

KCET

2007-2008 FINANCIAL REPORT



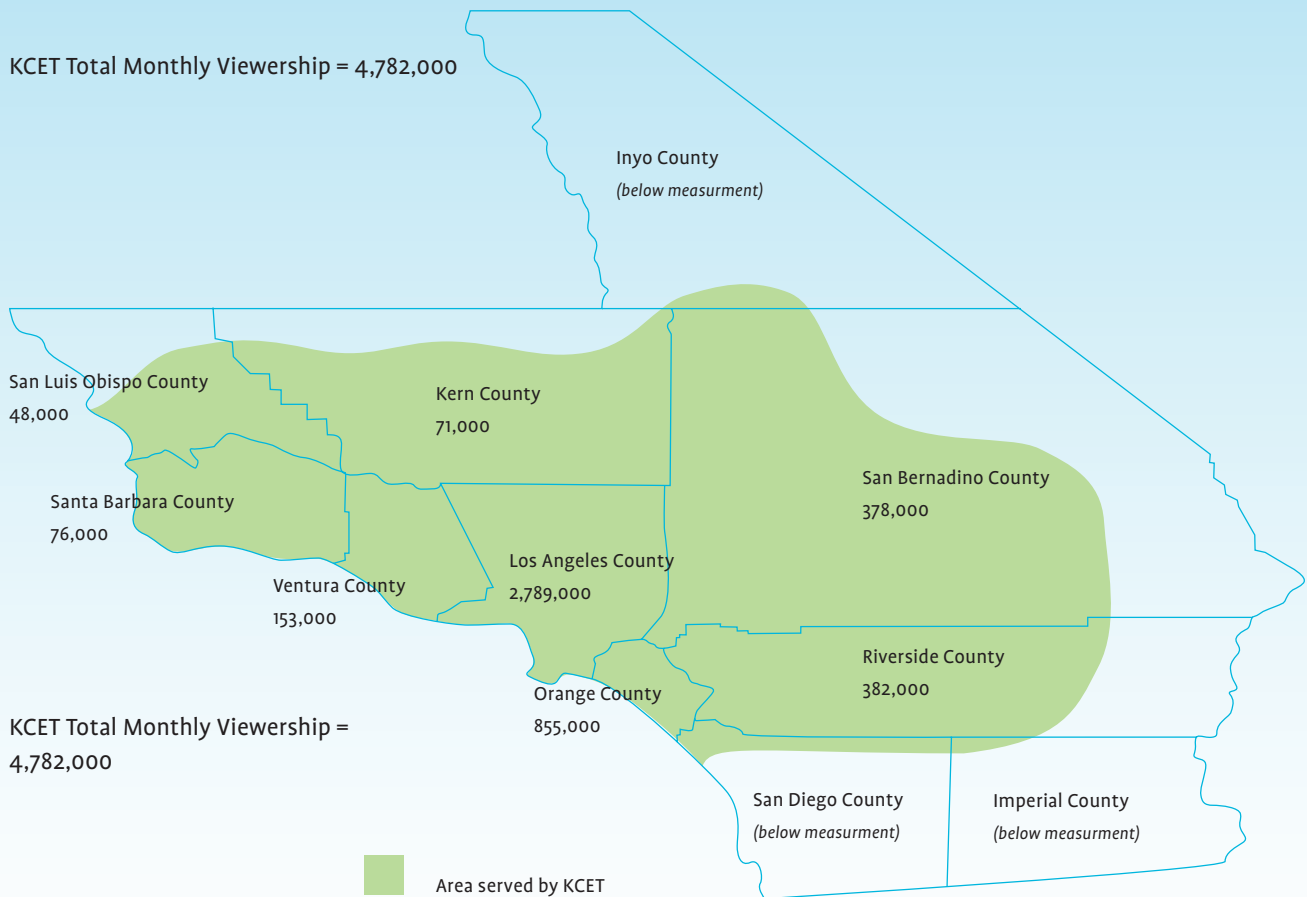
Coverage & Viewership

Over 4.7 million viewers watch KCET each month.

KCET is one of the most-watched public television stations in the nation and has the largest geographic reach of any PBS station in California.

KCET MONTHLY VIEWERSHIP BY COUNTY

KCET Total Monthly Viewership = 4,782,000



KCET Total Monthly Viewership = 4,782,000

Source: Nielsen Media Research - 2007 County Coverage Study



About KCET

More than just a television station, more than a destination for quality programming, KCET is a vital participant in the cultural and educational enrichment of Southern and Central California and beyond. Through its award-winning productions, comprehensive community outreach and innovations in emerging technologies, KCET touches millions of lives.

Throughout its more than 40-year history, KCET has been committed to fostering growth and educational excellence in children of all ages. In the last decade alone, our outreach team has trained more than 100,000 teachers, parents and childcare providers, going directly into local communities to help young people reach their fullest potential. Nationally, KCET continues to raise the bar on outreach geared toward kids, offering highly regarded programs and other childcare resources to families across the country.

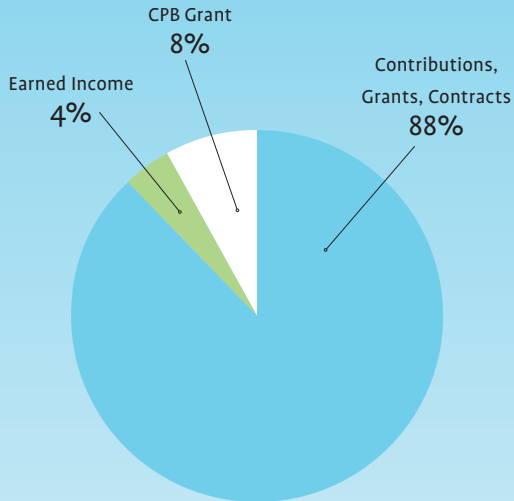
KCET broadcasts more than 160 hours of free television programming each week, including such critically acclaimed and time-honored PBS programs as *Masterpiece*, *NOVA*, *The NewsHour with Jim Lehrer*, *Frontline* and *Washington Week*. KCET's much beloved children's schedule includes *Sesame Street*, *Arthur*, *Curious George*, *Clifford The Big Red Dog* and many, many others.

KCET has a distinguished history of local and national production. Its signature shows include the Peabody Award-winning series *A Place of Our Own* and *Los Niños en Su Casa*; the nationally syndicated talk show *Tavis Smiley*; Huell Howser's wonderful programs, like *Visiting...with Huell Howser*, *Road Trip* and *California's Green*; and provocative and insightful documentaries such as *Andrew Jackson: Good, Evil and the Presidency* and *How Art Made the World*. KCET is collaborating with The Jim Henson Company to produce the award-winning educational children's series, *Sid the Science Kid*, which promotes science readiness by encouraging kids' natural curiosity about the world around them.

An increasing focus on new media keeps KCET looking ahead. KCET.org is a gateway to the finest in public television, accessible 24 hours a day to an international audience. Featuring a wide array of multimedia content including videos, blogs, podcasts, discussion boards and more, KCET.org plays a critical role in expanding the reach of KCET's programming and community engagement.

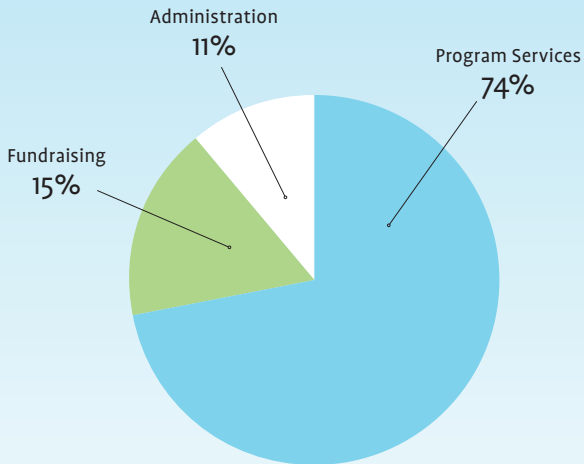
With your ongoing support, KCET continues to impact millions of viewers locally and around the globe. Thank you for helping us make such a meaningful difference!

KCET Revenue and Expense Breakdown 2008



REVENUE

	Amount	% of Total
Contributions, Grants, Contracts	51,020,033	88
Earned Income	1,996,670	4
Corporation for Public Broadcasting Grant	4,887,697	8
Total	57,904,400	100



EXPENSE

	Amount	% of Total
Program Services (Includes production, programming, public information and broadcast)	47,948,771	74
Fundraising/development	9,938,166	15
Administration	7,062,533	11
Total	64,949,470	100

STATEMENT OF FINANCIAL POSITION

For the Year Ended June 30, 2008

(with Comparative Totals at June 30, 2007)

ASSETS

	2008	2007
Current assets	\$ 11,544,901	\$ 551,236
Cash and cash equivalents	533,052	517,396
Investments		
Grants and contributions receivable	8,009,475	17,305,042
Accounts receivable, net of allowance for doubtful accounts of \$112,697 and \$113,000 for 2008 and 2007, respectively	2,057,288	3,689,646
Total current assets	22,144,656	22,063,320
Property, plant and equipment, net	25,022,995	26,116,879
Grants and contributions receivable, net	-	6,541,120
Restricted investments	4,274,514	3,897,684
Beneficial interest in charitable remainder trust	179,786	179,786
Prepaid expenses and other assets	181,706	33,299
Total assets	\$ 51,803,657	\$ 58,832,088

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 1,931,674	\$ 1,636,975
Accrued expenses	1,859,367	3,260,169
Obligations under capital leases, current portion	-	43,986
Advances under grant agreements	2,381,060	839,709
Loans payable, current portion	367,295	536,376
Charitable gift annuities payable, current portion	41,232	12,240

Total current liabilities	6,580,628	6,329,455
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Obligations under capital leases, net of current portion	-	1,066
Certificates of participation	3,000,000	3,000,000
Loans payable, net of current portion	121,813	489,643
Charitable gift annuities payable, net of current portion	185,104	50,742

Total liabilities	9,887,545	9,870,906
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Commitments and contingencies

Net assets (Note 11)

Unrestricted	14,850,870	17,077,811
Temporarily restricted	23,641,340	28,791,144
Permanently restricted	3,423,902	3,092,227

Total net assets	41,916,112	48,961,182
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Total liabilities and net assets	\$ 51,803,657	\$ 58,832,088
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STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2008

(with Comparative Totals for the Year Ended June 30, 2007)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>2008 Total</u>	<u>2007 Total</u>
Support and revenue					
Contributions, grants and contracts	\$ 40,029,905	\$ 10,658,453	\$ 331,675	\$ 51,020,033	\$ 61,308,428
Community Service Grants	4,887,697	-	-	4,887,697	5,158,465
Facility rentals and other earned income	2,152,552	-	-	2,152,552	2,015,787
Net realized and unrealized gains and losses on investments	(10,700)	(419,198)	-	(429,898)	250,727
License and royalty revenue	281,941	-	-	281,941	171,350
Change in value of split-interest agreements	(7,925)	-	-	(7,925)	3,193
Net assets released from restrictions	<u>15,389,059</u>	<u>(15,389,059)</u>	-	-	-
Total support and revenue	<u>62,722,529</u>	<u>(5,149,804)</u>	<u>331,675</u>	<u>57,904,400</u>	<u>68,907,950</u>
Functional expenses					
Program services					
Programming and production	38,699,274	-	-	38,699,274	33,713,547
Transmission	5,988,033	-	-	5,988,033	5,473,482
Public information	<u>3,261,464</u>	-	-	<u>3,261,464</u>	<u>4,976,961</u>
Total program services	<u>47,948,771</u>	-	-	<u>47,948,771</u>	<u>44,163,990</u>
Supporting services					
Fundraising and development	9,938,166	-	-	9,938,166	9,191,007
General administrative	<u>7,062,533</u>	-	-	<u>7,062,533</u>	<u>6,665,181</u>
Total functional expenses	<u>64,949,470</u>	-	-	<u>64,949,470</u>	<u>60,020,178</u>
Change in net assets	(2,226,941)	(5,149,804)	331,675	(7,045,070)	8,887,772
Net assets, beginning of year	<u>17,077,811</u>	<u>28,791,144</u>	<u>3,092,227</u>	<u>48,961,182</u>	<u>40,073,410</u>
Net assets, end of year	<u>\$ 14,850,870</u>	<u>\$ 23,641,340</u>	<u>\$ 3,423,902</u>	<u>\$ 41,916,122</u>	<u>\$ 48,961,182</u>

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2008

(with Comparative Totals for the Year Ended June 30, 2007)

	2008	2007
Cash flows from operating activities		
Change in net assets	\$ (7,045,070)	\$ 8,887,772
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization		2,832,733
Allowance for doubtful accounts	63,077	2,000
Revenue from barter transactions	(1,831,323)	(3,426,646)
Expenses relating to barter transactions	1,831,323	3,426,646
Contributions restricted for long-term investment	(331,675)	(237,223)
In-kind programming services loan repayment	(179,894)	(182,216)
Net realized and unrealized gains on investments	429,898	(250,727)
Change in value of split interest agreements	7,925	(3,193)
Increase in beneficial interest in charitable remainder trust	-	(179,786)
Changes in operating assets and liabilities		
Grants, contributions and accounts receivable	17,406,028	(9,512,157)
Prepaid expenses and other assets	(148,407)	62,139
Accounts payable	294,699	344,205
Accrued expenses	(1,400,802)	1,423,531
Advances under grant agreements	1,541,351	171,903
	13,469,863	3,300,030
Net cash provided by operating activities	13,469,863	3,300,030
Cash flows from investing activities		
Net purchase of investments	(666,955)	(319,827)
Purchases of property, plant and equipment	(1,738,849)	(3,733,873)
	(2,405,804)	(4,053,700)
Net cash used in investing activities	(2,405,804)	(4,053,700)
Cash flows from financing activities		
Repayments on loans payable	(357,017)	(435,939)
Principal payments on capital lease obligations	(45,052)	(98,092)
Contributions restricted for long-term investment	331,675	237,223
	(70,394)	(296,808)
Net cash used in financing activities	(70,394)	(296,808)
Net increase (decrease) in cash balances	10,993,665	(1,050,478)
Cash and cash equivalents, beginning of year	551,236	1,601,714
Cash and cash equivalents, end of the year	\$ 11,544,901	\$ 551,236
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 263,201	\$ 231,641
Noncash investing and financing activities - principal loan repayment through providing in-kind program underwriting services	\$ 179,894	\$ 182,216



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