



WYSU-FM
Youngstown State
University Radio

FINANCIAL REPORT
AND
SCHEDULE OF NONFEDERAL
FINANCIAL SUPPORT

for the Years Ended
June 30, 2013 and 2012

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of WYSU-FM, Youngstown State University Radio (the "Station"), as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Station's 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 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 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Station as of June 30, 2013 and 2012, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position and cash flows, of only that portion of the activities of Youngstown State University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Youngstown State University as of June 30, 2013 and 2012, and the changes in its financial position and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 3 to 9 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's financial statements. The supplementary information included in the Schedule of Nonfederal Financial Support is presented for the purpose of additional analysis and is not a required part of the financial statements.

The Schedule of Nonfederal Financial Support is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Nonfederal Financial Support is fairly stated, in all material respects, in relation to the financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
December 2, 2013

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of the WYSU-FM Youngstown State University Radio (WYSU-FM or the Station) Financial Report presents a discussion and analysis of the financial performance of the Station, a noncommercial public radio station operated by Youngstown State University (the University or YSU), during the fiscal year ended June 30, 2013 with comparative information for the fiscal years ended June 30, 2012 and June 30, 2011. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

During fiscal year 2013, the Government Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and certain other new GASB statements became effective. Please see *Adoption of New Accounting Pronouncements* in Note 1 of the financial statements for further details.

Introduction

The University owns and operates WYSU-FM, a 50,000 watt radio station that serves the Mahoning and Shenango Valley regions with fine arts, news and information programming from its studios in Cushwa Hall. The Station broadcasts a mix of news and classical music programs on its main analog channel, HD1 (digital) channel, and an internet stream. WYSU-FM also broadcasts all classical music on its HD2 channel and second internet stream. The Station broadcasts at 88.5 MHz in Youngstown, Ohio, 90.1 MHz in Ashtabula, Ohio, and 97.5 MHz in New Wilmington, Pennsylvania.

WYSU-FM is a non-commercial, listener-supported, community-based public radio station committed to being the region's leading source for quality programming. It provides trusted in-depth news, engaging conversation and music that stimulates the mind and spirit. As one of YSU's most visible daily representatives to the community, WYSU-FM also strives to be a valuable ambassador to the community, providing a forum to promote the artistic and intellectual activities of the University.

Since 1969, public radio WYSU 88.5 FM has been northeast Ohio's and western Pennsylvania's source for the best in news and information programming, music, and entertainment. WYSU-FM is a charter National Public Radio (NPR) affiliate station. Every week thousands of listeners tune to the Station for its eclectic and innovative non-commercial program schedule including engaging news and information, great entertainment, and superb classical, jazz, and folk music – together providing a provocative, culturally rich, and intellectually stimulating journey for WYSU-FM listeners.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Using the Financial Statements

The Station's financial report includes three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with the financial reporting format required by the Governmental Accounting Standards Board's (GASB) Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*; and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the financial condition of the Station, the results of operations, and cash flows of the Station as a whole. Key presentation elements include:

- Assets and liabilities are categorized as either current or noncurrent. Current assets and liabilities will be consumed or fulfilled within one year.
- Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the Station's revenues, including the general appropriation from the University and membership revenue are considered nonoperating as defined by GASB Statement No. 35.
- Capital assets are reported net of accumulated depreciation.
- There are no deferred outflows or deferred inflows to present in accordance with GASB Statement No. 63.

Financial and Other Station Highlights

- Improved financial position
- Achievement of membership fundraising goals for both fund drives during fiscal year 2013
- Increase in membership revenue and substantial increase in average membership donation
- Hiring of full-time marketing/fund raising officer
- Significant progress in the planned move of Station facilities to YSU's Melnick Hall

The Statements of Net Position

These statements present the financial position of the Station at the end of the fiscal year and include all assets and liabilities of the Station. The difference between total assets and total liabilities - net position - is an indicator of the current financial condition of the Station.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

A summary of the Station's assets, liabilities, and net position follows:

	June 30, 2013	June 30, 2012	June 30, 2011
Assets			
Current assets	\$ 1,761,326	\$ 1,446,751	\$ 1,296,279
Other noncurrent assets	164,768	151,257	148,296
Capital assets, net	130,181	154,620	213,586
Total Assets	2,056,275	1,752,628	1,658,161
Liabilities			
Current liabilities	169,568	156,147	141,763
Noncurrent liabilities	100,149	87,134	83,240
Total Liabilities	269,717	243,281	225,003
Total Net Position	\$ 1,786,558	\$ 1,509,347	\$ 1,433,158
Net Position			
Invested in capital assets	\$ 130,181	\$ 154,620	\$ 213,586
Restricted	565,444	352,145	348,972
Unrestricted	1,090,933	1,002,582	870,600
Total Net Position	\$ 1,786,558	\$ 1,509,347	\$ 1,433,158

Current assets consist primarily of cash and cash equivalents, but also include investments, pledges, accounts, and interest receivable. Current assets increased \$314,575 or 22% from fiscal year 2012 to fiscal year 2013 due to a significant capital gift given by one donor. The gift is designated for a new facility for the Station. Current assets increased \$150,472 or 12% from fiscal year 2011 to fiscal year 2012 primarily due to unspent receipts from membership and underwriting income. Other noncurrent assets, which represent endowment investments, increased \$13,511 or 9% from fiscal year 2012 to fiscal year 2013 and \$2,961 or 2% from fiscal year 2011 to fiscal year 2012 as the carrying value of investments increased due to improved investment performance. Net capital assets decreased \$24,439 or 16% from fiscal year 2012 to fiscal year 2013 and \$58,966 or 28% between fiscal year 2011 and fiscal year 2012 due to the continued depreciation of existing assets. Refer to Notes 2-4 for additional information about cash and cash equivalents, investments, and capital assets.

Liabilities consisting of accounts payable, unearned revenue, and compensated absences increased \$26,436 or 11% between fiscal year 2012 and fiscal year 2013. Compensated absences, particularly accrued vacation and sick time, accounted for the majority of this increase. Unearned revenue from an increase in the Station's Corporation for Public Broadcasting grant and accounts payable accounted for the majority of the increase of \$18,278 or 8% between fiscal year 2011 and fiscal year 2012. Refer to Notes 5 and 6 for additional information about unearned revenue and long-term liabilities.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Overall the Station's net position increased \$277,211 or 18% from \$1,509,347 at June 30, 2012 to \$1,786,558 at June 30, 2013. This resulted from excess revenues over expenses and includes an \$88,351 increase in unrestricted net position, a \$213,299 increase in restricted net position, and a \$24,439 decrease in the net amount invested in capital assets. The 61% increase in restricted net position resulted from a \$200,000 capital gift and an increase in the value of WYSU-FM's endowment. The 9% increase in unrestricted net position reflects the excess of membership and underwriting revenue over expenses during fiscal year 2013. The 16% decrease in net position invested in capital assets from fiscal year 2012 to fiscal year 2013 was due to depreciation expense.

Total net position increased \$76,189 or 5% from \$1,433,158 at June 30, 2011 to \$1,509,347 at June 30, 2012. This resulted from excess revenues over expenses and includes a \$131,982 increase in unrestricted net position, a \$3,173 increase in restricted net position, and a \$58,966 decrease in the net amount invested in capital assets. The 15% increase in unrestricted net position reflects the excess of membership and underwriting revenue over expenses during fiscal year 2012. Net position invested in capital assets decreased 28% as depreciation exceeded additions.

The Statements of Revenues, Expenses, and Changes in Net Position

These statements present the operating results and the nonoperating revenues and expenses of the Station. The revenues and expenses are reported as either operating or nonoperating. Operating revenues are generated by an annual Community Service Grant from CPB (a portion of which is restricted) and through an annual grant from the eTech Ohio Commission (eTech Ohio), which is administered by the State of Ohio. In addition, in-kind support is received from eTech Ohio and includes support for transmission of Radio Reading Service Programming. Operating revenues also include contributions from area businesses (program underwriting). Operating expenses are incurred to vendors and employees for providing goods or services for the overall operations of the Station. Net nonoperating revenues include the general appropriation from the University, donated facilities and administrative support from the University, membership revenue, net revenue from fund raising, and net investment income.

A summary of the Station's revenues, expenses, and changes in net position follows:

	June 30, 2013	June 30, 2012	June 30, 2011
Total Operating Revenues	\$ 388,826	\$ 405,116	\$ 368,409
Total Operating Expenses	1,308,063	1,321,303	1,307,803
Operating Loss	(919,237)	(916,187)	(939,394)
Net Nonoperating Revenues	996,448	992,376	1,022,761
Gain Before Other Revenue, Expenses, and Changes	77,211	76,189	83,367
Total Other Revenue, Expenses, and Changes	200,000	-	100,000
Change in Net Position	277,211	76,189	183,367
Net Position at Beginning of the Year	1,509,347	1,433,158	1,249,791
Net Position at End of the Year	\$ 1,786,558	\$ 1,509,347	\$ 1,433,158

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Total operating revenues decreased \$16,290 or 4% between fiscal year 2012 and fiscal year 2013. Underwriting revenue decreased \$22,746 or 19% and can be attributed to the migration of some of WYSU-FM's foundation support back to the membership category from the underwriting category, and a one-time underwriting grant received in fiscal year 2012 that was not continued into fiscal year 2013. The Station did acquire seven new underwriters throughout fiscal year 2013.

Between fiscal year 2011 and fiscal year 2012, total operating revenues increased \$36,707 or 10%, including underwriting revenue that increased \$31,855 or 37%. The Station acquired 17 new underwriters during fiscal year 2012, including contracts with two large foundations. The Station also received a one-time underwriting grant with Connect Ohio to educate state residents about the benefits of home-based broadband service and to encourage attendance at free computer/broadband training sessions.

Total operating expenses decreased \$13,240 or 1% between fiscal year 2012 and fiscal year 2013. This was due to combined increases in program services of \$17,475 or 2% and decreases in support services of \$30,715 or 5%. In the program services category, programming and production accounted for the greatest increase as staff duties shifted from other categories into programming and production. In the support services category, management and general expenses decreased primarily due to a decrease in the University's institutional support expense allocated to WYSU-FM. There was an increase in the fund raising and membership expenses and a decrease in underwriting due to changes in staff duties. Depreciation expense also decreased as the Station's capital assets are aging and more of these assets have become fully depreciated.

Between fiscal year 2011 and fiscal year 2012, total operating expenses increased \$13,500 or 1%. This was due to the increase in program services of \$43,079 or 6% coupled with the \$29,579 or 5% decrease in support services. There were shifts in the various operating expense categories as staff duties changed. During fiscal year 2012, WYSU-FM initiated a committee-based operational philosophy and structure. Due to the staffing pressures the unit faced, management found it helpful for staff members to be involved on multiple committees, each responsible for different aspects of unit operations. Management believes that the cross-training and cross-involvement associated with the new committee structure had not only helped to create more well-rounded and better-informed team members, but also fostered enhanced ownership and expanded responsibilities within the unit. In addition to staffing changes, broadcasting expenses increased due to small equipment purchases as the Station upgraded outdated equipment. Depreciation expense also decreased due to the aging of WYSU-FM's equipment.

Between fiscal year 2012 and fiscal year 2013, net nonoperating revenues remained consistent. A decrease in donated facilities and administrative support was partially offset by increases in general appropriations from the University and net investment income. Donated facilities and administrative support decreased \$24,097 or 13% due to a decrease in the University's institutional support allocated to WYSU-FM. General appropriations from the University increased \$14,761 or 3% primarily due to increases in the Station's vacation and sick leave accruals. Net investment income increased \$10,729 or 135% due to increases in unrealized gains stemming from improved market values.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Net nonoperating revenues decreased \$30,385 or 3% between fiscal year 2011 and fiscal year 2012. The General Appropriation from the University increased \$20,704 or 4% due to negotiated increases in salaries and fringes, while the other line items in nonoperating revenues decreased. Membership income decreased \$21,681 or 9% and the number of contributing members decreased by 6%. The decrease in membership income was primarily due to three contributing factors. Much of WYSU-FM's foundation support migrated from the membership category back to the underwriting category in fiscal year 2012. A large corporate contributor from fiscal year 2011 did not renew its membership in fiscal year 2012. Also, the general economic uncertainty which has affected the region and the WYSU-FM listeners contributed to the decrease. Donated facilities and administrative support decreased \$14,135 or 7% due to decreases in salaries at the University level. This decrease occurred as salaries for most employee groups on campus remained flat in fiscal year 2012 and from retirements due to an early retirement incentive plan. Investment income decreased \$17,243 or 68% primarily due to decreases in the market value of investments.

Total other revenues, expenses, and changes increased \$200,000 between fiscal year 2012 and fiscal year 2013. WYSU-FM received a \$200,000 capital gift to be used toward a new facility for the Station. No capital gifts were received in fiscal year 2012. Total other revenues, expenses, and changes decreased \$100,000 or 100% between fiscal year 2011 and fiscal year 2012.

Economic Factors for the Future

Looking to the future, management believes that the Station is well positioned to continue its favorable financial position and level of excellence in service to its constituents. Due to the continued support of the University's Board of Trustees and administration, the generous loyalty of WYSU-FM's listener-members, and the support of businesses, non-profit organizations, and foundations, WYSU-FM maintained stability during tough economic times.

A crucial element to the Station's future will continue to be its relationships with its members and underwriters as work continues toward providing quality programming. The Station achieved its membership fundraising goals for both of its fiscal year 2013 fund drives. Each of the on-air drives during the fiscal year raised over \$115,000 for the Station. When combining membership and underwriting income, WYSU-FM's two streams of direct public support, the Station experienced a decrease of 5% from fiscal year 2012 to fiscal year 2013. During fiscal year 2013, WYSU-FM added a full-time marketing/fundraising officer. As a member of the Station's development staff, this person will focus on enhancing non-traditional streams of support, station marketing and special events, planned giving and major gifts, and any upcoming capital campaigns.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

The Station anticipates marketing to be a key growth area in the future based on the progress made during fiscal year 2013 with Keynote Media. Management believes that the Station's product is one that has high community value but there is a need to build awareness. The Station continues to expand its presence in the community through high-profile and effective community and media partnerships and sponsorships with many organizations. Some of these partnerships provide local news and regional business news. Others are charitable in nature. The Station also holds special events for its members including movie nights, concerts, and listener appreciation gatherings.

During fiscal year 2013, WYSU-FM contracted with University Station Alliance, a national public radio organization, to do an assessment of the Station in the areas of cost benefit analysis, quantitative worth, and governance. The report was positive and provided suggestions to enhance future success that include: expanding marketing and awareness building, expanding non-government related support, building partnerships, expanding local news operations, and making stakeholders more aware of the value of their investment in public radio. The public service and public relations value that the University receives from WYSU-FM is noteworthy. The quantitative worth study, as compiled by the University Station Alliance, estimated that the public service and public relations annual value to the University is approximately \$2.1 million.

On a capital front, significant progress has been made for WYSU-FM, along with other YSU academic media-related departments, programs, and services, to move to Melnick Hall. The architectural drawings are complete and in the hands of YSU Facilities. The renovations will be funded by capital funds from the State of Ohio, bonds and donor gifts. WYSU-FM has already raised \$400,000 for broadcast equipment and furnishings for this project.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

STATEMENTS OF NET POSITION AT JUNE 30, 2013 AND 2012

	June 30, 2013	June 30, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,746,947	\$ 1,426,491
Investments	-	6,212
Accounts receivable (net of allowance of \$481 in 2013 and \$1,529 in 2012)	4,081	7,766
Pledges receivable (net of allowance of \$4,044 in 2013 and \$2,241 in 2012)	10,298	6,282
Total Current Assets	1,761,326	1,446,751
Noncurrent Assets		
Endowment investments	164,768	151,257
Capital assets, net	130,181	154,620
Total Noncurrent Assets	294,949	305,877
Total Assets	2,056,275	1,752,628
LIABILITIES		
Current Liabilities		
Accounts payable	13,504	6,686
Unearned revenue	146,895	142,858
Compensated absences	9,169	6,603
Total Current Liabilities	169,568	156,147
Noncurrent Liabilities		
Compensated absences	100,149	87,134
Total Noncurrent Liabilities	100,149	87,134
Total Liabilities	269,717	243,281
NET POSITION		
Invested in capital assets	130,181	154,620
Restricted - Nonexpendable	164,768	151,257
Restricted - Expendable	400,676	200,888
Unrestricted	1,090,933	1,002,582
Total Net Position	\$ 1,786,558	\$ 1,509,347

See accompanying notes to financial statements.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	June 30, 2013	June 30, 2012
REVENUES		
Operating Revenues		
Corporation for Public Broadcasting grant	\$ 137,223	\$ 128,110
In-kind contributions	131,335	133,383
eTech Ohio Commission grant	25,746	26,355
Underwriting revenue	94,522	117,268
Total Operating Revenues	388,826	405,116
EXPENSES		
Operating Expenses		
Program Services		
Programming and production	458,326	437,377
Broadcasting	222,444	220,579
Program information	66,031	65,695
Traffic and continuity	6,460	12,135
Support Services		
Management and general	274,502	285,100
Fund raising and membership development	151,798	131,315
Underwriting	39,547	50,177
Clerical	64,516	59,959
Depreciation	24,439	58,966
Total Operating Expenses	1,308,063	1,321,303
Operating Loss	(919,237)	(916,187)
NONOPERATING REVENUES (EXPENSES)		
General appropriation from the University	585,686	570,925
Donated facilities and administrative support from the University	163,102	187,199
Membership revenue	231,984	227,496
Net expenses from fund raising	(3,000)	(1,191)
Investment gain, net of investment expense	18,676	7,947
Net Nonoperating Revenues	996,448	992,376
Gain Before Other Revenues, Expenses, and Changes	77,211	76,189
OTHER REVENUES, EXPENSES, AND CHANGES		
Capital grants and gifts	200,000	-
Total Other Revenues, Expenses, and Changes	200,000	-
Change in Net Position	277,211	76,189
NET POSITION		
Net Position at Beginning of the Year	1,509,347	1,433,158
Net Position at End of the Year	\$ 1,786,558	\$ 1,509,347

See accompanying notes to financial statements.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Cash Flows from Operating Activities		
Receipts from Corporation for Public Broadcasting grant	\$ 137,504	\$ 137,817
Receipts from eTech Ohio Commission grant	25,746	26,355
Business and underwriting support	102,413	112,918
Payments to suppliers	(389,664)	(315,784)
Payments to employees	(451,277)	(468,015)
Payments for benefits	(126,297)	(147,632)
Total Cash Flows Used in Operating Activities	<u>(701,575)</u>	<u>(654,341)</u>
Cash Flows from Noncapital Financing Activities		
General appropriation from the University	585,686	570,925
Membership receipts	227,967	238,972
Fundraising receipts	-	380
Payments for fundraising	(3,000)	(1,571)
Total Cash Flows Provided by Noncapital Financing Activities	<u>810,653</u>	<u>808,706</u>
Cash Flows from Investing Activities		
Interest on investments	5,166	5,438
(Purchase) sale of investments	6,212	(1,031)
Total Cash Flows Provided by Investing Activities	<u>11,378</u>	<u>4,407</u>
Cash Flows from Capital Financing Activities		
Capital grants and gifts	200,000	-
Total Cash Flows Provided by Capital Financing Activities	<u>200,000</u>	<u>-</u>
Change in Cash and Cash Equivalents	320,456	158,772
Cash and Cash Equivalents - Beginning of year	<u>1,426,491</u>	<u>1,267,719</u>
Cash and Cash Equivalents - End of year	<u>\$ 1,746,947</u>	<u>\$ 1,426,491</u>
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating loss	\$ (919,237)	\$ (916,187)
Adjustments to reconcile operating loss to cash flows used in operating activities:		
Depreciation	24,439	58,966
Donated facilities and administrative support from the University	163,102	187,199
Changes in assets and liabilities:		
Accounts receivable, net	3,685	(2,597)
Accounts payable, compensated absences, and unearned revenue	26,436	18,278
Cash Flows Used in Operating Activities	<u>\$ (701,575)</u>	<u>\$ (654,341)</u>

See accompanying notes to financial statements.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

WYSU-FM Youngstown State University Radio (WYSU-FM or the Station) is operated as a department of the Division of Student Affairs at Youngstown State University (the University or YSU) and is subject to the policies established by the University's Board of Trustees. The Station reports annually to the Corporation for Public Broadcasting (CPB).

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB).

Under the provisions of GASB Statement No. 63, resources are classified for accounting and reporting purposes into the following four net position categories:

- Invested in capital assets - Capital assets, net of accumulated depreciation, outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets and unspent borrowings.
- Restricted Nonexpendable - Resources subject to externally imposed stipulations that they be maintained permanently by the Station. Such resources include the Station's permanent endowment fund.
- Restricted Expendable - Resources whose use by the Station is subject to externally imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time.
- Unrestricted - Resources that are not subject to externally imposed stipulations. Unrestricted resources may be designated for specific purposes by action of management, Board of Trustees, Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted resources are designated for Station programs, initiatives, and capital projects.

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The Station reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued June 2011 became effective for periods beginning after December 15, 2011. This Statement improves financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. In addition, the pronouncement does change the name of the Statement of Net Assets to the Statement of Net Position. A corresponding change has been made to the Statement of Revenues, Expenses and Changes in Net Position.

The adoption of this GASB statement had no significant impact on WYSU's financial condition, operating results or financial statements. In addition, because WYSU had no deferred outflows or deferred inflows at June 30, 2013, it has elected not to present these captions on the Statement of Net Position.

Cash Equivalents - The Station considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value and excludes amounts restricted by board designation or whose use is limited.

Investments - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value based on quoted market prices. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Endowment Policy - The University Endowment Fund consists of 92 named funds, which includes the Station's endowment. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of the gifts to that named fund. Investments are managed by The Youngstown State University Foundation (YSUF). The University's policy is to distribute realized gains and investment income monthly, based on each fund's pro-rata share to the total endowment shares.

Pledges Receivable - The Station receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of a conditional pledge, revenue is recognized when the gift is received. Pledges are recorded net of an allowance for uncollectible amounts and are discounted to net present value.

Accounts Receivable - Accounts receivable consist of underwriting charges for various Station programs. Also included are amounts due from private sources in connection with reimbursement of allowable expenditures under the applicable Station grants and contracts. Accounts are recorded net of allowance for uncollectible accounts.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Capital Assets - Capital assets are comprised of equipment and stated at cost or fair value at date of gift. The University's capitalization threshold for equipment is \$5,000. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The estimated useful life for equipment is 3 to 7 years. The antenna and tower are depreciated over 10 years.

When capital assets are sold, or otherwise disposed of, the carrying value of such assets and any accumulated depreciation is removed from asset accounts and net position invested in capital assets. The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed when incurred.

Unearned Revenue - Unearned revenue includes amounts received from grants and contract sponsors that have not yet been earned.

Compensated Absences - Accumulated unpaid vacation, personal and sick leave benefits have been accrued in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The Station uses the termination method to accrue sick leave compensated absences on the Statement of Net Position.

General Appropriation from the University - The general appropriation represents support from the University for salaries and operating expenses not provided through other sources.

Donated Facilities and Administrative Support - Donated facilities and administrative support represent the Station's allocated amounts of institutional support and donated facilities and is recorded as nonoperating revenue and expenses in the Statement of Revenue, Expenses, and Changes in Net Position. Administrative support is based on the Station's pro-rata share of the University's total salaries, wages, and administrative expenses. Donated facilities are the Station's pro-rata share of the University's total plant expenses along with calculated occupancy costs.

Income Taxes - The Internal Revenue Service has ruled that the University's income is generally exempt from Federal income taxes under Section 115 of the Internal Revenue Code. The University is subject to tax on unrelated business income.

Measurement Focus and Financial Statement Presentation - Operating revenues and expenses result from providing programming, production, and broadcasting support for the Station. The principal operating revenues include two grants, one from the CPB and one from the eTech Ohio Commission, along with underwriting revenue from area businesses. Principal operating expenses include programming, production, broadcasting, fundraising, and management services and support. The principal nonoperating revenues are the general appropriation from the University and membership support.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Release of Restricted Funds - When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the Station's policy to apply restricted resources first, then unrestricted resources as needed.

Management's Estimates - The preparation of the 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, liabilities, revenue and expenses during the reporting period. Disclosure of contingent assets and liabilities at the date of the financial statements may also be affected. Actual results could differ from these estimates.

Note 2 – Cash and Cash Equivalents

For financial statement presentation purposes, cash in banks has been combined with the University's cash equivalents and temporary investments in repurchase agreements and certificates of deposit. The aggregate cost of repurchase agreements, which approximates fair value, included in the University's cash and cash equivalents is \$4,240,019 and \$2,240,736 at June 30, 2013 and June 30, 2012, respectively.

Depository funds held in the name of the University are secured by a pool of securities with a value of at least 105% of the total value of monies on deposit at the depository bank. During fiscal year 2009, the University entered into a continuing deposit security agreement with its depository bank to ensure continuous collateralization of its deposits. All collateral, both specific and pooled, is held by the Federal Reserve Bank or by a designated trustee as agent for the public depositories used by the University.

The University's cash and cash equivalents at June 30, 2013 and June 30, 2012 consist of the following:

	2013	2012
Carrying Amount (Cash and cash equivalents)	<u>\$ 22,898,563</u>	<u>\$ 25,918,304</u>
FDIC Insured	\$ 846,001	\$ 875,865
Uninsured but collateralized by pools of securities pledged by the depository banks	12,507,044	15,857,196
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	<u>11,346,182</u>	<u>10,827,643</u>
Bank Balance	<u>\$ 24,699,227</u>	<u>\$ 27,560,704</u>

The difference in carrying amount and bank balance is caused by items in transit and outstanding checks.

The Station's cash and cash equivalents are included in these totals and were \$1,746,947 and \$1,426,491 at June 30, 2013 and June 30, 2012, respectively.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. At June 30, 2013 and 2012, all uncollateralized or uninsured deposits of the University are exposed to credit risk. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of credit risk.

Note 3 - Investments

The University's investment policy authorizes the University to invest endowed University funds in compliance with provisions of the Ohio Revised Code including House Bill 524, Section 3345.05 of the Ohio Revised Code, and all other applicable laws and regulations.

In accordance with the Policies of the Board of Trustees of the University, investment types are not specifically limited but shall be made with care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Furthermore, investments shall be managed for the use and benefit of the University in a diversified portfolio that focuses, over time, on the preservation of capital, minimization of cost and risk, and maintenance of required levels of liquidity in the overall portfolio to meet cash flow requirements.

The University utilizes an investment advisor and investment managers for endowment funds. The University's endowment funds, which includes WYSU-FM's endowment fund, are managed by YSUF (see Note 7). The Station's investments represent a portion of the University's total investments. University investments held by YSUF were \$6,966,749 as of June 30, 2013 and \$6,380,445 as of June 30, 2012.

As of June 30, 2013, the Station had the following investments and maturities using the segmented time distribution method:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Common Stock	\$ 124,565	\$ 124,565	\$ -	\$ -	\$ -
Corporate Bonds	12,522	-	12,522	-	-
Preferred Stock	13,181	13,181	-	-	-
U.S. Governmental Bonds	12,028	-	-	12,028	-
Other Securities	2,472	2,472	-	-	-
Totals	<u>\$ 164,768</u>	<u>\$ 140,218</u>	<u>\$ 12,522</u>	<u>\$ 12,028</u>	<u>\$ -</u>

All callable stocks were assumed to mature in less than one year.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

As of June 30, 2012, the Station had the following investments and maturities using the segmented time distribution method:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Common Stock	\$ 115,740	\$ 115,740	\$ -	\$ -	\$ -
Corporate Bonds	22,046	6,456	10,708	4,882	-
Preferred Stock	8,503	8,503	-	-	-
U.S Governmental Bonds	6,141	-	-	6,141	-
Other Securities	5,039	2,520	2,519	-	-
Totals	\$ 157,469	\$ 133,219	\$ 13,227	\$ 11,023	\$ -

All callable stocks were assumed to mature in less than one year.

As of June 30, 2013, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	\$ 12,522	\$ -	\$ -	\$ 4,608	\$ 7,914	\$ -
U.S. Government Bonds	12,028	-	12,028	-	-	-
Totals	\$ 24,550	\$ -	\$ 12,028	\$ 4,608	\$ 7,914	\$ -

As of June 30, 2012, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	\$ 22,046	\$ -	\$ 1,233	\$ 13,908	\$ 6,905	\$ -
U.S. Government Bonds	6,141	-	6,141	-	-	-
Totals	\$ 28,187	\$ -	\$ 7,374	\$ 13,908	\$ 6,905	\$ -

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy and asset allocation guidelines facilitate the management and monitoring of its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's investment policy and asset allocation guidelines contain provisions to manage credit risk.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. Investments that are both unregistered and uninsured are exposed to custodial credit risk if investments are held by the counterparty, or are held by the counterparty's trust department or agent but not in the name of the University. At June 30, 2013, the University had no exposure to custodial credit risk. The University does not address custodial credit risk in its investment policy and asset allocation guidelines.

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. At June 30, 2013 and 2012, the University had no material exposure to foreign currency risk. The University does not address foreign currency risk in its investment policy and asset allocation guidelines.

Note 4 – Capital Assets

Capital assets activity for the year ended June 30, 2013 was as follows:

Capital Assets	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Depreciable assets:					
Antenna and tower	\$ 475,691	\$ -	\$ -	\$ -	\$ 475,691
Studio and broadcast equipment	404,504	-	21,294	-	383,210
Total cost	880,195	-	21,294	-	858,901
Less: Accumulated depreciation	725,575	24,439	21,294	-	728,720
Capital assets, net	<u>\$ 154,620</u>	<u>\$ (24,439)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,181</u>

Capital assets activity for the year ended June 30, 2012 was as follows:

Capital Assets	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Depreciable assets:					
Antenna and tower	\$ 475,691	\$ -	\$ -	\$ -	\$ 475,691
Studio and broadcast equipment	404,504	-	-	-	404,504
Total cost	880,195	-	-	-	880,195
Less: Accumulated depreciation	666,609	58,966	-	-	725,575
Capital assets, net	<u>\$ 213,586</u>	<u>\$ (58,966)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 154,620</u>

Note 5 – Unearned Revenue

Unearned revenue at June 30, 2013 and June 30, 2012 consists of the following:

	2013	2012
Corporation for Public Broadcasting grant	\$ 137,265	\$ 137,434
Underwriting agreements	9,180	5,424
Other unearned revenue	450	-
Total unearned revenue	<u>\$ 146,895</u>	<u>\$ 142,858</u>

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NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Note 6 – Long Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Net Additions	Ending Balance	Current Portion
Compensated absences	\$ 93,737	\$ 15,581	\$ 109,318	\$ 9,169

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Net Additions	Ending Balance	Current Portion
Compensated absences	\$ 90,549	\$ 3,188	\$ 93,737	\$ 6,603

Note 7 - Related Party

YSUF is a legally separate nonprofit organization exempt from federal income tax and classified as a public charity. YSUF is devoted to the support, expansion and development of educational programs at the University that are useful and beneficial to the students and the community. Under the terms of an agreement with the University, YSUF serves as an investment manager for the University's, and therefore the Station's, endowments. Proceeds are forwarded to the Station on an as needed basis to satisfy the individual endowment purpose. The management services are provided at no charge and investments are made in a manner consistent with the YSUF funds.

Note 8 – Risk Management

WYSU-FM is included in the University's insurance programs. The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University has joined with other state-assisted universities in Ohio to form an insurance pool for the acquisition of commercial property and casualty insurance. The University pays annual premiums to the pool for its property and casualty insurance coverage based on its percentage of the total insurance value to the pool. Future contributions will be adjusted based upon each university's loss history. The University had no significant reductions in coverage from the prior year. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

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SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT FOR THE YEAR ENDED JUNE 30, 2013

Direct Income	\$ 1,143,104
Indirect Administrative Support	163,102
In-Kind Contributions of Services and Other Intangibles	<u>118,411</u>
Total Nonfederal Financial Support	<u>\$ 1,424,617</u>



YOUNGSTOWN STATE UNIVERSITY