

City Colleges of Chicago  
Community College  
District No. 508  
WYCC-TV20

Financial Statements as of and for the Year Ended  
June 30, 2011, Required Supplementary Information  
as of and for the Year Ended June 30, 2011, and  
Independent Auditors' Report

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
WYCC-TV20**

**TABLE OF CONTENTS**

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	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2011:	
Statement of Net Assets	7
Statement of Revenues, Expenses, and Changes in Net Assets	8
Statement of Cash Flows	9
Notes to Financial Statements	10-13
REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2011:	
Statement of Functional Expenses	15

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
City Colleges of Chicago Community College District No. 508  
WYCC-TV20  
Chicago, Illinois

We have audited the statement of net assets of the City Colleges of Chicago Community College District No. 508 WYCC-TV20 ("WYCC-TV20") as of June 30, 2011, and the related statements of revenues, expenses, and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of WYCC-TV20's management. 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 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 WYCC-TV20'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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the financial statements referred to above present only WYCC-TV20 and are not intended to present the financial position of City Colleges, the results of its operations and its cash flows in conformity with accounting principles generally accepted in the United States of America.

In our opinion, such financial statements present fairly, in all material respects, the financial position of WYCC-TV20 of the City Colleges, as of June 30, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of WYCC-TV20's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit such information, and we do not express an opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The statement of functional expenses, as listed in the table of contents, is presented for purposes of additional analysis. This information is the responsibility of WYCC-TV20's management. Such information has been subjected to auditing procedures applied in our audit on the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Deloitte & Touche LLP*

November 30, 2011

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
WYCC-TV20**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

**Mission**

WYCC-TV20 of the City Colleges of Chicago — Community College District No. 508 (“City Colleges”) extends the mission of City Colleges by providing public education via the television medium. Its mission is to enrich, enlighten, and engage the diverse and multicultural Chicago area communities with WISE<sup>SM</sup> television production and programming.

**Using This Financial Statement**

This section of WYCC-TV20’s financial statements represents management’s discussion and analysis of WYCC-TV20’s financial activity during the fiscal year ended June 30, 2011. Management’s discussion and analysis focuses on current activities and currently known facts of WYCC-TV20 as a separate reporting unit of City Colleges.

**Statement of Revenues, Expenses, and Changes in Net Assets**

The statement of revenues, expenses, and changes in net assets reflects the format required by the Corporation for Public Broadcasting. Revenues are classified by source. Expenses are classified according to function. Grants are recognized as revenues in the period when funds are expended.

**Additional Information**

WYCC-TV20 receives a substantial portion of its annual funding from the City Colleges of Chicago, the Corporation for Public Broadcasting, and the State of Illinois.

WYCC-TV20’s Federal Communication Broadcasting (FCC) license to broadcast has been renewed through December 1, 2013.

The following schedules on pages 3 through 6 were prepared from WYCC-TV20’s financial statements on pages 7 through 9, which are presented on the accrual basis of accounting.

**Net Assets**

**2011** — Current assets decreased by \$1,087,021 due to a decrease in cash which was offset by an increase in accounts receivable. Liabilities decreased by \$1,183,358 due to decreases in accounts payable and accrued expenses, which was offset by an increase in deferred revenue. Property and equipment decreased as obsolete assets and the accompanying accumulated depreciation were written off. Depreciation for 2011 of \$489,096 had the effect of increasing accumulated depreciation, reducing noncurrent assets, and reducing net assets invested in capital assets.

Liabilities increased by \$1,824,069 due to increases in accounts payable, accrued expenses and deferred revenue.

**Net Assets**

Current assets	\$ 2,042,526
Capital assets	4,979,228
Less accumulated depreciation	<u>(1,971,383)</u>
Total assets	5,050,371
Liabilities	<u>916,476</u>
Net assets:	
Invested in capital assets — net of related debt	3,007,845
Unrestricted	<u>1,126,050</u>
Total net assets	<u>\$ 4,133,895</u>

**Revenues, Expenses, and Changes in Net Assets**

Operating revenues (net)	\$ 824,344
Operating expenses	<u>(7,154,512)</u>
Operating loss	(6,330,168)
Nonoperating revenues	<u>5,828,778</u>
Loss before capital appropriations and grants	(501,390)
Capital appropriations and grants	<u>12,294</u>
Change in net assets	(489,096)
Net assets — beginning of year	<u>4,622,991</u>
Net assets — end of year	<u>\$ 4,133,895</u>

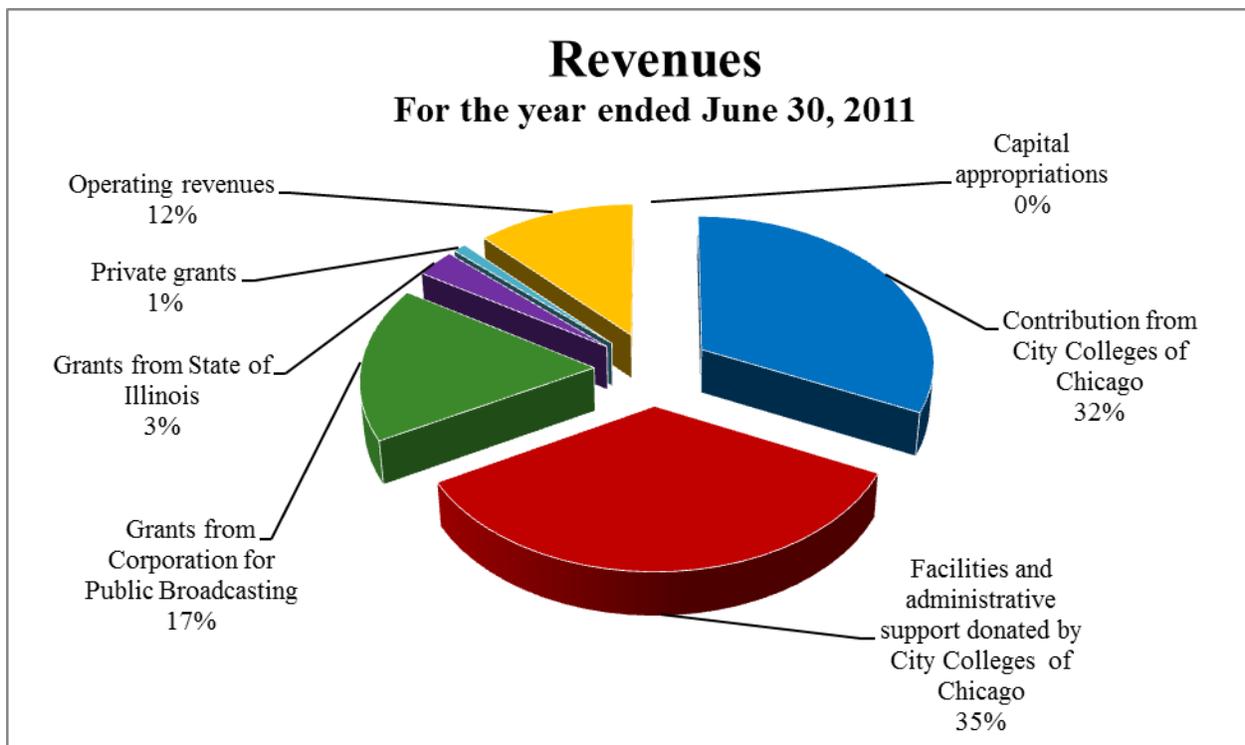
**Revenues, Expenses, and Changes in Net Assets as of June 30, 2011**

Loss before capital appropriations and grants in 2011 includes the amount of depreciation recorded for the year plus the noncapitalized equipment obtained during the fiscal year. See the detail discussions in revenues and expenses for 2011.

Below is a graphical illustration of revenues and expenses:

**Total Revenues**

Contribution from City Colleges of Chicago	\$ 2,149,125
Facilities and administrative support donated by City Colleges of Chicago	2,333,259
Grants from Corporation for Public Broadcasting	1,112,472
Grants from State of Illinois	169,527
Private grants	64,395
Net operating revenue	824,344
Capital appropriations	<u>12,294</u>
 Total revenues	 <u>\$ 6,665,416</u>



**Revenues for fiscal year ended June 30, 2011**

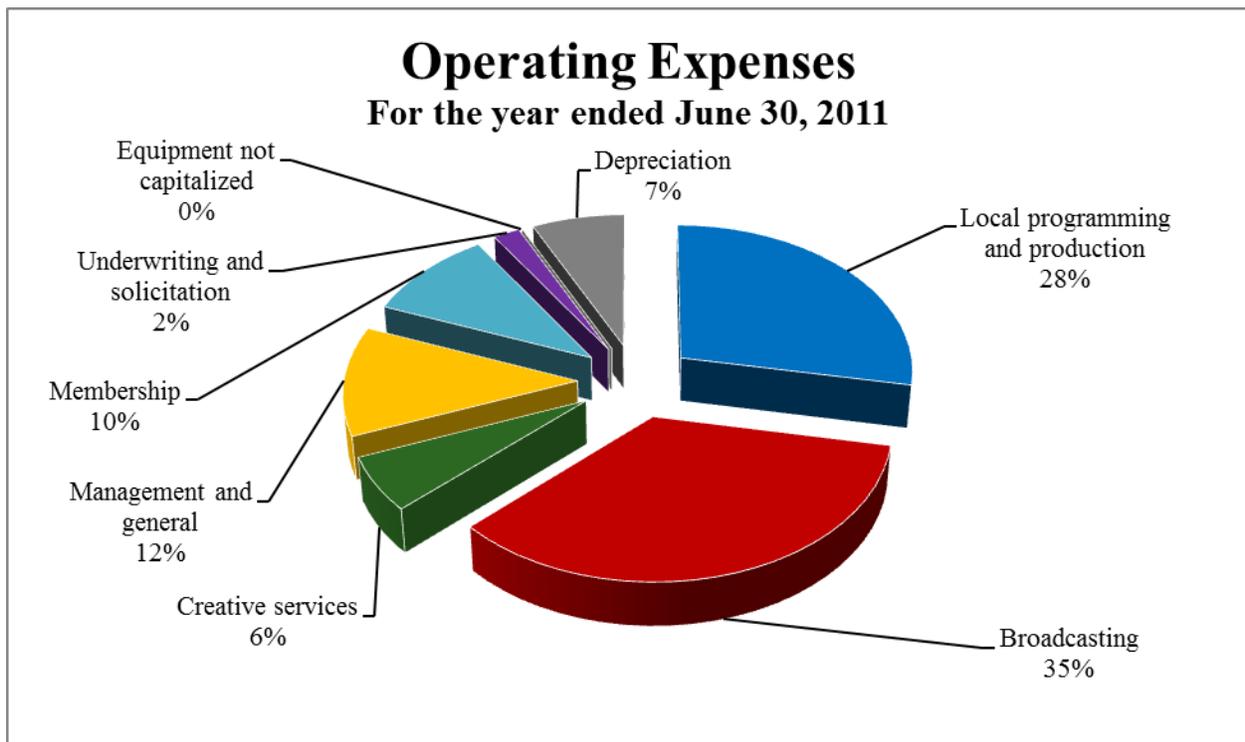
Operating revenues decreased by \$55,104 due to a \$43,942 decrease in underwriting revenue and a \$51,928 decrease in membership revenue, which were offset by a \$2,766 increase in contribution revenue and a \$38,000 increase in production revenue. Nonoperating revenues decreased by a net \$3,891,630 due to a decrease of \$3,967,679 in contributions and support from the City Colleges of Chicago, which was offset by a net increase of \$76,049 in grants received. Capital appropriations decreased by \$82,467 due to the fact that there were fewer purchases of equipment than in prior years.

## Operating Expenses for fiscal year ended June 30, 2011

Total expenses decreased by \$4,158,940 due to an aggregate decrease in departmental operating expenses of \$3,946,734, an \$82,467 decrease in noncapitalized equipment, as well as a \$129,739 decrease in depreciation over the prior year. The \$2,677,173 decrease in management and general expenses was due to an accrued legal liability from the prior year which was settled.

### Operating Expenses

Local programming and production	\$ 2,038,886
Broadcasting	2,539,416
Creative services	429,193
Management and general	853,863
Membership	681,839
Underwriting and solicitation	109,925
Equipment not capitalized	12,294
Depreciation	<u>489,096</u>
 Total operating expenses	 7,154,512
 Less depreciation	 <u>(489,096)</u>
 Functional expenses	 <u>\$ 6,665,416</u>



**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
WYCC-TV20**

**STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

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**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,804,644
Accounts receivable	193,680
Prepaid expenses	<u>44,202</u>

Total current assets 2,042,526

PROPERTY AND EQUIPMENT:

Capital assets	4,979,228
Accumulated depreciation	<u>(1,971,383)</u>

Net property and equipment 3,007,845

TOTAL \$ 5,050,371

**LIABILITIES AND NET ASSETS**

LIABILITIES:

Accounts payable and accrued expenses	\$ 353,186
Deferred revenue	<u>563,290</u>

Total liabilities 916,476

NET ASSETS:

Invested in capital assets — net of related debt	3,007,845
Unrestricted	<u>1,126,050</u>

Total net assets 4,133,895

TOTAL \$ 5,050,371

See notes to financial statements.

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
WYCC-TV20**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

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OPERATING REVENUES:	
Operating revenue	\$ 824,344
Less sales discounts	<u>                    </u>
Net operating revenue	<u>824,344</u>
OPERATING EXPENSES:	
Local programming and production	2,038,886
Broadcasting	2,539,416
Creative services	429,193
Management and general	853,863
Membership	681,839
Underwriting and solicitation	109,925
Equipment not capitalized	12,294
Depreciation	<u>489,096</u>
Total operating expenses	<u>7,154,512</u>
OPERATING LOSS	<u>(6,330,168)</u>
NONOPERATING REVENUES:	
Contribution from City Colleges of Chicago	2,149,125
Facilities and administrative support donated by City Colleges of Chicago	2,333,259
Grants from the Corporation for Public Broadcasting	1,112,472
Grants from the State of Illinois	169,527
Private grants	<u>64,395</u>
Total nonoperating revenues	<u>5,828,778</u>
LOSS BEFORE CAPITAL APPROPRIATIONS	(501,390)
CAPITAL APPROPRIATIONS	<u>12,294</u>
CHANGE IN NET ASSETS	(489,096)
NET ASSETS — July 1	<u>4,622,991</u>
NET ASSETS — June 30	<u>\$ 4,133,895</u>

See notes to financial statements.

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
WYCC-TV20**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

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CASH FLOWS FROM OPERATING ACTIVITIES:	
Underwriting and membership	\$ 823,254
Payments to suppliers and employees	<u>(5,612,978)</u>
Net cash used in operating activities	<u>(4,789,724)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Contributions from City Colleges of Chicago	2,052,788
Nonoperating grants	<u>1,541,704</u>
Net cash flows provided by noncapital financing activities	<u>3,594,492</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITY:	
Contribution from City Colleges of Chicago for loss on disposal of capital assets	<u>96,337</u>
Net cash flows provided by capital financing activities	<u>96,337</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,098,895)
CASH AND CASH EQUIVALENTS — July 1	<u>2,903,539</u>
CASH AND CASH EQUIVALENTS — June 30	<u>\$ 1,804,644</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	<u>\$(6,330,168)</u>
Adjustments to reconcile:	
Equipment not capitalized paid for by City Colleges of Chicago	12,294
Depreciation	489,096
Loss on disposal of capital assets	96,337
Facilities and administrative support donated by City Colleges of Chicago	2,333,259
Changes in assets and liabilities:	
Accounts receivable	(1,090)
Prepaid expenses	
Accounts payable and accrued expenses	<u>(1,389,452)</u>
Total adjustments to reconcile	<u>1,540,444</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$(4,789,724)</u>

See notes to financial statements.

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
WYCC-TV20**

**NOTES TO FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011**

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**1. NATURE OF OPERATIONS**

WYCC-TV20 is a public broadcasting television station wholly owned and operated by the City Colleges of Chicago — Community College District No. 508 (“City Colleges”) for the purpose of delivering televised credit courses and educational programming to the community.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** — The accompanying financial statements have been prepared in conformity with accounting practices prescribed by the Corporation for Public Broadcasting (CPB). These practices require that the financial statements conform to accounting principles generally accepted in the United States of America (GAAP). The financial statements presented are only for WYCC-TV20, and are not intended to present the financial positions, results of operations, or cash flows of City Colleges.

The financial statements of WYCC-TV20 have been prepared on the accrual basis of accounting. Grant funds received are reported as revenue when expended. Grant funds that are attributable to future expenses are reported as deferred revenue. Expenses include all liabilities for goods and services actually received for the fiscal year ended June 30, 2011.

The accounting policies of WYCC-TV20 conform to GAAP as applicable to colleges and universities. WYCC-TV20’s reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable Financial Accounting Standards Board statements and interpretations, Accounting Principles Board opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**Use of Estimates** — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents** — To better manage the resources of City Colleges, all of its cash and cash equivalents are accounted for on a pooled basis. Cash and cash equivalents at June 30, 2011, represent WYCC-TV20’s share of City Colleges’ pooled cash and cash equivalents.

**Prepaid Expenses** — Prepaid expenses are expenditures already made for benefits to be received within one year and are reported at the amount of the unexpired or unconsumed cost.

**Revenues and Expenses** — WYCC-TV20 distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with WYCC-TV20’s principal ongoing operations. The principal operating revenues of WYCC-TV20 are charges to customers for underwriting and membership services. Operating expenses

include cost of services, payments to suppliers and employees, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Donated Facilities and Administrative Support** — Donated facilities by City Colleges, consisting of office and studio space and related occupancy costs, are recorded in revenues and expenses based on allocations of actual expenditures of the City Colleges. Administrative support from City Colleges consists of allocated financial and administrative costs and certain other expenditures incurred by City Colleges on behalf of WYCC-TV20.

**Contribution from the City Colleges of Chicago** — The level of contribution from City Colleges recognized as revenue by WYCC-TV20 is the amount necessary to result in a change in total net assets equal to the difference between the noncash depreciation expense and the resources from capital appropriations and grants.

**Capital Assets** — Capital assets are recorded at cost on the date of acquisition, or at fair value in the case of gifts. Purchases of fixed assets are recorded as expenditures of operating funds. Equipment which has a cost or net book value of \$25,000 or more with an estimated useful life greater than one year is capitalized. Depreciation of capital assets is computed using the straight-line method assuming the following useful lives:

<b>Asset</b>	<b>Years</b>
Radio and television equipment	8–10
Other equipment	3
Vehicles	5
Software	4

**Subsequent Events** — WYCC-TV20 has evaluated all subsequent events through November 30, 2011, which is the date the financial statements were available to be issued.

### 3. CAPITAL ASSETS

WYCC-TV20's major capital asset is its transmitter and antenna which has a life of eight years and is depreciated using the straight-line method. Expenses for repairs and maintenance are charged to operations as incurred.

A summary of changes in the capital assets for fiscal year 2011 is as follows:

	<b>Beginning Balance</b>	<b>Disposals, Adjustments, and Transfers Out</b>	<b>Additions and Transfers in</b>	<b>Ending Balance</b>
Vehicles	\$ 33,662	\$ (33,662)	\$ -	\$ -
Equipment	5,815,803	(924,837)	33,662	4,924,628
Software	<u>54,600</u>	<u>                    </u>	<u>                    </u>	<u>54,600</u>
Total capital assets	5,904,065	(958,499)	33,662	4,979,228
Accumulated depreciation	<u>(2,310,787)</u>	<u>828,500</u>	<u>(489,096)</u>	<u>(1,971,383)</u>
Net book value June 30, 2011	<u>\$ 3,593,278</u>	<u>\$ (129,999)</u>	<u>\$ (455,434)</u>	<u>\$ 3,007,845</u>

#### 4. LEASES

On October 1, 1999, City Colleges renewed a lease agreement with John Hancock Mutual Life Insurance Company (SRI Michigan Avenue Venture LLC) for transmitter and antenna space. On May 1, 2003, City Colleges entered into an agreement with John Hancock Mutual Life Insurance Company to lease additional space. Both agreements expire on September 30, 2014. Lease expense for the year ended June 30, 2011, totaled \$582,347.

A schedule by year of future minimum lease rental payments required under the lease agreement as of June 30, 2011, is as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2012	\$ 604,922
2013	623,069
2014	641,761
2015	<u>161,979</u>
Total	<u><u>\$2,031,731</u></u>

#### 5. COMMITMENTS AND CONTINGENCIES

City Colleges is a defendant in litigation under various matters arising in the ordinary course of business. As an operating department of City Colleges, WYCC could be named in these matters. WYCC is currently the defendant in one lawsuit. The potential outcome of this case is uncertain at this time; however, in the opinion of management, this case will be vigorously defended and resolved without any material adverse effect on the financial position of WYCC-TV20.

**6. NEW ACCOUNTING STANDARD**

GASB Statement No. 59, *Financial Instruments Omnibus*, updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2010. This statement did not have a material impact on WYCC-TV20's financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY COLLEGES OF CHICAGO  
COMMUNITY COLLEGE DISTRICT NO. 508  
WYCC-TV20**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011**

	Program Services			Supporting Services			Capital Outlay	Total
	Local Programming and Production	Broadcasting	Creative Services	Management and General	Membership	Underwriting and Solicitation		
EXPENSES:								
Salaries and taxes	\$ 1,152,981	\$ 1,071,253	\$ 427,782	\$ 643,783	\$ 128,552	\$ 108,252	\$ -	\$ 3,532,603
Professional services	117,883	415,504		17,488	87,081			637,956
Supplies	13,435	38,134	879	17,619	39,047			109,114
Telephone and utilities				145,545				145,545
Postage and delivery	154	655		8,632	78,608	26		88,075
Printing and publications	1,551		532	388	317,445			319,916
Advertising					20,706			20,706
Rental and equipment maintainance	1,715	3,943		8,234				13,892
Occupancy		904,061						904,061
Travel	5,705	9,194		6,391	1,507	1,647		24,444
Dues and membership	743,599	335		5,783				749,717
Other expenses	1,863	96,337			8,893			107,093
Equipment							12,294	12,294
TOTAL EXPENSES	<u>\$ 2,038,886</u>	<u>\$ 2,539,416</u>	<u>\$ 429,193</u>	<u>\$ 853,863</u>	<u>\$ 681,839</u>	<u>\$ 109,925</u>	<u>\$ 12,294</u>	<u>\$ 6,665,416</u>