, net	(3,690)
Custodian fees	(13,754)
Total	$461,055

Note 5 - INVESTMENTS (Continued)

The State of Louisiana has adopted the Uniform Management of Institutional Funds Act. Management has interpreted state law to allow the Board of Trustees to spend the portion of realized and unrealized gains on investments that pertain to endowment principal (permanently restricted) for the purpose for which the endowment fund was established, after considering the long and short term needs of the Foundation, price level trends, and general economic conditions. Therefore, $202,039 of the net investment gain which is attributed to endowment funds is reported as an increase in temporarily restricted net assets for the year ended June 30, 1997.

Certain investments which are valued at $418,938 are pledged to secure a note payable described in Note 7.

Note 6 - PROPERTY AND EQUIPMENT

At June 30, 1997 and 1996, the cost of property and equipment and accumulated depreciation were as follows:

	1997	1996
Remote production equipment	$3,282,485	$3,227,549
Equipment	4,487,973	4,382,411
Leasehold improvements	638,825	618,332
Office equipment	409,636	386,648
	8,818,919	8,614,940
Less accumulated depreciation	(7,012,346)	(6,552,619)
Net property and equipment	$1,806,573	$2,062,321

Depreciation expense was $459,727 and $461,881 for the years ended June 30, 1997 and 1996, respectively.

Note 7 - NOTES PAYABLE

The Foundation is obligated on a note payable to the First National Bank of Commerce, with a balance due at June 30, 1997, of $275,333. The note is due on demand, or if no demand, in sixty monthly principal payments of $9,833 plus interest at 7.5%. The note is secured by cash and investments in three securities, which are held in an investment account at an institution affiliated with the bank. The value of these pledged securities is $418,938. Interest expense incurred on this note was $25,804 and $34,867 for the years ended June 30, 1997 and 1996, respectively.

The Foundation is obligated on a note payable to Whitney National Bank with a balance due at June 30, 1997, of $603,053. 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 incurred on this note was $50,609 and $26,816 for the years ended June 30, 1997 and 1996, respectively.

Note 8 - 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 $42,153 and $24,362 and other goods and services of $23,180 and $33,515 for the years ended June 30, 1997 and 1996, respectively.

Note 8 - 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 years ended June 30, 1997 and 1996, respectively, as follows:

	1997	1996
Support		
Studio and office building in-kind rent	$ 72,000	$ 72,000
Transmitter in-kind rent:		
Tower and facility	355,400	355,400
Direct operating costs	81,381	67,050
Other goods and services	65,333	57,877
Total in-kind support	$574,114	$552,327
Expenses		
Tower rental	$355,400	$355,400
Building rental	72,000	72,000
Donated goods and services	65,333	57,877
Utilities	61,005	52,695
Equipment rental and maintenance cost	12,376	7,487
Insurance	8,000	6,868
Total expenses	$574,114	$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 $329,002 and $292,240 for the years ended June 30, 1997 and 1996, respectively.

Note 9 - 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 for the years ended June 30, 1997 and 1996 are as follows:

	1997	1996
Sales of cookbooks and reimbursement of expenses	$372,170	$737,388
Cost of cookbooks sold and fulfillment expenses	(308,638)	(541,597)
Cookbook sales, net	$ 63,532	$195,791

Note 10 - CHANGE IN THE METHOD OF ACCOUNTING FOR INVESTMENTS

In prior years, the Foundation recorded investments in marketable securities at cost. Effective July 1, 1996, the Foundation adopted Statement of Financial Accounting Standards (SFAS) No. 124, "Accounting for Certain Investments Held by Not-For-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets. As permitted by SFAS No. 124, the Foundation has applied the provisions of this new statement by reflecting the cumulative effect of the change, amounting to $189,370, in the consolidated statement of activities. The adjustment represents unrealized gains on investments as of July 1, 1996 that had not previously been recognized in the consolidated financial statements. Assuming this new statement had been applied retroactively, the Foundation's increase in net assets for the year ended June 30, 1997 would have been $327,028.

Note 11 - CHANGE IN THE METHOD OF ACCOUNTING 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 recognized the $363,308 cumulative effect of this change in its consolidated statement of activities for the year ended June 30, 1996. If this statement had been applied retroactively, the Foundation's net assets would have decreased by $35,551 ($363,308 less than the reported increase in net assets of $327,757) for the year ended June 30, 1996.

Note 12 - 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 $137,000 has been expended for permanent improvements through June 30, 1997. No additional contracts or commitments for construction or additional improvements have been entered into as of June 30, 1997.

Note 13 - 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, 1997, the Foundation incurred a net loss on its unrelated business income activities of $163,884.

Note 13 - UNRELATED BUSINESS INCOME (Continued)

Net operating losses, which are carried forward to reduce any future net operating profits subject to Federal unrelated business income tax, will expire if not used as follows:

Year Ending June 30,	Amount
2001	$ 70,897
2012	163,884
Total	$234,781

The Foundation has $30,570 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, 1998.

Note 14 - SUBSIDIARY NET OPERATING LOSSES

Yescom Enterprises, Inc. (Yescom), 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 $497,395 after deduction of expenses allocated to the projects, which all pertains to Yescom Enterprises, Inc., at June 30, 1997. 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
2002	$ 51,610
2003	200,462
2004	62,603
2005	72,671
2006	110,049
Total	$497,395

Note 15 - BROADCAST HOURS

Broadcast hours of the television station were 6,448 for the year ended June 30, 1997.

Note 16 - 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, 1997, thirty-six employees were participating in the program. Retirement expenses under this plan amounted to $58,323 and $54,414 for the years ended June 30, 1997 and 1996, respectively.

Note 17 - 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 19% of the total balance at June 30, 1997, and the remaining accounts are concentrated in the telecommunications and retailing industries, the majority of which are located in the New Orleans area.

Note 18 - CASH FLOWS INFORMATION

Cash payments of interest during the years ended June 30, 1997 and 1996, were $76,413 and $61,683, respectively.

Schedule 1

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1997

	Foundation	Yescom	Eliminations	Totals
Assets				
Cash and cash equivalents	$ 205,778	$ 1,683		$ 207,461
Accounts receivable less allowance for uncollectible accounts	114,242	93,038		207,280
Unconditional promises to give	167,361			167,361
Interest receivable	16,280			16,280
Prepaid expenses and deposits	144,038			144,038
Inventory	102,297			102,297
Investments	2,712,931			2,712,931
Property and equipment, net of accumulated depreciation	1,806,573			1,806,573
Investment in Yescom	10,000		$ (10,000)	-
Due from subsidiary	654,486		(654,486)	-
Total assets	$ 5,933,986	$ 94,721	$ (664,486)	$ 5,364,221
Liabilities				
Accounts payable and accrued expenses	$ 128,548	$ 5,127		$ 133,675
Unearned revenue	32,651			
Notes payable	878,386	654,486	$ (654,486)	878,386
Total liabilities	1,039,585	659,613	(654,486)	1,044,712
Net Assets and Capital Deficiency				
Common stock		10,000	(10,000)	-
Net assets (deficit):				
Unrestricted and accumulated deficit	3,385,822	(574,892)		2,810,930
Temporarily restricted	620,695			620,695
Permanently restricted	887,884			887,884
Total net assets and capital deficiency	4,894,401	(564,892)	(10,000)	4,319,509
Total liabilities, net assets and capital deficiency	$ 5,933,986	$ 94,721	$ (664,486)	$ 5,364,221

Schedule 2

CONSOLIDATING STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1997

	Foundation	Yescom	Eliminations	Totals
Changes in Unrestricted Net Assets				
Support and revenues:				
Support:				
Contributions	$ 1,404,269			$ 1,404,269
Grants from the Corporation for Public Broadcasting	442,873			442,873
Broadcasting services for Louisiana Educational Television Authority	313,800			313,800
Other grants	91,342			91,342
Other support	82,858			82,858
In-kind support	574,114			574,114
Revenues:				
Auction sales, net	579,250			579,250
Cookbook sales, net	63,532			63,532
Contract and production services	182,541	$ 1,103,459	$ (158,335)	1,127,665
Investment income	332,870			332,870
Total unrestricted support and revenues	4,067,449	1,103,459	(158,335)	5,012,573
Net assets released from restrictions:				
Expiration of time restrictions	125,815			125,815
Total unrestricted support, revenues, and other support	4,193,264	1,103,459	(158,335)	5,138,388
Expenses:				
Program services	2,802,473	865,144	(158,335)	3,509,282
Management and general	675,862	58,423		734,285
Development	707,027			707,027
Total expenses	4,185,362	923,567	(158,335)	4,950,594
Increase in unrestricted net assets before cumulative effect of change in accounting principle	7,902	179,892	-	187,794
Cumulative effect on prior years of change in the method of accounting for investments	115,516			115,516
Increase in unrestricted net assets	123,418	179,892	$ -	303,310

	Foundation	Yescom	Eliminations	Totals
Changes in Temporarily Restricted Net Assets				
Support:				
Contributions	136,864			136,864
Investment income	128,185			128,185
Total support	265,049			265,049
Net assets released from restrictions	(125,815)			(125,815)
Increase in temporarily restricted net assets before cumulative effect of change in accounting principle	139,234			139,234
Cumulative effect on prior years of change in the method of accounting for investments	73,854			73,854
Increase in temporarily restricted net assets	213 088			213,088
Increase in Net Assets	336,506	179,892		516,398
Net Assets (Deficit)				
Beginning of year	4,557,895	(754,784)		3,803,111
End of year	$4,894,401	$ (574,892)		$4,319,509

CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1997

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Support:			
Contributions:			
Membership and general	$ 897,065		$ 897,065
Major gifts	107,261		107,261
Program underwriting	296,991	$ 36,864	333,855
National production underwriting	49,650	100,000	149,650
Support from commercial station	53,302		53,302
Total contributions	1,404,269	136,864	1,541,133
Grants from the Corporation for Public Broadcasting	442,873		442,873
Broadcasting services for Louisiana Educational Television Authority	313,800		313,800
Other grants:			
Grants - foundations and agencies	67,265		67,265
Training grants	24,077		24,077
Total other grants	91,342		91,342
Other support:			
Special events	42,787		42,787
Miscellaneous	40,071		40,071
Total other support	82,858		82,858
In-kind support:			
Rent:			
Transmitter	436,781		436,781
Land	72,000		72,000
Goods and services	65,333		65,333
Total in-kind support	574,114		574,114
Total support	2,909,256	136,864	3,046,120

	Unrestricted	Temporarily Restricted	Total
Support and Revenues			
Total support (carried forward)	2,909,256	136,864	3,046,120
Revenues:			
Auction sales, net	579,250		579,250
Cookbook sales, net	63,532		63,532
Contract and production services:			
Production services	320,113		320,113
Contract services	783,346		783,346
Tower rental	24,206		24,206
Total contract and production services	1,127,665		1,127,665
Investment income			
Interest income, net of custodian fees	84,040		84,040
Net unrealized gain on investments	251,265	129,440	380,705
Net realized loss on investments	(2,435)	(1,255)	(3,690)
Total investment income	332,870	128,185	461,055
Total revenues	2,103,317	128,185	2,231,502
Total support and revenues	$ 5,012,573	$ 265,049	$ 5,277,622

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 as of and for the year ended June 30, 1997, and have issued our report thereon dated September 13, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greater New Orleans Educational Televison Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provision of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greater New Orleans Educational Televison Foundation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal

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control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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 over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Trustees, management and the Legislative Auditor. 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.,
September 13, 1997.

Under [illegible] law, this report [illegible] A copy [illegible] submitted [illegible] reviewed, [illegible] appropriate public [illegible] is available for [illegible] at the Baton Rouge [illegible] Legislative Auditor and, [illegible] appropriate, at the office of the parish clerk of court.

Release Date

Bourgeois Bennett

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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, 1997 and have issued our report thereon dated September 13, 1997. 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 the standards applicable to financial audits contained in 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 required, a separate letter has been issued on compliance and the internal controls over financial reporting.

As part of our audit, we considered the internal controls over financial reporting 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 controls.

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, 1996, the Foundation adopted Statement of Financial Accounting Standards No. 124 "Accounting for Certain Investments Held By Not-For-Profit Organizations." Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. 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.

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 in the Increase in Net Assets for the Year Ended June 30, 1997
1)	Reclassification of amount received during the year ended June 30, 1997 for the production of "Arena" from unearned revenue to support.	$ 50,000
2)	Recording the second half of the support for the production of "Arena" which was promised to be paid during the year ending June 30, 1998.	50,000
	Total	$100,000

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.

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 a multi-year promise to give as described 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.

Cookbook Inventory

The majority of the cookbook inventory for the Pizza Gourmet program is held in Detroit at June 30, 1997. Only 542 cookbooks are stored in the Foundation's facilities. We recommend that the balance of the cookbooks that the Foundation owns be shipped to its facility in New Orleans. The sales for this show have decreased significantly over the last few years.

Contract Services Provided By Yescom Enterprises, Inc.

In examining the contracts for the agreements between Yescom Enterprises, Inc. and its clients, we noted numerous instances where the contracts weren't signed by the clients. In prior years, it has been explained to us that it is not always feasible to obtain a signed contract before the services are provided. We recommend that in those instances, a signed contract be obtained for your files after the services are provided. All services provided by the mobile unit should be evidenced by signed contracts.

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 the Legislative Auditor of the State of Louisiana. This report is a matter of public record and its distribution is not limited.

Sincerely,

Laurence Holmes

For the Firm.

LH/df

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