



**HOWARD UNIVERSITY TELEVISION  
WHUT-TV**

**(An Unincorporated Operating  
Segment of The Howard University)  
Financial Statements  
And Supplementary Information  
June 30, 2012, 2010, and 2009**

**With Independent Auditors' Report Thereon**

**WHUT-TV (An Unincorporated Operating  
Segment of The Howard University)  
Table of Contents**

<u>Title</u>	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5-13
Supplementary Information:	
Statement of Functional Expenses	14



(301) 340-1550  
(301) 340-0505 Fax

2200 Research Blvd.  
Suite 540  
Rockville, Maryland 20850

Independent Auditors' Report

The Board of Trustees of The Howard University  
WHUT-TV (An Unincorporated Operating Segment of The Howard University)  
Washington, DC

We have audited the accompanying statements of financial position of WHUT-TV as of June 30, 2012, 2011, and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of The Howard University (Howard). Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of WHUT-TV as of June 30, 2012, 2011, and 2009, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rockville, Maryland  
December 7, 2012

*Arkin & Company, Chartered*

<b>WHUT-TV (An Unincorporated Operating Segment of The Howard University)</b> <b>Statements of Financial Position</b> <b>As of June 30, 2012, 2011, and 2010</b> <i>(in dollars)</i>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Assets:</b>			
Grant funds due from Howard	\$ 950,745	\$ 900,595	\$ 328,619
Inter unit receivables due from Howard	1,669,540	1,393,648	786,038
Grants receivable	123,197	124,481	453,743
Prepaid expenses	-	1,246	-
Endowment investments	111,018	119,647	-
Investment in Property and Equipment, net	3,363,250	4,035,791	4,715,423
<b>Total Assets</b>	<b>\$ 6,217,750</b>	<b>\$ 6,575,408</b>	<b>\$ 6,283,823</b>
<b>Liabilities:</b>			
Accounts payable and accrued expenses	\$ 117,360	\$ 113,217	\$ 103,981
Deferred revenue	950,745	900,595	328,619
<b>Total Liabilities</b>	<b>1,068,105</b>	<b>1,013,812</b>	<b>432,600</b>
<b>Net Assets:</b>			
Unrestricted	5,149,645	5,561,596	5,851,223
<b>Total Liabilities and Net Assets</b>	<b>\$ 6,217,750</b>	<b>\$ 6,575,408</b>	<b>\$ 6,283,823</b>

The accompanying notes are an integral part of the financial statements

<b>WHUT-TV (An Unincorporated Operating Segment of The Howard University)</b> <b>Statements of Activities</b> <b>For Fiscal Years Ended June 30, 2012, 2011, and 2010</b> <i>(in dollars)</i>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Unrestricted Support and Revenue</b>			
Support from Howard			
General appropriations from Howard	\$ 1,498,045	\$ 1,504,526	\$ 1,892,025
Indirect cost appropriations from Howard	1,043,161	994,332	1,065,871
<b>Total Support from Howard</b>	<b>2,541,206</b>	<b>2,498,858</b>	<b>2,957,896</b>
Public Support and Other Income			
Government and other private grants	64,562	134,496	345,236
Community service and interconnection grants from Corporation for Public Broadcasting	901,554	997,347	756,927
Contributions	438,676	439,859	366,951
Telecasting, production and other income	96,193	160,999	294,089
Investment income from endowment fund	(8,629)	15,082	-
<b>Total Public Support and Other Income</b>	<b>1,492,356</b>	<b>1,747,783</b>	<b>1,763,203</b>
<b>Total Unrestricted Support and Revenue</b>	<b>4,033,562</b>	<b>4,246,641</b>	<b>4,721,099</b>
<b>Expenses</b>			
Compensation	925,016	1,160,029	1,543,543
Utilities	130,423	151,478	225,103
Office supplies	50,244	71,496	132,981
Repairs and maintenance	86,266	122,750	182,865
Professional and administrative services	1,537,862	1,356,551	1,477,131
Depreciation	672,541	679,632	680,890
Administrative support from Howard	1,043,161	994,332	1,065,871
<b>Total Expenses</b>	<b>4,445,513</b>	<b>4,536,268</b>	<b>5,308,384</b>
<b>Change in Unrestricted Net Assets</b>	<b>(411,951)</b>	<b>(289,627)</b>	<b>(587,285)</b>
<b>Net Assets, beginning of year, as previously reported</b>	<b>5,561,596</b>	<b>6,364,470</b>	<b>6,438,508</b>
Prior Period Adjustment - see note 7	-	(513,247)	-
<b>Net Assets, beginning of year, as restated</b>	<b>5,561,596</b>	<b>5,851,223</b>	<b>6,438,508</b>
<b>Net Assets, end of year</b>	<b>\$ 5,149,645</b>	<b>\$ 5,561,596</b>	<b>\$ 5,851,223</b>

The accompanying notes are an integral part of the financial statements

<b>WHUT-TV (An Unincorporated Operating Segment of The Howard University)</b> <b>Statements of Cash Flows</b> <b>For Fiscal Years Ended June 30, 2012, 2011, and 2010</b> <i>(in dollars)</i>	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Cash Flows From Operating Activities:</b>			
Change in net assets	\$ (411,951)	\$ (289,627)	\$ (587,285)
Adjustments to reconcile change in net assets to net cash provided by operating expenses:			
Depreciation	672,541	679,632	680,890
Realized loss (gain) on endowment investments	238	(3,085)	-
Unrealized loss (gain) on endowment investments	3,899	(11,499)	-
(Increase) decrease in grant funds due from Howard	(50,150)	(571,977)	166,873
(Increase) in inter unit receivables due from Howard	(275,892)	(607,609)	(28,782)
Decrease in grants receivable	1,284	329,262	97,483
Decrease (increase) in prepaid expense	1,246	(1,246)	-
Increase (decrease) in accounts payable and accrued expenses	4,143	9,235	(162,306)
Decrease in deferred revenue	50,150	571,977	(166,873)
<b>Net Cash (Used In) Provided By Operating Activities</b>	<b>(4,492)</b>	<b>105,063</b>	<b>-</b>
<b>Cash Flows From Investing Activities:</b>			
Purchase of endowment investments and reinvestment of earnings	(1,284)	(105,063)	-
Proceeds from endowment investments	5,776	-	-
Purchase of Property and Equipment	-	-	-
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>4,492</b>	<b>(105,063)</b>	<b>-</b>
Net Decrease In Cash	-	-	-
Cash at Beginning of Year	-	-	-
<b>Cash at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Supplemental Disclosure of Cash Flows Information:</b>			
Interest expense paid	\$ -	\$ -	\$ -
Income taxes paid	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

**WHUT-TV (An Unincorporated Operating Segment of The Howard University)**  
**Notes to Financial Statements**  
**For Fiscal Years Ended June 30, 2012, 2011, and 2010 (amounts in dollars)**

---

---

**Note 1      Organization**

---

WHUT-TV Channel 32 (Station) is an operating segment of The Howard University in Washington, D.C. The Howard University (Howard) is a private, nonprofit institution of higher education that also operates a hospital located in Washington, D.C. Howard is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Started in 1980, the Station is the only public station owned and operated by a predominantly historically Black College or University. The Station provides educational training to students of Howard as well as service to the residents of the DC metropolitan area and the country.

---

**Note 2      Summary of Significant Accounting Policies**

---

(a) *Basis of Presentation*

The financial statements of the Station have been prepared in accordance with accounting principles generally accepted in the United States of America.

(b) *Net Assets*

Net assets are classified based on the existence or absence of donor-imposed restrictions as follows:

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

**Temporarily Restricted** – Net assets subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of Howard pursuant to those stipulations.

**Permanently Restricted** – Net assets subject to donor-imposed stipulations that do not expire with time. Generally, the donors of these assets permit Howard to use all or part of the income earned on related investments for general or specific purposes.

Contributions are reported as increases in the appropriate category of net assets, except contributions with donor-imposed restrictions met in the same fiscal year are included in unrestricted revenues. Operating expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions recognized on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as releases from temporarily restricted net assets to unrestricted net assets. Donor restrictions on gifts to acquire long-lived assets are considered fulfilled in the period in which the assets are acquired or placed in service.

**WHUT-TV (An Unincorporated Operating Segment of The Howard University)**  
**Notes to Financial Statements**  
**For Fiscal Years Ended June 30, 2012, 2011, and 2010 (amounts in dollars)**

---

*(c) Revenue Recognition*

**Contributions** are recognized as revenues in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Howard has elected not to recognize or capitalize contributions of works of art, historical treasures, and similar assets held as part of collections. Allowance is made for creditworthiness of the donors, past collection experience, and other relevant factors.

**Grants and contracts** revenue is recognized when reimbursable expenses are incurred. These revenues include recoveries of eligible direct expenses and of indirect costs and fringe benefits, which are generally determined as a negotiated or agreed-upon percentage of direct costs, with certain exclusions.

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants to qualifying public telecommunications entities.

Community Service Grants are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each grant must be expended within two years of the initial grant authorization. According to the Communications Act, funds may be used at the discretion of recipients. The Station uses these funds for purposes relating to programming and production, transmission and distribution, development and promotion, and administrative activities. Also, the grants may be used to sustain activities begun with the Community Service Grants awarded in prior years.

The grants are reported in the accompanying statement of activities as public support. As of June 30, 2012, 2011 and 2010, the Station had received grant funds from CPB in advance. These funds are reported as deferred revenue on the statements of financial position.

*(d) Grant funds and inter unit receivables due from Howard*

The Station does not hold separate custody of cash and cash equivalents as an operating segment of Howard. Howard maintains cash and cash equivalents for the operations of Howard as a whole, including all operating segments such as the Station. As such, all cash and cash equivalents held by Howard on behalf of the Station are reported as grant funds and inter unit receivables due from Howard on the Statement of Financial Position.



**WHUT-TV (An Unincorporated Operating Segment of The Howard University)**  
**Notes to Financial Statements**  
**For Fiscal Years Ended June 30, 2012, 2011, and 2010 (amounts in dollars)**

---

(e) Investments

Investments represent endowments investments on the Statements of Financial Position, which are stated at fair value and defined as follows:

**Endowment Investments** – represent the pooled endowment and the federal matching endowment investments. The endowment investments are spread across various types of investments with the use of the income from these investments restricted based on stated donor stipulations.

Fair values are determined by the most relevant available and observable valuation inputs. Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets. Level 2 inputs utilize data points that are observable, such as quoted prices for comparable assets, interest rates and yield curves. Level 3 inputs are based on data points consistent with applicable valuation methodologies for similar assets and could include situations where there is little, if any, market activity for the asset.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based upon average historical value (cost of securities are based upon average historical value at date of gift, if received by donation). Dividend and interest income are recorded on an accrual basis. Accrued but unpaid dividends, interest and proceeds from investment sales at June 30, 2012 are included in endowment investments.

(f) Property and Equipment

Property and equipment are stated at cost or at estimated fair value if received by gift, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. A half year of depreciation is recorded in the year of acquisition. The useful lives for fiscal years 2012, 2011 and 2010 are as follow:

Buildings	10-40 years
Transmitter and tower	10 years
Equipment	5-15 years
Furniture and fixtures	5-7 years

Property and equipment acquired under capital leases are amortized in a manner consistent with Howard's normal depreciation policy for owned assets. Obligations are amortized using the straight-line method, over the shorter period of the lease term or the estimated useful life.

**WHUT-TV (An Unincorporated Operating Segment of The Howard University)**  
**Notes to Financial Statements**  
**For Fiscal Years Ended June 30, 2012, 2011, and 2010 (amounts in dollars)**

---

*(g) Income Taxes*

Under provisions of the Internal Revenue Code, the University (Licensee), including the Station, is exempt from income taxes other than unrelated business income. Income determined to be from unrelated business income is taxable and to the extent it culminates in taxes due, a provision for income taxes will be provided.

At June 30, 2012, and for the year then ended, there were no material unrecognized/derecognized tax benefits or tax penalties or interest. No provision for income taxes has been made in the accompanying financial statements.

In general, when tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheets, along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Howard has determined that no such liabilities were required at June 30, 2012.

*(h) Pension and Postretirement Benefits*

Howard has a noncontributory, defined benefit pension plan (the Plan) available to substantially all full-time employees. The policy of Howard is to make annual contributions to the Plan at least equal to the minimum contribution, in accordance with government funding regulations. The Plan's benefit formula provides that eligible retirees receive a percentage of their final annual pay, based upon years of service and other factors. Plan assets consist primarily of common equity securities, U.S. Treasury securities, corporate bonds, and private investment funds. Effective July 1, 2010 the Plan no longer accrues benefits.

**WHUT-TV (An Unincorporated Operating Segment of The Howard University)**  
**Notes to Financial Statements**  
**For Fiscal Years Ended June 30, 2012, 2011, and 2010 (amounts in dollars)**

---

Howard also provides postretirement medical benefits and life insurance to employees who meet specified eligibility and service requirements at the time they retire. Howard pays a portion of the cost of participants' medical insurance coverage. Howard's portion of the cost for an individual participant depends on various factors, including employment start date, age, years of service and time of retirement or retirement eligibility of the participant. The postretirement benefit plan is unfunded and has no plan assets.

Howard supplements its pension plan by offering employees a defined contribution plan referred to as a 403(b) of the Internal Revenue Code. Eligible employees received a contribution of 6% of base salary and are also permitted to contribute up to 15% of their base pay to the plan. The administration of the plan is provided by three financial administrators: Teachers Insurance and Annuity Association/College Retirement Equities Fund, American International Group – Variable Annuity Life Insurance Company, and Lincoln Financial. Effective July 1, 2011 Lincoln Financial has been replaced as a financial administrator by ING Financial Advisors. These administered plans provide additional retirement benefits including the purchase of annuity contract for eligible employees. Total costs recognized in the Station's Statements of Activities were \$28,346, \$50,212 and \$35,969, for fiscal years ended June 30, 2012, 2011 and 2010, respectively. The fair value of plan assets for the savings plan of Howard as of fiscal year ended June 30, 2012, 2011 and 2010 were \$810,202,000, \$812,031,000, and \$792,000,000 respectively. These investments are held by Howard on behalf of its employees and excluded from the Statements of Financial Position.

Effective July 1, 2010, the Savings Plan was modified such that Howard will automatically, upon hire, contribute 6% of any eligible employee's base pay, regardless of tenure or election into the Savings Plan. Howard will contribute a matching contribution of up to 2% of employee elected self contributions.

All allocations of current year pension and postretirement benefit expense attributable to the Station's employees are included within the General appropriation from Howard as revenue and are allocated to the appropriate expense categories within the Statement Functional Expenses. Separate information for actuarial disclosures for the Station's employees is not available.

(i) Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, expenses that can be identified with a specific program are charged directly. Indirect costs related to the operation and maintenance of physical plant, including depreciation of fixed assets and interest expense, are allocated among programs and institutional support based upon square footage.

**WHUT-TV (An Unincorporated Operating Segment of The Howard University)**  
**Notes to Financial Statements**  
**For Fiscal Years Ended June 30, 2012, 2011, and 2010 (amounts in dollars)**

---

(j) *Estimates*

The preparation of financial statements in conformity with accounting procedures generally accepted in the United States of America requires management to make certain estimates and assumptions that affect specific amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant items subject to such estimates and assumptions include carrying value of property and equipment and the realization value of receivables.

---

**Note 3 Property and Equipment, net**

---

Property and equipment, net, is summarized as follows as of June 30, 2012, 2011 and 2010:

<b>Property and Equipment</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Building	\$ 4,818,341	\$ 4,818,341	\$ 4,818,341
Transmitter and tower	1,988,350	1,988,350	1,988,350
Equipment	10,403,648	10,403,648	10,403,648
Furniture and fixtures	209,311	209,311	209,311
<b>Total property and equipment</b>	<b>17,419,650</b>	<b>17,419,650</b>	<b>17,419,650</b>
Less: accumulated depreciation	14,056,400	13,383,859	12,704,227
<b>Net property and equipment</b>	<b>\$ 3,363,250</b>	<b>\$ 4,035,791</b>	<b>\$ 4,715,423</b>

Depreciation expense for the years ended June 30, 2012, 2011, and 2010 was \$672,541, \$679,632, and \$680,890, respectively.

Under a financing statement filed on February 12, 1998, the Department of Commerce (DOC) retains a lien of \$458,438 on the Station's equipment as a result of National Telecommunications and Information Administration (NTIA) grant funds. The funds provided by the DOC to the Station were for equipment purchases related to the early stages of the change of the Station signal to digital during the grant funding period September 1, 1997 to April 30, 2000. The term of the lien is 10 years beginning April 1, 2000 and expired April 1, 2010.

The NTIA awarded an additional grant in the amount of \$588,000 for the purchase of transmitter equipment during the grant funding period October 1, 2004 to September 1, 2005. The NTIA retains a priority reversionary interest in all equipment acquired with these grant funds. The term of the lien is 10 years after constructions is completed which was May 2006, therefore the lien expires May 2016.

**WHUT-TV (An Unincorporated Operating Segment of The Howard University)**  
**Notes to Financial Statements**  
**For Fiscal Years Ended June 30, 2012, 2011, and 2010 (amounts in dollars)**

---

During the year ended June 30, 2009, the Station completed its digital distribution conversion as required of the Federal Communications Commission (FCC). This project was funded by grants received from the Corporation for Public Broadcasting, matching funds from Howard University, and the NTIA. Accordingly, the NTIA requested a 10 year priority reversionary interest in all equipment purchased with NTIA grant funds, up to the total of \$495,250. As of the date of the opinion, the Station is awaiting approval from NTIA before lien documents can be filed with the District of Columbia.

---

**Note 4      Howard University (Licensee) Support**

---

Howard provides support to the Station consisting of direct expenses such as payroll, general institutional overhead, plant maintenance costs and certain other expenses. For the years ended June 30, 2012, 2011, and 2010, the total support provided by Howard recorded in the Statement of Activities and Changes in Net Assets was \$2,541,206, \$2,498,858, and \$2,957,896, respectively as general appropriations from Howard, indirect cost appropriations from Howard and matching grant funds from Howard.

---

**Note 5      Endowment Fund**

---

Howard's endowment includes approximately 800 individual accounts established to fund scholarships, professorships, student loans, general operations and other purposes. Effective July 1, 2008, Howard adopted Financial Accounting Standards Board Staff Position – Endowments of Not-for-profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds. Howard is subject to the District of Columbia Uniform Prudent Management of Institutional Funds Act of 2008 (DC UPMIFA).

*Interpretation of Relevant Law*

**Net Asset Classification** - The Board of Trustees of Howard has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift, as of the gift dates of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, Howard classifies as permanently restricted net assets:

1. The original value of gifts with permanent donor-directed use restrictions.
2. The value of accumulations in accordance with the applicable donor gift instrument at the time the accumulation occurs.

Any portion of the donor-restricted gift that is not classified as permanently restricted is classified as temporarily restricted until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

**WHUT-TV (An Unincorporated Operating Segment of The Howard University)**  
**Notes to Financial Statements**  
**For Fiscal Years Ended June 30, 2012, 2011, and 2010 (amounts in dollars)**

---

**Spending** - In accordance with UPMIFA, Howard considers the following factors in making a determination to spend or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Howard and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of Howard
7. The investment policies of Howard

**Management and Investment** - In accordance with UPMIFA, Howard considers the following factors in making investment, as well as other management decisions regarding donor-restricted endowment funds:

1. General economic conditions
2. The possible effect of inflation and deflation
3. The expected tax consequences, if any
4. The role of an investment/action in context of the entire portfolio
5. The expected total income and appreciation
6. Other University resources
7. The needs to preserve capital and make distributions
8. An asset's special relationship or value to the University's charitable purpose.

The change in value and the composition of the amounts classified as endowment for the year ended June 30, 2012 is as follows:

<b>Endowment Fund</b>	<b>2012</b>
Endowment net assets, beg. of year	\$ 119,647
Investment loss	(3,179)
Transfer to spending	(5,450)
<b>Endowment net assets, end of year</b>	<b>\$ 111,018</b>
<b>Board designated endowment funds</b>	<b>\$ 111,018</b>

On October 19, 2010, the Station received an unrestricted contribution of donated stock with a fair value of \$104,565. This contribution was used by the Station to establish an endowment.

**WHUT-TV (An Unincorporated Operating Segment of The Howard University)**  
**Notes to Financial Statements**  
**For Fiscal Years Ended June 30, 2012, 2011, and 2010 (amounts in dollars)**

---

---

**Note 6**      **Subsequent Events**

---

Howard performed an evaluation of subsequent events through December 7, 2012, which is the date the financial statements were issued, noting no additional events which affect the financial statements as of June 30, 2012.

---

**Note 7**      **Correction of Prior Period Error - Opening Net Assets**

---

During the fiscal year ended June 30, 2011, Howard discovered that it had improperly recognized revenue during fiscal year end June 30, 2010. A transaction was recorded twice, under both University appropriations as well as a support grant. The correction of this error reduced opening net assets by \$513,247, as reflected in the Statement of Financial Position and Activities.

**WHUT-TV (An Operating Segment of The Howard University)**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2012, with 2011 and 2010 Totals**

	Program Services			Supporting Services			2012 Total	2011 Total	2010 Total
	Programming & Production	Broadcasting	Total	Administrative	Fundraising & Development	Total			
Compensation	\$ 113,187	\$ 479,032	\$ 592,219	\$ 332,797	\$ -	\$ 332,797	\$ 925,016	\$ 1,160,029	\$ 1,543,543
Supplies	636	16,211	16,847	19,868	2,918	22,786	39,633	57,769	102,885
Postage and printing	4	2,227	2,231	1,617	6,763	8,380	10,611	13,727	30,096
Marketing	89	-	89	-	-	-	89	3,168	2,721
Dues & Subscriptions	16,500	447,556	464,056	3,872	250	4,122	468,178	260,495	23,323
Licenses and permits	-	1,750	1,750	-	-	-	1,750	2,550	1,500
Professional fees	153,538	190,578	344,116	118,207	47,750	165,957	510,073	551,907	742,025
Outside services	14,890	266,063	280,953	34,241	471	34,712	315,665	131,847	149,132
Repairs and maintenance	28,907	23,150	52,057	33,116	-	33,116	85,173	95,118	48,960
Rent	37,012	4,320	41,332	-	-	-	41,332	297,774	445,169
Utilities	-	-	-	129,103	1,320	130,423	130,423	151,478	225,103
Travel and meals	3,392	-	3,392	1,795	132	1,927	5,319	11,687	38,797
Miscellaneous	49,586	30,805	80,391	54,782	60,283	115,065	195,456	97,123	74,464
Equipment	1,800	-	1,800	98	(805)	(707)	1,093	27,632	133,905
Depreciation	82,294	348,284	430,578	241,963	-	241,963	672,541	679,632	680,890
Administrative support from Howard	-	-	-	1,043,161	-	1,043,161	1,043,161	994,332	1,065,871
Total	<u>\$ 501,835</u>	<u>\$ 1,809,976</u>	<u>\$ 2,311,811</u>	<u>\$ 2,014,620</u>	<u>\$ 119,082</u>	<u>\$ 2,133,702</u>	<u>\$ 4,445,513</u>	<u>\$ 4,536,268</u>	<u>\$ 5,308,384</u>

The accompanying notes are an integral part of the financial statements