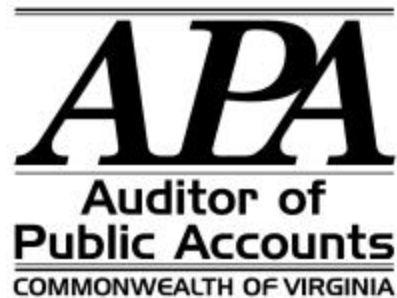


VIRGINIA PUBLIC BROADCASTING STATIONS

COMPARATIVE REVENUE AND FINANCIAL REPORT

FOR THE YEAR ENDED

JUNE 30, 2002



COMPARATIVE REVENUE AND FINANCIAL REPORT

May 9, 2003

Section 59.15 C.2.A. of the 2003 Appropriation Act requires the Auditor of Public Accounts to develop a comparative revenue and financial report covering the Blue Ridge Public Television, Inc. (WBRA), Commonwealth Public Broadcasting (WCVE and WNVN), Greater Washington Educational Television Association (WETA), Hampton Roads Educational Telecommunications Association (WHRO), and Shenandoah Valley Educational Television Corporation (WVPT) and provide such information to the Secretary of Administration and the Virginia Public Broadcasting Board so the findings of such report can be used to assist the Secretary and the Board in developing an appropriate and equitable formula for distributing Community Service Grants . The report shall include a review of any Corporation for Public Broadcasting, or related federal agency, audits or assessments of the Virginia public broadcasting organizations.

The report included herein was prepared and presented to the Virginia Public Broadcasting Board in draft form at its April 16, 2003, meeting.

We would like to acknowledge the cooperation we received from the Department of Planning and Budget and the stations in obtaining the information needed to prepare this report.

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CORPORATIONS AND RELATED STATISTICAL INFORMATION

	<i>Blue Ridge WBRA</i>	<i>Commonwealth Public Broadcasting WCVE & WNVT</i>	<i>Greater Washington WETA</i>	<i>Hampton Roads WHRO</i>	<i>Shenandoah Valley WVPT</i>
Qualified stations:					
Number	1	2	1	1	1
Percentage	20%	40%	20%	20%	20%
Transmitters:					
Number	3	5	1	1	2
Percentage	33%	56%	11%	11%	22%
Potential audience	1,293,400	4,338,500	2,130,300	1,701,700	803,700
Per capita income	\$20,844	\$26,334	\$38,858	\$25,415	\$25,573
Total personal income	\$29,033,115	\$150,179,452	\$89,779,140	\$43,713,899	\$20,874,941
Geographic area *	13,529	21,374	2,636	7,054	9,217
* square miles					
Notes:					
Some of the corporations broadcast on more than one station; however, the broadcasts are the exact same programming as what is broadcast on the main station listed above. The only exception is Commonwealth Public Broadcasting that has separate programming for WCVE and WNVT.					
The number of transmitters is related to the geographic area covered by the station and is related to both size and topography.					
See Exhibit G for sources used to obtain information.					

REVENUE SUMMARY

	<i>Blue Ridge WBRA</i>		<i>Commonwealth Public Broadcasting WCVE/WNVT</i>		<i>Greater Washington WETA</i>		<i>Hampton Roads WHRO</i>		<i>Shenandoah Valley WVPT</i>	
Federal	\$ 452,756	12.6%	\$ 157,517	2.5%	\$ 2,331,858	6.9%	\$ 18,458	0.3%	\$ -	0.0%
Public broadcasting	666,734	18.6%	1,000,029	16.1%	6,338,818	18.9%	1,079,245	17.9%	647,897	30.5%
State	1,471,364	41.1%	3,410,863	55.0%	278,800	0.8%	1,502,903	24.9%	1,195,427	56.3%
Local	225,559	6.3%	72,187	1.2%	-	0.0%	1,144,438	19.0%	93,177	4.4%
Private colleges	8,984	0.3%	25,887	0.4%	-	0.0%	84,150	1.4%	-	0.0%
Foundations	193,368	5.4%	138,099	2.2%	9,659,584	28.7%	206,351	3.4%	-	0.0%
Business	387,942	10.8%	2,983,923	48.1%	14,119,072	42.0%	861,390	14.3%	197,248	9.3%
Membership	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Special events	(13,201)	-0.4%	2,513	0.0%	-	0.0%	32,835	0.5%	165,833	7.8%
Passive income	395,828	11.0%	484,694	7.8%	1,021,351	3.0%	217,817	3.6%	246,596	11.6%
Gains (losses) on sale of assets and securities transactions	(233,957)	-6.5%	(2,391,320)	-38.6%	(605,010)	-1.8%	17,524	0.3%	(421,294)	-19.8%
Endowment revenue (contributions plus interest and dividends)	-	0.0%	7,940	0.1%	670	0.0%	(13,394)	-0.2%	-	0.0%
Capital fund contributions	-	0.0%	-	0.0%	-	0.0%	696,086	11.5%	-	0.0%
Gifts and bequests from major individual donors	-	0.0%	234,719	3.8%	434,800	1.3%	-	0.0%	-	0.0%
Other	28,231	0.8%	73,619	1.2%	21,254	0.0%	185,906	3.1%	-	0.0%
Total revenue	<u>\$3,583,608</u>	<u>100.0%</u>	<u>\$ 6,200,670</u>	<u>100.0%</u>	<u>\$33,601,197</u>	<u>100.0%</u>	<u>\$6,033,709</u>	<u>100.0%</u>	<u>\$ 2,124,884</u>	<u>100.0%</u>
Operating revenue	\$3,583,608		\$ 6,192,730		\$33,600,527		\$5,351,017		\$ 2,124,884	
Number of contributors	11,596		16,291		95,000		13,426		5,284	
Nonstate revenue	\$2,112,244	58.9%	\$ 2,789,807	45.0%	\$33,322,397	99.2%	\$4,530,806	75.1%	\$ 929,457	43.7%
Nonstate noncapital revenue	\$1,694,488		\$ 2,789,807		\$33,322,397		\$3,834,720		\$ 929,457	
Note: See Exhibit G for sources used to obtain information.										

Detailed Revenue Data

	Commonwealth												
	Blue Ridge WBRA		Public Broadcasting WCVE/WNVT		Greater Washington WETA		Hampton Roads WHRO		Shenandoah Valley WVPT				
Amounts provided directly by federal government agencies:													
PTFP (NTIA) facilities grants	\$	417,756		\$	-		\$	-		\$	-		
Department of Education		35,000			44,598			1,500,000		-	-		
Department of Health and Human Services		-			-			50,000		-	-		
National Endowment for the Arts and Humanities		-			-			264,434		-	-		
National Science Foundation		-			-			517,424		-	-		
Other federal funds		-			112,919			-		18,458	-		
Total federal government		452,756	12.6%		157,517	2.5%		2,331,858	6.9%	18,458	0.3%	-	0.0%
Amounts provided by public broadcasting entities, such as CPB, PBS, NPR, AIT, CTW, FCI, other stations and regional networks:													
CPB - Community service grants		630,405			931,957			2,735,861		784,836		602,306	
CPB - Interconnection grants		8,572			12,673			-		10,672		8,190	
CPB - all other funds		-			-			524,500		-		-	
PBS - all payments		27,437			37,991			2,791,822		276,510		32,899	
NPR - all payments		-			-			-		155		-	
Public broadcasting stations - all payments		320			5,427			-		4,166		4,502	
Other PBE funds		-			11,981			286,635		2,906		-	
Total public broadcasting entities		666,734	18.6%		1,000,029	16.1%		6,338,818	18.9%	1,079,245	17.9%	647,897	30.5%
Other outside sources:													
Local boards and departments of education or other local government or agency sources		225,559	6.3%		72,187	1.2%		-	0.0%	1,144,438	19.0%	93,177	4.4%
State boards and departments of education or other state government or agency sources		1,443,025	40.3%		3,323,638	53.6%		65,000	0.2%	1,478,338	24.5%	1,189,202	56.0%
State colleges and universities		28,339	0.8%		87,225	1.4%		213,800	0.6%	20,849	0.3%	6,225	0.3%
Other state-supported colleges and universities		-	0.0%		-	0.0%		-	0.0%	3,716	0.1%	-	0.0%
Private colleges and universities		8,984	0.3%		25,887	0.4%		-	0.0%	84,150	1.4%	-	0.0%
Foundations and nonprofit associations (include underwriting)		193,368	5.4%		138,099	2.2%		9,659,584	28.7%	206,351	3.4%	-	0.0%
Business and industry (include underwriting)		387,942	10.8%		2,983,923	48.1%		14,119,072	42.0%	861,390	14.3%	197,248	9.3%
Memberships and subscriptions (net of write-offs) *		783,380	17.9%		1,320,248	17.6%		8,791,271	20.7%	1,259,898	17.3%	516,511	19.6%

Detailed Revenue Data

Net auction revenues (net of direct expenses)	-	0.0%	-	0.0%	-	0.0%	-	0.0%	139,291	6.6%
Net revenue from special fund raising activities (net of direct expenses)	(13,201)	-0.4%	2,513	0.0%	-	0.0%	32,835	0.5%	26,542	1.2%
Subtotal - other outside sources	3,057,396		7,953,720		32,848,727		5,091,965		2,168,196	
Passive income:										
Interest and dividends	353,646		484,694		617,740		141,709		246,596	
Royalties	42,182		-		403,611		76,108		-	
Subtotal - passive income	395,828	11.0%	484,694	7.8%	1,021,351	3.0%	217,817	3.6%	246,596	11.6%
Gains (losses) on sale of assets and securities transactions:										
Property and equipment	(6,593)		(14,127)		-		16,626		-	
Marketable securities (realized)	(100,591)		(2,325,716)		168,840		-		-	
Marketable securities (unrealized)	(126,773)		(51,477)		(773,850)		898		(421,294)	
Subtotal - gains (losses)	(233,957)	-6.5%	(2,391,320)	-38.6%	(605,010)	-1.8%	17,524	0.3%	(421,294)	-19.8%
Endowment revenue (contributions plus interest and dividends)	-	0.0%	7,940	0.1%	670	0.0%	(13,394)	-0.2%	-	0.0%
Capital fund contributions:										
Facilities and equipment	-		-		-		483,188		-	
Other	-		-		-		212,898		-	
Subtotal - capital fund contributions	-	0.0%	-	0.0%	-	0.0%	696,086	11.5%	-	0.0%
Gifts and bequests from major individual donors	-	0.0%	234,719	3.8%	434,800	1.3%	-	0.0%	-	0.0%
Other	28,231	0.8%	73,619	1.2%	21,254	0.1%	185,906	3.1%	-	0.0%
Total Revenue	\$3,583,608	117.9%	\$6,200,670	117.6%	\$33,601,197	120.7%	\$6,033,709	117.3%	\$2,124,884	119.6%
Revenue from foundation and non-profits as underwriting	\$ 44,739		\$ 119,627		\$ -		\$ 10,265		\$ -	
Revenue from business and industry as underwriting	\$ 233,473		\$ 897,924		\$ -		\$ 174,778		\$ 129,429	
* Total number of contributors	11,596		16,291		95,000		13,426		5,284	
Note: See Exhibit G for sources used to obtain information.										

IN-KIND CONTRIBUTIONS

	<i>Blue Ridge WBRA</i>	<i>Public Broadcasting WCVE/WNVT</i>	<i>Greater Washington WETA</i>	<i>Hampton Roads WHRO</i>	<i>Shenandoah Valley WVPT</i>
In-kind contributions - services and other assets:					
Professional services:					
Legal	\$ 1,100	\$ -	\$ -	\$ -	\$ -
Accounting and/or auditing	-	-	-	8,438	-
Engineering	-	-	87,234	-	-
Total professional services	1,100	-	87,234	8,438	-
General operational services:					
Annual rental value of space (studios, offices, or tower facilities)	72,000	-	-	-	80,000
Annual value of land used for locating a station-owned transmission tower	52,084	-	-	-	-
Station operating expenses	350	67,789	-	-	-
Total general operational services	124,434	67,789	-	-	80,000
Other services:					
ITV or educational radio	219,000	-	-	-	-
Local advertising	7,500	96,499	520,389	-	79,844
Total other services	226,500	96,499	520,389	-	79,844
Total in-kind contributions - services and other assets	\$ 352,034	\$ 164,288	\$ 607,623	\$ 8,438	\$ 159,844
In-kind contributions - Property and equipment:					
Equipment	\$ -	\$ 10,950	\$ -	\$ -	\$ -
Total in-kind contributions - property and equipment	\$ -	\$ 10,950	\$ -	\$ -	\$ -
Note: See Exhibit G for sources used to obtain information.					

EXPENDITURES

	<i>Blue Ridge</i> <i>WBRA</i>		<i>Commonwealth</i> <i>Public Broadcasting</i> <i>WCVE/WNVT</i>		<i>Greater Washington</i> <i>WETA</i>		<i>Hampton Roads</i> <i>WHRO</i>		<i>Shenandoah Valley</i> <i>WVPT</i>	
Program services:										
Programming and production	\$ 2,015,186	45.1%	\$ 2,990,649	24.0%	\$32,275,144	62.1%	\$ 3,942,092	56.9%	\$ 1,625,351	45.2%
Broadcasting	1,164,208	26.0%	4,225,650	33.8%	7,434,000	14.3%	1,058,980	15.3%	717,722	19.9%
Program information and promotion	156,293	3.5%	412,564	3.3%	1,670,328	3.2%	253,624	3.6%	268,580	7.5%
Total program services	3,335,687	74.6%	7,628,863	61.1%	41,379,472	79.6%	5,254,696	75.8%	2,611,653	72.6%
Support services:										
Management and general	568,973	12.7%	1,773,605	14.2%	4,341,654	8.4%	637,585	9.2%	466,912	13.0%
Fund raising and membership development	488,305	10.9%	809,097	6.5%	4,946,382	9.5%	892,253	12.9%	466,130	13.0%
Underwriting and grant solicitation	78,285	1.8%	683,082	5.5%	1,278,720	2.5%	146,248	2.1%	53,259	1.4%
Depreciation and amortization	-	0.0%	1,582,903	12.7%	-	0.0%	-	0.0%	-	0.0%
Total support services	1,135,563	25.4%	4,848,687	38.9%	10,566,756	20.4%	1,676,086	24.2%	986,301	27.4%
Total operating expenses	4,471,250	100.0%	12,477,550	100.0%	51,946,228	100.0%	6,930,782	100.0%	3,597,954	100.0%
Cost of capital assets purchases or donated:										
Land and buildings	37,165		230,660		-		114,389		-	
Equipment	4,748,466		1,018,421		-		607,066		10,208	
All other	-		341,017		-		4,770,671		2,420,850	
Total cost of capital assets purchases or donated	4,785,631		1,590,098		-		5,492,126		2,431,058	
Total operating and capital	\$ 9,256,881		\$14,067,648		\$51,946,228		\$ 12,422,908		\$ 6,029,012	
Note: See Exhibit G for sources used to obtain information.										

NET ASSETS

	<i>Blue Ridge WBRA</i>	<i>Public Broadcasting WCVE/WNVT</i>	<i>Greater Washington WETA</i>	<i>Hampton Roads WHRO</i>	<i>Shenandoah Valley WVPT</i>
Net Assets at June 30, 2002:					
Unrestricted:					
Undesignated	\$ 7,867,087	\$ 21,055,791	\$28,794,000	\$ 10,330,559	\$ 3,348,481
Board designated	-	-	-	1,418,520	1,124,834
Temporarily restricted:					
VA Digital TV Grant	2,877,242	4,686,586	1,867,000	-	1,000,000
Capital campaign for digital conversion	-	-	-	2,112,848	-
Capital purchases	-	77,092	-	-	-
Corporate funds	-	-	-	215,133	-
Pledges	-	-	-	140,111	-
Promises to give use of facilities at below FMV	340,244	-	-	-	-
Washington County School Grant	30,000	-	-	-	-
United Streaming Grant	52,906	-	-	-	-
Nova Net Grant	76,780	-	-	-	-
Literacy Foundation of Virginia	50,800	-	-	-	-
McGlothlin Teacher of the Year Award	1,349	-	-	-	-
WETA Endowment - news and public affairs programming	-	-	339,000	-	-
Community Service Grant/Corp. for Public Broadcasting Grant	-	-	849,000	-	-
Campaign for the 21st Century	-	-	5,208,000	-	-
Sponsorships	-	-	27,970,000	-	-
Permanently restricted	-	58,936	5,932,000	50,000	-
Total net assets	\$ 11,296,408	\$ 25,878,405	\$70,959,000	\$ 14,267,171	\$ 5,473,315
Land, buildings, equipment, net of depreciation	\$ 6,267,183	\$ 9,135,236	\$21,495,000	\$ 10,648,721	\$ 5,076,379

COMPARATIVE HIGHLIGHTS

	<i>Blue Ridge WBRA</i>	<i>Commonwealth Public Broadcasting WCVE/WNVT</i>	<i>Greater Washington WETA</i>	<i>Hampton Roads WHRO</i>	<i>Shenandoah Valley WVPT</i>
Unrestricted net assets	\$ 7,867,087	\$ 21,055,791	\$ 28,794,000	\$ 11,749,079	\$ 4,473,315
Operating revenue	\$ 3,583,608	\$ 6,192,730	\$ 33,600,527	\$ 5,351,017	\$ 2,124,884
Operating expenses	4,471,250	12,477,550	51,946,228	6,930,782	3,597,954
Net operating loss	\$ (887,642)	\$ (6,284,820)	\$ (18,345,701)	\$ (1,579,765)	\$ (1,473,070)
Loss as percentage of operating revenue	-24.8%	-101.5%	-54.6%	-29.5%	-69.3%
Number of contributors	11,596	16,291	95,000	13,426	5,284
Potential audience	1,293,400	4,338,500	2,130,300	1,701,700	803,700
Percentage	0.90%	0.38%	4.46%	0.79%	0.66%
Memberships and subscriptions	\$ -	\$ -	\$ -	\$ -	\$ -
Average contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Per capita income	\$ 20,844	\$ 26,334	\$ 38,858	\$ 25,415	\$ 25,573
Total personal income	\$ 29,033,115	\$ 150,179,452	\$ 89,779,140	\$ 43,713,899	\$ 20,874,941
Geographic area (sq miles)	13,529	21,374	2,636	7,054	9,217
Current assets	\$ 1,755,488	\$ 840,716	\$ 41,426,000	\$ 1,034,762	\$ 524,044
Current liabilities	\$ 435,785	\$ 1,571,860	\$ 6,894,000	\$ 1,971,314	\$ 458,023
Ratio of CA/CL	4.03	0.53	6.01	0.52	1.14
Total assets	\$ 11,732,193	\$ 27,600,265	\$ 89,948,000	\$ 17,011,660	\$ 12,248,597
Total liabilities	\$ 435,785	\$ 1,721,860	\$ 18,989,000	\$ 2,744,489	\$ 6,775,282
Ratio of TA/TL	26.92	16.03	4.74	6.20	1.81
Investment gains(losses)	\$ (227,364)	\$ (2,377,193)	\$ (605,010)	\$ 898	\$ (421,294)
Total investments	3,369,278	17,474,313	24,219,000	1,234,747	3,674,652
Percentage gain/loss	-6.7%	-13.6%	-2.5%	0.1%	-11.5%
Note: See Exhibit G for sources used to obtain information.					

SOURCES

The information in this report was compiled from the following sources:

Exhibit A

Information compiled by the Department of Planning and Budget

Exhibits B, B-1, C, and D

Annual Financial Reports (AFR) that each station submits to the Center for Public Broadcasting annually in November.

Exhibit E

Annual audited financial statements and discussion with the CFOs at the stations for information on restrictions.

Exhibit F

Developed from information presented elsewhere in this report or from information contained in the audited financial statements.

RELATED AUDITS

Requirement: The report shall include a review of any Corporation for Public Broadcasting, or related federal agency, audits or assessments of the Virginia public broadcasting organizations.

Finding: Our research found that only one audit was conducted in the past year. The Office of the Inspector General for the Corporation for Public Broadcasting (CPB) issued a report to the Shenandoah Valley Educational Television Corporation (WVPT) dated January 28, 2003, covering the audit of the CPB grants awarded to the station for fiscal years 1998, 1999, 2000, and 2001.

The purpose of the audit was to determine whether WVPT complied with the general provisions of the Community Service Grants (CSG) and Interconnection Grants and the statutory provisions of the Communications Act of 1934, as amended.

The audit identified several situations that violated statutory provisions of the Act and CPB financial reporting guidelines. They included:

1. Senior management certified to CPB that the station was eligible to receive CPB grants when the station was not eligible;
2. WVBT did not make public announcements of open meetings and did not have documentation describing their public records; and
3. Annual Financial Reports to CPB for in-kind contributions were overstated with improperly claimed professional services, local advertising, underwriting advertising trades, and leased station land.

The report recommendations included:

CPB should determine whether any of the \$1,947,892 in grants payments made to WVPT were appropriate considering statutory language prohibiting distribution of funds to stations not holding open meetings. CPB should notify WVPT's Board of Directors and management that they must comply with the Act and certification of eligibility requirements to receive future CPB grants. In addition, CPB should recover \$51,570 in overpaid CSGs based on improperly claimed nonfederal financial support of \$704,219 for fiscal years 1998, 1999, 2000, and 2001.

Management responded to the audit as follows:

The current President, hired in March of 2002, stated that all items mentioned in the report have already been addressed and corrected. He stated that both he and the new Chief Financial Officer were keenly aware of the CPB requirements and guidelines and that there will be no further violations of policy or regulations.

The previous President, whose tenure spanned the period of the audit, also responded to a copy of the draft report. He stated that during his four years at WVPT, he believed that the CPB "reasonable notice" requirements were being met. He stated that he accepts responsibility for any oversight that occurred, but that he never instructed staff to discontinue public notification of meetings. He stated that this is not in keeping with his philosophy or his track record as a chief executive at other public broadcasting stations.