



**Guam Educational Telecommunications Corporation
(PBS GUAM)
FY 2011 Financial Highlights**

February 22, 2012

Despite the economic downturn our island continued to face in fiscal year (FY) 2011, the Guam Educational Telecommunications Corporation (dba PBS Guam) experienced an increase in net assets (income) of \$10,500 compared to a decrease (loss) of \$204,000 in FY 2010. PBS Guam received an unqualified (clean) opinion from independent auditors, Deloitte & Touche, LLP. A separate management letter was issued, which contained one deficiency related to PBS Guam's absence of procurement documentation. Auditors also made seven adjustments which had a cumulative effect of decreasing net assets by \$2,050.

Increase in Revenues

PBS Guam's main sources of income derive from grants and government appropriations. In FY 2011, revenues increased by \$354,000 from \$1.6 million (M) in FY 2010 to \$1.9M. This increase was due primarily to the National Telecommunications and Information Administration Grant award amounting to \$141,000 for the upgrading of station equipment. Community service grants increased by 21% or \$129,000 from \$622,000 in FY 2010 to \$751,000 in FY 2011. Altogether, grants were 46% or \$891,000 of PBS Guam's revenues. Government appropriations made up 32% of FY 2011 revenues and increased by 2% or \$12,000 from \$610,000 in FY 2010 to \$621,000.

Aside from grants and government appropriations, PBS Guam makes efforts in raising funds that would support upgrades and enhancements to the station. In FY 2011, fundraising efforts totaled to \$175,000, which was a 64% or \$68,000 increase from FY 2010's efforts of \$107,000.

Increase in Expenses

Expenses increased by 8% or \$139,000 from \$1.8M in FY 2010 to \$1.9M in FY 2011. Expenses for program broadcasting, development and promotion, and fundraising contributed to the overall increase. Program broadcasting increased by 32% or \$128,000 from \$405,000 in FY 2010 to \$533,000 in FY 2011. Development and promotion expenses increased by 13% or \$10,000 from \$81,000 in FY 2010 to \$91,000 in FY 2011. Fundraising expenses also increased by 74% or \$34,100 from \$46,100 in FY 2010 to \$80,200 in FY 2011. This gave PBS Guam a profit margin (related to fundraising) of 54% in FY 2011 compared to 57% in FY 2010.

Government appropriations assisted in funding 32% of PBS Guam's expenses and paid for the salaries and benefits of 10 employees, contractual services, and utilities. Government expenditures remained stable with a 1% or \$6,000 increase from \$610,000 in FY 2010 to \$616,000 in FY 2011.

Accounting Infrastructure

PBS Guam has been successful in improving its accounting structure to the point where no material weaknesses have been identified in its financial audits for the last four fiscal years. Much of its success and improvements can be attributed to the use of a contracted accountant who prepares the financial information needed. However, the responsibility of ensuring proper financial reporting should still remain with management. PBS Guam should consider providing staff training in accounting related practices in the event of budgetary issues and a contracted accountant can no longer be used. For example, even with the use of a contracted accountant, reports provided to financial auditors are still trial balances rather than actual unaudited financial statements.

Reorganization under Department of Chamorro Affairs

PBS Guam was recently reorganized as a division under the Department of Chamorro Affairs along with other cultural and learning services provided by the government. PBS Guam sees great opportunity with the reorganization to obtain more financial support for the technology and skill sets needed to provide better service and a greater television experience for its viewers. Although reorganization is occurring, PBS Guam's financial reporting will remain separate and it will maintain its current Board of Trustees. As a matter of full disclosure, the Board Chairperson is the Public Auditor's step-sister.

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.