



WYSU-FM
Youngstown State
University Radio

FINANCIAL REPORT
AND
SCHEDULE OF NONFEDERAL
FINANCIAL SUPPORT

for the Years Ended
June 30, 2011 and 2010

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

CONTENTS

	<i>Page</i>
<i>Financial Report</i>	
<i>Report of Independent Auditors</i>	1
<i>Management's Discussion and Analysis</i>	3
<i>Statements of Net Assets</i>	9
<i>Statements of Revenues, Expenses and Changes in Net Assets</i>	10
<i>Statements of Cash Flows</i>	11
<i>Notes to Financial Statements</i>	12
<i>Schedule of Nonfederal Financial Support</i>	20

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

We have audited the accompanying financial statements of the business-type activities of WYSU-FM, Youngstown State University Radio ("Station") as of and for the years ended June 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of Station's management. Our responsibility is to express our opinion on these financial statements based on our audits.

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

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, 2011 and 2010, and the changes in its financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Station as of June 30, 2011 and 2010 and the respective changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Station's 2011 basic financial statements. The supplementary information included in the Schedule of Nonfederal Financial Support is presented for purposes of additional analysis and are not a required part of the 2011 basic financial statements. The Schedule of Nonfederal Financial Support have been subjected to the auditing procedures applied in the audit of the 2011 basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the 2011 basic financial statements taken as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
November 28, 2011

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, 2011 with comparative information for the fiscal years ended June 30, 2010 and 2009. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

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.

Using the Financial Statements

The Station's financial report includes three basic financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, 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* 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

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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 non-operating. Significant recurring sources of the Station's revenues, including the general appropriation from the University and membership revenue are considered non-operating as defined by GASB Statement No. 35.
- Capital assets are reported net of accumulated depreciation.

Financial and Other Station Highlights

- Stable financial position and audience numbers
- Installation of a new broadcast antenna that increases WYSU-FM's coverage area
- Achievement of membership goals for both Fall 2010 and Spring 2011 fund drives
- Receipt of a \$100,000 capital gift to be used toward a new facility for the Station
- Expansion of program offerings and media partners

The Statements of Net Assets

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 assets - is an indicator of the current financial condition of the Station.

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Assets			
Current assets	\$ 1,296,279	\$ 1,102,796	\$ 1,019,862
Other noncurrent assets	148,296	127,760	118,580
Capital assets, net	213,586	228,101	173,821
Total Assets	<u>1,658,161</u>	<u>1,458,657</u>	<u>1,312,263</u>
Liabilities			
Current liabilities	141,763	131,052	139,581
Noncurrent liabilities	83,240	77,814	73,999
Total Liabilities	<u>225,003</u>	<u>208,866</u>	<u>213,580</u>
Total Net Assets	<u>\$ 1,433,158</u>	<u>\$ 1,249,791</u>	<u>\$ 1,098,683</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 213,586	\$ 228,101	\$ 173,821
Restricted	348,972	228,436	119,256
Unrestricted	870,600	793,254	805,606
Total Net Assets	<u>\$ 1,433,158</u>	<u>\$ 1,249,791</u>	<u>\$ 1,098,683</u>

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Current assets consist primarily of cash and cash equivalents, but also include investments, pledges, accounts, and interest receivable. Current assets increased \$193,483 or 18% from fiscal year 2010 to 2011 primarily due to unspent receipts from membership and underwriting income and the receipt of a major capital gift. The same donor provided a significant capital gift in 2010 that accounted for the majority of the \$82,934 or 8% increase between fiscal years 2009 and 2010. These gifts are designated for a new facility for the Station. Other noncurrent assets, which represent endowment investments, increased \$20,536 or 16% from fiscal year 2010 to 2011 and \$9,180 or 8% from fiscal year 2009 to 2010 as the carrying value of investments increased due to improved investment performance. During fiscal year 2011, the Station installed a new broadcast antenna which increased WYSU-FM's coverage area by 43% and the number of potential listeners by 63%. Net capital assets increased \$54,280 or 31% between fiscal years 2009 and 2010 due to the antenna, but decreased \$14,515 or 6% between fiscal years 2011 and 2010 as continued depreciation of existing assets was greater than the cost of the new antenna. Refer to Notes 2-4 for additional information about cash and cash equivalents, investments, and capital assets.

Liabilities consisting of accounts payable, deferred revenue, and compensated absences increased \$16,137 or 8% between fiscal years 2010 and 2011. Compensated absences, particularly accrued vacation, accounted for the majority of the increase. Liabilities decreased \$4,714 or 2% between fiscal years 2009 and 2010. No significant changes were noted in any of the individual categories. Refer to Notes 5 and 6 for additional information about deferred revenue and long-term liabilities.

Total net assets increased \$183,367 or 15% from \$1,249,791 at June 30, 2010 to \$1,433,158 at June 30, 2011. This resulted from excess revenues over expenses and includes a \$120,536 increase in restricted funds, a \$77,346 increase in unrestricted funds and a \$14,515 decrease in the net amount invested in capital assets. The 53% increase in restricted net assets resulted from a \$100,000 capital gift and an increase in the value of WYSU-FM's endowment. The 10% increase in unrestricted net assets reflects the excess of membership and fundraising revenue over expenses during 2011. The 6% decrease in net assets invested in capital assets, net of related debt from fiscal year 2010 to 2011 was due to depreciation exceeding additions.

Overall, the Station's net assets increased \$151,108 or 14% from \$1,098,683 at June 30, 2009 to \$1,249,791 at June 30, 2010. This resulted from excess revenues over expenses and includes increases in restricted expendable net assets and the net amount invested in capital assets. The increase in restricted expendable net assets resulted from a \$100,000 capital gift. Net assets invested in capital assets experienced a \$54,280 or 31% increase as fiscal year 2010 additions exceeded depreciation. The \$12,352 decrease in unrestricted net assets reflected the excess of membership and fundraising expenses over revenue during 2010.

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

These statements present the operating results and the non-operating revenues and expenses of the Station. The revenues and expenses are reported as either operating or non-operating. Operating revenues are generated by an annual Community Service Grant from CPB (a portion

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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 non-operating 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 assets follows:

	June 30, 2011	June 30, 2010	June 30, 2009
Total operating revenues	\$ 368,409	\$ 370,407	\$ 233,742
Total operating expenses	1,307,803	1,213,404	1,180,007
Operating loss	(939,394)	(842,997)	(946,265)
Net non-operating revenues	1,022,761	894,103	851,989
Gain (loss) before other revenue, expenses, and changes	83,367	51,106	(94,276)
Total other revenue, expenses, and changes	100,000	100,002	-
Total increase (decrease) in net assets	183,367	151,108	(94,276)
Net assets at the beginning of the year	1,249,791	1,098,683	1,192,959
Net assets at the end of the year	\$ 1,433,158	\$ 1,249,791	\$ 1,098,683

Total operating revenues decreased \$1,998 or 1% between fiscal year 2010 and 2011. Operating revenue from the CPB grant decreased \$16,154 or 11% as the Station received additional funds from CPB in fiscal year 2010 from a federal fiscal stabilization grant. A similar grant was not received in fiscal year 2011. In-kind contributions increased \$23,060 or 21% primarily due to additional support from e-Tech Ohio to cover rises in the cost of services. Underwriting revenue decreased \$8,910 or 9% as a result of two contributing factors. Underwriting support is susceptible to impacts from poor economic conditions and some of WYSU-FM's foundation support has migrated from the underwriting category to the membership category. The Station has a foundation component built into its semi-annual fund drives and several of WYSU-FM's supporting foundations that have provided underwriting support in the past, prefer to contribute under this program as opposed to underwriting. Despite the decrease in underwriting revenue, ten new underwriters were contracted throughout fiscal year 2011, representing an increase of 4% in the number of underwriters. This brought the overall number of sponsors with a history of underwriting with WYSU-FM to 226, with 45 supporting the Station during fiscal year 2011.

Between fiscal year 2009 and fiscal year 2010, total operating revenues increased \$136,665 or 58%. Operating revenue from the CPB grant increased \$140,944 or 100% as the Station's 2009 grant award, which had been deferred in fiscal year 2009, was recognized in fiscal year 2010, the second year of the two-year grant period. In addition, CPB distributed additional funds to WYSU-FM from a federal fiscal stabilization grant in the amount of \$11,539 during fiscal year 2010. In-kind contributions increased slightly while the e-Tech Ohio grant and underwriting

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

revenue both decreased. The cost of services provided by e-Tech Ohio increased during fiscal year 2010, thus increasing in-kind contributions by \$5,963 or 6% while continued budget cuts at the State of Ohio contributed to the \$8,255 or 24% decrease in the e-Tech Ohio grant. The \$1,987 or 2% decrease in underwriting revenues was primarily the result of sponsors suspending or slightly reducing support.

Total operating expenses increased \$94,399 or 8% between fiscal years 2010 and 2011. This was due to combined increases in program services of \$34,366 or 5% and increases in support services of \$60,033 or 11%. In the program services category, program information accounted for the greatest increase as the Station filled a full-time Assistant Engineering position in IT/operations during fiscal year 2011. This position provides critical support and leadership in information technological services for the Station. In the support services category, management and general expenses realized the greatest increase as expenses supported by e-Tech Ohio and Youngstown State University increased.

Between fiscal years 2009 and 2010, total operating expenses increased \$33,397 or 3%. Program services accounted for the majority of this change, increasing \$38,431 or 6% while support services decreased \$5,034 or 1%. In the program services category, program information realized the greatest increase as WYSU-FM was able to fund a one-year half-time IT/operations position from its membership fund as a temporary solution to the staffing vacancy that was open since September 2008. In the support services category, depreciation decreased whereas salaries increased.

Between fiscal years 2010 and 2011, net non-operating revenues increased \$128,658 or 14%. The general appropriation from the University and donated facilities and administrative support both increased, \$52,089 and \$39,179 respectively, to support increases in salaries, fringes, and operating costs. Membership income increased \$26,580 or 12% primarily due to several large contributions from supporting foundations. Net investment income increased \$11,560 or 85% due to increases in unrealized gains stemming from improved market values.

Net non-operating revenues increased \$42,114 or 5% between fiscal years 2009 and 2010. Donated facilities and administrative support from the University increased \$19,632 or 14% to support increases in salaries and operating costs. Investment income increased \$29,706 or 185% primarily due to an increase in the fair value of investments.

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.

The installation of a new broadcast antenna was a central event for WYSU-FM during fiscal year 2011. There were short-term negatives that came from the event, but they were far outweighed

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

by the long-term positives. The actual installation took longer than expected, leading to a disruption of service that lasted over three weeks in November. However, the Station was able to communicate with most of its constituents using multiple platforms leading to general understanding, patience, and sympathy from its audience. Most importantly, the new antenna has increased WYSU-FM's coverage area by 43%, especially in Carroll, Cuyahoga, Geauga, and Stark Counties in Ohio and Allegheny County in Pennsylvania. Also the number of potential listeners reached in the coverage area increased from 1,275,581 to 2,078,581, or 63%.

Conceptual designs, cost estimates, and the pursuit of additional capital funding are in progress for a new location for the Station. WYSU-FM has already received gifts totaling \$200,000 to be used for this purpose.

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 the fall 2010 and spring 2011 fund drives. Each of these on-air drives raised over \$114,700 for the Station. The Station's underwriting program continues to expand and develop, contracting new sponsors each year. WYSU-FM anticipates modest growth in membership and underwriting revenue during the upcoming fiscal years.

One way that WYSU-FM plans to increase support is by continuing to expand its local program offerings. It developed a local roundtable talk show called *Looking Out* that is relevant to the local radio audience as well as the global internet audience. The program examines how global issues directly impact those living in the Station's listening areas. It is offered over the traditional airwaves as well as podcasts and available for streaming on the WYSU-FM website. After several specials in 2010, the program will air on a weekly basis beginning in September 2011.

The Station continues to expand its presence in the community through high-profile and effective partnerships and sponsorships with many organizations. Some of these partnerships provide local news and regional business news. Others are charitable in nature, supporting local food banks, providing scholarships, and broadcasting radio reading services for the sight-impaired. WYSU also continued to produce the web program *Life on Life's Terms*. This program is hosted by minorities and targets individuals with substance abuse problems. WYSU-FM has sponsored events at YSU including the Hispanic Heritage Celebration, the Diversity Leadership Celebration, the Women's History Month Celebration, Nonviolence Week, and both the Fall and Spring Job Expos. The Station has also partnered with academic departments at YSU, Kent State University, and the University of Akron to provide high-quality, real-world journalism experiences for university students through the occasional placement of local and regional stories during WYSU-FM's network news magazines.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

STATEMENTS OF NET ASSETS AT JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,267,719	\$ 1,067,747
Investments	5,181	17,956
Interest receivable	452	449
Accounts receivable (net of allowance of \$728 in 2011 and \$1,293 in 2010)	5,169	6,179
Pledges receivable (net of allowance of \$4,109 in 2011 and \$3,055 in 2010)	17,758	10,465
Total Current Assets	<u>1,296,279</u>	<u>1,102,796</u>
Noncurrent Assets		
Endowment investments	148,296	127,760
Capital assets, net	213,586	228,101
Total Noncurrent Assets	<u>361,882</u>	<u>355,861</u>
Total Assets	<u>1,658,161</u>	<u>1,458,657</u>
LIABILITIES		
Current Liabilities		
Deferred revenue	134,454	127,147
Compensated absences	7,309	3,905
Total Current Liabilities	<u>141,763</u>	<u>131,052</u>
Noncurrent Liabilities		
Compensated absences	83,240	77,814
Total Noncurrent Liabilities	<u>83,240</u>	<u>77,814</u>
Total Liabilities	<u>225,003</u>	<u>208,866</u>
NET ASSETS		
Invested in capital assets, net of related debt	213,586	228,101
Restricted:		
Nonexpendable	148,296	127,760
Expendable	200,676	100,676
Unrestricted	870,600	793,254
Total Net Assets	<u>\$ 1,433,158</u>	<u>\$ 1,249,791</u>

See accompanying notes to financial statements.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
REVENUES		
Operating Revenues		
Corporation for Public Broadcasting grant	\$ 124,790	\$ 140,944
In-kind contributions	132,684	109,624
eTech Ohio Commission grant	25,522	25,516
Underwriting revenue	85,413	94,323
Total Operating Revenues	368,409	370,407
EXPENSES		
Operating Expenses		
Program Services		
Programming and production	416,988	405,751
Broadcasting	206,092	196,613
Program information	58,142	45,105
Traffic and continuity	11,485	10,872
Support Services		
Management and general	317,664	272,592
Fund raising and membership development	95,885	95,569
Underwriting	56,843	53,854
Clerical	72,982	69,010
Depreciation	71,722	64,038
Total Operating Expenses	1,307,803	1,213,404
Operating Loss	(939,394)	(842,997)
NON-OPERATING REVENUES (EXPENSES)		
General appropriation from the University	550,221	498,132
Donated facilities and administrative support from the University	201,334	162,155
Membership revenue	249,177	222,597
Net expenses from fund raising	(3,161)	(2,411)
Investment gain, net of investment expense	25,190	13,630
Net Non-operating Revenues	1,022,761	894,103
Gain before other revenues, expenses, and changes	83,367	51,106
OTHER REVENUES, EXPENSES, AND CHANGES		
Capital grants and gifts	100,000	100,000
Additions to the principal of endowments	-	2
Total other revenues, expenses, and changes	100,000	100,002
Total increase in Net Assets	183,367	151,108
NET ASSETS		
Net Assets at the beginning of the year	1,249,791	1,098,683
Net Assets at the end of the year	\$ 1,433,158	\$ 1,249,791

See accompanying notes to financial statements.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities		
Receipts from Corporation for Public Broadcasting grant	\$ 127,727	\$ 136,329
Receipts from eTech Ohio Commission grant	25,522	25,516
Business and underwriting support	91,243	94,326
Payments to suppliers	(310,304)	(337,859)
Payments to employees	(450,808)	(412,410)
Payments for benefits	(132,571)	(127,765)
Total Cash Flows Used in Operating Activities	(649,191)	(621,863)
Cash Flows from Noncapital Financing Activities		
General appropriation from the University	550,221	498,132
Membership receipts	241,884	223,600
Fundraising receipts	4,060	5,480
Payments for fundraising	(7,221)	(7,891)
Total Cash Flows Provided by Noncapital Financing Activities	788,944	719,321
Cash Flows from Investing Activities		
Interest on investments	4,651	4,526
Sale (purchase) of investments	12,775	(13,016)
Total Cash Flows Provided by (Used in) Investing Activities	17,426	(8,490)
Cash Flows from Capital Financing Activities		
Capital grants and gifts	100,000	100,000
Purchase of capital assets	(57,207)	(118,318)
Total Cash Flows Provided by (Used in) Capital Financing	42,793	(18,318)
Net Increase in Cash & Cash Equivalents	199,972	70,650
Cash and Cash Equivalents - Beginning of year	1,067,747	997,097
Cash and Cash Equivalents - End of year	\$ 1,267,719	\$ 1,067,747
Reconciliation of Operating Loss to Net Cash Flows from Operating Activities		
Operating loss	\$ (939,394)	\$ (842,997)
Adjustments to reconcile operating loss to cash flows used in operating activities:		
Depreciation	71,722	64,038
Donated facilities and administrative support from the University	201,334	162,155
Changes in assets and liabilities:		
Accounts receivable, net	1,010	(345)
Accounts payable, compensated absences, and deferred revenue	16,137	(4,714)
Cash Flows Used in Operating Activities	\$ (649,191)	\$ (621,863)

See accompanying notes to financial statements.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 GASB.

Under the provisions of GASB Statement No. 35, resources are classified for accounting and reporting purposes into the following four net asset categories:

- Invested in capital assets, net of related debt - 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 - Net assets subject to externally imposed stipulations that they be maintained permanently by the Station. Such assets include the Station's permanent endowment fund.
- Restricted Expendable - Net assets 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 - Net assets that are not subject to externally imposed stipulations. Unrestricted net assets 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 net assets 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.

The Station has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Station has elected to not apply FASB pronouncements issued after the applicable date.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEAR ENDED JUNE 30, 2011

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.

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.

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.

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 Assets.

Endowment Policy - The University Endowment Fund consists of 81 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.

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 assets-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.

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

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEAR ENDED JUNE 30, 2011

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 balance sheet.

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 non-operating revenue and expenses in the Statement of Revenue, Expenses, and Changes in Net Assets. 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 non-operating revenues are the general appropriation from the University and membership support.

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.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEAR ENDED JUNE 30, 2011

The aggregate cost of repurchase agreements, which approximates fair value, included in the University's cash and cash equivalents is \$1,420,864 and \$1,191,429 at June 30, 2011 and 2010, 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, 2011 and 2010 consist of the following:

	2011	2010
Carrying Amount (Cash and cash equivalents)	<u>\$ 28,926,599</u>	<u>\$ 52,906,489</u>
FDIC Insured	\$ 769,448	\$ 482,123
Uninsured but collateralized by pools of securities pledged by the depository banks	21,994,973	38,133,954
Uninsured but assets held in name of YSU not pledged as collateral elsewhere	<u>6,593,008</u>	<u>14,186,159</u>
Bank Balance	<u>\$ 29,357,429</u>	<u>\$ 52,802,236</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 \$1,267,719 and \$1,067,747 at June 30, 2011 and 2010, respectively.

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, 2011, 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.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEAR ENDED JUNE 30, 2011

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 \$5,757,267 as of June 30, 2011 and \$5,061,734 as of June 30, 2010.

As of June 30, 2011, 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	\$ 107,269	\$ 107,269	\$ -	\$ -	\$ -
Corporate Bonds	23,802	-	16,430	7,372	-
Preferred Stock	10,267	7,576	-	-	2,691
Other Securities	12,139	6,553	5,586	-	-
	<u>\$ 153,477</u>	<u>\$ 121,398</u>	<u>\$ 22,016</u>	<u>\$ 7,372</u>	<u>\$ 2,691</u>

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

As of June 30, 2010, 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	\$ 89,820	\$ 89,820	\$ -	\$ -	\$ -
Corporate Bonds	18,543	-	9,145	9,398	-
Preferred Stock	9,907	7,244	-	-	2,663
U.S. Government Bonds	10,862	7,235	2,166	-	1,461
Other Securities	16,584	3,503	13,081	-	-
	<u>\$ 145,716</u>	<u>\$ 107,802</u>	<u>\$ 24,392</u>	<u>\$ 9,398</u>	<u>\$ 4,124</u>

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

As of June 30, 2011, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	\$ 23,802	\$ -	\$ 1,335	\$ 15,948	\$ 6,519	\$ -

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEAR ENDED JUNE 30, 2011

As of June 30, 2010, investments had the following quality credit ratings:

Investment Type	Fair Value	Aaa	Aa	A	Baa	Unrated
Corporate Bonds	\$ 18,543	\$ -	\$ 1,442	\$ 17,101	\$ -	\$ -
U.S. Government Bonds	10,862	10,862	-	-	-	-
	<u>\$ 29,405</u>	<u>\$ 10,862</u>	<u>\$ 1,442</u>	<u>\$ 17,101</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2011 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.

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, 2011, 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, 2011 was as follows:

Capital Assets	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Nondepreciable assets:					
Construction-in-progress	\$ 118,318	\$ -	\$ -	\$ (118,318)	\$ -
Depreciable assets:					
Antenna and tower	300,166	57,207	-	118,318	475,691
Studio and broadcast equipment	404,504	-	-	-	404,504
Total cost	<u>822,988</u>	<u>57,207</u>	<u>-</u>	<u>-</u>	<u>880,195</u>
Less: Accumulated depreciation	594,887	71,722	-	-	666,609
Capital assets, net	<u>\$ 228,101</u>	<u>\$ (14,515)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 213,586</u>

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEAR ENDED JUNE 30, 2011

Capital assets activity for the year ended June 30, 2010 was as follows:

Capital Assets	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Nondepreciable assets:					
Construction-in-progress	\$ -	\$ 118,318	\$ -	\$ -	\$ 118,318
Depreciable assets:					
Antenna and tower	300,166	-	-	-	300,166
Studio and broadcast equipment	404,504	-	-	-	404,504
Total cost	704,670	118,318	-	-	822,988
Less: Accumulated depreciation	530,849	64,038	-	-	594,887
Capital assets, net	<u>\$ 173,821</u>	<u>\$ 54,280</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 228,101</u>

Note 5 – Deferred Revenue

Deferred revenue at June 30, 2011 and 2010 consists of the following:

	2011	2010
Corporation for Public Broadcasting grant	\$ 127,727	\$ 124,790
Underwriting agreements	6,727	2,357
Total deferred revenue	<u>\$ 134,454</u>	<u>\$ 127,147</u>

Note 6 – Long Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Net Additions	Ending Balance	Current Portion
Compensated absences	\$ 81,719	\$ 8,830	\$ 90,549	\$ 7,309

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Net Additions	Ending Balance	Current Portion
Compensated absences	\$ 80,166	\$ 1,553	\$ 81,719	\$ 3,905

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.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

NOTES TO FINANCIAL STATEMENTS (CONT.) FOR THE YEAR ENDED JUNE 30, 2011

Note 8 – Risk Management

WYSU 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.

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

SCHEDULE OF NONFEDERAL FINANCIAL SUPPORT FOR THE YEAR ENDED JUNE 30, 2011

Direct Income	\$ 1,014,987
Indirect Administrative Support	201,334
In-Kind Contributions of Services and Other Intangibles	<u>127,566</u>
Total Nonfederal Financial Support	<u>\$ 1,343,887</u>



YOUNGSTOWN STATE UNIVERSITY