



# Hampton Roads Educational Telecommunications Association, Inc.

Financial Report

June 30, 2013 and 2012



ASSURANCE, TAX & ADVISORY SERVICES

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Hampton Roads Educational Telecommunications Association, Inc.

We have audited the accompanying financial statements of Hampton Roads Educational Telecommunications Association, Inc. (WHRO) (a nonprofit organization) which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hampton Roads Educational Telecommunications Association, Inc., as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 24 and 25 and the schedule of changes in property and equipment on page 26 are presented for purposes of additional analysis and are 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.

The financial statements of the Hampton Roads Educational Telecommunications Association, Inc. as of June 30, 2012, were audited by Witt Mares, PLC, who merged with PBGH, LLP to form PBMares, LLP as of January 1, 2013, and whose report dated October 25, 2012 expressed an unmodified opinion on those statements.

*PBMares, LLP*

Norfolk, Virginia  
September 11, 2013

## **FINANCIAL STATEMENTS**

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Statements of Financial Position  
June 30, 2013 and 2012

	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,974,474	\$ 4,023,620
Accounts receivable	1,134,355	530,978
Pledges receivable, net	515,178	434,673
Underwriting receivables	227,787	143,949
Inventory	40,052	43,171
Tower rights	47,081	47,081
Prepaid expenses	<u>440,142</u>	<u>212,251</u>
Total current assets	<u>5,379,069</u>	<u>5,435,723</u>
<b>NONCURRENT ASSETS</b>		
Pledges receivable, net	845,564	670,591
Split interest agreement	833,833	839,919
Property, plant and equipment, net	8,279,376	8,906,367
Tower rights, net of current portion	988,701	1,035,782
Investments	<u>5,846,753</u>	<u>5,641,774</u>
Total noncurrent assets	<u>16,794,227</u>	<u>17,094,433</u>
Total assets	<u>\$ 22,173,296</u>	<u>\$ 22,530,156</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 3,642,145	\$ 3,197,132
Accounts payable	368,761	648,804
Accrued liabilities	548,476	431,910
Capital lease obligation, current portion	76,857	-
Deferred revenue, current portion	<u>674,098</u>	<u>333,715</u>
Total current liabilities	<u>5,310,337</u>	<u>4,611,561</u>
<b>NONCURRENT LIABILITIES</b>		
Capital lease obligation, long-term portion	91,656	-
Deferred revenue, long-term portion	<u>22,712</u>	<u>23,793</u>
Total liabilities	<u>5,424,705</u>	<u>4,635,354</u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	7,316,258	8,073,233
Board designated	<u>6,017,388</u>	<u>5,780,538</u>
Total unrestricted	<u>13,333,646</u>	<u>13,853,771</u>
Temporarily restricted	3,233,833	3,859,919
Permanently restricted	<u>181,112</u>	<u>181,112</u>
Total net assets	<u>16,748,591</u>	<u>17,894,802</u>
Total liabilities and net assets	<u>\$ 22,173,296</u>	<u>\$ 22,530,156</u>

See accompanying notes.

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS ASSOCIATION, INC.**

Statements of Activities

Years ended June 30, 2013 and 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, SUPPORT, AND OTHER INCOME</b>								
Membership	\$ 3,269,080	\$ -	\$ -	\$ 3,269,080	\$ 3,477,033	\$ -	\$ -	\$ 3,477,033
Grants and contributions	126,274	-	-	126,274	313,408	-	-	313,408
Capital campaign contributions	794,695	180,788	-	975,483	1,188,519	3,335,871	25,000	4,549,390
Split interest agreement	-	-	-	-	-	839,919	-	839,919
Change in value of split interest agreement	-	57,594	-	57,594	-	-	-	-
School assessments	526,541	-	-	526,541	527,938	-	-	527,938
Government grants	1,563,115	-	-	1,563,115	3,295,107	-	-	3,295,107
Special events	254,009	-	-	254,009	252,634	-	-	252,634
Program underwriting	1,386,885	-	-	1,386,885	1,313,810	-	-	1,313,810
Education service fees	2,137,809	-	-	2,137,809	2,750,342	-	-	2,750,342
Production fees	349,423	-	-	349,423	290,968	-	-	290,968
Production funding	77,180	-	-	77,180	-	-	-	-
Internet service provider and website design fees	309,434	-	-	309,434	350,766	-	-	350,766
Tower rental fees	684,252	-	-	684,252	715,487	-	-	715,487
Broadcast channel fees	126,635	-	-	126,635	143,095	-	-	143,095
Royalties and advertising	81,458	-	-	81,458	181,828	-	-	181,828
Spectrum lease income	948,710	-	-	948,710	924,392	-	-	924,392
Investment income	216,807	-	-	216,807	170,940	-	-	170,940
Miscellaneous income	92,873	-	-	92,873	9,727	-	-	9,727
Realized and unrealized loss on investments	(207,936)	-	-	(207,936)	(189,289)	-	-	(189,289)
Net assets released from restrictions:								
Satisfaction of program restrictions	864,468	(864,468)	-	-	315,871	(315,871)	-	-
Total revenues, support, and other income	<u>13,601,712</u>	<u>(626,086)</u>	<u>-</u>	<u>12,975,626</u>	<u>16,032,576</u>	<u>3,859,919</u>	<u>25,000</u>	<u>19,917,495</u>
<b>EXPENSES</b>								
Program services	11,043,089	-	-	11,043,089	12,793,183	-	-	12,793,183
Supporting:								
Management and general	1,300,816	-	-	1,300,816	1,117,203	-	-	1,117,203
Fundraising and development	1,777,932	-	-	1,777,932	1,862,838	-	-	1,862,838
Total supporting expenses	<u>3,078,748</u>	<u>-</u>	<u>-</u>	<u>3,078,748</u>	<u>2,980,041</u>	<u>-</u>	<u>-</u>	<u>2,980,041</u>
Total expenses	<u>14,121,837</u>	<u>-</u>	<u>-</u>	<u>14,121,837</u>	<u>15,773,224</u>	<u>-</u>	<u>-</u>	<u>15,773,224</u>
<b>CHANGE IN NET ASSETS</b>	(520,125)	(626,086)	-	(1,146,211)	259,352	3,859,919	25,000	4,144,271
<b>NET ASSETS, beginning of year</b>	<u>13,853,771</u>	<u>3,859,919</u>	<u>181,112</u>	<u>17,894,802</u>	<u>13,594,419</u>	<u>-</u>	<u>156,112</u>	<u>13,750,531</u>
<b>NET ASSETS, end of year</b>	<u>\$ 13,333,646</u>	<u>\$ 3,233,833</u>	<u>\$ 181,112</u>	<u>\$ 16,748,591</u>	<u>\$ 13,853,771</u>	<u>\$ 3,859,919</u>	<u>\$ 181,112</u>	<u>\$ 17,894,802</u>

See accompanying notes.

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from memberships and contributions	\$ 4,179,039	\$ 7,489,638
Cash receipts from grants	1,564,063	3,290,832
Cash receipts from education activities	3,003,785	3,290,406
Cash receipts from enterprise activities	2,654,390	2,532,652
Cash receipts from underwriting	668,372	1,479,130
Cash receipts from all other sources	563,689	429,590
Cash paid for operating expenses	(6,442,663)	(8,083,901)
Cash paid for wages and fringe benefits	(6,774,949)	(6,282,564)
Cash paid for interest and taxes	<u>(105,303)</u>	<u>(74,367)</u>
Net cash provided by (used in) operating activities	<u>(689,577)</u>	<u>4,071,416</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(3,942,614)	(6,504,020)
Proceeds from sale of investments	3,529,699	4,584,740
Purchases of property, plant and equipment	<u>(337,346)</u>	<u>(1,290,690)</u>
Net cash used in investing activities	<u>(750,261)</u>	<u>(3,209,970)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings on line of credit	445,013	900,009
Principal payments on capital lease obligation	<u>(54,321)</u>	<u>-</u>
Net cash provided by financing activities	<u>390,692</u>	<u>900,009</u>
Net increase (decrease) in cash and cash equivalents	<b>(1,049,146)</b>	1,761,455
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	<u>4,023,620</u>	<u>2,262,165</u>
Ending	<u><b>\$ 2,974,474</b></u>	<u><b>\$ 4,023,620</b></u>

(Continued)

See accompanying notes.



**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Statements of Cash Flows

Years ended June 30, 2013 and 2012

(Concluded)

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (1,146,211)	\$ 4,144,271
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,187,171	1,225,347
Amortization of tower rights	47,081	47,081
Realized and unrealized loss on investments	207,936	189,289
Changes in assets and liabilities:		
Accounts receivable	(603,377)	38,561
Split interest agreement	6,086	(839,919)
Pledges and underwriting receivables	(339,316)	(798,850)
Inventory	3,119	18,542
Prepaid expenses	(227,891)	17,739
Accounts payable	(280,043)	97,682
Accrued liabilities	116,566	(30,629)
Deferred revenue	339,302	(37,698)
	<b>\$ (689,577)</b>	<b>\$ 4,071,416</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	<u>\$ 79,579</u>	<u>\$ 54,987</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH ACTIVITIES</b>		
Donated marketable securities, supplies, and equipment	<u>\$ 100,561</u>	<u>\$ 177,198</u>
Disposal of fully depreciated plant, property and equipment	<u>\$ 29,865</u>	<u>\$ 1,789,881</u>
Property, plant and equipment acquired through capital lease	<u>\$ 222,834</u>	<u>\$ -</u>

See accompanying notes.

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Notes to Financial Statements  
June 30, 2013 and 2012

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**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Purpose*

Hampton Roads Educational Telecommunications Association, Inc. (d/b/a WHRO) (“WHRO”) is a diverse regional public telecommunications center serving more than 1.6 million citizens in southeastern Virginia and northeastern North Carolina. In addition, WHRO reaches beyond the region through its website. WHRO promotes education, culture and citizenship to the citizens of Hampton Roads, Virginia, through a variety of telecommunications services. Viewers and listeners tune in to broadcast programming on WHRO’s public television and radio stations and stream programming from its website. Since its founding 50 years ago to support education, WHRO has employed creativity and technology to serve its mission to enrich audiences through content that educates, entertains and promotes understanding. WHRO delivers educational and new media services to students and educators as well.

WHRO is licensed by the Federal Communications Commission to operate a non-commercial public television station – WHRO 15 Digital (including WHRO HD, WHRO Kids, WHRO World and WHRO Create); two non-commercial public radio stations – WHRO 90.3 FM and its associated digital channels (WHRO Digital, Connoisseur Classics and the 1920s Radio Network) and WHRV 89.5 FM and its associated digital channels (WHRV Digital, SpeakEasy and AltRadio); Educational Broadband Services (EBS) and satellite transmission facilities and the WHRO Radio Reading Service for the Print Handicapped. WHRO added additional transmitters in FY11 to extend and improve its radio broadcast footprint and provide public radio services in underserved areas. Transmitter call signs (repeated signal), frequency and station of license are as follows: WHRG (WHRV), 88.5, Gloucester Point; WHRJ (WHRO), 89.9 Gloucester Courthouse; WHRE (WHRV), 91.9, Eastville; WHRX (WHRV), 90.1, Nassawaddox. Its website features live audio streams for WHRO, WHRV, the Radio Reading Service, Connoisseur Classics, SpeakEasy, AltRadio and the 1920’s Radio Network. Studios, satellite, technical control, teleconference facilities and offices are housed in Norfolk, Virginia, and a radio broadcast facility is located in Newport News, Virginia. WHRO operates a satellite office and studio in Williamsburg, Virginia. Major transmission facilities are located in Suffolk, Virginia, with additional FM radio transmission facilities in Southeastern Virginia and multi-point microwave relay towers are dispersed throughout Virginia.

(Continued)

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Notes to Financial Statements  
June 30, 2013 and 2012

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**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Financial Reporting Format***

WHRO follows the accounting standards applicable to not-for-profit organizations. Such standards primarily govern the accounting for contributions; require investments to be presented at fair value, and present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of balances and transactions into three classes of net assets: permanently restricted, temporarily restricted, or unrestricted.

Permanently restricted net assets generally result from contributions whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled by actions of WHRO. Income received from these assets is primarily treated as unrestricted revenue.

Temporarily restricted net assets generally result from contributions and grants from private and public sources whose use is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled by actions of WHRO. As of June 30, 2013 and 2012, all of WHRO's temporarily restricted net assets are restricted for educational program content or will expire by the passage of time.

Unrestricted net assets generally result from revenues derived from receiving unrestricted contributions and fees from providing programs, less expenses incurred in providing these programs, raising contributions and performing administrative functions.

***Cash and Cash Equivalents***

WHRO considers all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents. Included in cash and cash equivalents balances are amounts restricted primarily for future program activities. Cash equivalents at June 30, 2013 and 2012 are \$224,409 and \$237,524, respectively.

***Receivables***

Accounts receivable, pledges receivable, and underwriting receivables are reported net of allowances for doubtful accounts. At June 30, 2013 and 2012, the allowance for doubtful accounts was \$41,793 and \$34,170, respectively.

***Inventory***

Inventory consists of fundraising gifts of appreciation and is stated at the lower of cost or market using the first-in, first-out method.

(Continued)

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Notes to Financial Statements

June 30, 2013 and 2012

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**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Property, Plant and Equipment***

Property, plant and equipment are stated at cost on acquisition date or fair value on gift date for donated items. Depreciation, which includes amortization of capital leases, is computed using the straight-line method over the estimated useful lives of the related assets that range from 3 to 35 years.

Leased office equipment and software held under capital leases at June 30, 2013 and 2012 had a cost of \$265,279 and \$42,445 and the accumulated depreciation and amortization on these leased assets as of June 30, 2013 and 2012 totaled \$70,299 and \$42,445.

Maintenance and repairs, including replacement of minor items of physical properties, are charged to expense; major additions to physical properties are capitalized. Gains and losses arising from the disposal or retirement of property, plant and equipment are recognized currently in the accompanying statements of activities and the cost and related accumulated depreciation, if applicable, are removed from the accounts.

***Contributions***

Contributions are recognized as revenue in the period in which a donor makes an unconditional promise to give. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Unconditional contributions that are expected to be collected in more than one year are reported at fair value initially and at net realizable value thereafter. An allowance for uncollectible pledges receivable is made based on management's judgment considering historical collection experience.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met within the same reporting period. All other contributions with donor-imposed restrictions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a temporary restriction is met, the related net assets are shown as a release from restrictions on the accompanying statements of activities.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2013, WHRO had two conditional pledges totaling \$650,000. As of June 30, 2012, WHRO did not have any conditional pledges.

(Continued)

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Notes to Financial Statements

June 30, 2013 and 2012

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**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

WHRO recognizes in-kind contributions as revenue and in the period they are received. Donated marketable securities, supplies and equipment are reflected in the accompanying financial statements at estimated values at the date of receipt. During the fiscal years ended June 30, 2013 and 2012, the value of donated marketable securities, supplies and equipment recorded was \$100,561 and \$177,198, respectively.

Donated services are recognized as contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by WHRO. During 2013 and 2012, no donated services were received meeting the above requirements.

In addition, various individuals and groups volunteer their time. No amounts have been reflected in the financial statements for these donated services since the volunteers' time does not meet the criteria for recognition under FASB ASC Topic 958.

***Underwriting revenue***

WHRO receives sponsorships from entities to underwrite the cost of some of its programs and productions. In such instances, WHRO treats underwriting revenue as an exchange transaction and recognizes the revenue when earned.

***Split interest agreements***

Split-interest agreements are contributions to be shared by WHRO and other beneficiaries. Split interest assets are recorded at fair market value on the date of receipt and any marketable assets received are adjusted to fair market value annually. On an annual basis, WHRO updates the value of the contributed assets to fair market value. The present value of the estimated future payments is calculated using the applicable federal rate and applicable mortality tables. The change in the value of the agreements is recognized in the accompanying statements of activities.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(Continued)

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Notes to Financial Statements  
June 30, 2013 and 2012

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**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

***Functional Expenses***

Certain costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses that are common to several functions are allocated by various statistical bases.

***Production of Programs***

Program revenues received and costs incurred for the production of programs that are not complete are reported as deferred revenues and prepaid expenses in the statements of financial position.

***Tax Status***

WHRO is a not-for-profit corporation, which has been determined by the Internal Revenue Service to be exempt from federal taxes on income derived from activities related to exempt purposes under Section 501(c)(3) of the Internal Revenue Code. It is subject to income taxes on profits, if any, generated from activities which are unrelated to its exempt purposes.

FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes*, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. WHRO's management has evaluated the impact of the guidance to its financial statements. Management is not aware of any material uncertain tax positions, and has not accrued the effect of any uncertain tax positions as of June 30, 2013. WHRO recognizes interest and penalties incurred, if any, related to income tax positions as other interest expense and penalties expense, respectively. WHRO has a net operating loss carryforward of approximately \$700,000 and \$500,000 related to its unrelated business income at June 30, 2013 and 2012, respectively that will begin to expire in 2029.

WHRO's income tax returns are subject to examination by taxing authorities, generally for a period of three years from the date they were filed. With few exceptions, WHRO is no longer subject to income tax examinations by federal, state, or local tax authorities for years before 2009.

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Notes to Financial Statements

June 30, 2013 and 2012

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**NOTE 2. PLEDGES RECEIVABLE**

WHRO records pledges receivable as revenue in the year an unconditional promise is received. At June 30, 2013 and 2012, net pledges receivable are as follows:

	<b>2013</b>	2012
Permanently restricted	\$ 15,000	\$ 20,000
Temporarily restricted	-	29,625
Unrestricted	<b>1,345,742</b>	1,055,639
	<b>\$ 1,360,742</b>	\$ 1,105,264

The anticipated cash flows from pledges receivable are as follows:

Amounts due in one year or less	\$ 537,084	\$ 452,965
Amounts due in more than one year, but in five years or less	<b>895,788</b>	715,200
Total pledges receivable	<b>1,432,872</b>	1,168,165
Less:		
Discounts to net realizable value	(30,337)	(28,731)
Allowance for doubtful accounts	<b>(41,793)</b>	(34,170)
Net pledges receivable	<b>\$ 1,360,742</b>	\$ 1,105,264

At June 30, 2013 and 2012, the discount rate used for long term pledges was 2.00%.

Long-term pledges receivable are initially recorded by the Organization at fair value using level 3 inputs. The present value technique is the primary input for this valuation and other inputs include an analysis of the donor's payment history, relationship with the donor, the donor's creditworthiness and other factors. There were no changes in valuation techniques used in valuing long-term pledges during the years ended June 30, 2013 and 2012. An average discount rate of 2.00% was used in calculating the present value of long-term pledges for the years ended June 30, 2013 and 2012, respectively.

The table below presents information about the changes in pledges to give for the years ended June 30, 2013 and 2012:

	<b>2013</b>	2012
Beginning balance	\$ 1,168,165	\$ 271,298
New promises received	<b>1,006,253</b>	7,964,040
Collections	<b>(683,552)</b>	(7,047,174)
Pledges written-off	<b>(57,994)</b>	(19,999)
Ending balance	<b>\$ 1,432,872</b>	\$ 1,168,165

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Notes to Financial Statements

June 30, 2013 and 2012

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**NOTE 3. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Land	\$ 377,677	\$ 377,677
Buildings and improvements	5,344,553	5,322,689
Furnishings and equipment	21,686,630	21,213,108
Construction in progress	<u>34,929</u>	<u>-</u>
	27,443,789	26,913,474
Less accumulated depreciation	<u>(19,164,413)</u>	<u>(18,007,107)</u>
Property, plant and equipment, net	<u>\$ 8,279,376</u>	<u>\$ 8,906,367</u>

**NOTE 4. INVESTMENTS**

Investments consist of the following at June 30:

	<u>2013</u>		<u>2012</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Fixed income:				
Asset backed securities	\$ 3,407,906	\$3,300,803	\$ 3,941,988	\$ 3,946,188
Closed end funds & exchange traded products	<u>1,105,859</u>	<u>1,064,176</u>	<u>376,734</u>	<u>382,271</u>
Total fixed income investments	<u>4,513,765</u>	<u>4,364,979</u>	<u>4,318,722</u>	<u>4,328,459</u>
Equities:				
Closed end funds & exchange traded products	1,255,945	1,322,187	622,123	641,179
Other Investments:				
Mutual Funds	-	-	138,273	138,304
Other alternative strategies	<u>200,000</u>	<u>159,587</u>	<u>592,361</u>	<u>533,832</u>
Total other investments	<u>200,000</u>	<u>159,587</u>	<u>730,634</u>	<u>672,136</u>
Total investments	<u>\$ 5,969,710</u>	<u>\$5,846,753</u>	<u>\$ 5,671,479</u>	<u>\$ 5,641,774</u>

For the years ended June 30, 2013 and 2012, investment income was \$216,807 and \$170,940 respectively, and realized and unrealized losses were \$(207,936) and \$(189,289), respectively.



**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
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Notes to Financial Statements  
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**NOTE 5. SPLIT INTEREST AGREEMENT**

On June 1, 2012, a donor established a charitable lead trust that provides future benefits to WHRO. WHRO is the beneficiary of the trust, the assets of which are not in possession of WHRO and the trustee is an unrelated third party. Such gifts are recorded at present value in the statements of financial position. The present value of charitable lead trust assets is recognized as support when the gift is made. On an annual basis, WHRO reviews the need to recalculate the present value of the remaining assets to be made available for WHRO's use. The lead trust assets are valued using a discount rate of 3.50% and has a remaining term of seventeen years.

**NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents approximate fair value because of the short maturity of these instruments.

The carrying value of investments has been adjusted to market value.

The carrying value of split interest agreements has been adjusted to market value based on current discount rates and applicable mortality tables and other pertinent information.

WHRO reports investments in marketable equity securities with readily determinable fair values and all investments in debt securities at their fair values in accordance with FASB ASC Topic 820, *Fair Value Measurements*. FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). FASB ASC Topic 820 classifies the inputs used to measure fair value into the following hierarchy:

**Level 1.** Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

**Level 2.** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly through corroboration with observable market data.

**Level 3.** Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs used in the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

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**NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Concluded)**

WHRO endeavors to utilize the best available information in measuring fair value. The carrying value of investments has been adjusted to market quoted prices in active markets for identical assets. All fixed income investments are obtained from independent quotation bureaus that use computerized valuation formulas to calculate current values.

The following table summarizes, by level within the fair value hierarchy, the assets and liabilities measured at fair value on a recurring basis as of June 30, 2013 and 2012.

<u>Description</u>	<u>6/30/2013</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	<u>\$ 5,846,753</u>	<u>\$ 2,386,363</u>	<u>\$ 3,300,803</u>	<u>\$ 159,587</u>
Split interest agreement	<u>\$ 833,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 833,833</u>
<u>Description</u>	<u>6/30/2012</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	<u>\$ 5,641,774</u>	<u>\$ 1,161,754</u>	<u>\$ 3,946,188</u>	<u>\$ 533,832</u>
Split interest agreement	<u>\$ 839,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839,919</u>

The following table summarizes the changes during the year to Level 3 instruments:

	<u>2013</u>	<u>2012</u>
Fair value, beginning of the year	\$ 1,373,751	\$ 372,061
Net additions, subtractions, purchases, issuances, and settlements	(339,919)	1,060,188
Net realized and unrealized gains and losses included on the Statement of Activities	<u>(40,412)</u>	<u>(58,498)</u>
Fair value, end of the year	<u>\$ 993,420</u>	<u>\$ 1,373,751</u>

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**NOTE 7. CAPITAL LEASE OBLIGATION**

WHRO acquired computer server equipment under a long-term, noncancelable capital lease. The lease, which expires in 2016, requires monthly payments of \$6,405. For financial reporting purposes, total minimum future lease payments required under this lease are as follows:

2014	\$	76,860
2015		76,860
2016		<u>19,533</u>
		173,253
Amount representing interest		<u>4,740</u>
Present value of net minimum lease payments		168,513
Less current obligation		<u>76,857</u>
Long-term obligation	\$	<u><u>91,656</u></u>

**NOTE 8. LINE OF CREDIT**

WHRO has a line of credit with UBS which provides for borrowings up to a maximum of \$3,925,000 and is collateralized by all WHRO investment accounts held by UBS. The line of credit can be terminated at any time. The interest rate is LIBOR, which was 1.943% and 1.995% at June 30, 2013 and 2012, respectively. At June 30, 2013 and 2012, WHRO had a balance of \$3,642,145 and \$3,197,132, respectively.

**NOTE 9. EMPLOYEE BENEFIT PLANS**

WHRO maintains a §403(b) retirement plan (the Plan) covering all employees that work 1,040 hours or more. Employees may contribute to the Plan subject to the limitations imposed by the Internal Revenue Service. WHRO makes a discretionary contribution for each eligible employee's compensation to the Plan. Employer contributions for the years ended June 30, 2013 and 2012 totaled \$104,612 and \$100,215, respectively.

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**NOTE 10. COMMITMENTS AND CONTINGENCIES**

*Tower Rights and Commitments*

During fiscal year 2000, WHRO entered into an agreement to sell one of its existing broadcasting towers and the related right to construct a new digital tower and to lease the land related to the towers under a thirty-five year ground lease. In consideration for the sale and the first ten years of the ground lease, WHRO received \$1,750,000 in cash, the right to use the existing tower for analog broadcasting (until the analog signal is phased out) and the right to broadcast its signal from the new tower for thirty-five years.

In fiscal year 2011, WHRO began to derive rents from the ground lease based on the gross tower receipts. The tower rights and ground lease can be extended at the end of the initial thirty-five year term for two additional terms of ten years each. The noncash components of the transaction were recorded initially at their estimated fair values and are included in the accompanying statements of financial position as tower rights (\$1,035,782 and \$1,082,863 at June 30, 2013 and 2012, respectively) and deferred revenue (\$19,298 and \$20,379 at June 30, 2013 and 2012, respectively).

Minimum future rents to be received are as follows:

2014	\$ 1,030,196
2015	1,035,324
2016	1,048,359
2017	1,020,626
2018	1,041,012
Thereafter	<u>22,985,074</u>
	<u>\$ 28,160,591</u>

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**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
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Notes to Financial Statements

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**NOTE 10. COMMITMENTS AND CONTINGENCIES (Concluded)**

***Operating Leases***

WHRO has an operating lease for warehouse space in Norfolk, VA with an original monthly payment of \$1,000 escalating 3.0% each year with no specified lease maturity date. The current monthly payment is \$1,093. WHRO has a three-year operating lease for office space in Williamsburg, VA which expires on May 31, 2015 with monthly payments of \$4,167 for the period June 1, 2012 until May 31, 2015. WHRO also leases various equipment under agreements expiring by August 2017. Rental expense was \$96,146 and \$96,096 for the years ended June 30, 2013 and 2012, respectively. Minimum rental commitments subsequent to 2013 under non-cancellable operating leases are:

2014	\$	86,505
2015		82,339
2016		8,834
2017		<u>584</u>
	\$	<u>178,262</u>

***Equipment Grants***

WHRO has received certain grants in various years from the U.S. government and from the Commonwealth of Virginia to be used specifically for the purchase of equipment. The grants provide that should such equipment be disposed of during a ten-year period following the year of acquisition, a portion of the proceeds would be refunded to the granting authorities.

**NOTE 11. ENDOWMENT**

WHRO has implemented FASB ASC Topic 958-205-55 which, among other things, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Act of 2006 (UPMIFA) and additional disclosures about an organization's endowment funds. The Commonwealth of Virginia has adopted UPMIFA.

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**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
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Notes to Financial Statements  
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**NOTE 11. ENDOWMENT (Continued)**

WHRO's endowment consist primarily of funds designated by its Board of Directors as well as donor restricted endowment funds and are classified and reported based on the existence or absence of donor imposed restrictions. As of June 30, 2013 and 2012, donor restricted and board designated endowment funds are included in the accompanying statements of financial position as follows:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 224,409	\$ 237,524
Pledges receivable, net	127,338	82,352
Investments	<u>5,846,753</u>	<u>5,641,774</u>
	<u>\$ 6,198,500</u>	<u>\$ 5,961,650</u>

WHRO has interpreted the UPMIFA as requiring the preservation of the historic value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, WHRO classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, WHRO considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

- (1) The duration and preservation of the fund
- (2) The purposes of WHRO 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 the appreciation of investments
- (6) Other resources of WHRO
- (7) The investment policies of WHRO

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**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
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Notes to Financial Statements

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**NOTE 11. ENDOWMENT (Continued)**

WHRO has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WHRO must hold in perpetuity or for a donor specific period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, of at least 5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, WHRO relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). WHRO targets a diversified asset allocation that places a greater emphasis on fixed income and equity investments to achieve its long-term objective within prudent risk constraints.

WHRO has a policy of appropriating investment income for distribution each year up to \$155,000. In establishing this policy, WHRO considered the long-term expected return on its endowment. Accordingly, over the long term, WHRO expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with WHRO's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires WHRO to retain as a fund of perpetual duration. There were no deficiencies of this nature as of June 30, 2013 and 2012.

At June 30, 2013, the endowment net asset composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted funds	\$ -	\$ -	\$ 181,112	\$ 181,112
Board designated funds	<u>6,017,388</u>	<u>-</u>	<u>-</u>	<u>6,017,388</u>
Total funds	<u>\$ 6,017,388</u>	<u>\$ -</u>	<u>\$ 181,112</u>	<u>\$ 6,198,500</u>

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**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
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Notes to Financial Statements  
June 30, 2013 and 2012

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**NOTE 11. ENDOWMENT (Continued)**

Changes in endowment net assets for the fiscal year ended June 30, 2013 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Endowment net assets, beginning of year</b>	<b>\$ 5,780,538</b>	<b>\$ -</b>	<b>\$ 181,112</b>	<b>\$ 5,961,650</b>
<b>Investment return:</b>				
<b>Investment income</b>	216,807	-	-	216,807
<b>Net depreciation     (realized and     unrealized)</b>	<u>(207,936)</u>	<u>-</u>	<u>-</u>	<u>(207,936)</u>
<b>Total investment return</b>	8,871	-	-	8,871
<b>Appropriation of endowment assets for expenditure</b>	(155,000)	-	-	(155,000)
<b>Other changes:</b>				
<b>Board designations</b>	<u>382,979</u>	<u>-</u>	<u>-</u>	<u>382,979</u>
<b>Endowment net assets, end of year</b>	<u><b>\$ 6,017,388</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 181,112</b></u>	<u><b>\$ 6,198,500</b></u>

At June 30, 2012, the endowment net asset composition by type of fund consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted funds	\$ -	\$ -	\$ 181,112	\$ 181,112
Board designated funds	<u>5,780,538</u>	<u>-</u>	<u>-</u>	<u>5,780,538</u>
<b>Total funds</b>	<u><b>\$ 5,780,538</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 181,112</b></u>	<u><b>\$ 5,961,650</b></u>

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**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
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Notes to Financial Statements  
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**NOTE 11. ENDOWMENT (Concluded)**

Changes in endowment net assets for the fiscal year ended June 30, 2012 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 5,446,108	\$ -	\$ 156,112	\$ 5,602,220
Investment return:				
Investment income	170,940	-	-	170,940
Net depreciation (realized and unrealized)	<u>(189,289)</u>	<u>-</u>	<u>-</u>	<u>(189,289)</u>
Total investment return	(18,349)	-	-	(18,349)
Donor contributions	-	-	25,000	25,000
Appropriation of endowment assets for expenditure	(155,000)	-	-	(155,000)
Other changes:				
Board designations	<u>507,779</u>	<u>-</u>	<u>-</u>	<u>507,779</u>
Endowment net assets, end of year	<u>\$ 5,780,538</u>	<u>\$ -</u>	<u>\$ 181,112</u>	<u>\$ 5,961,650</u>

**NOTE 12. CONCENTRATION OF CREDIT RISK**

WHRO maintains cash deposits with financial and investment institutions in excess of the limit of federal deposit insurance of \$250,000 at various times during the year. In addition, WHRO maintains investments in excess of the \$500,000 that is insured by Securities Investor Protection Corporation.

During the years ended June 30, 2013 and 2012, WHRO received approximately 0% and 15%, respectively of its total revenues, support and other income from one donor.

All pledge receivables are concentrated from donors in the Hampton Roads area of Virginia.

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Notes to Financial Statements

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**NOTE 13. SUBSEQUENT EVENTS**

WHRO has evaluated all events subsequent to June 30, 2013 through September 11, 2013 which is the date these financial statements were available to be issued. WHRO has determined that there are no subsequent events that require disclosure pursuant to the FASB Accounting Standards Codification.

**SUPPLEMENTARY INFORMATION**

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
ASSOCIATION, INC.**

Schedule of Functional Expenses - Schedule I  
Year ended June 30, 2013

	Program	Management and General	Fundraising and Development	Total
Salaries and wages	\$ 4,179,875	\$ 661,976	\$ 812,237	\$ 5,654,088
Depreciation	1,045,055	53,080	89,036	1,187,171
Fringe benefits	863,668	119,416	137,777	1,120,861
Public Broadcasting Service fees	854,123	-	-	854,123
Education software and licenses	622,501	-	-	622,501
Telephone and bandwidth	421,676	12,072	23,438	457,186
Utilities	387,899	19,702	33,051	440,652
National Public Radio fees	437,754	-	-	437,754
Independent contractors and talent	368,605	-	14,464	383,069
Repairs and maintenance	279,392	89,149	-	368,541
Program fees - other	325,403	-	-	325,403
Consultant fees	255,414	3,357	9,981	268,752
Fundraising premiums	8,718	-	234,307	243,025
Computer maintenance contracts	202,534	10,744	16	213,294
Postage and shipping	31,049	1,820	134,961	167,830
Hospitality and travel	55,412	14,776	75,949	146,137
Insurance	120,569	6,124	10,272	136,965
Professional fees	39,760	86,974	6,000	132,734
Production costs - other	100,815	1,934	10,961	113,710
Interest and taxes	55,188	50,115	-	105,303
Conferences, seminars and training	80,496	20,167	3,489	104,152
Office lease	195	83,775	12,176	96,146
Credit card and bank fees	592	10,119	79,626	90,337
Supplies and subscriptions	75,333	7,084	7,238	89,655
Paper, printing and stationery	22,632	605	65,423	88,660
Dues and licenses	33,692	37,984	10,128	81,804
Marketing and advertising	57,295	915	7,244	65,454
Bad debts	57,994	(159)	-	57,835
Streaming fees	41,233	-	-	41,233
Miscellaneous	7,035	7,393	3	14,431
Temporary services and graphic design	8,447	1,694	155	10,296
Listing services and audience research	2,735	-	-	2,735
	<u>\$ 11,043,089</u>	<u>\$ 1,300,816</u>	<u>\$ 1,777,932</u>	<u>\$ 14,121,837</u>

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
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Schedule of Functional Expenses - Schedule II  
Year ended June 30, 2012

	Program	Management and General	Fundraising and Development	Total
Salaries and wages	\$ 3,832,277	\$ 626,237	\$ 803,030	\$ 5,261,544
Independent contractors and talent	1,280,100	-	22,875	1,302,975
Depreciation	1,078,658	54,788	91,901	1,225,347
Public Broadcasting Service fees	1,124,003	-	-	1,124,003
Fringe benefits	764,322	103,992	152,706	1,021,020
Education software and licenses	802,024	-	-	802,024
Telephone and bandwidth	529,856	11,002	27,881	568,739
Program fees - other	561,883	-	-	561,883
National Public Radio fees	435,544	-	-	435,544
Consultant fees	268,000	20,168	127,101	415,269
Utilities	354,168	17,989	30,175	402,332
Repairs and maintenance	307,191	14,138	-	321,329
Streaming fees	313,756	-	-	313,756
Computer maintenance contracts	250,756	42,703	-	293,459
Fundraising premiums	-	-	206,151	206,151
Postage and shipping	66,239	120	108,403	174,762
Professional fees	81,447	72,975	-	154,422
Hospitality and travel	47,814	12,700	86,168	146,682
Paper, printing and stationery	72,186	1,469	62,264	135,919
Insurance	113,937	5,787	9,707	129,431
Dues and licenses	56,236	41,331	26,565	124,132
Production costs - other	100,441	1,417	4,776	106,634
Credit card and bank fees	1,194	12,027	85,021	98,242
Office lease	87,385	-	4,000	91,385
Interest and taxes	48,683	25,684	-	74,367
Conferences, seminars and training	58,476	12,723	1,137	72,336
Supplies and subscriptions	59,192	7,322	4,207	70,721
Marketing and advertising	28,205	2,751	8,770	39,726
Listing services and audience research	34,688	-	-	34,688
Temporary services and graphic design	10,269	24,104	-	34,373
Bad debts	23,710	-	-	23,710
Miscellaneous	543	5,776	-	6,319
	<u>\$ 12,793,183</u>	<u>\$ 1,117,203</u>	<u>\$ 1,862,838</u>	<u>\$ 15,773,224</u>

**HAMPTON ROADS EDUCATIONAL TELECOMMUNICATIONS  
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**Changes in Property and Equipment - Schedule III  
Year ended June 30, 2013**

	Balance July 1, 2012	Additions	Transfers and Disposals	Balance June 30, 2013
Land	\$ 377,677	\$ -	\$ -	\$ 377,677
Buildings and Improvements	5,322,689	21,864	-	5,344,553
Furnishings and equipment:				
Cameras and video tape recorders	624,713	10,005	-	634,718
Transmitters	2,071,964	11,301	-	2,083,265
Antennas and towers	2,808,753	181,059	-	2,989,812
Production	868,049	-	-	868,049
Microwave and ITFS	845,893	-	-	845,893
Capital lease	42,444	-	-	42,444
Radio	2,371,061	26,254	-	2,397,315
Other equipment	<u>11,580,231</u>	<u>274,768</u>	<u>(29,865)</u>	<u>11,825,134</u>
	<u>21,213,108</u>	<u>503,387</u>	<u>(29,865)</u>	<u>21,686,630</u>
Construction in progress	<u>-</u>	<u>34,929</u>	<u>-</u>	<u>34,929</u>
	26,913,474	560,180	(29,865)	27,443,789
Less:				
Allowances for depreciation	<u>18,007,107</u>	<u>1,187,171</u>	<u>(29,865)</u>	<u>19,164,413</u>
	<u>\$ 8,906,367</u>	<u>\$ (626,991)</u>	<u>\$ -</u>	<u>\$ 8,279,376</u>