



November 22, 2004

Ronald D. Leonhardt, City Clerk
Milwaukee City Hall, Room 205
200 E. Wells Street
Milwaukee, WI 53202

Dear Mr. Leonhardt:

On behalf of the Higher Education Cable Consortium (HECC) I am sending you a copy of the organization's 2003 Annual Report.

HECC is the consortium of ten Milwaukee-area colleges and universities that collectively operate the city's cable television educational channel.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Peterson', is written over a horizontal line.

K. Alan Peterson
Secretary
Higher Education Cable Consortium

HIGHER EDUCATION CABLE CONSORTIUM, INC.
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003



CERTIFIED PUBLIC ACCOUNTANTS

1800 East Main Street, Suite 100
Waukesha, Wisconsin 53186-3902

Higher Education Cable Consortium, Inc.

Annual Report

December 31, 2003

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CERTIFIED PUBLIC ACCOUNTANTS

EDWARD J. WALKOWICZ, CPA
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NILTJE M. HUDZ, CPA
SHANNON M. ROSZAK, CPA

Independent Auditor's Report

June 25, 2004

Alverno College
Higher Education Cable Consortium
Attention: William McEachern
3400 South 43rd Street
P.O. Box 343922
Milwaukee, Wisconsin 53234-3922

Board of Directors:

We have audited the accompanying statements of financial position of Higher Education Cable Consortium, Inc. as of December 31, 2003 and 2002, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Higher Education Cable Consortium, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Higher Education Cable Consortium, Inc. as of December 31, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Walkowicz, Boczkiwicz & Co., S.C.
Walkowicz, Boczkiwicz & Co., S.C.
Certified Public Accountants

1800 East Main Street, Suite 100
Waukesha, Wisconsin 53186-3902

Higher Education Cable Consortium, Inc.
Statements of Financial Position
December 31, 2003 and 2002

	2003	2002
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 8,447	\$ 11,468
Accounts receivable	1,716	-
Prepaid expenses	9,646	9,853
Short term investments	215,349	239,012
Allowance for unrealized gains (losses)	32,960	(9,856)
Total Current Assets	268,118	250,477
Total Assets	\$ 268,118	\$ 250,477
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts payable	\$ 320	\$ 315
Advance billings	2,033	2,049
Total Current Liabilities	2,353	2,364
Total Liabilities	2,353	2,364
<u>Net Assets:</u>		
Unrestricted Net Assets	265,765	248,113
Total Net Assets	265,765	248,113
Total Liabilities and Net Assets	\$ 268,118	\$ 250,477

The accompanying notes to financial statements
are an integral part of these statements.

Higher Education Cable Consortium, Inc.
Statements of Activities
For the Years Ended December 31, 2003 and 2002

	2003	2002
<u>Unrestricted Net Assets:</u>		
Revenues:		
Investment income (net)	\$ 12,560	\$ 9,339
Less: Investment management fees	(1,190)	(1,305)
Program income	3,066	3,074
Loss on sale of investments	(12,379)	(10,103)
Unrealized holding gain (loss) on investments	42,816	(14,378)
 Total Unrestricted Support	 44,873	 (13,373)
Expenses:		
Audit	1,660	1,616
Insurance	207	331
License and fees	10	10
Meeting expense	187	-
Office expense	34	-
Safe deposit box rental	26	26
Station operation	25,097	25,117
 Total Unrestricted Expenses	 27,221	 27,100
 Increase (Decrease) in Unrestricted Net Assets	 17,652	 (40,473)
 Net Assets at Beginning of Year	 248,113	 288,586
 Net Assets at End of Year	 \$ 265,765	 \$ 248,113

The accompanying notes to financial statements
are an integral part of these statements.

Higher Education Cable Consortium, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2003 and 2002

	2003	2002
Cash Flows From Operating Activities:		
Decrease in Net Assets	\$ 17,652	\$ (40,473)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Loss on sale of investments	12,379	10,103
Unrealized loss on investments	(42,816)	14,378
(Increase) Decrease in Assets:		
Accounts receivable	(1,716)	81
Prepaid expenses	207	10
Increase (Decrease) in Liabilities:		
Accounts payable	5	(111)
Advanced billings	(16)	-
	(14,305)	(16,012)
Net Cash Used in Operating Activities		
Cash Flows From Investing Activities:		
Purchases of short term investments	(73,812)	(50,000)
Proceeds from sale of short term investments	-	1,436
Proceeds from sale of long term investments	85,096	63,408
	11,284	14,844
Net Cash Provided by (Used in) Investing Activities		
Net Decrease in Cash and Cash Equivalents	(3,021)	(1,168)
Cash and Cash Equivalents - Beginning of Year	11,468	12,636
Cash and Cash Equivalents - End of Year	\$ 8,447	\$ 11,468
Supplementary Disclosures of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

The accompanying notes to financial statements
are an integral part of these statements.

Higher Education Cable Consortium, Inc.,
Notes to Financial Statements
December 31, 2003 and December 31, 2002

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Nature of Activities

Higher Education Cable Consortium, Inc. is an association incorporated on November 28, 1983, organized to provide member institutions in Greater Milwaukee a device for participation in cable television programming. Member institutions are colleges and universities throughout Wisconsin.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are those not subject to donor imposed restrictions. Temporarily restricted net assets reflect contributions with donor imposed stipulations that will expire with the passage of time. The Organization has no temporarily restricted or permanently restricted net assets.

Investments

The Organization has adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investment income (expense) and gains (losses) are reported as increases (decreases) in unrestricted net assets in the reporting period in which the income (expense) and gains (losses) are recognized.

Income Taxes

Higher Education Cable Consortium, Inc. is not subject to Federal or Wisconsin income taxes since it is organized as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code.

Cash Equivalents

Cash equivalents are defined as certificates of deposit and U.S. government obligations which mature in less than 90 days, and those securities registered under the Investment Company Act of 1940 which are comprised of cash and other short-term debt instruments and which are commonly referred to as "money market funds."

Higher Education Cable Consortium, Inc.,
Notes to Financial Statements
December 31, 2003 and December 31, 2002

Note 1 - Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Note 2 - Investments

The Organization held \$215,349 and \$239,012 at December 31, 2003 and 2002, respectively, in various marketable securities. Short term investments are stated at fair value.