HOUSTON PUBLIC MEDIA

(A Division of the University of Houston System)

Independent Auditor's Report and Basic Financial Statements

August 31, 2015 and 2014

BKD LLP
CPAs & Advisors

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

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BKD LLP
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Independent Auditor's Report

Board of Regents
University of Houston System
Houston, Texas

We have audited the accompanying financial statements of Houston Public Media (the Stations), a division of the University of Houston System (the System), and of its discretely presented component unit, as of and for the years ended August 31, 2015 and 2014, which collectively comprise the Stations' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Stations and its discretely presented component unit as of August 31, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the financial statements of the Stations, and do not purport to, and do not, present fairly the financial position of the System as of August 31, 2015 and 2014, the changes in its financial position or its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 3 to the financial statements, in 2015, the Stations adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stations' basic financial statements. The supplementary information, listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Houston, Texas
April 26, 2016

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

Management's Discussion and Analysis

August 31, 2015 and 2014

Introduction

The following Management's Discussion and Analysis (MD&A) provides an overview of the activities and the financial position of Houston Public Media (the Stations), a Division of the University of Houston (UH) System (the System), as of and for the years ended August 31, 2015 and 2014. This MD&A offers a summary of significant current year activities of the Stations, resulting changes in net position and currently known economic conditions and facts. This analysis should be read in conjunction with the Stations' financial statements and the notes to the financial statements. Responsibility of the financial statements, related footnote disclosures and MD&A rests with the Stations' management.

The Stations, licensed to the Board of Regents of the System, are located at the System's Central campus, and are a division of UH. Houston Public Media Foundation (HPMF) is a legally separate and tax-exempt entity meeting all of the following criteria to be discretely presented as a component unit. These criteria are:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Overview of the Financial Statements

The Stations herewith present its financial statements for fiscal years ended August 31, 2015 and 2014. The financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board (GASB), which establishes accounting principles generally accepted in the United States of America for state and local governments. The three primary financial statements presented are the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows. The information contained in the financial statements of the Stations is incorporated within the System's Annual Financial Report.

Financial Statements

The financial statements consist of the following:

The *statement of net position* reflects the Stations' assets, deferred outflows of resources, liabilities and deferred inflows of resources using the economic resources measurement focus and accrual basis of accounting, and represents the financial position as of the conclusion of the fiscal year. Net position is equal to assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Unrestricted net position is available to the Stations for any lawful purpose. Unrestricted net position often has constraints imposed by management, which can be removed or modified. Net investment in capital assets represents the original acquisition value of capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. Restricted net position represents net position that can be utilized only in accordance with third-party imposed restrictions.

The *statement of revenues, expenses and changes in net position* identifies operating revenues received by the Stations. Additionally, the operating expenses incurred by the Stations during the fiscal year are displayed. Any revenues or expenses resulting from other than operations would also be displayed on this statement.

The *statement of cash flows* reflects the inflows and outflows of cash and cash equivalents and shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the statement of net position, described above. In addition, this statement reconciles cash flows from operating activities to operating income (loss) on the statement of revenues, expenses and changes in net position described above.

This MD&A uses the prior fiscal year as a reference point in illustrating issues and trends for determining whether the Stations' financial health may have improved or deteriorated.

Condensed Financial Information

During 2015, the Stations adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as amended. Financial information for 2014 and 2013 has not been restated for adoption of GASB 68.

Summary of Net Position

	2015	2014	2013
Assets:			
Current assets	$ 1,389,903	1,009,386	722,260
Capital assets, net	15,741,181	16,380,768	17,148,902
Other noncurrent assets	1,590,346	1,696,590	1,420,644
Total assets	18,721,430	19,086,744	19,291,806
Deferred outflows of resources - pension	473,574	-	-
Total assets and deferred outflows of resources	$ 19,195,004	19,086,744	19,291,806
Liabilities:			
Current liabilities	$ 8,350,933	7,368,535	5,516,965
Noncurrent liabilities	11,092,711	9,278,712	9,608,761
Total liabilities	19,443,644	16,647,247	15,125,726
Deferred inflows of resources - pension	658,266	-	-
Total liabilities and deferred inflows of resources	$ 20,101,910	16,647,247	15,125,726
Net position:			
Net investment in capital assets	$ 6,526,768	6,836,808	7,284,893
Restricted for endowment funds	1,458,060	1,569,302	1,278,236
Unrestricted	(8,891,734)	(5,966,613)	(4,397,049)
Total net position	$ (906,906)	2,439,497	4,166,080
Total liabilities and net position	$ 19,195,004	19,086,744	19,291,806

HOUSTON PUBLIC MEDIA
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Management's Discussion and Analysis

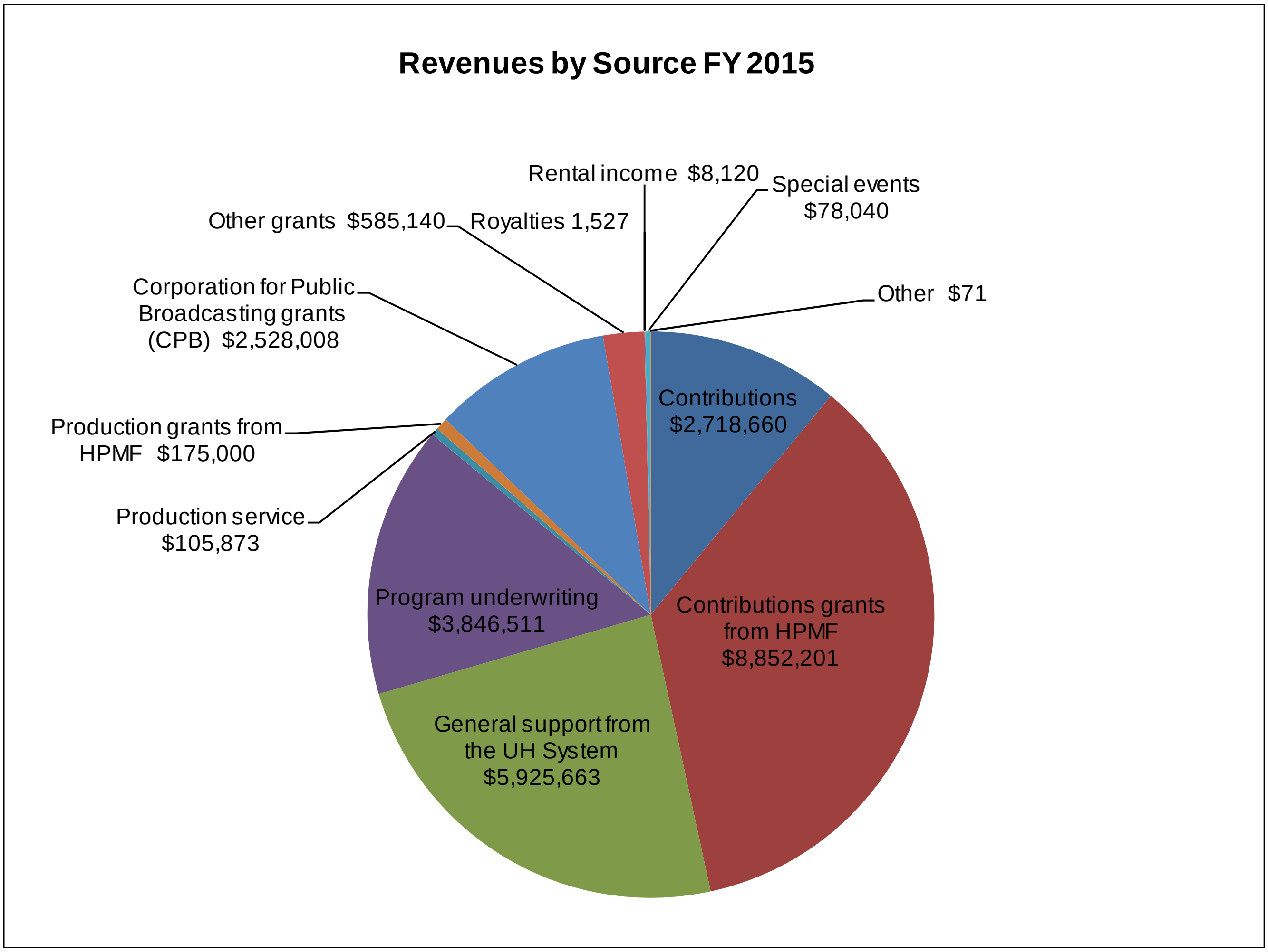
August 31, 2015 and 2014

Summary of Revenues, Expenses and Changes in Net Position

		2015	2014	2013
Operating revenues	$	24,824,814	21,377,108	20,608,709
Operating expenses		25,620,494	23,394,757	21,956,368
Operating loss		(795,680)	(2,017,649)	(1,347,659)
Nonoperating income (loss):				
Additions to endowment		-	111,667	248,229
Gain (loss) from endowment		(111,244)	179,399	59,437
Change in net position		(906,924)	(1,726,583)	(1,039,993)
Net position, beginning of year, as previously reported		2,439,497	4,166,080	5,206,073
Adjustment for adoption of new accounting standard		(2,439,479)	-	-
Net position, beginning of year, as restated		18	4,166,080	5,206,073
Net position, end of year	$	(906,906)	2,439,497	4,166,080

Operating revenues include sources that are primarily used to provide services to the Stations' viewers and listeners. The following schedule presents a summary and comparison of revenues for the fiscal years ended August 31, 2015, 2014 and 2013.

Revenues by Source		FY15		FY14		FY13		2015-2014 Increase (Decrease)		2014-2013 Increase (Decrease)	
Operating revenues:		(A) Amount	% of Total	(B) Amount	% of Total	(C) Amount	% of Total	(A-B) Amount	% of Total	(B-C) Amount	% of Total
Contributions	$	2,718,660	11%	2,410,237	11%	2,700,513	13%	308,423	9%	(290,276)	-38%
Contribution grants from HPMF		8,852,201	36%	8,031,500	38%	7,993,812	39%	820,701	24%	37,688	5%
General support from the UH System		5,925,663	24%	3,864,992	18%	3,170,958	15%	2,060,671	60%	694,034	90%
Program underwriting		3,846,511	15%	3,731,875	17%	3,815,348	19%	114,636	3%	(83,473)	-11%
Production service		105,873	0%	250,430	1%	369,097	2%	(144,557)	-4%	(118,667)	-15%
Production grants from HPMF		175,000	1%	380,000	2%	89,786	0%	(205,000)	-6%	290,214	38%
Corporation for Public Broadcasting (CPB) grants		2,528,008	10%	2,269,552	11%	2,123,324	10%	258,456	7%	146,228	19%
Special events		78,040	0%	166,840	1%	298,091	1%	(88,800)	-3%	(131,251)	-17%
Other		594,858	2%	271,682	1%	47,780	0%	323,176	9%	223,902	29%
Total operating revenues	$	24,824,814	100%	21,377,108	100%	20,608,709	100%	3,447,706	16%	768,399	4%



Operating expenses are the costs necessary to provide those services and to fulfill the mission of the Stations. Alternatively, operating expenses categorized using the natural classification method is disclosed in the schedules of functional expenses. The following schedule presents a summary and comparison of expense for the fiscal years ended August 31, 2015, 2014 and 2013.

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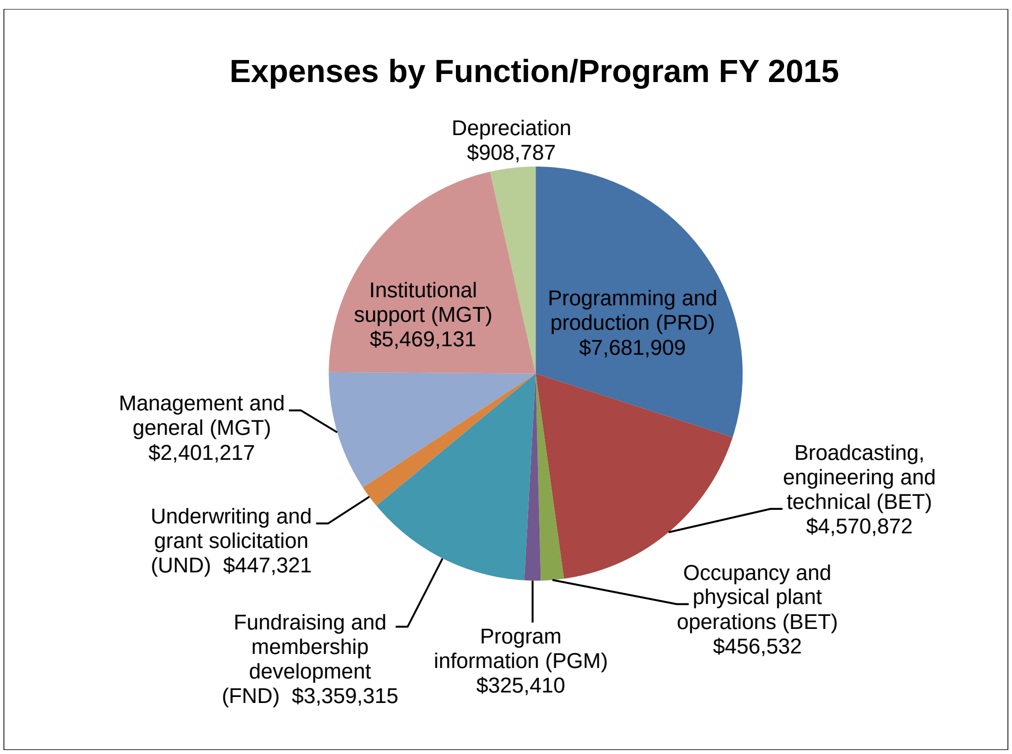
Management's Discussion and Analysis

August 31, 2015 and 2014

Expenses by Function		**FY15**		**FY14**		**FY13**		**2015-2014 Increase (Decrease)**		**2014-2013 Increase (Decrease)**	
Operating expenses:		(A) Amount	% of Total	(B) Amount	% of Total	(C) Amount	% of Total	(A-B) Amount	% of Total	(B-C) Amount	% of Total
Programming and production (PRD)	$	7,681,909	30%	7,846,922	34%	6,226,987	28%	(165,013)	-7%	1,619,935	113%
Broadcasting, engineering and technical (BET)		4,570,872	18%	3,903,392	17%	4,633,076	21%	667,480	30%	(729,684)	-51%
Occupancy and physical plant operations (BET)		456,532	2%	476,613	2%	482,991	2%	(20,081)	-1%	(6,378)	0%
Program information (PGM)		325,410	1%	113,786	0%	867,343	4%	211,624	10%	(753,557)	-52%
Fundraising and membership development (FND)		3,359,315	13%	4,500,937	19%	3,625,931	17%	(1,141,622)	-51%	875,006	61%
Underwriting and grant solicitation (UND)		447,321	2%	536,574	2%	426,374	2%	(89,253)	-4%	110,200	8%
Management and general (MGT)		2,401,217	9%	1,714,007	7%	2,150,736	10%	687,210	31%	(436,729)	-30%
Institutional support (MGT)		5,469,131	21%	3,388,379	14%	2,687,967	12%	2,080,752	93%	700,412	49%
Depreciation		908,787	4%	914,147	4%	854,963	4%	(5,360)	0%	59,184	4%
Total operating expenses	$	25,620,494	100%	23,394,757	100%	21,956,368	100%	2,225,737	10%	1,438,389	7%



Financial Highlights and Analysis

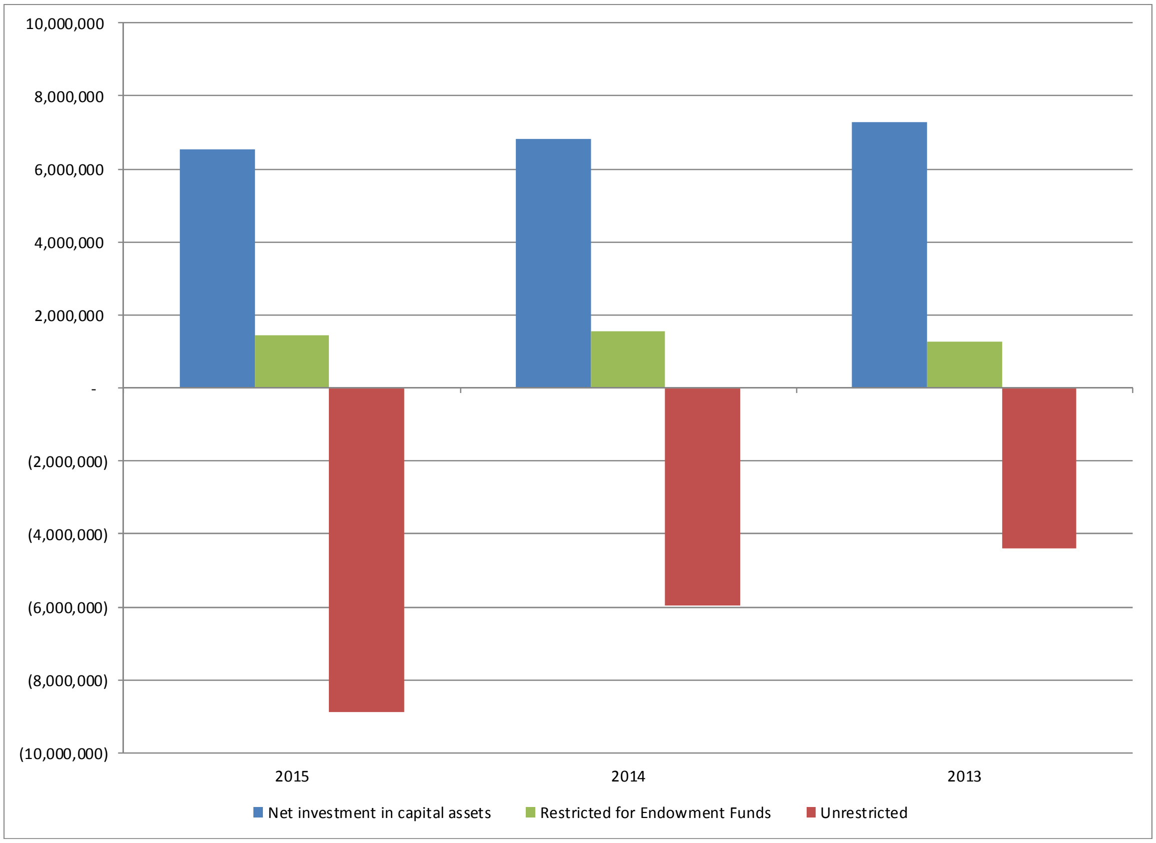
Assets and Liabilities – Fiscal Year 2015 Compared to Fiscal Year 2014

- Current assets increased by $380,517 mainly due to increases in accounts receivable connected to underwriting.
- Capital assets decreased by $639,587 in FY15 primarily due to depreciation on the Stations' capital assets.
- Other noncurrent assets decreased by $106,244 due to the current year's endowment fund losses.
- Current liabilities increased due to the increases in the amount "Due to UH System."
- Noncurrent liabilities increased mainly due to recording a $2,153,546 net pension liability as required by the adoption of GASB Statement Nos. 68 and 71.

Assets and Liabilities – Fiscal Year 2014 Compared to Fiscal Year 2013

- Current assets increased by $287,126 mainly due to several FY15 expenses that were prepaid in FY14. There were no prepaid expenses in prior years.
- Capital assets decreased by $768,134 in FY14 due to the transfer of several capital assets from the Stations to the central UH Property Management books.
- Other noncurrent assets increased by $275,946 due to the current year's endowment fund additions and gains.
- Current liabilities increased due to the increases in the amount "Due to UH System" and in accounts payable. In FY14, the Stations performed a more thorough review of liabilities at year-end, which resulted in higher accounts payable balances at August 31, 2014.
- Noncurrent liabilities decreased mainly due to the $180,000 payment on the KUHA note that had not been due in prior years.

The following graph illustrates net position in the different categories for fiscal years 2015, 2014 and 2013.



Operating Revenues – Fiscal Year 2015 Compared to Fiscal Year 2014

Operating revenues increased by $3,447,706 in FY15 mainly due to the increase in the amount of indirect support provided by the System under the account titled "General Support from the UH System" and due to increased grants from HPMF.

Operating Revenues – Fiscal Year 2014 Compared to Fiscal Year 2013

Operating revenues increased over $750,000 in FY14 mainly due to the increase in the amount of indirect support provided by the System under the account titled "General Support from the UH System."

Operating Expenses – Fiscal Year 2015 Compared to Fiscal Year 2014

The Stations' expenses increased by $2,225,737 in FY15 due to the following factors:

- PBS, NPR and other programming fees increased 3.5%.
- Indirect support from the System increased by $2,060,671 from FY14.

- Broadcasting, engineering and technical increased by $667,480 due to realignment of expenses from Fundraising.

- Fundraising and membership development decreased by $1,141,622 due to cost saving measures designed to realign our expenses to Broadcasting, engineering and technical (BET).

Operating Expenses – Fiscal Year 2014 Compared to Fiscal Year 2013

The Stations' expenses increased over $1.4 million due to the following factors:

- PBS, NPR and other programming fees increased 4% or $150,000.

- Indirect support from the System increased $700,000 from FY13.

- Depreciation expense increased nearly $60,000.

- One-time personnel-related costs totaled nearly $200,000.

- One-time expenses of nearly $420,000 related to our rebranding efforts, launching of our new website and reconfiguration of our donor database.

Capital Asset and Debt Administration

As of the end of the 2015 fiscal year, the Stations had $15,741,181 of capital assets, net of accumulated depreciation. These assets included buildings and building improvements; furniture, equipment and vehicles; land and indefinite lived intangible assets.

Title to these assets resides with the System, which allocates custody of the assets to the Stations for its operational needs. Accountability for capital assets is consistent with policies established by the State of Texas. Assets are depreciated over their recommended useful lives. The Stations capitalize assets when the acquisition cost exceeds certain threshold values. Funds for the acquisition of capital assets are provided from the Stations' operating revenues.

The Stations do not separately issue long-term debt. The Stations are currently engaged in long-term financing transactions due to the purchase of KUHA. The operating budgets for the Stations are currently structured such that annual financial obligations are satisfied through operating revenues and nonoperating revenues that are received during each current fiscal year.

Budgetary Revenues

The following table summarizes the Stations' final budget, actual results and variance for revenues.

		Budgeted amounts final	Actual	Variance with final budget favorable (unfavorable)
Operating revenues:				
Contributions	$	2,618,000	2,718,660	100,660
Contribution grants from HPMF		8,900,000	8,852,201	(47,799)
General support from the UH System		3,900,000	5,925,663	2,025,663
Program underwriting		4,230,000	3,846,511	(383,489)
Production service		230,430	105,873	(124,557)
Production grants from HPMF		400,000	175,000	(225,000)
Corporation for Public Broadcasting (CPB) grants		2,363,344	2,528,008	164,664
Other grants		101,975	585,140	483,165
Royalties		130,000	1,527	(128,473)
Rental income		8,400	8,120	(280)
Special events		175,000	78,040	(96,960)
Other		103,000	71	(102,929)
Total operating revenues	$	23,160,149	24,824,814	1,664,665

The actual versus budgeted revenue variances were due to the following:

- Program underwriting revenue projection was not set at realistic level considering workforce.
- Royalty income and special events were not budgeted according to demand as we are moving to a more sustainable revenue model centralized around donor experiences.
- General support from UH System increased beyond projected amount as we have updated the departmental benefit matrix to better reflect the UH and Stations relationship.

Expenditures

The following table summarizes the Stations' final budget, actual results and variance for expenditures.

		Budgeted amounts final	Actual	Variance with final budget favorable (unfavorable)
Operating expenses:				
Programming and production (PRD)	$	8,000,000	7,681,909	318,091
Broadcasting, engineering and technical (BET)		3,800,000	4,570,872	(770,872)
Occupancy and physical plant operations (BET)		750,000	456,532	293,468
Program information (PGM)		260,000	325,410	(65,410)
Fundraising and membership development (FND)		3,000,000	3,359,315	(359,315)
Underwriting and grant solicitation (UND)		567,000	447,321	119,679
Management and general (MGT)		2,480,328	2,401,217	79,111
Institutional support (MGT)		2,600,000	5,469,131	(2,869,131)
Depreciation		900,000	908,787	(8,787)
Total operating expenses	$	22,357,328	25,620,494	(3,263,166)

The actual versus budgeted expenditure variances were due to the following:

- Institutional support and general support from UH System increased beyond the projected amount.
- Broadcasting, engineering and technical increased spending due to unforeseen emergencies, as well as infrastructure improvements.
- Fundraising and membership development decreased from the prior year due to cost saving measures designed to realign our expenses to broadcasting, engineering and technical.

Requests for Information

Questions regarding the information provided in this Annual Financial Report or request for additional financial information should be addressed to the Director of Finance, Houston Public Media at: KUHF-FM, KUHA-FM & KUHT-TV, 4343 Elgin, Houston, Texas 77204-0008.

BASIC FINANCIAL STATEMENTS

HOUSTON PUBLIC MEDIA

(A Division of the University of Houston System)

Statements of Net Position

August 31, 2015 and 2014

	2015		2014	
Assets	**Primary institution**	**Component unit (HPMF)**	**Primary institution**	**Component unit (HPMF)**
Current assets:				
Cash and equivalents	$ -	494,406	-	282,130
Accounts receivable, net	1,233,854	-	659,861	11,734
Pledge receivable from HPMF	5,000	-	15,000	-
Pledge receivable	-	5,000	-	15,000
Restricted cash and equivalents	-	378,488	-	150,284
Film rights, net	95,115	-	92,714	-
Prepaid expenses	55,934	-	241,811	3,466
Other current assets	-	-	-	20,662
Total current assets	1,389,903	877,894	1,009,386	483,276
Noncurrent assets:				
Pledge receivable	-	132,288	-	127,288
Pledge receivable from HPMF	132,288	-	127,288	-
Capital assets, net	15,741,181	14,100	16,380,768	42,765
Investments restricted for endowment	1,458,058	1,183,737	1,569,302	1,212,468
Total noncurrent assets	17,331,527	1,330,125	18,077,358	1,382,521
Total assets	18,721,430	2,208,019	19,086,744	1,865,797
Deferred Outflows of Resources				
Pension	473,574	-	-	-
Total assets and deferred outflows of resources	$ 19,195,004	2,208,019	19,086,744	1,865,797

See accompanying notes to basic financial statements.

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

Statements of Net Position (Continued)

August 31, 2015 and 2014

	2015		2014	
	Primary institution	Component unit (HPMF)	Primary institution	Component unit (HPMF)
Liabilities				
Current liabilities:				
Due to UH System	$ 6,543,727	-	5,174,446	-
Pledge payable to primary institution	-	5,000	-	15,000
Accounts payable	155,317	94,060	679,420	104,792
Note payable (KUHT server)	75,248	-	75,248	-
Due to UH System (KUHA note)	200,000	-	190,000	-
Accrued payroll	634,103	-	617,525	-
Unearned revenue	302,167	16,857	178,976	26,219
Employees' compensable leave	440,371	-	452,920	-
Total current liabilities	8,350,933	115,917	7,368,535	146,011
Noncurrent liabilities:				
Pledge payable to primary institution	-	132,288	-	127,288
Net pension liability	2,153,546	-	-	-
Note payable (KUHT server)	12,542	-	87,790	-
Due to UH System (KUHA note)	8,926,623	-	9,190,922	-
Total noncurrent liabilities	11,092,711	132,288	9,278,712	127,288
Total liabilities	19,443,644	248,205	16,647,247	273,299
Deferred Inflows of Resources				
Pension	658,266	-	-	-
Total liabilities and deferred inflows of resources	20,101,910	248,205	16,647,247	273,299
Net Position				
Net investment in capital assets	6,526,768	14,100	6,836,808	42,765
Restricted:				
Expendable for production and outreach programs	-	378,488	-	150,284
Nonexpendable	1,221,922	1,122,490	1,221,922	1,122,490
Expendable	236,138	61,247	347,380	89,978
Unrestricted	(8,891,734)	383,489	(5,966,613)	186,981
Total net position	$ (906,906)	1,959,814	2,439,497	1,592,498

See accompanying notes to basic financial statements.

HOUSTON PUBLIC MEDIA

(A Division of the University of Houston System)

Statements of Revenues, Expenses and Changes in Net Position

Years Ended August 31, 2015 and 2014

	2015		2014	
	Primary institution	**Component unit (HPMF)**	**Primary institution**	**Component unit (HPMF)**
Operating revenues:				
Contributions	$ 2,718,660	10,245,362	2,410,237	10,030,802
Contribution grants from HPMF	8,852,201	-	8,031,500	-
General support from the UH System	5,925,663	-	3,864,992	-
Program underwriting	3,846,511	24,805	3,731,875	19,467
Production service	105,873	28,906	250,430	84,268
Production grants from HPMF	175,000	-	380,000	-
Corporation for Public Broadcasting (CPB) grants	2,528,008	-	2,269,552	-
Other grants	585,140	1,188,451	26,825	490,800
Royalties	1,527	-	132,619	-
Rental income	8,120	-	8,400	-
Special events	78,040	145,512	166,840	238,356
Other	71	7,500	103,838	9,034
Total operating revenues	24,824,814	11,640,536	21,377,108	10,872,727
Operating expenses:				
Grants to primary institution	-	9,027,201	-	8,411,500
Programming and production (PRD)	7,681,909	104,507	7,846,922	140,028
Broadcasting, engineering and technical (BET)	4,570,872	1,669,464	3,903,392	27,264
Occupancy and physical plant operations (BET)	456,532	-	476,613	-
Program information (PGM)	325,410	294,513	113,786	25,708
Fundraising and membership development (FND)	3,359,315	2,414	4,500,937	2,151,543
Underwriting and grant solicitation (UND)	447,321	59,049	536,574	39,034
Management and general (MGT)	2,401,217	58,676	1,714,007	252,347
Institutional support (MGT)	5,469,131	-	3,388,379	-
Depreciation	908,787	28,665	914,147	50,705
Total operating expenses	25,620,494	11,244,489	23,394,757	11,098,129
Operating income (loss)	(795,680)	396,047	(2,017,649)	(225,402)
Nonoperating income (loss):				
Endowment contributions	-	1,914	111,667	64,357
Gains (losses) from endowment	(111,244)	(30,645)	179,399	106,830
Total nonoperating income (loss)	(111,244)	(28,731)	291,066	171,187
Change in net position	(906,924)	367,316	(1,726,583)	(54,215)
Net position, beginning of year, as previously reported	2,439,497	1,592,498	4,166,080	1,646,713
Adjustment for adoption of new accounting standard (Note 3)	(2,439,479)	-	-	-
Net position, beginning of year, as restated	18	1,592,498	4,166,080	1,646,713
Net position, end of year	$ (906,906)	1,959,814	2,439,497	1,592,498

See accompanying notes to basic financial statements.

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

Statements of Cash Flows

Years Ended August 31, 2015 and 2014

	2015 Primary institution	2014 Primary institution
Cash flows from operating activities:		
Proceeds from contributions	$ 11,575,861	10,456,857
Proceeds from Corporation for Public Broadcasting (CPB) grant	2,528,008	2,269,552
Proceeds from other grants	585,140	26,825
Proceeds from program underwriting	3,395,709	3,830,959
Proceeds from other revenues	368,631	1,042,127
Payments to suppliers for goods and services	(5,495,705)	(5,023,035)
Payments to employees	(8,049,638)	(7,882,463)
Payments for broadcasting fees	(4,191,889)	(4,083,237)
Payments for other expenses	(1,260,237)	(1,337,118)
Net cash used in operating activities	(544,120)	(699,533)
Cash flows from noncapital financing activities:		
Advances from UH System	1,369,281	1,282,418
Gift for endowment purposes	-	111,667
Net cash provided by noncapital financing activities	1,369,281	1,394,085
Cash flows from capital and related financing activities:		
Payments for additions to capital assets	(269,200)	(146,013)
Payments for additions of film rights	(125,173)	(116,823)
Payments on due to UH System (KUHA note)	(254,299)	(244,802)
Payments on note payable (KUHT server)	(75,248)	(75,247)
Net cash used in capital and related financing activities	(723,920)	(582,885)
Cash flows from investing activity:		
Purchases of investments	(101,241)	(111,667)
Net cash used in investing activity	(101,241)	(111,667)
Change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	$ -	-

See accompanying notes to basic financial statements.

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

Statements of Cash Flows (Continued)

Years Ended August 31, 2015 and 2014

	2015 Primary institution	2014 Primary institution
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (795,680)	(2,017,649)
Adjustments to reconcile change in net position to net cash used in operating activities:		
Depreciation expense	908,787	914,147
Amortization of film rights	122,772	118,403
Increase in accounts receivable	(573,993)	(46,895)
Decrease in pledge receivable	5,000	15,120
(Increase) decrease in prepaid expenses	185,877	(241,811)
Increase (decrease) in accounts payable	(524,103)	496,590
Increase in accrued payroll	16,578	37,204
Increase in unearned revenue	123,191	145,979
Decrease in employees' compensable leave	(12,549)	(120,621)
Total adjustments	251,560	1,318,116
Net cash used in operating activities	$ (544,120)	(699,533)

See accompanying notes to basic financial statements.

(1) Entity

Houston Public Media (the Stations), of the University of Houston (UH) System (the System), which consists of noncommercial, listener-supported radio station (KUHF and KUHA) and viewer supported television station (KUHT), serves as Houston's National Public Radio (NPR) affiliate and classical music source and Houston's Public Broadcasting Services (PBS) affiliate. KUHF signed on the air in 1950 as a public radio station. KUHT signed on the air on May 25, 1953 as the nation's first noncommercial educational television station. KUHF provides news and cultural programming at both local and national levels. On May 6, 2011, KUHF purchased KTRU's license for frequency 91.7 from Rice University. KUHA 91.7 Classical went on the air May 16, 2012, providing a 24-hour classical music service to the Greater Houston area. At the same time, KUHF 88.7 changed their programming format to a 24 hour news and information station. KUHT provides the building blocks for the Stations' schedule with locally produced and acquired programs selected primarily for their appeal to a national audience; programs chosen on the basis of quality and audience interests and presented uninterrupted by commercial announcements. The Stations, licensed to the Board of Regents of the System, are located at the System's Central campus with the exception of KUHA FM, and are a division of the System. As a division of the System, the Stations are exempt from federal income taxes other than taxes on unrelated business income, if any. The Stations currently operate 24 hours a day. The Stations are located in the fourth largest metropolitan area of the United States. These financial statements present financial information that is attributable to the Stations and do not purport to, and do not, present fairly, the financial position of the System.

The Stations are dedicated to education and outreach through a wide variety of activities like community advancement, and expanding and strengthening partnerships and collaborations with key arts organizations in Houston. In pursuing all the dissimilar goals, the Stations have consistently used cutting edge technology to extend the value of its services.

KUHT is a full-service television station licensed to the University of Houston. The studio facilities are on the University of Houston campus in the LeRoy and Lucile Melcher Center for Public Broadcasting. The transmitter facilities are located in Missouri City, Texas. KUHT began broadcasting in May 1953 and was the first station in the country to operate on an especially reserved noncommercial television channel. The digital video services offered today include one high definition program service and two standard definition services. KUHT was the first Houston television station to offer closed captioning for hearing impaired viewers and descriptive video for visually impaired persons. It was the first in Houston to offer stereo broadcasts and the first to make use of the Second Audio Program capabilities to provide additional services to the Greater Houston area including access to the Houston Taping for the Blind radio service. The broadcast signal reaches thirty three counties in southeast Texas and is carried on numerous cable television systems, as well as both the Dish Network and DirecTV satellite services.

KUHF's and KUHA's new media technologies are rapidly developing with the changing landscape of on demand media around the world. Current services include all news and all music internet streams, podcasts, on demand shows, user interactive event calendar, RSS feeds, iPhone applications, Blackberry applications and iPad applications. The radio stations' new media group is now four full time staff members, with opportunities for intern training. Such internships are also available in News, Production, Public Relations, Development, Music and Business.

Houston Public Media Foundation (HPMF) formerly known as the Association for Community Broadcasting (ACB) and as the Association for Community Television (ACT), was organized in 1969, as a Texas nonprofit corporation, primarily for the purpose of providing financial and other support to KUHT, Channel 8, in Houston, Texas. On January 25, 2005, the Board of Regents of the System and ACT agreed that the same services provided to KUHT would also be provided to KUHF and thus adopted the ACB name. On January 30, 2014, ACB changed its name to HPMF to be more aligned with the station's new branding under the newly formed Houston Public Media division of UH.

The System and HPMF, as part of an ongoing agreement, have stipulated that all grants for the Stations' programming and other activities will be deposited with the System's Office of Sponsored Programs or, at the discretion of the general manager of the Stations, deposited in accounts maintained by HPMF and immediately and exclusively available to the Stations.

HPMF is directed by a Board of Directors, who are elected by other HPMF Directors, and is managed on a daily basis by a combination of Board Officers and the Stations' employees. There are no separately issued financial statements of HPMF.

(2) Summary of Significant Accounting Policies

a. Basis of Accounting

The financial accounting records of the Stations and HPMF are maintained by the System's Office of the Associate Vice Chancellor for Finance in accordance with accounting principles generally accepted in the United States of America for colleges and universities.

The financial statements for both the Stations and HPMF are presented using the economic resources measurement focus and the accrual basis of accounting whereby revenues are recorded when earned and all expenses are recorded when they have been incurred.

b. Reporting Guidelines

The Stations are reported as a single purpose business-type activity entity. In addition, the Stations' financial statements have been prepared in accordance with the Corporation for Public Broadcasting's (CPB) *Application Principles of Accounting and Financial Reporting to Public Telecommunications Entities*.

c. Deferred Outflows/Inflows of Resources

Transactions not meeting the definition of an asset or liability that result in the consumption or acquisition of net position in one period that are applicable to future periods are reported as deferred outflows of resources and deferred inflows of resources.

d. Net Position

Net investment in capital assets – represents the Stations' original acquisition value of capital assets, net of accumulated depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Nonexpendable restricted net position – represents endowment principal which cannot be used for operational purposes and which is restricted in perpetuity.

Expendable restricted net position – represents income received from an endowment, which is available for purposes restricted by the donor, and can include gifts restricted by the donor for a specific purpose.

Unrestricted net position – represents resources that are available for the support of the Stations' operations.

When the Stations incur an expense for which both restricted and unrestricted resources may be used, it is the Stations' policy to use restricted resources first then unrestricted resources.

e. Revenues

Operating revenues include sources that are primarily used to provide services to the Stations' audience. Substantially all of the Stations' revenues are considered operating with the exception of net change in fair value of endowments, insurance recoveries and other investment income.

Unrestricted contributions and gifts do not have binding agreements and are recorded as revenues when received. Unrestricted grants are recorded as revenues at the time the grant awards are received and when eligibility requirements have been met. Restricted support and revenues are recognized upon incurring the appropriate expenses or meeting the eligibility requirements.

f. Accounts Receivable

Accounts receivable are stated at the amount billed to customers or grantors. Accounts receivable are ordinarily due 30 days after the issuance of an invoice. The Stations provide an allowance for delinquent receivables, which is based upon a review of outstanding receivables, historical collections and existing economic conditions.

g. Pledges Receivable

Unconditional promises to give (pledges) that are measurable are recorded after being discounted to the anticipated net present value of the future cash flows. The Stations provide an allowance for estimated uncollectible pledges, which is based upon a review of outstanding pledges receivable, historical collections and existing economic conditions.

h. Cash and Cash Equivalents

Cash and cash equivalents are considered to be claims on cash, cash on hand and demand deposits with original maturities of three months or less from the date of acquisition.

Cash and cash equivalents represent the Stations' prorated share of commingled cash and cash equivalents held and invested by the System acting as the Stations' fiscal agent to optimize the rate of return. All of the funds included in cash and cash equivalents are insured or registered or are securities held by the System or its agent in the System's name.

Immediately upon formal written notification of an approved appropriation or grant, the System permits the Stations to draw cash against the full appropriation or grant (in compliance with the terms of the appropriation or grant) regardless of whether the System has received the related funds.

For current unrestricted and restricted accounts, the System allocated a percentage of the interest income earned to the Stations at a fixed rate based on its monthly average cash balance.

i. Capital Assets

Capital assets represent buildings and equipment acquired primarily for the operation of the Stations. Title of the buildings and equipment rests with the State of Texas (the State) in the name of the System, and therefore, such assets can be transferred to or from the Stations at the discretion of the System. The threshold for capitalization of assets is $5,000 and over. Capital assets are stated at cost at the date of acquisition, or fair value at the date of donation. Expenditures for repairs and maintenance are charged to current operating expenses as incurred. Depreciation is recorded on a straight-line basis over the following estimated useful lives of the assets:

Buildings and building improvements	22 – 30 years
Furniture and equipment	5 – 10 years
Other assets	5 years
Land	Not depreciable
Indefinite lived intangible assets	Not depreciable

Useful lives are established by a uniform classification system maintained by the State and are measured from the date of acquisition.

j. Film Rights

Film rights purchased are amortized over the respective contract periods on a straight-line basis or over the period of expected usage. Estimated useful lives of such rights range from one to five years.

k. In-kind Contributions

In-kind contributions included in revenues and expenses in the accompanying statements of revenues, expenses and changes in net position consist of general support from the System, which is further described in Note 11.

The fair value of merchandise contributed by third parties in connection with the Stations' fundraising activities is not included in the accompanying financial statements. Donated in-kind contributions of services and other intangibles, as well as promotional merchandise and donated personal services, are also not included in the accompanying financial statements.

l. Unearned Revenues

Grant and program underwriting revenues received relating to the period after fiscal year-end are reported as unearned revenues.

m. Advertising

Advertising costs are charged to operations when incurred.

n. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

o. Employees' Compensable Leave

Stations' employees are classified as State employees and as such are entitled to be paid for all unused vacation time accrued in the event of the employee's resignation, dismissal or separation from State employment provided the employee has had continuous employment with the State for six months. An expense and liability are recorded as the benefits accrue to employees.

Full-time State employees earn annual leave from eight to 21 hours per month depending on the respective employees' years of State employment. The State's policy is that an employee may carry accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of State service. Accrued leave in excess of the normal maximum is converted to sick leave at the conclusion of the fiscal year. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed.

p. Fair Value Measurements

HPMF has investments in external investment pools. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*, the fair value is determined by the fair value per share of the external investment pools' underlying portfolio. None of the external investment pools are publicly registered, and the fair value of the position of the pool is the same as the value of the pool shares.

q. Presentation of Discrete Component Unit

HPMF is a legally separate and tax-exempt entity meeting all of the following criteria to be discretely presented as a component unit. These criteria are:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The financial statements of the Primary Institution and its component unit, HPMF, are presented using the same categories in order to provide consistency. HPMF is not a governmental entity, and as such, current year data has been made to conform to reporting under GASB.

r. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement System of Texas (TRS) plan and additions to/deductions from TRS's fiduciary net position have been determined on the same basis as they are reported by TRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(3) Change in Accounting Principles

In June 2012, GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and in November 2013 issued GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. In addition to making changes to how annual pension expense is to be calculated for defined benefit pension plans, the standards also require that governmental entities record an asset or liability in their financial statements that is equal to the net pension asset or liability. Historically, governmental entities have only been required to record a liability, if any, for the difference between annual pension cost (APC) and the amount of

APC contributed to the plan. Restatement of the 2014 financial statements is not practical because prior year information calculated under the provisions of GASB 68 and GASB 71 is not available. The Stations have reported the cumulative effect of applying GASB 68 and GASB 71 as a restatement of net position as of September 1, 2014. This restatement decreased previously reported net position by $2,439,479.

(4) Endowment Funds

a. Primary Institution

Gifts to the UH System are placed in the System's endowment fund, which is a pooled investment of individual endowments benefiting the entire System.

The System's Endowment Fund allocated income (net of management fees) to the individual endowments based on an income allocation policy that establishes the income payment rate as a percentage on the average of the outstanding endowment's fair value in the previous three fiscal years. That percentage was 4% in fiscal years 2015 and 2014. If an endowment were in existence less than three years, the average was based on the number of years in existence.

The deposits and investments of the Stations and HPMF are exposed to certain inherent risks, such as credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The deposits and investments with the UH System Endowment Fund are exposed to risks that have the potential to result in losses. Those risks and their definitions are:

- Credit risk – the risk an insurer or counterparty to an investment will not fulfill its obligation
- Custodial risk – the risk that in the case of default by the counterparty a government will be unable to recover its deposit/investment or collateralizing securities in the possession of an outside party
- Concentration risk – the risk of loss attributable to the size of a government's investment in a single issuer
- Interest rate risk – the risk that changes in interest rates will adversely affect the fair value of investments
- Foreign currency risk – the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment

During fiscal years 2015 and 2014, the Endowment Management Committee of the UH System Board of Regents continued to review existing objectives, risks, asset allocation and manager structure within the endowment portfolio. The UH System Endowment Fund Statement of Investment Objectives and Policies, among other things, establishes financial objectives for the endowment and an asset allocation with targets and ranges and categorizes each asset class as either a risk reducer or a driver of return. Further information regarding the investment balances and risks with the UH System Endowment Fund, which does not have a credit rating, may be obtained from the UH System Office of the Treasurer.

The following summarizes activity for the years ended August 31, 2015 and 2014:

Balance, August 31, 2013	$	1,278,236
FY14 endowment additions		111,667
FY14 realized/unrealized gain		179,399
Balance, August 31, 2014		1,569,302
FY15 endowment additions		-
FY15 realized/unrealized loss		(111,244)
Balance, August 31, 2015	$	1,458,058

The assets of the Stations' endowments totaled $1,458,058 and $1,569,302 at August 31, 2015 and 2014, respectively, and are not legally restricted. Unrealized gains and losses for each year are recorded in the accompanying statements of revenues, expenses and changes in net position.

b. Component Unit (HPMF)

The gifts received by HPMF to create endowed accounts are invested in the HPMF Endowment Fund Investment Pool (the Investment Pool), which is operated and overseen by the HPMF Endowment Fund (the Endowment) and Gift Committee. The Investment Pool combines the assets of all endowment fund accounts and is allocated to external investment managers. The objectives of the Investment Pool are to protect the real value of the Endowment, while maximizing the amount distributed annually for endowed spending as further described in the HPMF Endowment Fund Investment Policy. Thus, in any given year, any excess over the amount distributed from the Endowment will be reinvested to protect the capital against erosion by inflation.

The Endowment's spending policy is consistent with its investment objective of achieving long-term real growth in its assets. In order to achieve such long-term real growth, the Endowment should have as a goal that its total distributions and expenses not exceed the Endowment's total inflation-adjusted return on investments. Consistent with the Endowment's long-term investment objectives, the Board of Directors established the spending policy, which generally permits total distributions and expenses (including but not limited to investment management fees) not in excess of an amount equal to 4% of the average net asset value of the Endowment over the prior three years (or the life of the Endowment if shorter than three years). The Board of Directors may authorize distributions in excess of the 4% when the Stations have the need to fund one-time capital expenditures.

The Endowment has a related operating account to which annual income distributed from the endowment funds is deposited and to which expenditures, in accordance with the donor's wishes, may be charged. In the event that there is a balance in the Endowment operating account at fiscal year-end, it will automatically be transferred back to the endowment funds on a prorated basis (according to the income distributed). This procedure is called "Endowment Capitalization." It is in the Endowment's best interests that surplus funds are capitalized, since they will yield new units and thus generate additional income in future years.

The Investment Pool is invested with an external investment manager in commingled funds who invest, for example, in marketable securities, fixed income, alternative investments, real estate and cash equivalents. The Investment Pool reported a fair value of $1,183,737 as of August 31, 2015, and $1,212,468 as of August 31, 2014, is not publicly traded, and has been estimated by fund managers in the absence of readily available market values. These investments are domestic and international in nature and risks associated with these investments include liquidity risk, market risk, event risk, foreign exchange risk, interest rate risk and investment manager risk.

At August 31, 2014, these investments were held with the Great Houston Community Foundation. During the year ended August 31, 2015, the funds were transferred to the University of Houston Foundation, which does not have a credit rating, and further information regarding the investment balances and risks with the University of Houston Foundation may be obtained from HPMF business offices by calling 713-748-8888.

The following summarizes activity for the years ended August 31, 2015 and 2014:

Balance, August 31, 2013	$	1,041,281
FY14 contributions		64,357
FY14 unrealized gain		109,877
FY14 administrative charges		(3,047)
Balance, August 31, 2014		1,212,468
FY15 contributions		1,914
FY15 unrealized loss		(30,645)
Balance, August 31, 2015	$	1,183,737

(5) Accounts Receivable

Accounts receivable as of August 31, 2015, comprised the following.

		Primary institution	Component unit (HPMF)
Accounts receivable	$	1,252,910	-
Allowance for doubtful accounts		(19,056)	-
Total	$	1,233,854	-

Accounts receivable as of August 31, 2014, comprised the following:

		Primary institution	Component unit (HPMF)
Accounts receivable	$	684,825	11,734
Allowance for doubtful accounts		(24,964)	-
Total	$	659,861	11,734

Accounts receivable for the Stations and HPMF consist primarily of production grants and underwriting support.

(6) Pledge Receivable

As of August 31, 2015 and 2014, HPMF had a pledge receivable consisting of an unconditional promise to give in connection with a board room naming program as follows:

		2015	2014
Receivable within one year	$	5,000	15,000
Receivable in two to five years		135,000	130,000
Less discount		(2,712)	(2,712)
Pledge receivable in two to five years, present value	$	137,288	142,288

As of August 31, 2015 and 2014, there was no allowance for estimated uncollectible pledges. The pledge receivable from HPMF and pledge payable to the primary institution consisted of the same amounts presented above.

(7) Capital Assets

Capital asset activities for the year ended August 31, 2015, were as follows for the Stations:

		2014	Additions	Dispositions	2015
Capital assets:					
Buildings and building improvements	$	12,637,863	-	222,000	12,415,863
Furniture and equipment		9,047,790	250,371	651,742	8,646,419
Vehicles		34,466	18,829	-	53,295
Land		402,044	-	-	402,044
Intangible and other assets		9,221,225	-	-	9,221,225
Total capital assets		31,343,388	269,200	873,742	30,738,846
Less accumulated depreciation		14,962,620	908,787	873,742	14,997,665
Net capital assets	$	16,380,768	(639,587)	-	15,741,181

Capital asset activities for the year ended August 31, 2015, were as follows for HPMF:

		2014	Additions	Dispositions	2015
Capital assets:					
Land	$	14,100	-	-	14,100
Program costs		652,089	-	-	652,089
Furniture and equipment		424,249	-	-	424,249
Other assets		4,050	-	-	4,050
Accounting software - FM		55,105	-	-	55,105
Accounting software - TV		55,105	-	-	55,105
Total capital assets		1,204,698	-	-	1,204,698
Less accumulated depreciation		1,161,933	28,665	-	1,190,598
Net capital assets	$	42,765	(28,665)	-	14,100

Capital asset activities for the year ended August 31, 2014, were as follows for the Stations:

		2013	Additions	Dispositions	2014
Capital assets:					
Buildings and building improvements	$	12,637,863	-	-	12,637,863
Furniture and equipment		9,925,764	146,013	1,023,987	9,047,790
Vehicles		34,466	-	-	34,466
Land		402,044	-	-	402,044
Intangible and other assets		9,221,225	-	-	9,221,225
Total capital assets		32,221,362	146,013	1,023,987	31,343,388
Less accumulated depreciation		15,072,460	914,147	1,023,987	14,962,620
Net capital assets	$	17,148,902	(768,134)	-	16,380,768

Capital asset activities for the year ended August 31, 2014, were as follows for HPMF:

		2013	Additions	Dispositions	2014
Capital assets:					
Land	$	14,100	-	-	14,100
Program costs		652,089	-	-	652,089
Furniture and equipment		424,249	-	-	424,249
Other assets		4,050	-	-	4,050
Accounting software - FM		55,105	-	-	55,105
Accounting software - TV		55,105	-	-	55,105
Total capital assets		1,204,698	-	-	1,204,698
Less accumulated depreciation		1,111,228	50,705	-	1,161,933
Net capital assets	$	93,470	(50,705)	-	42,765

(8) Film Rights

KUHT pays for the right to use certain films in its broadcasting activities. The costs of those rights are amortized over the purchased periods. Changes in the costs of film rights for the years ended August 31, 2015 and 2014, were as follows.

Balance, August 31, 2013	$	94,294
FY14 additions		116,823
FY14 amortization		(118,403)
Balance, August 31, 2014		92,714
FY15 additions		125,173
FY15 amortization		(122,772)
Balance, August 31, 2015	$	95,115

(9) Due to the System

Since the Stations maintain all of their cash balances with the System's treasury department, the System permits the Stations to overdraw their claims on cash account from time to time. The amount disclosed in the "Due to the UH System" account represents the amount by which the Stations have overdrawn its claim on cash account with the System as of August 31, 2015 and 2014.

The "Due to UH System (KUHA note)" account represents long-term debt issued by the System to the Stations for the asset purchase of KUHA-FM. The balance as of August 31, 2015 and 2014, was $9,126,623 and $9,380,922, respectively.

(10) Unrestricted Net Deficit

The Stations have been experiencing a net excess of expenses over revenues, resulting in an increasing net deficit of unrestricted net position. The net deficit of unrestricted net position at August 31, 2015 and 2014, was $(8,891,734) and $(5,966,613), respectively. The deficit resulted mainly from general increases in operating expenses over and above increases in operating revenues.

(11) General Support from the System

General support from the System includes building and related occupancy costs donated by the System and are recorded in revenues and expenses. The occupancy costs are determined based on the net book value of the building and tower, as well as the square footage of the building and tower utilized by the Stations. Occupancy cost was $325,429 in each of the fiscal years 2015 and 2014. The Stations also receive from the University the plant facility operations cost (lawn maintenance, carpeting, painting, etc.) which was $131,103 in fiscal year 2015 and $151,184 in fiscal year 2014. The System also provides indirect administrative support and maintenance support to the Stations, which are recorded in revenues and expenses based on the System's allocation methods. Indirect administrative support amounted to $5,469,131 in fiscal year 2015 and $3,388,379 in fiscal year 2014.

(12) Corporation for Public Broadcasting Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, CSG funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds recordkeeping, audits, financial reporting, mailing lists and licensee status with the Federal Communications Commission.

(13) Pension Plans and Optional Retirement Program

The State has three retirement systems in its financial reporting entity – Employees Retirement System (ERS), Teacher Retirement System (TRS) and Texas Emergency Services Retirement System (TESRS). These three retirement systems administer the following six defined benefit pension plans.

- ERS – the Employees Retirement System of Texas Plan (ERS), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS), the Judicial Retirement System of Texas Plan One (JRS1) and Judicial Retirement System of Texas Plan Two (JRS2).
- TRS – the Teacher Retirement System of Texas (TRS) plan
- TESRS – the Texas Emergency Services Retirement System (TESRS) plan.

ERS, LECOS, JRS2, TRS and TESRS plans are administered through trust; JRS1 plan is on a pay-as-you-go basis.

TRS Plan

The Stations participate in the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan, with a special funding situation, and thereby provide retirement benefits for substantially all of its employees designated as "benefit eligible."

The employers of the TRS plan include the State, TRS, the State's public schools, education service centers, charter schools, community and junior colleges. TRS membership is in employee class. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard work load and not exempted from membership under Texas Government Code, Title 8, Section 822.002, are covered by the system. Employees of TRS and State colleges, universities and medical schools are members of the TRS plan.

The TRS plan provides retirement, disability annuities, and death and survivor benefits. The benefit and contribution provisions of the TRS plan are authorized by State law and may be amended by the Legislature. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

Audited Comprehensive Annual Financial Report (CAFR) for TRS may be obtained from:

Teacher Retirement System of Texas
1000 Red River Street
Austin, Texas 78701-2698

During fiscal 2015, the amount of the Stations' contributions recognized by the plan was $281,325. The contribution rates for the State and the members in the measurement period are presented in the table below.

Required Contribution Rates

	TRS Plan
Contribution Rates:	
Employer	6.80%
Employees	6.40%

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2014, measurement date.

Actuarial Methods and Assumptions

	TRS Plan
Actuarial Valuation Date	August 31, 2014
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent, Open
Actuarial Assumptions:	
Discount Rate	8.00%
Investment Rate of Return	8.00%
Inflation	3.00%
Salary Increase	4.25% to 7.25% including inflation
Mortality:	
Active	1994 Group Annuity Mortality Table set back six years for males and females
Post-Retirement	Client specific tables multiplied by 80%
Ad Hoc Postemployment Benefit Changes	None

The actuarial assumptions used in valuation were primarily based on the result of an actuarial experience study for the four-year period ended August 31, 2010, and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the summer of 2014, the methods and assumptions are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011, they contained significant margin for possible future mortality improvements. As of the date of the valuation, there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees have decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards Practice No. 35.

There have been no changes to the benefit and contribution provisions of the plan since the prior measurement date.

The discount rate of 8% was applied to measure the total pension liability. There has been no change in the discount rate since the prior measurement period. The projected cash flows into and out of the pension plan assumed that members, employers and nonemployer contributing entity make their contributions at the statutorily required rates. Under this assumption, the pension plan's fiduciary net position is projected to be sufficient to make all future pension benefit payments of current plan members. Therefore, the 8% long-term expected rate of return on pension plan investments was used as the discount rate without incorporating the municipal bond rate.

The long-term expected rate of return on plan investments was developed using a coding-block method with assumptions, including asset class of investment portfolio, target allocation, real rate of return on investments and inflation factor. Under this method, best estimate ranges of expected future real rates of return (net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio are presented below:

Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return
Global Equity		
U.S. Treasury	18%	4.6%
Non-U.S. Developed	13%	5.1%
Emerging Markets	9%	5.9%
Directional Hedge Funds	4%	3.2%
Private Equity	13%	7.0%
Stable Value		
U.S. Treasury	11%	0.7%
Absolute Return	0%	1.8%
Stable Value Hedge Funds	4%	3.0%
Cash	1%	-0.2%
Real Return		
Global Inflation Linked Bonds	3%	0.9%
Real Assets	16%	5.1%
Energy and Natural Resources	3%	6.6%
Commodities	0%	1.2%
Risk Parity		
Risk Parity	5%	6.7%
Total	100%	

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the Stations' net pension liability. The result of the analysis is presented in the table below.

Sensitivity of the Stations' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
$ 3,847,911	$ 2,153,546	$ 886,477

The pension plan's fiduciary net position is determined using economic resources measurement focus and the accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. The framework for measuring fair value is based on a hierarchy that gives the highest priority to the use of observable inputs in an active market and lowest priority to the use of unobservable inputs. More detailed information on the plan's investment policy, assets and fiduciary net position may be obtained from TRS' fiscal 2014 Comprehensive Annual Financial Report.

At August 31, 2015, the Stations reported a liability of $2,153,546 for its proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Stations' proportion at August 31, 2014 was 0.0080606 percent. The Stations' proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and nonemployer contributing entity to the plan for the period September 1, 2013 through August 31, 2014.

For the year ended August 31, 2015, the Stations recognized pension expense of $199,080. At August 31, 2015, the Stations reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	$ 33,299	-
Changes of assumptions	139,954	-
Net difference between projected and actual investment return	-	658,078
Change in proportion and contribution difference	-	188
Contributions subsequent to the measurement date	300,321	-
Total	$ 473,574	658,266

The $300,321 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability at August 31, 2016.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years:

Year Ending August 31:		
2016	$	(135,387)
2017		(135,387)
2018		(135,387)
2019		(135,387)
2020		29,132
Thereafter		27,403
	$	(485,013)

The TRS does not account for each of its component governmental agencies, since the TRS itself bears sole responsibility for retirement commitments beyond contributions fixed by the Texas State Legislature. Contributions to the plan by the Stations for the years ended August 31, 2014 and 2013 amounted to $389,235 and $351,242, respectively. The total amount of employee contributions for the years ended August 31, 2014 and 2013 were $61,267 and $55,746, respectively. These contributions represent 100% of the required contribution.

The TRS's annual financial report and other required disclosure information are available by writing the Teacher Retirement System of Texas, 1000 Red River, Austin, TX 78701-2698 or by calling 1-800-877-0123.

Optional Retirement Program

The State of Texas has also established an Optional Retirement Program (the ORP) for institutions of higher education. Participation in the ORP is in lieu of participation in the TRS. The ORP is an individualized defined contribution plan which provides for the purchase of annuity or mutual fund contracts.

For employees participating prior to September 1, 1995, the contributions to the ORP by the Stations and by each participant during fiscal year 2009 were 8.50% of the participants' annual compensation. For employees hired on September 1, 1995, or later, the percentages of the Stations' and participants' contributions were 6% of the participants' annual compensation. The percentages are established by the Texas Legislature and may fluctuate over time. Employee contribution rates for FY15 and FY14 are 6.65% for ORP participants. The state contribution rate for ORP is 6% for FY15 and FY14. Contributions to the plan by the Stations and employee contributions were not material for 2015, 2014 and 2013. Since these are individual investment product contracts, the State has no additional or unfunded liability for the ORP. These contributions represent 100% of the required contribution.

(14) Leases

The Stations have entered into operating leases for various business purposes, including a tower antenna; fundraising software; a utility van; fax and copy machine and KUHT server; web host connection in support of their operations; transmitting facility; and other equipment. The Stations have short- and long-term operating leases. During the years ended August 31, 2015 and 2014, lease expense was $268,392 and $283,518, respectively. Future minimum lease payments under noncancelable operating lease agreements consisted of $104,460 during the year ending August 31, 2016.

(15) Transactions Between Primary Institution and Component Unit

Cash expenditures made by HPMF on behalf of the Stations, such as expenditures associated primarily with fundraising for the Stations and production of the Stations' local programs, are recorded as revenues and expenses in the Stations. Such cash expenditures for the fiscal years ended August 31, 2015 and 2014, amounted to $1,982,146 and $2,634,965, respectively, and have been included in the contributions, special events and production service revenues and in operating expenses in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

(16) Income Taxes

The System, of which the Stations is a division, is a university established as an agency of the State of Texas prior to 1969, and is qualified as a governmental entity not generally subject to federal income tax by reason of being a state or political subdivision thereof, or an integral part of a state or political subdivision thereof or an entity whose income is excluded from gross income for federal income tax purposes under Section 115 of the Internal Revenue Code of 1986 (IRC). However, as a state college or university, the System is subject to unrelated business income pursuant to IRC Section 511(a)(2)(B). No material unrelated business income tax was incurred for the years ended August 31, 2015 and 2014. HPMF, whose purpose is to raise money for the Stations, is exempt from income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). No material unrelated business income tax was incurred by HPMF for the years ended August 31, 2015 and 2014. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

(17) Risk Management

The Stations are exposed to various risks of loss related to torts, injuries to employees and natural disasters. The System carries commercial insurance to cover losses to which the Stations may be exposed.

(18) Long-term Liabilities

The changes in long-term liabilities for the Stations for the year ended August 31, 2015, were as follows.

Business-type activities		Balances, August 31, 2014	Decreases	Balances, August 31, 2015	Amounts due in one year
Notes payable:					
KUHT server	$	163,038	75,248	87,790	75,248
KUHA purchase		9,380,922	254,299	9,126,623	200,000
Total	$	9,543,960	329,547	9,214,413	275,248

The changes in long-term liabilities for HPMF for the year ended August 31, 2015, were as follows:

Business-type activities		Balance, August 31, 2014	Decreases	Balance, August 31, 2015	Amounts due in one year
Pledge payable to primary institution	$	142,288	5,000	137,288	5,000

The changes in long-term liabilities for the Stations for the year ended August 31, 2014, were as follows:

Business-type activities		Balances, August 31, 2013	Decreases	Balances, August 31, 2014	Amounts due in one year
Notes payable:					
KUHT server	$	238,285	75,247	163,038	75,248
KUHA purchase		9,625,724	244,802	9,380,922	190,000
Total	$	9,864,009	320,049	9,543,960	265,248

The changes in long-term liabilities for HPMF for the year ended August 31, 2014, were as follows:

Business-type activities		Balance, August 31, 2013	Decreases	Balance, August 31, 2014	Amounts due in one year
Pledge payable to primary institution	$	157,408	15,120	142,288	15,000

(19) Bond Amortization

The KUHA purchase was paid by the University of Houston, and a 25-year bond debt was closed on December 29, 2011. The University of Houston received the proceeds from the Consolidated Revenue and Refunding Bonds (Series 2011A and 2011B (Taxable)). KUHA will pay the bond debt according to the following schedule.

Year Ending		Principal	Coupon	Interest	Debt service	Premium
08/31/16	$	200,000	5.00%	410,500	610,500	64,299
08/31/17		205,000	5.00%	400,375	605,375	63,605
08/31/18		220,000	5.00%	389,750	609,750	55,462
08/31/19		230,000	5.00%	378,500	608,500	48,014
08/31/20		240,000	5.00%	366,750	606,750	48,014
08/31/21		255,000	5.00%	354,375	609,375	48,014
08/31/22		265,000	5.00%	341,375	606,375	37,895
08/31/23		280,000	5.00%	327,750	607,750	27,777
08/31/24		295,000	5.00%	313,375	608,375	27,777
08/31/25		310,000	5.00%	298,250	608,250	27,777
08/31/26		325,000	5.00%	282,375	607,375	27,777
08/31/27		340,000	5.00%	265,750	605,750	27,777
08/31/28		360,000	5.00%	248,250	608,250	27,777
08/31/29		380,000	5.00%	229,750	609,750	27,777
08/31/30		395,000	5.00%	210,375	605,375	27,777
08/31/31		420,000	5.00%	190,000	610,000	27,777
08/31/32		440,000	5.00%	168,500	608,500	27,597
08/31/33		460,000	5.00%	146,000	606,000	25,130
08/31/34		485,000	5.00%	122,375	607,375	22,841
08/31/35		510,000	5.00%	97,500	607,500	22,841
08/31/36		535,000	5.00%	71,375	606,375	22,841
08/31/37		565,000	5.00%	43,875	608,875	13,278
08/31/38		595,000	5.00%	14,875	609,875	66,799
	$	8,310,000		5,672,000	13,982,000	816,623

(20) KUHT Server

The KUHT server was purchased by the University of Houston System for the television station. The Stations will be paying following the schedule below.

Year ending August 31:		KUHT server amount
2016	$	75,248
2017		12,542
	$	87,790

REQUIRED SUPPLEMENTARY INFORMATION

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

Schedule of Houston Public Media's Proportionate Share of the Net Pension Liability

Teacher Retirement System of Texas Plan

Fiscal Year Ended August 31, 2015

		2015
Houston Public Media's Proportion of the Net Pension Liability (Asset)		0.0080606%
Houston Public Media's Proportionate Share of the Net Pension Liability (Asset)	$	2,153,546
Houston Public Media's Covered Payroll	$	2,954,568
Houston Public Media's Proportionate Share of the Net Pension Liability (Asset) As a Percentage of its Covered Payroll		72.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		83.25%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Stations will present information for the years for which the information is available. Information presented in the schedule has been determined as of the measurement date (one year before the most recent fiscal year-end) of the collective net pension liability in accordance with GASB 68 and GASB 71.

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

Schedule of Houston Public Media's Contributions

Teacher Retirement System of Texas Plan

Fiscal Year Ended August 31, 2015

Contributions		2015	2014
Statutorily Required Contributions	$	255,681	256,161
Contributions in Relation to the Statutorily Required Contributions	$	239,357	202,739
Contribution Deficiency (Excess)	$	16,324	53,422
Houston Public Media's Covered-Employee Payroll	$	3,099,163	2,954,568
Contributions as a Percentage of Covered-Employee Payroll		7.72%	6.86%

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, the Stations will present information for the years for which the information is available. Information presented in the schedule has been determined as of the Stations' most recent fiscal year-end in accordance with GASB 68 and GASB 71.

SUPPLEMENTARY INFORMATION

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

Schedule of Functional Expenses

Year Ended August 31, 2015

Schedule 1

Class		Programming and production (PRD)	Broadcasting, engineering and technical (BET)	Program information (PGM)	Total	Fundraising and membership development (FND)	Management and general (MGT)	Underwriting and grant solicitation (UND)	Total	Grand total
Salaries and wages	$	2,334,301	1,808,398	244,248	4,386,947	575,346	1,105,286	347,238	2,027,870	6,414,817
Fringe benefits		589,076	473,013	65,322	1,127,411	162,494	261,385	87,560	511,439	1,638,850
Financial and legal services		2,438	28	5	2,471	261,769	209,344	433	471,546	474,017
Fundraising		37,561	9,605	117	47,283	856,577	15,234	331	872,142	919,425
Membership fees		61,976	6,154	-	68,130	3,371	93,712	-	97,083	165,213
Other expenses		272,549	527,057	696	800,302	356,751	100,086	3,098	459,935	1,260,237
Postage		2,431	3,356	1,951	7,738	210,568	14,928	403	225,899	233,637
Printing and reproduction services		4,122	5,293	1,190	10,605	165,507	2,202	84	167,793	178,398
Professional services		115,374	81,825	4,951	202,150	718,019	72,699	5,196	795,914	998,064
Program rights		4,172,639	24,943	-	4,197,582	(5,693)	-	-	(5,693)	4,191,889
Rental and leases		2,296	336,224	1,100	339,620	8,905	2,553	270	11,728	351,348
Repairs and maintenance		40,857	317,371	800	359,028	3,795	34,544	-	38,339	397,367
Supplies and materials		8,663	420,688	2,192	431,543	23,125	57,183	919	81,227	512,770
Telephone		10,705	180,514	-	191,219	-	-	-	-	191,219
Travel		31,873	4,850	2,838	39,561	18,781	11,811	1,789	32,381	71,942
Utilities		(4,952)	371,553	-	366,601	-	-	-	-	366,601
Interest - KUHA Classical		-	-	-	-	-	420,250	-	420,250	420,250
		7,681,909	4,570,872	325,410	12,578,191	3,359,315	2,401,217	447,321	6,207,853	18,786,044
In-kind		-	456,532	-	456,532	-	5,469,131	-	5,469,131	5,925,663
	$	7,681,909	5,027,404	325,410	13,034,723	3,359,315	7,870,348	447,321	11,676,984	24,711,707
Percentage of total expenses before depreciation		31%	20%	1%	52%	14%	32%	2%	48%	100%

HOUSTON PUBLIC MEDIA

(A Division of the University of Houston System)

Component Unit (HPMF) Schedule of Functional Expenses

Year Ended August 31, 2015

Schedule 2

Class		Grants to Primary	Programming and production (PRD)	Broadcasting, engineering and technical (BET)	Program information (PGM)	Fundraising and membership development (FND)	Management and general (MGT)	Underwriting and grant solicitation (UND)	Grand total
Financial and legal services	$	-	-	190,649	99,254	132	-	-	290,035
Fundraising		-	-	191,857	8,426	-	7,186	162	207,631
Grants to KUHF-FM		4,101,524	-	-	-	-	-	-	4,101,524
Grants to KUHA-FM		638,734	-	-	-	-	-	-	638,734
Grants to KUHT-TV		4,286,943	-	-	-	-	-	-	4,286,943
Membership fees		-	-	1,888	6,609	-	-	-	8,497
Other expenses		-	33,926	151,654	162,686	462	24,991	58,468	432,187
Mail services		-	1,664	192,507	(9,563)	-	76	-	184,684
Printing and reproduction services		-	689	130,159	-	222	640	-	131,710
Professional services		-	2,558	598,412	21,107	1,317	3,354	415	627,163
Rental and leases		-	750	11,242	155	-	500	-	12,647
Repairs and maintenance		-	25,116	-	1,934	-	-	-	27,050
Supplies and materials		-	39,804	479	3,062	14	53	-	43,412
Telemarketing services		-	-	196,611	-	-	-	-	196,611
Telephone		-	-	-	-	-	18,104	-	18,104
Travel		-	-	4,006	843	267	3,772	4	8,892
	$	9,027,201	104,507	1,669,464	294,513	2,414	58,676	59,049	11,215,824

HOUSTON PUBLIC MEDIA

(A Division of the University of Houston System)

Schedule of Functional Expenses

Year Ended August 31, 2014

Schedule 3

Class		Programming and production (PRD)	Broadcasting, engineering and technical (BET)	Program information (PGM)	Total	Fundraising and membership development (FND)	Management and general (MGT)	Underwriting and grant solicitation (UND)	Total	Grand total
Salaries and wages	$	2,285,030	1,585,750	9,203	3,879,983	1,218,173	808,246	405,453	2,431,872	6,311,855
Fringe benefits		415,841	477,589	-	893,430	357,500	165,382	102,569	625,451	1,518,881
Financial and legal services		1,586	10,983	85	12,654	249,473	174,096	5,815	429,384	442,038
Fundraising		161,926	37,218	8,348	207,492	1,169,165	1,129	5,373	1,175,667	1,383,159
Membership fees		9,474	8,179	402	18,055	189,653	74,547	-	264,200	282,255
Other expenses		338,193	333,346	72,033	743,572	267,102	284,500	10,250	561,852	1,305,424
Postage		2,942	5,048	3,815	11,805	527,558	5,459	917	533,934	545,739
Printing and reproduction services		2,218	79	1,894	4,191	161,310	2,591	84	163,985	168,176
Professional services		101,386	100,661	1,826	203,873	139,358	103,322	-	242,680	446,553
Program rights		3,943,546	4,043	4,814	3,952,403	6,514	5,817	-	12,331	3,964,734
Rental and leases		14,836	283,451	1,900	300,187	32,123	18,580	-	50,703	350,890
Repairs and maintenance		23,348	234,216	1,200	258,764	154,285	11,994	-	166,279	425,043
Supplies and materials		43,592	223,868	4,444	271,904	13,027	45,025	109	58,161	330,065
Telephone		23,492	190,175	1,517	215,184	4,942	44	-	4,986	220,170
Travel		50,012	673	2,305	52,990	10,754	13,240	6,004	29,998	82,988
Utilities		-	408,013	-	408,013	-	35	-	35	408,048
Interest - KUHA Classical		429,500	-	-	429,500	-	-	-	-	429,500
Broadcasting fees		-	100	-	100	-	-	-	-	100
		7,846,922	3,903,392	113,786	11,864,100	4,500,937	1,714,007	536,574	6,751,518	18,615,618
In-kind		-	476,613	-	476,613	-	3,388,379	-	3,388,379	3,864,992
	$	7,846,922	4,380,005	113,786	12,340,713	4,500,937	5,102,386	536,574	10,139,897	22,480,610
Percentage of total expenses before depreciation		35%	19%	1%	55%	20%	23%	2%	45%	100%

HOUSTON PUBLIC MEDIA
(A Division of the University of Houston System)

Component Unit (HPMF) Schedule of Functional Expenses

Year Ended August 31, 2014

Schedule 4

Class		Grants to Primary	Programming and production (PRD)	Broadcasting, engineering and technical (BET)	Program information (PGM)	Fundraising and membership development (FND)	Management and general (MGT)	Underwriting and grant solicitation (UND)	Grand total
Financial and legal services	$	-	-	-	54	257,943	101,271	-	359,268
Fundraising		-	2,439	42	7,996	418,676	434	-	429,587
Grants to KUHF-FM		3,788,080	-	-	-	-	-	-	3,788,080
Grants to KUHA-FM		480,595	-	-	-	-	-	-	480,595
Grants to KUHT-TV		4,142,825	-	-	-	-	-	-	4,142,825
Membership fees		-	-	-	150	189,171	32,490	-	221,811
Other expenses		-	57,541	18,270	9,660	241,439	15,810	36,388	379,108
Mail services		-	168	-	2,095	479,276	1,084	-	482,623
Printing and reproduction services		-	1,535	-	1,509	140,001	321	-	143,366
Professional services		-	8,060	-	1,826	154,711	90,974	-	255,571
Rental and leases		-	22,949	1,200	1,000	29,437	1,766	2,595	58,947
Repairs and maintenance		-	-	6,950	-	143,910	6,675	-	157,535
Supplies and materials		-	17	-	-	646	1,188	51	1,902
Telemarketing services		-	-	-	-	89,156	-	-	89,156
Telephone		-	22,499	72	-	4,480	-	-	27,051
Travel		-	24,820	730	1,418	2,697	334	-	29,999
	$	8,411,500	140,028	27,264	25,708	2,151,543	252,347	39,034	11,047,424