Consolidated Financial Report

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1999

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Consolidated Financial Report

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1999

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FINANCIAL SECTION

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 Greater New Orleans Educational Television Foundation and Subsidiary as of June 30, 1999, 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 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 Greater New Orleans Educational Television Foundation and Subsidiary as of June 30, 1999, 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, 1998 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 September 17, 1998. 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, 1998, from which the summarized information was derived.

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In accordance with Government Auditing Standards, we have also issued a report dated August 13, 1999 on our consideration of the Foundation's internal control over financial reporting and our tests of 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.,
August 13, 1999.

Exhibit A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1999
(with comparative totals for 1998)

	1999	1998
Assets		
Cash and cash equivalents	$ 119,017	$ 164,509
Accounts receivable less allowance for uncollectible accounts	482,536	293,272
Unconditional promises to give	79,827	67,533
Interest receivable	14,458	16,280
Prepaid expenses and deposits	113,483	148,404
Inventory	76,796	68,161
Investments	2,861,597	3,210,756
Property and equipment, net of accumulated depreciation	2,258,872	1,783,102
Total assets	$ 6,006,586	$ 5,752,017
Liabilities		
Accounts payable and accrued expenses	$ 253,454	$ 321,792
Unearned revenue	44,783	61,308
Notes payable	1,146,520	603,767
Total liabilities	1,444,757	986,867
Commitments and Contingencies (Notes 3 and 10)	-	-
Net Assets		
Unrestricted	3,057,857	3,131,767
Temporarily restricted	606,088	745,499
Permanently restricted	897,884	887,884
Total net assets	4,561,829	4,765,150
Total liabilities and net assets	$ 6,006,586	$ 5,752,017

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, 1999
(with comparative totals for 1998)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 1999	Totals 1998
Support and Revenues					
Support:					
Contributions	$ 1,724,048	$ 79,827	$ 10,000	$ 1,813,875	$ 1,647,309
Grants from the Corporation for Public Broadcasting	341,138			341,138	393,590
Broadcasting services for Louisiana Educational Television Authority	269,909			269,909	311,958
Other grants	106,199			106,199	86,886
Other support	132,801			132,801	112,981
In-kind support	281,349			281,349	322,683
Revenues:					
Auction sales, net	626,679			626,679	568,253
Cookbook sales, net	33,602			33,602	42,261
Contract and production services	1,498,404			1,498,404	1,189,382
Investment income	113,620	(113,300)		320	598,359
Total support and revenues	*5,127,749*	(33,473)	10,000	5,104,276	5,273,662
Net assets released from restrictions:					
Expiration of time restrictions	*105,938*	*(105,938)*			
Total support, revenues, and other support	5,233,687	(139,411)	10,000	5,104,276	5,273,662
Expenses					
Program services	3,645,533			3,645,533	3,249,436
Management and general	820,716			820,716	793,363
Development	841,348			841,348	785,222
Total expenses	5,307,597			5,307,597	4,828,021
Increase (Decrease) in Net Assets	(73,910)	(139,411)	10,000	(203,321)	445,641
Net Assets at the Beginning of the Year	3,131,767	745,499	887,884	4,765,150	4,319,509
Net Assets at the End of the Year	$ 3,057,857	$ 606,088	$ 897,884	$ 4,561,829	$ 4,765,150

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, 1999
(with comparative totals for 1998)

	Program Services	Supporting Services: Management and General	Supporting Services: Development	Total Expenses 1999	Total Expenses 1998
Advertising	$ 35,204	$ 5,043	$ 772	$ 41,019	$ 41,196
Bad debt expense	22,120		7,897	30,017	35,306
Board of trustees' expenses		510		510	1,166
Building and grounds maintenance		25,446		25,446	16,954
Building rental		49,400		49,400	49,401
Direct mail solicitation			39,950	39,950	30,709
Donated goods and services		18,055		18,055	56,576
Employee travel and other personnel costs	114,262	61,163	13,774	189,199	159,767
Equipment rental and maintenance cost	289,006	15,196	29,602	333,804	245,408
Insurance	71,707	11,263	3,491	86,461	78,428
Interest		77,475		77,475	56,461
Membership premiums			62,263	62,263	56,006
Office supplies	7,107	12,133	12,699	31,939	38,045
Other expenses	20,818	8,137	33,556	62,511	36,830
Postage and shipping	23,192	6,220	57,941	87,353	68,665
Printing	44,198	43	37,089	81,330	73,867
Production costs	147,855	6,114	18,928	172,897	117,228
Professional services	307,586	42,540	75,367	425,493	193,910
Program rental fees	482,334			482,334	446,881
Salaries, payroll taxes and employee benefits	1,260,649	466,264	391,328	2,118,241	2,199,805
Satellite interconnect fee	29,318			29,318	29,627
Station dues	56,238			56,238	60,642
Telephone	39,804	9,641	43,991	93,436	84,988
Tower rental	120,000			120,000	120,000
Utilities	114,274			114,274	109,251
	3,185,672	814,643	828,648	4,828,963	4,407,117
Depreciation and amortization	459,861	6,073	12,700	478,634	420,904
Total functional expenses	$3,645,533	$ 820,716	$ 841,348	$5,307,597	$4,828,021

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1999
(with comparative totals for 1998)

	1999	1998
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ (203,321)	$ 445,641
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	478,634	420,904
Provision for losses on receivables	50,000	
Realized and unrealized (gains) losses on investments	69,837	(519,414)
(Increase) decrease in operating assets:		
Accounts receivable and unconditional promises to give	(251,558)	13,836
Interest receivable	1,822	-
Prepaid expenses and deposits	34,921	(4,366)
Inventory	(8,635)	34,136
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(68,338)	188,117
Unearned revenue	(16,525)	28,657
Net cash provided by operating activities	86,837	607,511
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	1,567,921	1,423,833
Purchases of investments	(1,288,599)	(1,402,244)
Purchases of property and equipment	(954,404)	(397,433)
Net cash used in investing activities	(675,082)	(375,844)
Cash Flows From Financing Activities		
New borrowings	893,603	-
Payments on notes payable	(350,850)	(274,619)
	542,753	(274,619)
Net decrease in cash and cash equivalents	(45,492)	(42,952)
Cash and Cash Equivalents		
Beginning of year	164,509	207,461
End of year	$ 119,017	$ 164,509

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Greater New Orleans Educational Television Foundation and Subsidiary

New Orleans, Louisiana

June 30, 1999

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 of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

c. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-For-Profit Organizations." Under SFAS No. 117, net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

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

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

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

d. 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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, 1999 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 $152,500 and $102,500 at June 30, 1999 and 1998, respectively.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. 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.

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

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. In-Kind Support (Continued)

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 $652,678 includes all proceeds received from auction sales and cash contributions received by the Foundation for support of the auctions. Cost of merchandise sold of $25,999 includes the cost of items purchased by the Foundation. Net auction revenue of $626,679 is reported on the consolidated statement of activities.

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 Charles Schwab & Co. Institutional 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, 1999 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	96,011
Contributions due for subsequent periods	79,827
Production expenses for a program to be broadcast	100,000
Net realized and unrealized investment gains on endowment principal which is available for future operations	221,279
Total	$606,088

Note 3 - RESTRICTIONS ON ASSETS (Continued)

Permanently restricted net assets of $897,884 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:

Restricted for subsequent periods	$79,827

All amounts are due within one year.

Note 5 - INVESTMENTS

Investments include amounts held in an investment account at Charles Schwab & Co., and an investment account at Marquis Investments, Inc. and certificates of deposit. Details of investments are as follows:

	June 30, 1999	
Investments By Type	Cost	Market Value
Money Market Funds:		
Marquis Treasury Money Market	$ 99,426	$ 99,426
Schwab Money Market Fund	3,620	3,620
Corporate Stocks	1,343,886	1,984,636
Corporate Bonds	799,768	773,915
Total investments	$2,246,700	$2,861,597

Note 5 - INVESTMENTS (Continued)

Investments By Type	June 30, 1998 Cost	June 30, 1998 Market Value
Money Market Funds:		
Marquis Treasury Money Market	$ 81,330	$ 81,330
Schwab Money Market Fund	405,334	405,334
Corporate Stocks	1,045,850	1,933,204
Corporate Bonds	666,580	678,922
Certificate of Deposit	111,966	111,966
Total investments	$2,311,060	$3,210,756

Market value in excess of cost on investments held at June 30, 1999 and 1998 is as follows:

	Cost	Market Value	Excess of Market Value Over Cost
Balances at June 30, 1999	$2,246,700	$2,861,597	$ 614,897
Balances at June 30, 1998	$2,311,060	$3,210,756	899,695
Unrealized loss for the year			$(284,798)

Investment return for the year ended June 30, 1999 is summarized as follows:

Interest and dividend income	$ 86,696
Unrealized loss for the year	(284,798)
Realized gains, net	214,961
Custodian fees	(16,539)
Total	$ 320

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, $113,300 of net investment loss which is attributed to endowment funds is reported as a decrease in temporarily restricted net assets for the year ended June 30, 1999.

Certain investments which are valued at $302,832 are pledged to secure a note payable described in Note 7.

Note 6 - PROPERTY AND EQUIPMENT

At June 30, 1999 and 1998, the cost of property and equipment and accumulated depreciation were as follows:

	1999	1998
Remote production equipment	$ 4,301,930	$3,585,136
Equipment	4,592,522	4,501,748
Leasehold improvements	701,451	684,201
Office equipment	491,184	445,267
	10,087,087	9,216,352
Less accumulated depreciation	(7,828,215)	(7,433,250)
Net property and equipment	$ 2,258,872	$1,783,102

Depreciation expense was $478,634 and $420,904 for the years ended June 30, 1999 and 1998, respectively.

Note 7 - NOTES PAYABLE

The Foundation is obligated on a note payable to the Bank One, with a balance due at June 30, 1999, of $39,334. 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 $302,832. Interest expense incurred on this note was $7,965 and $16,831 for the years ended June 30, 1999 and 1998, respectively.

The Foundation is obligated on a note payable to Whitney National Bank with a balance due at June 30, 1999, of $277,758. 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 $27,572 and $39,630 for the years ended June 30, 1999 and 1998, respectively.

The Foundation is obligated on a note payable to Whitney National Bank with a balance of $829,428. The note is due in sixty equal monthly installments of principal and interest of $17,415. The note bears interest at 6.33% and is secured by mobile unit equipment which was purchased with the proceeds. Interest expense incurred on this note was $41,938 for the year ended June 30, 1999.

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 $49,400 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 $120,000 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 certain in-kind goods and services received of $18,055 and $56,576 for the years ended June 30, 1999 and 1998, 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, 1999 and 1998, respectively, as follows:

	1999	1998
Support		
Studio and office building in-kind rent	$ 49,400	$ 49,400
Transmitter in-kind rent:		
Tower and facility	120,000	120,000
Direct operating costs	93,894	96,707
Other goods and services	18,055	56,576
Total in-kind support	$281,349	$322,683
Expenses		
Tower rental	$120,000	$120,000
Building rental	49,400	49,400
Donated goods and services	18,055	56,576
Utilities	54,180	47,791
Equipment rental and maintenance cost	33,666	40,916
Insurance	6,048	8,000
Total expenses	$281,349	$322,683

Numerous volunteers have donated significant amounts of time to the Foundation's fund-raising campaigns and programs. 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.

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, 1999 and 1998 are as follows:

	1999	1998
Sales of cookbooks and reimbursement of expenses	$201,502	$132,305
Cost of cookbooks sold and fulfillment expenses	(167,900)	(90,044)
Cookbook sales, net	$ 33,602	$ 42,261

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 $183,000 has been expended for permanent improvements through June 30, 1999. No additional contracts or commitments for construction or additional improvements have been entered into as of June 30, 1999.

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, 1999, the Foundation incurred a net loss on its unrelated business income activities of $216,796.

Note 11 - 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
2013	152,375
2019	216,796
Total	$603,952

Note 12 - 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 $177,807 after deduction of expenses allocated to the projects, which all pertains to Yescom Enterprises, Inc., at June 30, 1999. 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
2005	$ 67,758
2006	110,049
Total	$177,807

Note 13 - BROADCAST HOURS

Broadcast hours of the television station were 8,760 (unaudited) for the year ended June 30, 1999.

Note 14 - RETIREMENT PLAN

The Foundation has 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, 1999, twenty-five employees were participating in the program. Retirement expenses under this plan amounted to $46,943 and $45,852 for the years ended June 30, 1999 and 1998, respectively.

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 receivables from three corporations for which production services were provided which are approximately 61% of the total balance at June 30, 1999, 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 years ended June 30, 1999 and 1998, were $77,475 and $56,461, respectively.

SUPPLEMENTAL INFORMATION

Schedule 1

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

Greater New Orleans Educational Television Foundation and Subsidiary

June 30, 1999

	Foundation	Yescom	Eliminations	Totals
Assets				
Cash and cash equivalents	$ 115,777	$ 3,240		$ 119,017
Accounts receivable less allowance for uncollectible accounts	403,147	79,389		482,536
Unconditional promises to give	79,827			79,827
Interest receivable	14,458			14,458
Prepaid expenses and deposits	113,483			113,483
Inventory	76,796			76,796
Investments	2,861,597			2,861,597
Property and equipment, net of accumulated depreciation	2,258,872			2,258,872
Investment in Yescom (subsidiary)	10,000		$ (10,000)	-
Due from subsidiary	316,149		(316,149)	-
Total assets	$ 6,250,106	$ 82,629	$ (326,149)	$ 6,006,586
Liabilities				
Accounts payable and accrued expenses	$ 241,671	$ 11,783		$ 253,454
Unearned revenue	44,783			44,783
Notes payable	1,146,520	316,149	$ (316,149)	1,146,520
Total liabilities	1,432,974	327,932	(316,149)	1,444,757
Net Assets and Capital Deficiency				
Common stock		10,000	(10,000)	-
Net assets (deficit):				
Unrestricted and accumulated deficit	3,313,160	(255,303)		3,057,857
Temporarily restricted	606,088			606,088
Permanently restricted	897,884			897,884
Total net assets and capital deficiency	4,817,132	(245,303)	(10,000)	4,561,829
Total liabilities, net assets and capital deficiency	$ 6,250,106	$ 82,629	$ (326,149)	$ 6,006,586

Schedule 2

CONSOLIDATING STATEMENT OF ACTIVITIES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1999

	Foundation	Yescom	Eliminations	Totals
Changes in Unrestricted Net Assets				
Support and revenues:				
Support:				
Contributions	$1,724,048			$1,724,048
Grants from the Corporation for Public Broadcasting	341,138			341,138
Broadcasting services for Louisiana Educational Television Authority	269,909			269,909
Other grants	106,199			106,199
Other support	132,801			132,801
In-kind support	281,349			281,349
Revenues:				
Auction sales, net	626,679			626,679
Cookbook sales, net	33,602			33,602
Contract and production services	194,108	$1,454,938	$ (150,642)	1,498,404
Investment income	113,620			113,620
Total unrestricted support and revenues	3,823,453	1,454,938	(150,642)	5,127,749
Net assets released from restrictions:				
Expiration of time restrictions	105,938			105,938
Total unrestricted support, revenues, and other support	3,929,391	1,454,938	(150,642)	5,233,687
Expenses:				
Program services	2,632,561	1,163,614	(150,642)	3,645,533
Management and general	729,176	91,540		820,716
Development	841,348			841,348
Total expenses	4,203,085	1,255,154	(150,642)	5,307,597
Increase (decrease) in unrestricted net assets	(273,694)	199,784	$ 0	(73,910)

	Foundation	Yescom	Eliminations	Totals
Changes in Temporarily Restricted Net Assets				
Support:				
Contributions	79,827			79,827
Investment income	(113,300)			(113,300)
Total support	(33,473)			(33,473)
Net assets released from restrictions	(105,938)			(105,938)
Decrease in temporarily restricted net assets	(139,411)			(139,411)
Changes in Permanently Restricted Net Assets				
Support:				
Contributions	10,000			10,000
Increase (Decrease) in Net Assets	(413,105)	199,784		(213,321)
Net Assets (Deficit)				
Beginning of year	5,220,237	(455,087)		4,765,150
End of year	$4,817,132	$ (255,303)		$4,561,829

Schedule 3

CONSOLIDATED SCHEDULE OF SUPPORT AND REVENUES

Greater New Orleans Educational Television Foundation and Subsidiary

For the year ended June 30, 1999

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Support:				
Contributions:				
Membership and general	$1,001,119	$ 6,123	$ 10,000	$1,017,242
Major gifts	147,537			147,537
Program underwriting	237,985	73,704		311,689
National production underwriting	280,850			280,850
Support from commercial station	56,557			56,557
Total contributions	1,724,048	79,827	10,000	1,813,875
Grants from the Corporation for Public Broadcasting	341,138			341,138
Broadcasting services for Louisiana Educational Television Authority	269,909			269,909
Other grants:				
Grants - foundations and agencies	80,250			80,250
Training grants	25,949			25,949
Total other grants	106,199			106,199
Other support:				
Special events	52,478			52,478
Miscellaneous	80,323			80,323
Total other support	132,801			132,801
In-kind support:				
Rent:				
Transmitter	213,894			213,894
Land	49,400			49,400
Goods and services	18,055			18,055
Total in-kind support	281,349			281,349
Total support	2,855,444	79,827	10,000	2,945,271

Schedule 3
(Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenues				
Total support (carried forward)	2,855,444	79,827	10,000	2,945,271
Revenues:				
Auction sales, net	626,679			626,679
Cookbook sales, net	33,602			33,602
Contract and production services:				
Production services	748,514			748,514
Contract services	706,424			706,424
Tower rental	43,466			43,466
Total contract and production services	1,498,404			1,498,404
Investment income				
Interest income, net of custodian fees	70,157			70,157
Net unrealized loss on investments	(171,498)	(113,300)		(284,798)
Net realized gain on investments	214,961			214,961
Total investment income	113,620	(113,300)		320
Total revenues	2,272,305	(113,300)		2,159,005
Total support and revenues	$5,127,749	$ (33,473)	$ 10,000	$5,104,276

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Bourgeois Bennett

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, 1999, and have issued our report thereon dated August 13, 1999. 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 and 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.,
August 13, 1999.

SCHEDULE OF FINDINGS

Greater New Orleans Educational Television Foundation

For the year ended June 30, 1999

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes _X_ no
- Reportable condition(s) identified that are not considered to be material weakness ___ yes _X_ none reported

Noncompliance material to financial statements noted? ___ yes _X_ no

b) Federal Awards

For the year ended June 30, 1999 Greater New Orleans Educational Television Foundation was not subject to OMB Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

Section II - Financial Statement Findings

There were no financial statement findings required to be reported for the year ended June 30, 1999.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Greater New Orleans Educational Television Foundation

For the year ended June 30, 1999

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

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 1998. No reportable conditions were reported during the audit for the year ended June 30, 1998.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 1998.

Section II - Internal Control and Compliance Material To Federal Awards

Greater New Orleans Education Television Foundation did not receive federal awards during the year ended June 30, 1998.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 1998.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Greater New Orleans Educational Television Foundation

For the year ended June 30, 1999

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

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 1999. No reportable conditions were reported during the audit for the year ended June 30, 1999.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended June 30, 1999.

Section II - Internal Control and Compliance Material To Federal Awards

Greater New Orleans Educational Televison Foundation did not receive federal awards during the year ended June 30, 1999.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 1999.