Consolidated Financial Statements and
Supplemental Consolidating Schedules Together with
Report of Independent Certified Public Accountants

SESAME WORKSHOP AND SUBSIDIARIES

For the years ended June 30, 2013 and 2012

SESAME WORKSHOP AND SUBSIDIARIES

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Trustees of
Sesame Workshop and Subsidiaries:

Report on the financial statements

We have audited the accompanying consolidated financial statements of Sesame Workshop and Subsidiaries (collectively, the "Company"), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sesame Workshop and Subsidiaries as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating schedules as of and for the year ended June 30, 2013 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

New York, New York
October 2, 2013

SESAME WORKSHOP AND SUBSIDIARIES
Consolidated Statements of Financial Position
As of June 30, 2013 and 2012
(In thousands)

ASSETS	2013	2012
Cash and cash equivalents	$ 9,057	$ 10,022
Receivables:		
Programs, product licenses, and contracts in support of programs, less allowance for doubtful accounts, of $1,554 in 2013 and $7,008 in 2012	27,302	28,437
Grants	14,302	6,356
Total receivables	41,604	34,793
Note receivable	14,042	-
Inventory, net	1,199	1,611
Programs in process	4,295	5,695
Investments	142,353	133,794
Intangible assets, net of accumulated amortization of $86,557 in 2013 and $79,712 in 2012	51,334	58,179
Property and equipment, net	25,475	27,752
Other assets	2,992	4,331
Total assets	$ 292,351	$ 276,177
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	$ 31,248	$ 31,669
Deferred revenues	12,349	17,710
Deferred rent payable	17,715	16,936
Total liabilities	61,312	66,315
Commitments and contingencies		
NET ASSETS		
Unrestricted	212,771	198,905
Temporarily restricted	18,268	10,957
Total net assets	231,039	209,862
Total liabilities and net assets	$ 292,351	$ 276,177

The accompanying notes are an integral part of these consolidated statements.

SESAME WORKSHOP AND SUBSIDIARIES
Consolidated Statements of Activities
For the years ended June 30, 2013 and 2012
(In Thousands)

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES						
Program support	$ 17,885	$ 17,129	$ 35,014	$ 28,659	$ 5,992	$ 34,651
Distribution fees and royalties	39,346	-	39,346	33,018	-	33,018
Licensing	46,521	-	46,521	46,161	-	46,161
Net assets released from restrictions	9,818	(9,818)	-	13,189	(13,189)	-
Total operating revenues	113,570	7,311	120,881	121,027	(7,197)	113,830
EXPENSES						
Program expenses:						
Education, research and outreach	15,068	-	15,068	19,995	-	19,995
Content distribution	18,475	-	18,475	18,270	-	18,270
Production and development	43,596	-	43,596	51,248	-	51,248
Global product licensing	5,961	-	5,961	6,706	-	6,706
Global project management	7,570	-	7,570	5,724	-	5,724
Public awareness	3,694	-	3,694	4,530	-	4,530
Muppet acquisition	6,845	-	6,845	6,845	-	6,845
Total program expenses	101,209	-	101,209	113,318	-	113,318
Support expenses:						
Fundraising	4,846	-	4,846	5,535	-	5,535
General and administrative	20,566	-	20,566	19,277	-	19,277
Total support expenses	25,412	-	25,412	24,812	-	24,812
Total operating expenses	126,621	-	126,621	138,130	-	138,130
Operating (loss) income	(13,051)	7,311	(5,740)	(17,103)	(7,197)	(24,300)
Net investment income	13,789	-	13,789	1,926	-	1,926
Increase (decrease) in net assets before provision (benefit) for income taxes	738	7,311	8,049	(15,177)	(7,197)	(22,374)
Gain on sale of joint venture	13,232	-	13,232	-	-	-
Provision (benefit) for income taxes	104	-	104	(13)	-	(13)
Increase (decrease) in net assets	13,866	7,311	21,177	(15,164)	(7,197)	(22,361)
Net assets, beginning of year	198,905	10,957	209,862	214,069	18,154	232,223
Net assets, end of year	$ 212,771	$ 18,268	$ 231,039	$ 198,905	$ 10,957	$ 209,862

The accompanying notes are an integral part of these consolidated statements.

SESAME WORKSHOP AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended June 30, 2013 and 2012
(In Thousands)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 21,177	$ (22,361)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	3,834	3,077
Loss on disposal of property and equipment	-	169
Amortization of intangible assets	6,845	6,844
Amortization of programs in process	5,338	20,515
Change in provision for uncollectible receivables	(5,454)	(593)
Net unrealized (appreciation) depreciation on investments	(11,036)	1,065
Gain on sale of investments	(2,753)	(3,189)
Change in provision for inventory obsolescence	353	(50)
Changes in operating assets and liabilities:		
(Increase) decrease in gross receivables	(1,357)	13,003
Decrease (increase) in inventories	59	(231)
Additions to programs in process	(3,938)	(15,478)
Decrease (increase) in other assets	1,339	(1,691)
Increase (decrease) in accounts payable and accrued expenses	1,133	(1,864)
(Decrease) increase in deferred revenues	(5,361)	2,003
Increase in deferred rent payable	779	9,302
Net cash provided by operating activities	10,958	10,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,557)	(17,763)
Purchases of investments	(22,566)	(118,487)
Proceeds from sale of investments	27,796	108,023
Change in note receivable	(14,042)	-
Net cash used in investing activities	(10,369)	(28,227)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	(1,554)	(1,433)
Net cash used in financing activities	(1,554)	(1,433)
Decrease in cash and cash equivalents	(965)	(19,139)
Cash and cash equivalents, beginning of year	10,022	29,161
Cash and cash equivalents, end of year	$ 9,057	$ 10,022
Supplemental cash flow disclosures:		
Cash paid for income taxes	$ 140	$ 44

The accompanying notes are an integral part of these consolidated statements.

1. ORGANIZATION

Sesame Workshop (the "Company") is a nonprofit 501(c)(3) corporation that develops innovative and entertaining educational content for children that is distributed across multiple platforms including television, interactive media, radio, books, magazines and live entertainment and through community outreach initiatives. Sesame Street, the Company's flagship preschool series, premiered in the United States in 1969 and is currently broadcasting its 44^{th} season on PBS. Sesame Street has been seen in over 150 countries, including 30 Sesame Street international co-productions developed in partnership with local experts who develop educational goals tailored to the needs of children in their own countries.

Taking advantage of all forms of media and using those that are best suited to delivering a particular curriculum, the Company effectively and efficiently reaches millions of children, parents, caregivers and educators. The Company also creates needs-driven public service initiatives and outreach programs that provide age appropriate materials around such issues as health, military deployment, global citizenship, school readiness and financial education.

The Company's primary sources of revenue are direct funding support for its educational programs and initiatives, the distribution of educational media including television, video, interactive media, publishing, educational research and outreach and through the licensing of the Sesame Street characters and brand, both domestically and internationally.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Sesame Workshop's wholly-owned, not-for-profit subsidiaries include the following:

- SW Financing, Inc. ("SW Financing");
- Sesame Street, Inc.;
- Electric Company, Inc.;
- Galli Galli Sim Sim Educational Initiative (formerly Sesame Workshop India) ("GGSSEI"); and
- The Joan Ganz Cooney Center for Educational Media and Research.

Sesame Workshop's wholly-owned, for-profit subsidiaries include the following:

- Sesame Workshop India Initiatives, PLC;
- Sesame Street Brand Management and Service (Shanghai) Co., Ltd; and
- CTW Communications, Inc. ("CTW/C").

These subsidiaries are consolidated in the Company's financial statements. All significant intercompany accounts and transactions have been eliminated in consolidation.

The classification of the Company's net assets and program support revenue is based on the existence or absence of donor-imposed restrictions. Amounts for each of the three classes of net assets (unrestricted, temporarily restricted and permanently restricted) are displayed in the accompanying consolidated statements of financial position and changes in each of those classes of net assets are displayed in the accompanying consolidated statements of activities.

These net asset classes are defined as follows:

Unrestricted net assets
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Company are considered unrestricted.

Temporarily restricted net assets
Net assets which include resources that have been limited by donor-imposed stipulations that either expire with the passage of time and/or can be fulfilled and removed by the actions of the Company pursuant to those stipulations are considered temporarily restricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently restricted net assets
Net assets which include funds whereby the donors have stipulated that the principal contributed be invested and maintained in perpetuity. Income earned from these investments is available for expenditures according to restrictions, if any, imposed by donors. At June 30, 2013 and 2012, the Company did not possess any permanently restricted net assets.

Measure of Operations

Operations include all revenues and expenses other than income and losses generated by the Company's investments and income taxes.

Program Support

Program support revenues include unrestricted and temporarily restricted contributions from individuals, corporations and foundations, corporate sponsorships, and grants and contracts from governments and government agencies to support the development, production and distribution of educational content. Contributions from individuals and foundations are recognized upon receipt of verifiable documentation of a promise to give. Corporate sponsorship revenue is recognized pro rata over the corresponding term of the agreement. Grants and awards received from governments or government agencies are recognized as awards are expended.

Distribution Fees and Royalties

Distribution fees and royalties are generated from the distribution and licensing of the Company's content across various media platforms including television, home video and audio, print, online, and live entertainment. Revenues from the sale of DVD's are recognized upon shipment. Television sales revenues are recognized when there is evidence of a sale or licensing arrangement, the program is complete and has been delivered or is available for delivery, the license period has begun and the arrangement fee is determinable and deemed collectible. Other distribution revenues including audio, print, online and live entertainment are recognized as income as it is earned over the related license periods. Included within distribution fees and royalties in the accompanying consolidated statements of activities is approximately $12.7 million and $9.7 million from one distribution partner for the years ended June 30, 2013 and 2012, respectively.

Licensing

The Company's share of revenues from the licensing of its characters and brands for use in consumer products including, toys, games, clothing and food, is recognized as income as it is earned over the related license periods. Included within licensing revenue in the accompanying consolidated statements of activities are $13.3 million and $10.0 million from one licensee of the Company, for the years ended June 30, 2013 and 2012, respectively.

Cash and Cash Equivalents

Cash equivalents, with original maturities of less than three months, consist principally of money market funds which are recorded at cost, which approximates fair value. Cash and cash equivalents managed by the Company's investment managers as part of its long-term investment strategy are included in investments.

Fair Value Measurements

The FASB issued Accounting Standards Codification ("ASC") Topic 820 which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity-specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities, subject to the standard, measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the measurement date.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the measurement date, and fair value is determined through the use of models or other valuation methodologies. Also included in Level 2 are investments using a net asset value ("NAV") per share, or its equivalent, that may be redeemed at NAV at the statement of financial position date or in the near term, which the Company has determined to be within ninety days.

Level 3 - Pricing inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV at the reporting date or in the near term or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets.

The carrying amounts of cash and cash equivalents, receivables, other assets and accounts payable, accrued expenses and other liabilities approximate fair value due to the short-term nature of these financial instruments.

Investments

Investments in publicly traded debt and equity securities are recorded at fair market value generally determined on the basis of quoted market values.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the consolidated statements of activities in the period in which the securities are sold. Dividends and interest are recognized as earned.

Inventory

Inventories consist of DVD's available for sale at June 30, 2013 and 2012, and are carried at the lower of cost or market. Inventories are reviewed for estimated obsolescence or unusable items and, if appropriate, are written down to the net realizable value based upon assumptions about future demand and market conditions. If actual future demand or market conditions are less favorable than those the Company projects, additional inventory write-downs may be required. These are considered permanent adjustments to the cost basis of the inventory. Reserves for inventory obsolescence were $0.8 million and $0.5 million at June 30, 2013 and 2012, respectively.

Programs in Process

Programs in process include costs that relate to programs that will broadcast principally in the next three fiscal years. These costs are amortized generally on an individual production basis in the ratio that current year gross revenue bears to estimated future gross revenues. If the capitalized costs for an individual production are greater than the estimated future gross revenues, such costs are written down to net realizable value. Costs incurred in the development of new programs are expensed as incurred.

Long-Lived Assets and Intangible Assets

Recoverability of long-lived assets and definite-lived intangible assets is assessed periodically and impairments, if any, are recognized in operating results if a permanent diminution in value were to occur when the carrying value of the asset exceeds its fair value, calculated using an undiscounted cash flow analysis. No impairment charges were incurred for the years ended June 30, 2013 and 2012.

Depreciation and Amortization

Property and equipment are depreciated on a straight-line basis over their estimated useful lives, which range from three to ten years. Leasehold improvements are amortized over their useful lives or the remaining term of the lease, whichever is shorter (Note 6). Intangible assets consist of the assets acquired as part of the Muppet Acquisition (Note 3). These assets are being amortized on a straight-line basis over their estimated useful lives, ranging from ten to twenty years.

Taxes

The Company adopted the provisions of FASB Interpretation No. 48 ("FIN 48") "Accounting for Uncertainties in Income Taxes – an interpretation of FASB Statement No. 109," now incorporated in ASC 740. ASC 740-10 clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This section provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Company is exempt from federal and New York income taxation by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code and similar provisions of the New York State tax code. Nevertheless, the Company may be subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The tax years ending June 30, 2010, 2011, 2012 and 2013 are still open to audit for both federal and state purposes. Management determined that there are no uncertain tax positions within its consolidated financial statements.

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 the reported amounts of assets and liabilities and changes therein, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain fiscal 2012 balances have been reclassified to conform to the fiscal 2013 presentation.

3. ACQUISITION OF INTELLECTUAL PROPERTY

On December 28, 2000, the Company acquired the copyrights and trademark rights relating to the Sesame Street Muppet puppet characters ("Sesame Street Muppets") from the Jim Henson Company, Inc. and EM.TV & Merchandising (collectively, the "Henson Companies"). In addition to the acquisition of the copyrights and trademark rights, the Company acquired the right and license to use the term Muppet(s), as defined. The agreement effectively terminated all existing agreements between the Company and the Henson Companies. The purchase price of $180.0 million included an upfront cash payment of $110.0 million and 40 quarterly installments of $1.75 million, which commenced on April 1, 2001. The Company recorded intangible assets based on the net present value of the cash payments which are being amortized over their estimated useful lives as follows (in thousands):

ASSET	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization June 30, 2013	Accumulated Amortization June 30, 2012
Copyrights and Trademarks	20 Years	$ 133,761	$ 83,601	$ 76,912
Transaction costs	20 Years	3,130	1,956	1,800
License fees	10 Years	1,000	1,000	1,000
		$ 137,891	$ 86,557	$ 79,712

Amortization expense of $6.9 million has been recorded on these assets in each of the years ended June 30, 2013 and 2012.

4. GRANTS RECEIVABLE

Amounts related to productions, campaigns and/or education programs that are receivable in less than one year or within one to five years as follows at June 30, 2013 and 2012 (in thousands):

	2013	2012
Within one year	$ 9,215	$ 5,064
1 to 5 years	5,087	1,292
	$ 14,302	$ 6,356

5. INVESTMENTS

The Company has established an investment objectives and guidelines policy, approved by the Board of Trustees, with the stated purpose of providing long term resources necessary to sustain the Company and provide capital to support its mission-related activities. The investment policy is based on a highly diversified portfolio structured to be consistent with the Company's investment objectives and risk tolerance in a way that efficiently balances the tradeoff between return, risk and liquidity.

The following tables present the Company's fair value hierarchy for its investments, measured at fair value, as of June 30, 2013 and 2012:

2013	# of Funds	Cost Basis	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total
Cash equivalents	N/A	$ 3,818	$ 3,818	$ -	$ -	$ 3,818
Fixed income (a)	5	28,173	14,493	17,242	-	31,735
Domestic equities (b)	1	3,450	-	8,486	-	8,486
International equities (c)	3	26,643	3,361	28,559	-	31,920
Commodities	1	1,300	1,016	-	-	1,016
Treasury inflation-protected securities ("TIPS") (d)	1	-	-	44	-	44
Hedge funds (e)	3	31,668	-	35,265	863	36,128
Global balanced fund of funds (f)	1	12,806	-	14,603	-	14,603
Private equity (g)	2	13,421	-	-	13,772	13,772
Opportunistic funds (h)	2	735	-	831	-	831
Total investments	19	$ 122,014	$ 22,688	$ 105,030	$ 14,635	$ 142,353

2012	# of Funds	Cost Basis	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total
Cash equivalents	N/A	$ 7,679	$ 7,679	$ -	$ -	$ 7,679
Fixed income (a)	5	30,103	10,723	19,725	-	30,448
Domestic equities (b)	2	14,331	1,013	16,111	-	17,124
International equities (c)	2	24,697	3,557	20,863	-	24,420
Commodities	1	1,100	956	-	-	956
Treasury inflation-protected securities ("TIPS") (d)	1	947	-	979	-	979
Hedge funds (e)	4	27,458		24,555	2,566	27,121
Global balanced fund of funds (f)	1	12,560	-	13,039	-	13,039
Private equity (g)	2	12,097	-	-	12,028	12,028
Total investments	18	$ 130,972	$ 23,928	$ 95,272	$ 14,594	$ 133,794

At June 30, 2013 and 2012, Level 3 investments comprised approximately 10% and 11% of the Company's total investments at fair value (in thousands), respectively.

The Company uses NAV to determine the fair value of all the underlying investments which (1) do not have a readily determinable fair value and (2) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following lists investments by major category:

(a) This category combines investments in commingled funds employing a range of strategies with direct holdings of treasuries and fixed income futures positions to arrive at a diversified portfolio of corporate credit (both investment grade and below investment grade), bank loan, asset backed and government fixed income securities.

(b) This category combines positions in commingled funds investing in segments of the U.S. equity market with direct holdings of U.S. equity futures and Exchange-Traded Funds (ETFs) to arrive at a broadly diversified portfolio of publicly traded/listed U.S. equities.

(c) This category combines positions in commingled funds investing in both developed and emerging market securities with direct holdings of non-U.S. equity ETFs to arrive at a broadly diversified portfolio of publicly traded/listed non-U.S. equities.

(d) This category consists of direct holdings of inflation-protected securities issued by the U.S. Treasury.

(e) This category includes investments in hedge funds employing a variety of diversifying strategies including equity long/short, fixed income relative value, convertible arbitrage, merger arbitrage, equity market-neutral, global macro, long/short credit, and other opportunistic.

(f) This category includes investments in offshore and U.S. managed funds.

(g) This category includes private equity funds that invest in privately held corporations and domestic and international venture capital and private funds. The nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets of the fund. As of June 30, 2013, it is probable that all of the investments in this category will be sold at an amount different from the net asset value of the Company's ownership interest in partners' capital. The total amount of unfunded commitments was $1.1 million and $2.6 million at June 30, 2013 and 2012, respectively. The timing to draw down on these commitments ranges from 1 to 3 years at June 30, 2013 and June 30, 2012.

(h) This category includes investments focusing on distressed debt and equity securities, as well as credit based structured products including predominantly collateralized loan obligations backed by senior secured assets with a focus on debt opportunities.

Investments valued at net asset value or its equivalent as of June 30, 2013, consisted of the following:

Alternative Investment Strategy	Funds	NAV in Funds	Redemption Terms	Redemption Restrictions
Fixed income	3	$ 17,242	One fund monthly with 30 days notice, one fund monthly with 15 days notice and one fund monthly with 10 days notice.	None.
Domestic equities	1	8,486	Monthly with 30 days notice.	None.
International equities	1	28,559	Monthly with 30 days notice.	None.
TIPS	1	44	Daily.	None.
Hedge funds	3	36,128	One fund is quarterly with 90 days notice and the other two funds have been given redemption notices and are currently in liquidation	One fund has no restrictions, a side pocket remains for one fund, and the other fund has a slow payout option.
Global Balanced fund of funds	1	14,603	Monthly with 30 days notice.	None.
Private equity	2	13,772	Investments are distributed when underlying assets are sold.	Investments are distributed when underlying assets are sold.
Opportunistic funds	2	831	None.	None.
Total		$ 119,665		

Investments valued at net asset value or its equivalent as of June 30, 2012, consisted of the following:

Alternative Investment Strategy	Funds	NAV in Funds	Redemption Terms	Redemption Restrictions
Fixed income	3	$ 19,725	One fund monthly with 30 days notice, one fund monthly with 15 days notice and one fund monthly with 10 days notice.	None.
Domestic equities	1	16,111	Monthly with 30 days notice.	None.
International equities	1	20,863	Monthly with 30 days notice.	None.
TIPS	1	979	Daily.	None.
Hedge funds	4	27,121	Three funds have been given a redemption notice and are currently in liquidation, and the other is quarterly with 90 days notice.	Side pocket remains for two funds, the other fund has a slow payout option, and the other has no restrictions.
Global Balanced fund of funds	1	13,039	Monthly with 30 days notice.	None.
Private equity	2	12,028	Investments are distributed when underlying assets are sold.	Investments are distributed when underlying assets are sold.
Total		$ 109,866		

The following table presents a rollforward for Level 3 investments measured at fair value for the period from July 1, 2012 to June 30, 2013 (in thousands):

Beginning balance at July 1, 2012	$	14,594
Additions		1,451
Redemptions		(1,605)
Unrealized appreciation		195
Ending balance at June 30, 2013	$	14,635

The following table presents a rollforward for Level 3 investments measured at fair value for the period from July 1, 2011 to June 30, 2012 (in thousands):

Beginning balance at July 1, 2011	$	35,303
Additions		2,659
Redemptions		(22,030)
Unrealized depreciation		(1,338)
Ending balance at June 30, 2012	$	14,594

Included in net investment income for the years ended June 30, 2013 and 2012, are the following amounts related to the investment activities of the Company (in thousands):

		2013		**2012**
Interest and dividend income	$	105	$	535
Unrealized appreciation (depreciation)		11,737		(1,065)
Realized gains		2,753		3,189
Investment expenses		(806)		(733)
	$	13,789	$	1,926

The Company's investment portfolio is exposed to various risks, such as interest rate risk, market risk, and credit risk. Because of the level of risk associated with such investments, it is possible that changes in their values will occur and that such changes could materially affect the Company's consolidated financial statements.

During the year ended June 30, 2005, the Company entered into a venture with Comcast Corporation, Public Broadcasting Service and HIT Entertainment to form the Children's Network, LLC ("Sprout") for the purpose of producing and distributing educational television programming via a 24 hour digital cable channel and on-demand service branded PBS Kids Sprout. On December 5, 2012, the Company sold its 15% equity ownership in Sprout for $14.0 million. Upon signing the sales agreement, the Company then entered into an unsecured promissory note in which the unpaid principal amount would accrue interest. The unpaid principal balance together with all accrued but unpaid interest will be paid in full on the third anniversary of the closing date, which would be December 2015. Interest is calculated at the end of every 360 day period at a rate equal to a variable rate of LIBOR (or the 12 month London Interbank offered rate reported 2 days prior to the beginning of the relevant interest period in the Wall Street Journal) plus 1 percent. At June 30, 2013, the Company accrued interest income of approximately $151,000 at a rate of

1.86%. In addition, the Company present value discounted the note receivable using a risk adjusted rate of approximately 1% as follows:

Purchase price	$	14,000
Accrued interest		151
		14,151
Less: discount to present value		(109)
Total note receivable	$	14,042

6. OFFICE LEASE AND PROPERTY AND EQUIPMENT

On September 29, 2010, the Company amended the lease for its main office space which extended the lease term through June 30, 2030. The new rent terms became effective on January 1, 2011. In addition, the Company completed a reconstruction of the leased space in April 2012. The new lease terms include both landlord contributions toward the cost of the construction as well as rent abatements during and after the construction period. The Company recognizes rent expense on a straight-line basis over the remaining 18 year term, inclusive of the rent abatements and landlord contributions.

Total future commitments under this lease are as follows (in thousands) at June 30, 2013:

2014	$	5,725
2015		5,725
2016		5,725
2017		5,725
2018		5,725
2019 and thereafter		74,298
	$	102,923

During the year ended June 30, 2012, total landlord contributions toward the cost of construction were $7.4 million. There were no landlord contributions during the year ended June 30, 2013.

Total rent expense was $5.0 million in each of the years ended June 30, 2013 and 2012, respectively.

At June 30, 2013 and 2012, property and equipment consisted of (in thousands):

	Useful Life In Years		2013		2012
Computer and office equipment	3 - 4	$	7,916	$	11,302
Furniture and fixtures	4 - 10		4,703		4,403
Leasehold improvements	5 - 18		20,131		19,212
Assets not yet placed into service	N/A		-		1,057
			32,750		35,974
Less: accumulated depreciation and amortization			(7,275)		(8,222)
		$	25,475	$	27,752

Depreciation and amortization expense was $3.8 million and $3.1 million for the years ended June 30, 2013 and 2012, respectively. During the years ended June 30, 2013 and 2012, $4.8 million and $0.9 million, respectively, of fully depreciated assets were written off by the Company since they were no longer in service.

7. CAPITAL LEASE OBLIGATION

The Company maintains several capital leases for office equipment. The following is a schedule of annual future minimum lease payments (in thousands) due under the Company's capital lease obligations, together with the present value of the net minimum lease payments as of June 30, 2013 and 2012:

Year ending June 30:	**2013**	**2012**
2014	$ 1,293	$ 1,477
2015	958	1,074
2016	346	781
2017	102	207
2018	-	100
Total minimum lease payments	2,699	3,639
Less: amount representing interest	(128)	(251)
Present value of minimum lease payments	$ 2,571	$ 3,388

8. NET ASSETS

Temporarily restricted net assets which were available for educational programs as of June 30, 2013 and 2012, are as follows (in thousands):

	Temporarily Restricted Net Assets as of June 30, 2012	**Temporarily Restricted Contributions in Fiscal 2013**	**Net Assets Released from Restrictions in Fiscal 2013**	**Temporarily Restricted Net Assets as of June 30, 2013**
International production, distribution & outreach	$ 4,746	$ 6,601	$ (3,849)	$ 7,498
Health programs	1,124	1,541	(1,130)	1,535
School readiness programs	1,832	5,221	(598)	6,455
Science programs	121	450	(271)	300
Social & emotional well-being programs	2,856	961	(2,925)	892
Joan Ganz Cooney Center for educational media and research	278	2,255	(948)	1,585
Other initiatives	-	100	(97)	3
	$ 10,957	$ 17,129	$ (9,818)	$ 18,268

Temporarily restricted net assets which were available for educational programs as of June 30, 2012 and 2011 are as follows (in thousands):

	Temporarily Restricted Net Assets as of June 30, 2011	Temporarily Restricted Contributions in Fiscal 2012	Net Assets Released from Restrictions in Fiscal 2012	Temporarily Restricted Net Assets as of June 30, 2012
International production, distribution & outreach	$ 8,123	$ 2,286	$ (5,663)	$ 4,746
Health programs	3,011	1,723	(3,610)	1,124
School readiness programs	1,893	1,044	(1,105)	1,832
Science programs	181	-	(60)	121
Social & emotional well-being programs	4,725	196	(2,065)	2,856
Joan Ganz Cooney Center for educational media and research	134	737	(593)	278
Other initiatives	87	6	(93)	-
	$ 18,154	$ 5,992	$ (13,189)	$ 10,957

9. RETIREMENT PLANS

Sesame Workshop sponsors a 401(k) defined contribution plan (the "Plan"). Substantially all full-time employees of the Company are covered under the Plan. Under the Plan, the Company contributes 5% of eligible employees' salaries, which vests based upon years of service and is fully vested after three years of service. The Company also matches employee contributions to the Plan. The matching contributions to the Plan vest immediately. Prior to January 1, 2011, the Company sponsored two separate plans, a 401(a) retirement plan and 403(b) savings plan. Effective January 1, 2011, the Company replaced the 401(a) and 403(b) plans with the 401(k) retirement plan. Effective January 1, 2013, the 403(b) savings plan was terminated and all assets and employee accounts were distributed or rolled into another qualified plan. Total Company contributions to the Plans were $3.6 million in fiscal 2013 and fiscal 2012, respectively.

10. INCOME TAXES

At June 30, 2013 and 2012, CTW/C had net loss carryforwards of $8.3 million, representing approximately $2.8 million of tax benefits. Deferred tax assets are periodically evaluated to determine their recoverability, and where recovery is not likely, a valuation allowance is established. Valuation allowances of $2.8 million have been recorded at June 30, 2013 and 2012, respectively, due to the uncertainty of realizing these tax benefits.

Net operating loss carryforwards were available at June 30, 2013, and will expire, if unused, in the following years (in thousands):

2018	$ 7,419
2019	668
2020	131
2021	36
2022 and thereafter	8
	$ 8,262

11. PROGRAMS IN PROCESS

Programs in process are stated at the lower of unamortized cost or estimated fair value on an individual production basis. Revenue forecasts are continually reviewed by management and revised when warranted by changing conditions. When estimates of total revenues indicate that a production has a fair value that is less than its unamortized cost, a loss is recognized currently for the amount by which the unamortized cost exceeds the production's fair value. For the years ended June 30, 2013 and 2012, the Company recognized losses of $0 and $1.9 million, respectively. For the years ended June 30, 2013 and 2012, exploitation costs of approximately $1.5 million and $2.2 million, respectively, were expensed as incurred.

Programs in process, net of amortization, as of June 30, 2013 and 2012, were as follows (in thousands):

	June 30, 2012	Prior Year Productions Released	Fiscal 2013 Additions	Fiscal 2013 Amortization	June 30, 2013
Television productions:					
Released	$ 3,395	$ 2,300	$ 1,638	$ (5,338)	$ 1,995
In production	2,300	(2,300)	2,300	-	2,300
	$ 5,695	$ -	$ 3,938	$ (5,338)	$ 4,295

	June 30, 2011	Prior Year Productions Released	Fiscal 2012 Additions	Fiscal 2012 Amortization	June 30, 2012
Television productions:					
Released	$ 5,611	$ 3,971	$ 14,328	$ (20,515)	$ 3,395
In production	5,121	(3,971)	1,150	-	2,300
	$ 10,732	$ -	$ 15,478	$ (20,515)	$ 5,695

As of June 30, 2013, the Company estimated that approximately 39% of unamortized production costs from released productions are expected to be amortized in fiscal 2014 and 61% of unamortized production costs from released productions are expected to be amortized within the next three years.

12. COMMITMENTS AND CONTINGENCIES

The Company leases phone and printing equipment under several operating leases. The future commitments under these leases are as follows (in thousands) at June 30, 2013:

2014	$ 416
2015	265
	$ 681

Total rent expense under these equipment leases was $0.7 million for each of the years ended June 30, 2013 and 2012, respectively.

See Note 6 for office lease commitment.

The Company may be involved in various legal actions from time to time arising in the normal course of business. In the opinion of management, there are no matters outstanding that would have a material adverse effect on the consolidated financial statements of the Company.

13. SUBSEQUENT EVENTS

The Company evaluated its June 30, 2013 consolidated financial statements for subsequent events through October 2, 2013, the date the consolidated financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.

SESAME WORKSHOP AND SUBSIDIARIES

Consolidating Schedule of Financial Position

As of June 30, 2013

(In Thousands)

ASSETS	Sesame Workshop	Electric Company, Inc.	Sesame Street, Inc.	CTW Communications, Inc.	SW Financing, Inc.	Galli Galli Sim Sim Educational Initiative	Joan Ganz Cooney Center for Educational Media and Research	Sesame Workshop India Initiatives, PLC	Sesame Street Brand Mgmt. and Service (Shanghai) Co.,Ltd.	Elimination Entries	Consolidated
Cash and cash equivalents	$ 8,161	$ -	$ 108	$ 33	$ -	$ -	$ 311	$ 390	$ 54	$ -	$ 9,057
Receivables:											
Programs, product licenses, and contracts in support of programs, less allowance for doubtful accounts of $1,554 in 2013 and $7,008 in 2012	27,212	-	-	-	-	-	39	51	-	-	27,302
Grants	13,074	-	-	-	-	-	1,536	192	-	(500)	14,302
Total receivables	40,286	-	-	-	-	-	1,575	243	-	(500)	41,604
Note receivable	14,042	-	-	-	-	-	-	-	-	-	14,042
Intercompany receivables	136,760	3,018	9,240	-	-	-	-	-	-	(149,018)	-
Inventory, net	1,199	-	-	-	-	-	-	-	-	-	1,199
Programs in process	4,264	-	-	31	-	-	-	-	-	-	4,295
Investments	126,678	-	-	-	-	-	15,675	-	-	-	142,353
Intangible assets, net of accumulated amortization of $86,557 in 2013 and $79,712 in 2012	51,334	-	-	-	-	-	-	-	-	-	51,334
Property and equipment, net	25,475	-	-	-	-	-	-	-	-	-	25,475
Other assets	2,924	-	-	-	-	-	-	63	5	-	2,992
Total assets	$ 411,123	$ 3,018	$ 9,348	$ 64	$ -	$ -	$ 17,561	$ 696	$ 59	$ (149,518)	$ 292,351
LIABILITIES AND NET ASSETS (DEFICIT)											
LIABILITIES											
Accounts payable and accrued expenses	$ 30,485	$ 230	$ 596	$ 2	$ -	$ -	$ 89	$ 324	$ 22	$ (500)	$ 31,248
Deferred revenues	11,781	226	338	-	-	-	(1)	5	-	-	12,349
Deferred rent payable	17,715	-	-	-	-	-	-	-	-	-	17,715
Intercompany payables	-	-	-	12,429	131,073	2,319	1,991	1,106	100	(149,018)	-
Total liabilities	59,981	456	934	12,431	131,073	2,319	2,079	1,435	122	(149,518)	61,312
NET ASSETS (DEFICIT)											
Unrestricted	334,720	2,562	8,414	(12,367)	(131,073)	(2,319)	13,896	(999)	(63)	-	212,771
Temporarily restricted	16,422	-	-	-	-	-	1,586	260	-	-	18,268
Total net assets (deficit)	351,142	2,562	8,414	(12,367)	(131,073)	(2,319)	15,482	(739)	(63)	-	231,039
Total liabilities and net assets (deficit)	$ 411,123	$ 3,018	$ 9,348	$ 64	$ -	$ -	$ 17,561	$ 696	$ 59	$ (149,518)	$ 292,351

The schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

SESAME WORKSHOP AND SUBSIDIARIES
Consolidating Schedule of Activities
For the year ended June 30, 2013
(In Thousands)

	Unrestricted											Temporarily Restricted					
	Sesame Workshop	Electric Company, Inc.	Sesame Street, Inc.	CTW Communications, Inc.	SW Financing, Inc.	Galli Galli Sim Sim Educational Initiative	Joan Ganz Cooney Center for Educational Media and Research	Sesame Workshop India Initiatives, PLC	Sesame Street Brand Mgmt. and Service (Shanghai) Co., Ltd.	Elimination Entries	Total Unrestricted	Sesame Workshop	Joan Ganz Cooney Center for Educational Media and Research	Sesame Workshop India Initiatives, PLC	Elimination Entries	Total Temporarily Restricted	Consolidated
REVENUES																	
Program support	$ 17,768	$ -	$ -	$ -	$ -	$ 2	$ 130	$ 102	$ -	$ (117)	17,885	$ 14,575	$ 2,255	$ 299	$ -	$ 17,129	$ 35,014
Distribution fees and royalties	38,687	120	376	7	-	-	-	156	-	-	39,346	-	-	-	-	-	39,346
Licensing	46,521	-	-	-	-	-	-	-	-	-	46,521	-	-	-	-	-	46,521
Net assets released from restrictions	8,831	-	-	-	-	-	948	39	-	-	9,818	(8,831)	(948)	(39)	-	(9,818)	-
Total operating revenues	111,807	120	376	7	-	2	1,078	297	-	(117)	113,570	5,744	1,307	260	-	7,311	120,881
EXPENSES																	
Program expenses:																	
Education, research and outreach	12,287	-	-	-	-	2	2,234	662	-	(117)	15,068	-	-	-	-	-	15,068
Content distribution	18,293	12	170	-	-	-	-	-	-	-	18,475	-	-	-	-	-	18,475
Production and development	43,596	-	-	-	-	-	-	-	-	-	43,596	-	-	-	-	-	43,596
Global product licensing	5,961	-	-	-	-	-	-	-	-	-	5,961	-	-	-	-	-	5,961
Global project management	6,432	-	-	-	-	-	-	1,075	63	-	7,570	-	-	-	-	-	7,570
Public awareness	3,694	-	-	-	-	-	-	-	-	-	3,694	-	-	-	-	-	3,694
Muppet acquisition	6,845	-	-	-	-	-	-	-	-	-	6,845	-	-	-	-	-	6,845
Total program expenses	97,108	12	170	-	-	2	2,234	1,737	63	(117)	101,209	-	-	-	-	-	101,209
Support expenses:																	
Fundraising	4,846	-	-	-	-	-	-	-	-	-	4,846	-	-	-	-	-	4,846
General and administrative	20,563	-	-	-	3	-	-	-	-	-	20,566	-	-	-	-	-	20,566
Total support expenses	25,409	-	-	-	3	-	-	-	-	-	25,412	-	-	-	-	-	25,412
Total operating expenses	122,517	12	170	-	3	2	2,234	1,737	63	(117)	126,621	-	-	-	-	-	126,621
Operating (loss) income	(10,710)	108	206	7	(3)	-	(1,156)	(1,440)	(63)	-	(13,051)	5,744	1,307	260	-	7,311	(5,740)
Net investment income	12,219	-	-	-	1	-	1,569	-	-	-	13,789	-	-	-	-	-	13,789
Increase (decrease) in net assets before provision (benefit) for income taxes	1,509	108	206	7	(2)	-	413	(1,440)	(63)	-	738	5,744	1,307	260	-	7,311	8,049
Gain on sale of joint venture	13,232	-	-	-	-	-	-	-	-	-	13,232	-	-	-	-	-	13,232
Provision (benefit) for income taxes	60	-	-	2	-	-	42	-	-	-	104	-	-	-	-	-	104
Increase (decrease) in net assets	14,681	108	206	5	(2)	-	371	(1,440)	(63)	-	13,866	5,744	1,307	260	-	7,311	21,177
Net assets, beginning of year	320,039	2,454	8,208	(12,372)	(131,071)	(2,319)	13,525	441	-	-	198,905	10,678	279	-	-	10,957	209,862
Net assets, end of year	$ 334,720	$ 2,562	$ 8,414	$ (12,367)	$ (131,073)	$ (2,319)	$ 13,896	$ (999)	$ (63)	$ -	$ 212,771	$ 16,422	$ 1,586	$ 260	$ -	$ 18,268	$ 231,039

The schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

SESAME WORKSHOP AND SUBSIDIARIES
Consolidating Schedule of Cash Flows
For the year ended June 30, 2013
(In Thousands)

	Sesame Workshop	Electric Company, Inc.	Sesame Street, Inc.	CTW Communications, Inc.	SW Financing, Inc.	Galli Galli Sim Sim Educational Initiative	Joan Ganz Cooney Center for Educational Media and Research	Sesame Workshop India Initiatives, PLC	Sesame Street Brand Mgmt. and Service (Shanghai) Co., Ltd.	Elimination Entries	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES											
Increase (decrease) in net assets	$ 20,425	$ 108	$ 206	$ 5	$ (2)	$ -	$ 1,678	$ (1,180)	$ (63)	$ -	$ 21,177
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:											
Depreciation and amortization of property and equipment	3,834	-	-	-	-	-	-	-	-	-	3,834
Amortization of intangible assets	6,845	-	-	-	-	-	-	-	-	-	6,845
Amortization of programs in progress	5,338	-	-	-	-	-	-	-	-	-	5,338
Change in provision for uncollectible receivables	(5,454)	-	-	-	-	-	-	-	-	-	(5,454)
Net unrealized appreciation on investments	(9,509)	-	-	-	-	-	(1,527)	-	-	-	(11,036)
Gain on sale of investments	(2,753)	-	-	-	-	-	-	-	-	-	(2,753)
Change in provision for inventory obsolescence	353	-	-	-	-	-	-	-	-	-	353
Intercompany notes	(706)	(234)	(148)	8	2	-	614	364	100	-	-
Change in operating assets and liabilities:											
(Increase) decrease in receivables	(834)	-	-	-	-	-	(795)	(228)	-	500	(1,357)
Decrease in inventories	59	-	-	-	-	-	-	-	-	-	59
Additions to programs in process	(3,938)	-	-	-	-	-	-	-	-	-	(3,938)
Decrease (increase) in other assets	1,393	-	-	-	-	-	-	(49)	(5)	-	1,339
Increase (decrease) in accounts payable and accrued expenses	1,393	(12)	(60)	(7)	-	(5)	63	239	22	(500)	1,133
(Decrease) increase in deferred revenues	(5,560)	138	75	-	-	-	(19)	5	-	-	(5,361)
Increase in deferred rent payable	779	-	-	-	-	-	-	-	-	-	779
Net cash provided by (used in) operating activities	11,665	-	73	6	-	(5)	14	(849)	54	-	10,958
CASH FLOWS FROM INVESTING ACTIVITIES											
Additions to property and equipment	(1,557)	-	-	-	-	-	-	-	-	-	(1,557)
Purchase of investments	(22,566)	-	-	-	-	-	-	-	-	-	(22,566)
Proceeds from sale of investments	27,796	-	-	-	-	-	-	-	-	-	27,796
Change in note receivable	(14,042)	-	-	-	-	-	-	-	-	-	(14,042)
Net cash used in investing activities	(10,369)	-	-	-	-	-	-	-	-	-	(10,369)
CASH FLOWS FROM FINANCING ACTIVITIES											
Payment on capital lease obligations	(1,554)	-	-	-	-	-	-	-	-	-	(1,554)
Net cash used in financing activities	(1,554)	-	-	-	-	-	-	-	-	-	(1,554)
Net (decrease) increase cash and cash equivalents	(258)	-	73	6	-	(5)	14	(849)	54	-	(965)
Cash and cash equivalents, beginning of year	8,419	-	35	27	-	5	297	1,239	-	-	10,022
Cash and cash equivalents, end of year	$ 8,161	$ -	$ 108	$ 33	$ -	$ -	$ 311	$ 390	$ 54	$ -	$ 9,057

The schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

SESAME WORKSHOP AND SUBSIDIARIES
Consolidated Schedule of Operating Expenses
For the year ended June 30, 2013
(In Thousands)

	Education, Research and Outreach	Content Distribution	Production and Development	Global Product Licensing	Global Project Management	Public Awareness	Muppet Acquisition	Fundraising	General and Administrative	Total Operating Expenses
People costs	$ 5,594	$ 4,101	$ 14,160	$ 2,087	$ 2,350	$ 1,242	$ -	$ 2,060	$ 14,075	$ 45,669
Benefits	57	26	486	15	18	17	-	15	10,392	11,026
Guild payments	3	2,264	7,006	368	1	51	-	10	6	9,709
Travel and entertainment	548	419	522	233	235	258	-	140	351	2,706
Outside services	2,915	2,844	8,347	554	2,442	845	-	508	2,733	21,188
Advertising and promotion	65	361	27	138	185	68	-	519	43	1,406
Bad debt expense	12	(28)	-	347	-	-	-	5	-	336
Materials and supplies	65	4,361	336	37	203	31	-	9	250	5,292
Machinery and equipment	28	171	183	7	18	4	-	11	2,090	2,512
Participations and commissions	-	261	188	-	10	-	-	-	-	459
Administrative expenses	2,053	126	471	109	49	123	-	72	557	3,560
Occupancy expenses	149	99	1,644	80	140	25	-	18	6,635	8,790
Miscellaneous expenses	-	111	-	(13)	8	-	-	-	82	188
Depreciation and amortization	-	-	17	-	-	-	6,845	-	3,817	10,679
Allocated expenses	3,783	3,143	6,973	1,999	1,572	1,053	-	1,481	(20,004)	-
Staff Allocations	(337)	457	-	-	354	(12)	-	(1)	(461)	-
Amounts capitalized as programs in process, net of amortization	133	(241)	3,236	-	(15)	(11)	-	(1)	-	3,101
Total operating expenses	$ 15,068	$ 18,475	$ 43,596	$ 5,961	$ 7,570	$ 3,694	$ 6,845	$ 4,846	$ 20,566	$ 126,621

The schedule should be read in conjunction with the accompanying consolidated financial statements and notes thereto.