

OREGON PUBLIC BROADCASTING

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Oregon Public Broadcasting

We have audited the accompanying statements of financial position of Oregon Public Broadcasting (OPB) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of OPB's management. 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 position of OPB as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Portland, Oregon
November 17, 2008

**OREGON PUBLIC BROADCASTING
STATEMENTS OF FINANCIAL POSITION**

	June 30,	
	2008	2007
ASSETS		
Cash and cash equivalents	\$ 5,917,104	\$ 9,877,010
Underwriting and other accounts receivable, net	5,104,012	2,958,891
Contributions and bequests receivable, net	559,962	510,111
Investments	14,346,447	12,865,256
Investments in LLCs	2,518,014	2,431,210
Investments for charitable trusts and gift annuities	2,443,721	2,375,794
Prepays and other assets	1,744,510	1,435,636
Property and equipment, net	15,133,361	14,848,586
TOTAL ASSETS	\$ 47,767,131	\$ 47,302,494
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 3,772,009	\$ 1,441,949
Accrued vacation	541,088	502,704
Deferred revenue	313,460	1,007,466
Note payable	475,000	2,367,566
Actuarial liability for charitable trusts and gift annuities	1,354,920	1,086,372
Total liabilities	6,456,477	6,406,057
NET ASSETS		
Unrestricted	24,004,439	22,974,326
Board-designated	13,456,769	13,764,952
Total unrestricted	37,461,208	36,739,278
Temporarily restricted	2,111,666	2,703,809
Permanently restricted	1,737,780	1,453,350
Total net assets	41,310,654	40,896,437
TOTAL LIABILITIES AND NET ASSETS	\$ 47,767,131	\$ 47,302,494

See accompanying notes.

OREGON PUBLIC BROADCASTING
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 13,238,050	\$ 90,465	\$ 288,950	\$ 13,617,465
Production grants and contracts	912,681	7,257,220	-	8,169,901
Other grants and contracts	3,829,216	2,939,111	-	6,768,327
Sales and services	1,936,610	-	-	1,936,610
Donated services and materials	992,905	-	-	992,905
Investment income:				
Interest and dividends	1,251,954	12,171	-	1,264,125
Realized gains on investments	217,141	-	-	217,141
Net unrealized losses on investments	(1,357,143)	(20)	-	(1,357,163)
Gain on investments in LLCs	80,804	-	-	80,804
Actuarial loss on charitable trusts and gift annuities	(315,229)	(16,026)	(4,520)	(335,775)
Net assets released from restrictions and transfers	10,875,064	(10,875,064)	-	-
	<u>31,662,053</u>	<u>(592,143)</u>	<u>284,430</u>	<u>31,354,340</u>
Total revenues, gains, and other support				
	<u>31,662,053</u>	<u>(592,143)</u>	<u>284,430</u>	<u>31,354,340</u>
EXPENSES				
Programming and production	15,669,221	-	-	15,669,221
Broadcasting	4,398,913	-	-	4,398,913
Marketing	1,576,370	-	-	1,576,370
Management and general	4,667,867	-	-	4,667,867
Development and fund-raising	4,627,752	-	-	4,627,752
	<u>30,940,123</u>	<u>-</u>	<u>-</u>	<u>30,940,123</u>
Total expenses				
	<u>30,940,123</u>	<u>-</u>	<u>-</u>	<u>30,940,123</u>
INCREASE (DECREASE) IN NET ASSETS	721,930	(592,143)	284,430	414,217
NET ASSETS, beginning of year	36,739,278	2,703,809	1,453,350	40,896,437
NET ASSETS, end of year	<u>\$ 37,461,208</u>	<u>\$ 2,111,666</u>	<u>\$ 1,737,780</u>	<u>\$ 41,310,654</u>

**OREGON PUBLIC BROADCASTING
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 12,287,742	\$ 55,250	\$ -	\$ 12,342,992
Production grants and contracts	2,079,858	6,081,610	-	8,161,468
Other grants and contracts	4,061,807	2,892,119	-	6,953,926
Sales and services	1,713,858	-	-	1,713,858
Donated services and materials	484,612	-	-	484,612
Investment income:				
Interest and dividends	794,473	46,107	-	840,580
Realized gains on investments	470,915	-	-	470,915
Net unrealized gains (losses) on investments	940,361	(45)	-	940,316
Loss on investments in LLCs	(3,913)	-	-	(3,913)
Actuarial gain on charitable trusts and gift annuities	120,249	28,014	4,295	152,558
Net assets released from restrictions and transfers	10,451,219	(10,445,827)	(5,392)	-
	<u>33,401,181</u>	<u>(1,342,772)</u>	<u>(1,097)</u>	<u>32,057,312</u>
Total revenues, gains, and other support				
EXPENSES				
Programming and production	14,705,542	-	-	14,705,542
Broadcasting	3,978,934	-	-	3,978,934
Marketing	1,799,437	-	-	1,799,437
Management and general	4,556,585	-	-	4,556,585
Development and fund-raising	4,235,205	-	-	4,235,205
	<u>29,275,703</u>	<u>-</u>	<u>-</u>	<u>29,275,703</u>
Total expenses				
INCREASE (DECREASE) IN NET ASSETS	4,125,478	(1,342,772)	(1,097)	2,781,609
NET ASSETS, beginning of year	32,613,800	4,046,581	1,454,447	38,114,828
NET ASSETS, end of year	<u>\$ 36,739,278</u>	<u>\$ 2,703,809</u>	<u>\$ 1,453,350</u>	<u>\$ 40,896,437</u>

See accompanying notes.

OREGON PUBLIC BROADCASTING
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 414,217	\$ 2,781,609
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	1,972,056	1,872,329
Realized and unrealized losses (gains) on investments	1,140,022	(1,411,231)
Actuarial loss (gain) on charitable trusts and gift annuities	335,775	(152,558)
Contributions of charitable trusts and gift annuities	(136,306)	(64,315)
Loss on disposal of property and equipment	573	30,391
(Gain) loss on investments in LLCs	(80,804)	3,913
Contributed land and buildings	(705,000)	-
Changes in operating assets and liabilities:		
Underwriting and other accounts receivable	(2,145,121)	(706,745)
Contributions and bequests receivable	(49,851)	(98,347)
Prepays and other assets	(308,874)	14,594
Accounts payable	2,330,060	488,770
Accrued vacation	38,384	(12,536)
Deferred revenue	(694,006)	263,388
Contributions, restricted grants, and other income:		
Equipment – digital conversion and other	(476,951)	(561,790)
Net cash from operating activities	<u>1,634,174</u>	<u>2,447,472</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(7,796,772)	(2,822,789)
Proceeds from sale of investments	5,175,560	4,997,866
Purchase of property and equipment	(1,553,255)	(2,021,286)
Proceeds from sale of property and equipment	850	-
Capital contribution to LLC	(6,000)	-
Net cash from investing activities	<u>(4,179,617)</u>	<u>153,791</u>

**OREGON PUBLIC BROADCASTING
STATEMENTS OF CASH FLOWS**

	Years Ended June 30,	
	2008	2007
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt	\$ 475,000	\$ -
Payments on note payable	(2,367,566)	(161,425)
Proceeds from gifted annuities and trusts	332,351	135,193
Changes in value of charitable trusts	(331,199)	(7,415)
Contributions, restricted grants, and other income:		
Equipment – digital conversion and other	476,951	561,790
	(1,414,463)	528,143
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,959,906)	3,129,406
CASH AND CASH EQUIVALENTS, beginning of year	9,877,010	6,747,604
CASH AND CASH EQUIVALENTS, end of year	\$ 5,917,104	\$ 9,877,010
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 203,876	\$ 164,599

OREGON PUBLIC BROADCASTING

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND NATURE OF OPERATIONS

Oregon Public Broadcasting (OPB or the Organization) is a not-for-profit public broadcasting corporation incorporated in Oregon. OPB operates a network of five television and four radio stations located in Oregon, serving Oregon and southern Washington.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The financial statements of OPB have been prepared in accordance with accounting principles generally accepted in the United States of America, which is consistent with the Financial Reporting Guidelines Supplemental Guide issued by the Corporation for Public Broadcasting.

Basis of presentation – The financial statements of OPB have been prepared on the accrual basis of accounting.

Net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of OPB and changes therein are classified and reported as follows:

- ◆ *Unrestricted net assets* reflect the cumulative effect of net activity absent donor-imposed restrictions. OPB's Board has designated the use of various contributions for their discretion. The funds are used to meet operating and capital needs.
- ◆ *Temporarily restricted net assets* result from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Most of OPB's program production funding contains donor-imposed restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.
- ◆ *Permanently restricted net assets* result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions.

**OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

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 of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The fair value of investments is a significant estimate and can change dramatically. This could have a significant effect on these financial statements.

Cash and cash equivalents – All cash and highly liquid investments with maturities of three months or less at the date of acquisition are considered cash and cash equivalents.

Underwriting, other accounts receivable, and contributions and bequests receivable – OPB's receivables are recorded at fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Bequests and estates are recorded upon completion of the probate process and are expected to be collected within a year. Amortization of the discount is recorded as additional contribution revenue. An allowance for uncollectible receivables is provided based upon management's judgment, including such factors as prior collection history and type of receivable. Accounts are charged off when all collection efforts have been exhausted.

Investments – Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the increase in unrestricted net assets, unless the donor has imposed restrictions on the earnings.

Fair values of certain private equity and real estate investments held through limited partnerships or commingled funds are estimated by the respective external investment managers if market values are not readily ascertainable. These valuations, assumptions, and methods are reviewed by the Organization's management and Finance and Investment Committee.

OREGON PUBLIC BROADCASTING NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Property and equipment – Property and equipment are valued at historical cost. Donated property and equipment are valued at estimated fair market value at date of receipt. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	9 – 50 years
Equipment	3 – 15 years
Computer software	2 – 8 years

New equipment and expenditures for major repairs and improvements exceeding \$5,000 are capitalized; conversely, expenditures for minor repairs and maintenance costs are expensed when incurred.

Assets held in charitable trusts – OPB serves as the trustee for various charitable trusts. Under the terms of these trust agreements, OPB makes distributions to income beneficiaries for a given term or for the life of the beneficiaries. Assets remaining in the trust will be transferred to OPB at the end of the term or upon death of the beneficiaries.

OPB classifies the assets held in charitable trusts as investments, which are recorded at their fair value. The related liability is recorded at the estimated discounted value of the amounts due to the income beneficiaries.

Prepays and other assets – Prepays and other assets consist primarily of prepaid leases and miscellaneous prepaid expenses. Prepaid leases are amortized over the lease term of 10 to 20 years using the straight-line method.

Deferred revenue – Deferred revenue is primarily production funding advances for projects in progress.

Annuities payable – Annuities payable have been computed using a discount factor ranging from 5% to 12% and an estimated life expectancy of annuitants based on applicable mortality tables.

Revenue recognition – Unconditional contributions and promises to give are recognized as revenue in the period committed. Conditional promises to give, which depend on the occurrence of a future event, are recognized when the conditions are substantially met. Restricted contributions for which the restriction is met in the year the contribution is made are recorded as unrestricted contributions.

**OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Advertising costs – Advertising and development funding promotion costs are expensed as incurred and aggregated \$135,347 and \$205,481 for the years ended June 30, 2008 and 2007, respectively.

Fund-raising expenses – All costs attributable to the production, printing, and mailing of literature to the public, that have both an educational and fund-raising appeal, have been recorded as fund-raising expenses in the financial statements as they do not meet the requirements for the allocation of joint costs as provided by Statement of Financial Position No. 98-2, “Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities that Include Fund-Raising.”

Income taxes – OPB is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes have been provided for in the accompanying financial statements.

Reclassifications – Certain reclassifications have been made to the 2007 financial statements to conform to current year presentations. These reclassifications had no effect on total net assets or changes in net assets.

OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – UNDERWRITING AND OTHER ACCOUNTS RECEIVABLE

Underwriting and other accounts receivable consist of the following:

	<u>2008</u>	<u>2007</u>
Underwriting	\$ 1,789,452	\$ 1,976,066
Trade	266,363	96,615
Distribution	6,866	11,532
Production	3,070,926	908,469
Studio	<u>12,837</u>	<u>3,655</u>
Total underwriting and other accounts receivable	5,146,444	2,996,337
Less reserve for uncollectible underwriting and other accounts receivable	<u>(42,432)</u>	<u>(37,446)</u>
Underwriting and other accounts receivable, net	<u>\$ 5,104,012</u>	<u>\$ 2,958,891</u>

NOTE 4 – CONTRIBUTIONS AND BEQUESTS RECEIVABLE

Contributions and bequests receivable consist of the following:

	<u>2008</u>	<u>2007</u>
Contributions and bequests receivable due in less than one year	\$ 456,862	\$ 386,426
Contributions and bequests receivable due in one to five years	84,450	88,985
Contributions and bequests receivable due in six to ten years	<u>18,650</u>	<u>34,700</u>
Contributions and bequests receivable, net	<u>\$ 559,962</u>	<u>\$ 510,111</u>

**OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – INVESTMENTS

Investments are stated at fair value as determined by external investment managers if market values are not readily ascertainable. Realized and unrealized gains and losses are reflected in the statements of activities. Investments, presented by type, are as follows:

	<u>2008</u>	<u>2007</u>
Equity investments	\$ 5,297,260	\$ 5,738,829
Corporate bonds	2,984,092	2,967,335
Commercial paper	-	99,759
Alternative Investments:		
Hedge funds	1,804,435	1,010,789
Other non-investable	4,233,398	3,022,193
Other	<u>27,262</u>	<u>26,351</u>
 Total investments	 <u><u>\$ 14,346,447</u></u>	 <u><u>\$ 12,865,256</u></u>

Alternative investments totaling \$6,037,833 and \$4,032,982 at June 30, 2008 and 2007, respectively, include investments in hedge funds and commingled funds with holdings that include real estate, equity investments, commodities, and treasury inflation-protected securities. Because alternative investments are not readily marketable, their estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed. Due to the risks associated with certain investments and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect account balances and the amounts reported in the statement of financial position and statement of activity.

The Organization is aware there are global pressures on the current financial markets. Based on the best available information, at this time, the Organization is vigilantly monitoring the developments in the markets and believes that it is positioned to deal with these developments should the market conditions persist. Subsequent to year-end, the Organization incurred additional unrealized losses of approximately 5% of the value at June 30, 2008.

OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2008</u>	<u>2007</u>
Land	\$ 2,861,540	\$ 2,211,540
Buildings and improvements	9,918,053	8,851,023
Equipment	25,079,576	24,471,891
Computer software	<u>170,450</u>	<u>168,391</u>
Total property and equipment	38,029,619	35,702,845
Less accumulated depreciation and amortization	<u>(23,394,938)</u>	<u>(21,470,175)</u>
	14,634,681	14,232,670
Construction in progress	<u>498,680</u>	<u>615,916</u>
Property and equipment, net	<u><u>\$ 15,133,361</u></u>	<u><u>\$ 14,848,586</u></u>

Depreciation and amortization expense for the years ended June 30, 2008 and 2007, was \$1,972,056 and \$1,872,329, respectively.

NOTE 7 – LINE OF CREDIT

OPB has an unsecured revolving line of credit totaling \$1,000,000 with US Bank N.A. Borrowings under the line of credit are due on demand and bear interest at the bank's prime rate less .25% (4.75% and 8.25% at June 30, 2008 and 2007, respectively). No balance was outstanding on the revolving line of credit as of June 30, 2008 and 2007. The line of credit expires December 31, 2008.

OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – NOTE PAYABLE

The note payable is as follows:

	2008	2007
Note payable to bank, payable in monthly installments of \$13,452 plus interest at 6.58%, collateralized by real property, paid off in March 2008	\$ -	\$ 2,367,566
Note payable to bank, payable in one installment of \$475,000 plus interest at 4.75%, due February 19, 2010	475,000	-
	\$ 475,000	\$ 2,367,566

Following is a summary of scheduled principal maturities of the note payable:

Years ending June 30, 2009	\$ -
2010	475,000
	\$ 475,000

Interest expense for the years ending June 30, 2008 and 2007, was \$203,876 and \$164,599, respectively.

OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Operating leases – OPB is committed under various noncancellable long-term leases for property and equipment expiring through 2025. The aggregate minimum rental commitments under the leases are as follows:

Years ending June 30, 2009	\$	27,894
2010		23,956
2011		22,644
2012		22,644
2013		21,444
Thereafter		<u>246,302</u>
	\$	<u><u>364,884</u></u>

Rental expense was \$92,024 and \$80,145 for the years ended June 30, 2008 and 2007, respectively.

National Telecommunications Information Administration (NTIA) – The federal government has a ten-year priority lien on any facility and equipment purchased with funds from the NTIA. The lien is to ensure that broadcasting facilities funded with federal monies will continue to be used to provide public broadcasting services to the public during the period of federal interest.

Grant revenues – The grant revenues reported in the accompanying statements of activities are subject to audit and adjustment by grantor agencies. Grant revenues relating to costs, which may be ultimately questioned or disallowed by the grantor agencies, may become a liability of OPB as a result of audit findings.

Capital purchases – At June 30, 2008 and 2007, outstanding purchase commitments were \$247,629 and \$277,592, respectively, for equipment and related costs.

OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – DONATED SERVICES AND MATERIALS

Donated programming, equipment, and other services by functional classification are as follows:

	<u>2008</u>	<u>2007</u>
Programming and production	\$ 57,625	\$ 81,549
Broadcasting	9,025	9,525
Marketing	92,939	236,305
Management and general	67,805	72,491
Development and fund-raising	49,511	84,742
Land and buildings	716,000	-
	<u>\$ 992,905</u>	<u>\$ 484,612</u>

The valuation of the services and materials was determined by the donors.

A substantial number of volunteers donate significant amounts of their time in OPB's program services. These donated hours are a necessary part of OPB's activities since its services could not be sustained at the current level without such support. The services contributed do not enhance nonfinancial assets or require specialized skills. Therefore, no dollar amounts have been reflected in the accompanying financial statements for these services.

NOTE 11 – RETIREMENT PLANS

OPB has a defined contribution plan which is open to all OPB employees who have completed one year of service. OPB's contributions are based on a percentage of eligible compensation and benefits are fully vested. Contributions totaled \$748,346 and \$688,354 during the years ended June 30, 2008 and 2007, respectively.

OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS

NOTE 12 – INVESTMENTS IN LLCs

OPB has a 50% investment in an LLC that was formed to construct and operate a transmission tower which holds both analog and digital antennas. OPB and the other LLC member contribute on an equal basis the capital necessary to operate this tower. For the years ended June 30, 2008 and 2007, OPB made no contributions. Summarized financial information for the LLC, which is accounted for under the equity method due to OPB’s 50% investment (which approximates 58% at June 30, 2008 and 2007 as a result of depreciation allocations based on assets owned), consisted of the following at June 30:

	<u>2008</u> (Unaudited)	<u>2007</u> (Unaudited)
Current assets	\$ 397,245	\$ 346,247
Noncurrent assets	<u>4,367,072</u>	<u>4,496,855</u>
Total assets	<u>\$ 4,764,317</u>	<u>\$ 4,843,102</u>
Current liabilities	\$ 185,156	\$ 175,667
Noncurrent liabilities	<u>367,157</u>	<u>559,025</u>
Total liabilities	552,313	734,692
Equity, beginning of year	\$ 4,108,410	\$ 4,090,830
Gain (loss) from continuing operations	103,594	17,580
Equity, end of year	<u>4,212,004</u>	<u>4,108,410</u>
Total liabilities and equity	<u>\$ 4,764,317</u>	<u>\$ 4,843,102</u>

OPB has a 14% investment totaling \$66,149 and \$28,781 at June 30, 2008 and 2007, respectively, in another LLC. This investment is accounted for under the cost method.

**OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject OPB to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities and other investments, unsecured accounts receivable, and notes receivable. OPB places substantially all of its cash and liquid investments with high-quality financial institutions; however, cash balances may periodically exceed federally insured limits. Marketable securities, consisting of both debt and equity instruments, are generally placed in a variety of managed funds administered by an investment manager. To date, OPB has not experienced losses at these high-quality institutions.

NOTE 14 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets relating to restricted contributions and grants are released from the temporarily restricted net assets to unrestricted net assets when OPB incurs expenses satisfying the restricted purposes or when other events specified by donors occur.

	<u>2008</u>	<u>2007</u>
Restricted purposes accomplished:		
Production	\$ 7,884,032	\$ 6,094,783
Programming and promotion	2,185,579	2,333,441
Digital equipment conversion	740,278	1,366,197
Educational outreach	53,992	51,210
General equipment	11,183	538,441
Distribution of charitable trust agreement	-	67,147
	<u>\$ 10,875,064</u>	<u>\$ 10,451,219</u>

OREGON PUBLIC BROADCASTING
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	<u>2008</u>	<u>2007</u>
Digital equipment conversion	\$ 1,618,405	\$ 2,169,488
Programming	5,000	66,229
Charitable trust agreements	488,261	468,092
	<u>\$ 2,111,666</u>	<u>\$ 2,703,809</u>

NOTE 16 – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of endowments restricted for the following purposes:

	<u>2008</u>	<u>2007</u>
General operations	\$ 850,997	\$ 817,842
Programming	598,162	348,162
Capital improvements	43,000	43,000
Internships	178,975	177,475
Charitable trust agreements	66,646	66,871
	<u>\$ 1,737,780</u>	<u>\$ 1,453,350</u>