



**Guam Educational Telecommunications Corporation
(PBS GUAM)
FY 2012 Financial Highlights**

February 19, 2013

The Guam Educational Telecommunications Corporation (dba PBS Guam) ended Fiscal Year (FY) 2012 with a decrease in net assets of \$13,322 compared to an increase of \$10,566 in FY 2011. PBS Guam received an unqualified (clean) opinion from independent auditors, Deloitte & Touche, LLP. A separate management letter was issued, which contained five comments related to PBS Guam's internal control over financial reporting and its Board of Trustee's lack of quorum. Auditors proposed eight adjustments which had a cumulative effect of decreasing net assets by \$61,193. Although PBS Guam is not a recipient of federal grants, it is to be commended for its equivalence to a "low-risk auditee" as the auditors have not identified any material weaknesses and significant deficiencies for the past five years.

Decrease in Revenues

PBS Guam's main sources of income derive from grants, government appropriations, and efforts in raising funds that would support upgrades and enhancements to the station. Altogether, grants were 48% or \$852 thousand (K) of PBS Guam's revenues and government appropriations made up 31% or \$553K. In FY 2012, revenues decreased by \$185K from \$1.95 million (M) in FY 2011 to \$1.77M. This decrease in revenues included fundraising efforts that declined by 51%, or \$89K from \$175K in FY 2011 to \$86K in FY 2012, consistent with a 63%, or \$51K decrease in expenses due to a one-time fundraising event held in 2011. Government appropriations declined by 11% or \$68K, from \$621K in FY 2011 to \$553K in FY 2012. Other revenue sources that decreased included community service grants, decreasing by 5% or \$39K, and underwriting, decreasing by 17% or \$13K. Revenue sources that increased were contributions and other income, up by 24% or \$13K; interest, up by 91% or \$5K; in-kind contributions, up by 3% or \$3.6K; and others, up by 125% or \$3K.

Decrease in Expenses

PBS responded to the drop in revenue with a more stringent effort to decrease expenses. Expenses decreased by 8% or \$161K from \$1.94M in FY 2011 to \$1.78M in FY 2012. Expenses for fundraising, program broadcasting, personnel services, contractual services, and development and promotion contributed to the overall decrease. Fundraising decreased by 63% or \$51K, from \$80K in FY 2011 to \$30K in FY 2012. Program broadcasting decreased, by 10% or \$51K, from \$534K in FY 2011 to \$483K in FY 2012. Personnel services decreased, by 10% or \$39K, from \$373K in FY 2011 to \$335K in FY 2012. Contractual services decreased by 22% or \$37K from \$168K in FY 2011 to \$131K in FY 2012 and development and promotion expenses decreased by 18% or \$16K from \$92K in FY 2011 to \$75K in FY 2012.

Accounting Infrastructure

The responsibility of ensuring proper financial reporting remains with management. PBS Guam should continue providing staff training in accounting related practices in the event a contracted accountant can no longer be used. Certain minor and isolated procurement matters have been cited for FY 2011 and FY 2012, and payroll issues are cited under two separate matters as well as another matter cited for accounting policy for revenue recognition related to restricted grants.

Outlook for PBS Guam

PBS Guam continues to be challenged with filling member positions for its Board of Trustees. The Board currently has only one member and no board meetings were held during the year ended September 30, 2012 as a result of the lack of quorum. Although there is some uncertainty on funding relied upon from appropriations provided by the Government of Guam, community and National Telecommunication & Information Administration grants are expected to remain the same.

For a more detailed discussion on PBS GUAM's operations, refer to the Management's Discussion and Analysis in the audit report at www.guamopa.org and www.pbsguam.org.