WOSU PUBLIC MEDIA

A Public Telecommunications Entity
Operated By The Ohio State University

FINANCIAL REPORT
With Additional Information
For The Years Ended June 30, 2008 and 2007

PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

WOSU Public Media
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210-4016

We have reviewed the *Independent Auditors' Report* of the WOSU Public Media, Franklin County, prepared by Parms & Company, LLC for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The WOSU Public Media is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 23, 2009

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WOSU Public Media

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PARMS & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

WOSU Public Media
The Ohio State University

We have audited the accompanying statements of net assets of WOSU Public Media (WOSU), which is a part of The Ohio State University, as of June 30, 2008 and 2007, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of WOSU's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 WOSU Public Media are intended to present the financial position and results of operations of only that portion of the financial reporting entity of The Ohio State University that is attributable to the transactions of WOSU Public Media.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOSU Public Media at June 30, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2009, on our consideration of WOSU Public Media's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis presented on pages 3 through 7 is not a required part of the basic financial statements but is supplemental 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 supplemental 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 basic financial statements of WOSU Public Media taken as a whole. The Supplemental Schedule of Revenues and Expenses By Telecommunication Operations for the year ended June 30, 2008, is presented for purposes of additional analysis and is not a required part of the basic financial statements of WOSU Public Media. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements of WOSU Public Media taken as a whole.

Parms & Company, LLC

January 21, 2009

WOSU Public Media

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2008

Accounting Standards

In June 1999, the Governmental Accounting Standard's Board (GASB) released Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," which established a new reporting format for annual financial statements. In November 1999, GASB released Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," which applies the new reporting standards to public colleges and universities.

The following discussion and analysis provides an overview of WOSU's financial activities. As required by the adopted accounting principles, the financial report consists of three basic statements that provide information on WOSU Public Media: the Statement of Financial Position; Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. Each statement will be discussed.

Financial Highlights

- Total cash increased by 16% which were mainly due to the payments not made on the monies advanced by the University for the building of the Radio Studios and the Digital Media Center at WOSU@COSI the payment was made in July.

- Total receivables decreased by 68% due to the collection on grant monies due.

- The new Digital Media Center, WOSU@COSI, construction still accounts for most of the changes in our financial statements as well as timing of monies received and expended. Affecting the categories of pledges receivable, interest payable, and debt obligation.

WOSU Public Media

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2008

Statements of Financial Position

The Statement of Financial Position includes assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net assets – the difference between assets and liabilities – are one way of measuring an organization's financial health.

	2008	2007	2006
Current assets			
Cash	$ 7,383,473	$ 6,357,543	$ 8,216,263
Receivables	1,102,042	1,375,733	932,179
Total current assets	8,485,515	7,733,276	9,148,442
Non-current assets			
Endowment investments	5,768,117	6,459,540	5,654,581
Pledges receivable – noncurrent	472,623	807,141	1,021,576
Broadcast rights	1,002,793	941,113	993,029
Property and equipment	10,150,237	10,641,498	7,299,647
Total assets	25,879,285	26,582,568	24,117,275
Current liabilities			
Accounts payable	$ 95,329	$ 262,324	$ 1,129,904
Accrued compensated absence	31,353	37,739	31,774
Deferred support and revenue	67,950	54,730	258,095
Current portion – debt obligation Univ.	1,213,940	986,895	-
Total current liabilities	1,408,572	1,341,688	1,419,773
Long-term Liabilities			
Long-term portion – debt oblig. Univ.	4,855,707	4,934,454	2,084,524
Accrued compens. Absence – noncurr.	357,278	398,816	398,816
Total liabilities	6,621,557	6,674,958	3,903,113
Net assets			
Invested in capital assets	4,080,590	4,720,149	5,215,123
Restricted	7,086,693	10,374,236	9,823,981
Unrestricted	8,090,445	4,813,225	5,175,058
Total net assets	$ 19,257,728	$ 19,907,610	$ 20,214,162

In fiscal year 2008, 29% of $25,879,285 in total assets represents our cash balance. The WOSU policy is to raise funds in the current year to be expended in the following year. This process provides the capability of meeting expenses during the summer months when cash flow is at its lowest. Receivables include revenue received from program/production underwriting, station membership pledges, donations received for our capital campaign, WOSU @ COSI and various other earnings and grant income. Our endowment investments have decreased by 11% and will probably continue to decline next fiscal year due to the overall national economy.

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2008

Statements of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating results of WOSU Public Media, as well as the non-operating revenues and expenses. Annual state appropriations are considered non-operating revenues according to accounting principles generally accepted in the United States of America.

	2008	2007	2006
OPERATING REVENUES			
Contributed services	$ 1,450,486	$ 2,158,569	$ 2,051,721
Grants from the Corporation for Public Broadcasting	1,616,304	1,745,293	2,061,031
Member contributions	2,846,856	2,626,784	2,694,629
Fees and services	1,491,817	1,628,756	1,242,168
Fundraising	121,296	118,479	179,882
Federal, state and local grants	1,170,431	1,786,519	1,678,047
Miscellaneous	50,005	38,532	57,442
Total Operating Revenues	8,747,195	10,102,932	9,964,920
OPERATING EXPENSES			
Total program services	8,175,040	9,811,556	9,490,345
Total supporting services	4,748,394	5,246,683	5,486,429
Total Operating Expenses	12,923,434	15,058,239	14,976,774
OPERATING LOSS	(4,176,239)	(4,955,307)	(5,011,854)
NON-OPERATING REVENUES (EXPENSES)			
Operating subsidies	1,677,913	1,468,048	1,307,474
Donated facilities and support – OSU	1,098,674	1,250,853	1,253,977
Investment income			
Interest and dividend income	418,275	536,030	453,508
Unrealized gain (loss) on investments	(815,655)	714,930	281,085
Interest Expense	(273,951)	(164,110)	-
Capital grants and gifts	1,166,262	538,564	1,740,435
Additions to permanent endowments	254,839	304,440	105,647
Net Non-Operating Revenues	3,526,357	4,648,755	5,142,126
CHANGE IN NET ASSETS	(649,882)	(306,552)	130,272
NET ASSETS, BEGINNING OF YEAR	19,907,610	20,214,162	20,083,890
NET ASSETS, END OF YEAR	$ 19,257,728	$ 19,907,610	$ 20,214,162

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2008

Statement of Revenues, Expenses and Changes in Net Assets (continued)

WOSU suffered a 214% loss on our investments due to the overall market, this will probably continue until the economy stabilizes. This also was evident in some of our funding sources and WOSU reacted to these downturns by scrutinizing expenses and also freezing some positions.

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess The WOSU Public Media's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external funding.

	2008	2007	2006
Cash Provided By (Used In):			
Operating activities	$ (1,481,757)	$(3,879,869)	$(3,145,169)
Noncapital financing activities	1,805,208	1,772,488	1,413,093
Capital and related financing activities	427,446	(197,341)	(1,280,817)
Investing Activities	275,033	446,002	347,861
Net Increase (decrease) in cash	1,025,930	(1,858,720)	(2,665,032)
Cash – Beginning of year	6,357,543	8,216,263	10,881,295
Cash – End of year	$ 7,383,473	$ 6,357,543	$ 8,216,263

Member contributions, state and local grants, tower rental, television productions, and university support comprise cash receipts for operating activities. Over the past few years WOSU has actively secured state and federal grants to support the conversion to digital television and the building of new radio studios. This project has been a drain on the cash balances in the past two years; however, we are nearing the end of the digital conversion and the radio studios are completed.

Management's Discussion and Analysis
Fiscal Year Ending June 30, 2008

Economic Factors that will affect Future Economic Position and Results of Operations

WOSU Public Media began broadcasting a digital signal along with the legacy analog television signal in 2004. In doing so, WOSU/WPBO met the federal mandate to broadcast in digital. The economic factors in play due to the digital transition and the fact that we must maintain our traditional analog signal until at least February 2009 include higher utility bills, equipment, operations, programming and staffing challenges.

While WOSU was successful in reaching its capital campaign goal to secure private funding in support of the new digital production center in downtown Columbus, the commitments by foundations and corporations are over as much as a five year period. Therefore, WOSU had to secure a line of credit from Ohio State to cover renovation and equipment costs up front. WOSU opened new radio studios in FY2008 at Fawcett Center and continues to seek private and public support to defray expenses related to this long term building project.

The ability of WOSU Public Media to meet its fiscal challenges are influenced by many factors outside of its control, such as state, university and federal funding, and the economy. With over half of our income funds generated by individuals and businesses in central and southern Ohio, station stability is greatly affected by the marketplace. While WOSU maintained its member and corporate base of funding in the past year, the greatest negative impact on the budget was the continued diminution of state funding received through multiple budget lines. The decrease amounted to approximately $150,000 compared to the previous year, with rescissions announced late in the second half of the budget year. Further state reductions are expected in FY09.

WOSU PUBLIC MEDIA

A Public Telecommunications Entity Operated By The Ohio State University

STATEMENTS OF NET ASSETS

As of June 30, 2008 and 2007

	2008	2007
ASSETS		
Current Assets:		
Cash	$ 7,383,473	$ 6,357,543
Receivables:		
Accounts receivable	87,411	62,416
Government grants	184,758	570,566
Underwriting	67,132	63,429
Pledges (Note 3)	762,741	679,322
Total receivables	1,102,042	1,375,733
Total current assets	8,485,515	7,733,276
Investments (Note 2)	5,768,117	6,459,540
Pledges receivable - noncurrent	472,623	807,141
Broadcast rights	1,002,793	941,113
Property and equipment (Note 4)	10,150,237	10,641,498
Total assets	**$ 25,879,285**	**$ 26,582,568**
LIABILITIES		
Current Liabilities:		
Accounts payable	95,329	262,324
Accrued compensated absence - current (Note 7)	31,353	37,739
Deferred support and revenue	67,950	54,730
Current portion - debt obligation due University (Note 12)	1,213,940	986,895
Total current liabilities	**1,408,572**	**1,341,688**
Long-term Liabilities		
Long-term portion - debt obligation due University (Note 12)	4,855,707	4,934,454
Accrued compensated absence - noncurrent (Note 7)	357,278	398,816
Total liabilities	**6,621,557**	**6,674,958**
NET ASSETS		
Invested in Capital Assets	4,080,590	4,720,149
Unrestricted	8,090,445	4,813,225
Restricted For:		
Nonexpendable		
Endowment	5,895,661	6,673,951
Expendable		
Capital Projects	-	2,536,463
Other	1,191,032	1,163,822
Total Net Assets	**$ 19,257,728**	**$ 19,907,610**

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

WOSU PUBLIC MEDIA

A Public Telecommunications Entity Operated By The Ohio State University

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2008 and 2007

	2008	2007
OPERATING REVENUES		
Contributed services	$ 1,450,486	$ 2,158,569
Grants from the Corporation for Public Broadcasting	1,616,304	1,745,293
Member contributions	2,846,856	2,626,784
Fees and Services:		
Public broadcasting service	8,266	23,101
Business & industry	1,302,429	1,346,737
Foundations/non-profit organizations	141,893	231,126
Federal government agencies	39,229	27,792
Fundraising	121,296	118,479
Federal grants	47,764	443,154
State and local grants	1,122,667	1,343,365
Royalties	45,711	27,629
Miscellaneous	4,294	10,903
Total operating revenues	8,747,195	10,102,932
OPERATING EXPENSES		
Program services:		
Programming and production	4,714,230	4,372,205
Broadcasting	2,681,106	4,572,530
Program information	779,704	866,821
Total program services	8,175,040	9,811,556
Supporting services:		
Management & general	2,183,294	2,592,697
Depreciation	1,209,444	1,066,768
Underwriting	219,400	168,476
Fundraising	1,136,256	1,418,742
Total supporting services	4,748,394	5,246,683
Total operating expenses	12,923,434	15,058,239
Operating loss	(4,176,239)	(4,955,307)
NON-OPERATING REVENUES (EXPENSES)		
Operating subsidies (Note 9)	1,677,913	1,468,048
Donated facilities and support - OSU (Note 9)	1,098,674	1,250,853
Investment Income:		
Interest and dividend income	418,275	536,030
Unrealized (loss) gain on investments	(815,655)	714,930
Interest Expense	(273,951)	(164,110)
Capital grants and gifts	1,166,262	538,564
Additions to permanent endowments	254,839	304,440
Net non-operating revenues	3,526,357	4,648,755
Change in Net Assets	**(649,882)**	**(306,552)**
Net Assets, Beginning of year	**19,907,610**	**20,214,162**
Net Assets, End of year	**$ 19,257,728**	**$ 19,907,610**

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

WOSU PUBLIC MEDIA

A Public Telecommunications Entity Operated By The Ohio State University

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants from the Corporation for Public Broadcasting	$ 1,466,304	$ 1,541,109
Member contributions	2,703,221	2,626,784
Fees and services	1,439,093	1,555,029
Proceeds from fundraising	116,015	20,388
Federal, state and local grants	1,147,597	1,375,913
Royalties	45,711	27,629
Other revenues	4,294	10,903
Payments to employees	(4,797,042)	(5,013,406)
Payments to suppliers	(3,606,950)	(6,024,218)
Net cash used in operating activities	(1,481,757)	(3,879,869)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Private endowment contributions	127,295	304,440
University subsidies	1,677,913	1,468,048
Net cash provided by noncapital financing activities	1,805,208	1,772,488
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital grants and gifts received	713,857	538,564
Funds advanced by the University	148,298	3,836,825
Interest paid	(25,653)	(164,110)
Purchase of capital assets	(409,056)	(4,408,620)
Net cash used by capital financing activities	427,446	(197,341)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(127,292)	(90,028)
Interest and dividends received	402,325	536,030
Net cash provided by investing activities	275,033	446,002
Net change in cash	1,025,930	(1,858,720)
Cash at beginning of year	6,357,543	8,216,263
Cash at end of year	$ 7,383,473	$ 6,357,543
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (4,176,239)	$ (4,955,307)
Adjustments to reconcile excess additions over deductions to net cash provided by operating activities:		
Donated facilities and support	1,098,674	1,250,853
Depreciation expense	1,209,444	1,066,768
(Increase) decrease in unamortized broadcast rights	(61,682)	51,916
Decrease (increase) in grants, underwriting and accounts receivables	608,208	(229,119)
(Decrease) in accounts payable and accrued liabilities	(166,996)	(867,580)
Increase (decrease) in deferred support	13,220	(203,365)
(Decrease) increase in compensated absences and other accrued liabilities	(6,386)	5,965
Net adjustments	2,694,482	1,075,438
Net cash used by operating activities	$ (1,481,757)	$ (3,879,869)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The accompanying financial statements of WOSU Public Media include the accounts and results of operations of the following non-commercial public television and radio stations:

- WOSU-TV, Columbus, Ohio (rebroadcast in Newark and Mansfield)
- WPBO-TV, Portsmouth, Ohio
- WOSU-AM Radio, Columbus, Ohio
- WOSU-FM Radio, Columbus, Ohio
- WOSV-FM Radio, Mansfield, Ohio
- WOSE-FM Radio, Coshocton, Ohio
- WOSB-FM Radio, Marion, Ohio
- WOSP-FM Radio, Portsmouth, Ohio

WOSU Public Media is a part of The Ohio State University (the University) financial reporting entity. The financial statements of the University contain more extensive disclosure of the significant accounting policies of the University as a whole.

Basis of Presentation

WOSU Public Media complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. WOSU Public Media reports as a special purpose government engaged solely in "business type activities" under GASB Statement No. 34. GASB Statement Nos. 20 and 34 provide WOSU Public Media the option of electing to apply FASB pronouncements issued after November 30, 1989. WOSU Public Media has elected not to apply those pronouncements

Basis of Accounting

The financial statements of WOSU Public Media have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay.

Cash

Cash of WOSU Public Media is maintained by the University which commingles the funds with other University-related organizations.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Endowment Investments

Endowment funds are handled by the Treasurer of the University who commingles the funds with other University-related organizations. Earned investment income is allocated to each organization based on its share of the total funds invested at the beginning of each year. Additions to endowment investments are recorded as non-operating revenues in the statement of revenues, expenses and changes in net assets. Investments are recorded at their fair value. Investment income from endowment investments is unrestricted by the donors, and as such becomes a part of unrestricted net assets.

Broadcast Rights

Broadcast rights purchased by WOSU are amortized using the straight-line method over three years and are net of accumulated amortization of $1,913,699 and $2,036,709 as of June 30, 2008 and 2007, respectively.

Capital Assets

Capital assets with a unit cost of over $3,000 are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Routine maintenance and repairs are charged to expenses as incurred.

Revenue Recognition

All revenues from programmatic sources are considered to be operating revenues. Included in non-operating revenues are University support, investment income, and gifts. Gifts (pledges) that are received on an installment basis are recorded at net present value.

Unrestricted member contributions are recorded as support when the promise to give is made. Grant funds are recorded as revenues when the grant's contractual requirements have been met. The principal expendable restricted resources of WOSU are grants to finance capital projects or specific programs produced by WOSU. These revenues are deferred until WOSU incurs the capital expenditure or broadcasts the specific program.

In-Kind Contributions

Donated professional services and materials provided by outside organizations are recorded as revenue and expense at the fair value of the service or material at the date of donation as valued by the donor.

Reclassifications

Certain reclassifications have been made to the 2007 financial statements presentation to conform with the 2008 financial statements presentation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Facilities and Administrative Support from The Ohio State University

Donated facilities and Administrative Support are calculated and recorded as both revenue and expense based upon the University's "modified other sponsored activities indirect cost rate" as defined by the Corporation for Public Broadcasting (CPB), which was 11.64% for the fiscal years ending June 30, 2008 and 2007. Donated facilities and administrative support from The University consists of allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the University on behalf of WOSU. All support received from the University is recorded as non-operating revenues.

Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates, primarily related to collectibility of receivables and compensated absences. Actual results could differ from those estimates.

Net Assets

GASB Statement No. 34 reports equity as “Net Assets” rather than “fund balance.” Net assets are classified according to external donor restrictions or availability of assets for satisfaction of WOSU’s obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes.

NOTE 2: CASH AND INVESTMENTS

Statement No. 3 as amended by Statement No. 40 of the Government Accounting Standards Board requires the disclosure of essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure. The University issues separate financials statements which discuss its deposit and investments risk exposure.

The cash balance as of June 30, 2008 and 2007, are pooled funds which are held and managed by the Treasurer’s Office of the University. Endowment investments represent WOSU’s share of pooled investment funds.

The following summarizes pooled shares and related values as of June 30, 2008 and 2007:

NOTE 2: CASH AND INVESTMENTS (continued)

Fund account	No. of Shares	Cost	Market Value
2008: Friends of WOSU	399.0215	$1,379,281	$2,633,405
Prine Classical Music	1.3619	5,550	8,988
Taylor Memorial	3.4136	27,460	22,529
Elam Family	11.2653	69,550	74,347
Reba Harvey	15.9992	99,967	108,565
Batelle Digital Media	20.6054	150,000	139,821
Klotz Public Media	3.7558	25,000	25,485
Digital Media Center Outreach	8.5041	59,975	57,706
Palius Public Media	3.7359	25,337	25,350
WOSU Public Media	397.9509	2,492,432	2,626,339
Sipp Student Interns	6.7175	50,000	45,582
Totals		$4,384,552	$5,768,117
2007: Friends of WOSU	399.0164	$1,379,246	$3,009,965
Prine Classical Music	1.3440	5,415	10,138
Taylor Memorial	3.4136	27,460	25,750
Elam Family	11.2653	69,550	84,979
Reba Harvey	15.9992	99,967	123,455
Batelle Digital Media	13.6038	100,000	104,972
Klotz Public Media	3.7558	25,000	28,981
Digital Media Center Outreach	5.4086	37,022	41,735
Palius Public Media	3.7359	25,337	28,828
WOSU Public Media	397.7930	2,491,323	3,000,737
Totals		$4,260,320	$6,459,540

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable represent the net unconditional promises to give that were made in connection with WOSU Public Media's capital campaign. Promises to give were discounted using the United State T-Bill rate in effect at time of the pledge. All pledges were considered to be fully collectible. The following are pledges receivable balances as of June 30, 2008 and 2007:

	2008	2007
Receivable in less than one year	$ 762,741	$679,322
Receivable in one to three years	498,099	873,500
Total	1,260,840	1,552,822
Less discounts to net present value	(25,476)	(66,359)
Net pledges receivable	$ 1,235,364	$1,486,463

NOTE 4: CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2008 and 2007, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
June 30, 2008:				
Depreciable assets				
Buildings	11,105,875	529,209	-	11,635,084
Improvements	1,167,938	-	-	1,167,938
Equipment	11,020,320	203,300	(14,326)	11,209,294
Total cost of depreciable assets	23,294,133	732,509	(14,326)	24,012,316
Less accumulated depreciation	12,652,635	1,222,072	(12,628)	13,862,079
Net capital assets	$10,641,498	(489,563)	(1,698)	$10,150,237
June 30, 2007:				
Non-depreciable assets				
Construction in progress	$ 1,450,079	4,367,281	(5,817,360)	$ -
Depreciable assets				
Buildings	5,288,515	5,817,360	-	11,105,875
Improvements	1,167,938	-	-	1,167,938
Equipment	11,001,725	41,338	(22,743)	11,020,320
Total cost of depreciable assets	17,458,178	5,858,698	(22,743)	23,294,133
Total cost of capital assets	18,908,257	10,225,979	(5,840,103)	23,294,133
Less accumulated depreciation	11,608,610	1,066,768	(22,743)	12,652,635
Net capital assets	$ 7,299,647	9,159,211	(5,817,360)	$10,641,498

The following estimated useful lives are used to compute depreciation:

Equipment	5 - 15 years
Buildings	20 - 40 years
Improvements	20 years

NOTE 5: RETIREMENT PLAN

All employees covered under WOSU are employees of The University and are covered by the Ohio Public Employees Retirement System ("OPERS"), a cost sharing, multiple employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, health care benefits, and death benefits to Plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provisions. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.

2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, member and employer contribution rates were consistent across all three plans. For 2008, the member and employer contribution rates were 10% and 14%, respectively.

WOSU's employer contributions to PERS for the years ended June 30, 2008, 2007 and 2006, were $517,276, $488,392 and $438,597, respectively, equal to 100% of the required contributions for each year.

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2007, the employer contribution allocated to the health care plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts very depending on the number of covered dependents and the coverage selected.

WOSU's employer contributions to PERS for the years ended June 30, 2008, 2007 and 2006 were $517,276, $488,392 and $438,597, respectively, of which the amount of employer contributions used to fund post-employment benefits is estimated to be $206,599, $162,316, and $131,810, respectively.

The Health Care Preservation Plan ("HCPP") adopted on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 7: ACCRUED COMPENSATION AND COMPENSATED ABSENCES

The WOSU Station employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination. Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the University with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the accrued but unused sick leave up to a maximum of 240 hours.

WOSU Public Media follows the University's policy for accruing sick leave liability. WOSU accrues a sick leave liability for those employees who are currently eligible to receive termination payments along with other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences.*

Under the termination method, WOSU Public Media utilizes the University's calculated rate, Sick Leave Termination Cost Per Year Worked, that is based on the University's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied by WOSU Public Media to the total year-of-service for WOSU current employees. As of June 30, 2008 and 2007, accrued salaries were $31,353 and $37,739, and accrued vacation and sick leave liability were $357,278 and $398,816, respectively.

NOTE 8: CORPORATION FOR PUBLIC BROADCASTING GRANT AWARDS

WOSU Public Media received grant funds from the Corporation for Public Broadcasting (CPB) to assist in the operations of the stations. During 2008 and 2007, the following summarizes grant funds earned during the fiscal year:

CPB Grant	WOSU-AM	WOSU-FM	WOSU-TV	TOTAL
Fiscal Year 2008:				
Community Service	$ 173,076	$ 173,076	$ 1 ,077,633	$ 1,423,785
Interconnection Grant	-	-	22,769	22,769
Ready to Lead Grant	-	-	16,000	16,000
A Place of Our Own Grant	-	-	3,750	3,750
Digital Conversion Grants	-	150,000	-	150,000
Total 2008	$ 173,076	323,076	1,120,152	$ 1,616,304

CPB Grant	WOSU-AM	WOSU-FM	WOSU-TV	TOTAL
Fiscal Year 2007:				
Community Service	$ 148,831	$ 148,831	$ 1,180,763	$ 1,478,425
Interconnection Grant	-	-	24,368	24,368
Ready to Learn Grant	-	-	37,500	37,500
Digital Conversion Grants	102,500	102,500	-	205,000
Total 2007	$ 251,331	251,331	1,242,631	$ 1,745,293

NOTE 9: UNIVERSITY SUPPORT

The operations of WOSU Public Media are supported in part by the general revenues of the University. The University provides for the general operating costs of WOSU operations. The University's direct support amounted to $1,677,913 and $1,468,048, for the years ended June 30, 2008 and 2007, respectively. In addition, the University provided an estimated $1,098,674 and $1,250,853 in indirect administrative support during fiscal years 2008 and 2007, respectively. The indirect administrative support revenues were calculated using the University's "modified other sponsored activities indirect costs rate" of 11.64% for fiscal years ended June 30, 2008 and 2007.

NOTE 10: INCOME BENEFICIARY

WOSU Public Media is an income beneficiary of certain funds administered and maintained by The University. WOSU Public Media receives income generated from the Donald R. Glancy Endowed Fund in excess of $7,000 per year to support television and radio programming needs. WOSU Public Media received $31,887 and $32,140 from this fund during fiscal years 2008 and 2007, respectively. In addition, WOSU Public Media receives ten percent of the income generated from the John McKitrick Family Fund. During fiscal years 2008 and 2007, WOSU Public Media received $123 and $125 from this fund, respectively. All income received by WOSU Public Media as an income beneficiary have been included in the statement of revenues, expenses and changes in net assets for the years ended June 30, 2008 and 2007.

The following summarizes the market value of these funds as of June 30, 2008 and 2007:

Fund Name	2008	2007
Donald R. Glancy Endowed Fund	$692,056	$787,878
John McKitrick Family Fund	2,659	3,039
Total Income Beneficiary Funds	$694,715	$790,917

NOTE 11: OPERATING LEASE OBLIGATION

WOSU leases office space from COSI under an agreement with a 10 year occupancy term commencing on the date of occupancy (May 13, 2005). The lease amount is subject to annual adjustment based on the consumer price index (CPI). As of June 30, 2008, future minimum rental payments based on the CPI indexed rate for fiscal year 2009, is summarized below:

2009	225,228
2010	225,228
2011	225,228
2012	225,228
2013-2015	656,915
Total	$1,557,827

Rental expense charged to operations was $215,471 and $208,218 during 2008 and 2007, respectively.

NOTE 12: DEBT OBLIGATION

Outstanding debt obligation as of June 30, 2008 and 2007 is summarized as follows:

	Balance June 30, 2007	New Debt	Reduction	Balance June 30, 2008	Current Portion	Noncurrent Portion
Radio Studio	$1,202,512	-	(51,306)	$1,151,206	$ 230,250	$ 920,956
COSI	4,718,837	199,604	-	4,918,441	983,690	3,934,751
Total	$5,921,349	199,604	(51,306)	$6,069,647	$1,213,940	$4,855,707

WOSU obtained line of credit financing through the University for $1,200,000 for the renovation of its Radio Studios and for $5,000,000 for the construction of its COSI location radio and television broadcasting studios. Interest on the outstanding principal balance is based on the University's monthly investment credit rate as determined by the University Office of the Treasurer, which was 2.00% and 5.09% as of June 30, 2008 and 2007, respectively. The two lines of credit were termed out during fiscal year 2008, with maturity in June 2013. As of June 30, 2008, there was $1,151,206 outstanding on the Radio Studio loan and $4,918,441 outstanding on the COSI loan.

The following is a schedule showing the future minimum principal and interest payments as of June 30, 2008, based on projected interest rates through maturity of the loans:

	Radio Studio			COSI		
	Principal	Interest	Total	Principal	Interest	Total
2009	230,250	20,697	250,947	983,690	88,427	1,072,117
2010	230,250	17,808	248,058	983,690	76,082	1,059,772
2011	230,250	15,585	245,835	983,690	66,586	1,050,276
2012	230,250	11,468	241,718	983,690	48,997	1,032,687
2013	230,206	6,834	237,040	983,681	29,204	1,012,885
Total	$1,151,206	72,392	$1,223,598	$4,918,441	309,296	$5,227,737

As of June 30, 2008 and 2007, there was a total of $6,069,647 and $5,921,349, respectively, outstanding on the debt. Interest expense of $273,951 and $164,110 was incurred on the debt during fiscal year 2008 and 2007, respectively. In addition, interest cost of $117,259 was capitalized as part of the construction cost of the COSI studios during 2007.

WOSU PUBLIC MEDIA

A Public Telecommunications Entity Operated By The Ohio State University

Supplemental Schedule of Revenues and Expenses By Telecommunication Operations

For The Year Ended June 30, 2008

REVENUES AND OTHER SUPPORT	**Radio**	**Television**	**Totals**
The Ohio State University Direct Support	$ 387,467	1,290,446	$ 1,677,913
Contributed Services	228,992	1,221,494	1,450,486
Donated Facilities and Support - OSU	416,730	681,944	1,098,674
Grants from the CPB	496,152	1,120,152	1,616,304
Member Contributions	1,140,455	1,706,401	2,846,856
Fees and Services:			
PBS	4,950	3,316	8,266
B&I	423,317	879,112	1,302,429
Foundations/NPO's	78,359	63,534	141,893
Federal Govt.	11,745	27,484	39,229
Fundraising	10,400	110,896	121,296
Federal Grants	23,673	24,091	47,764
State and Local Grants	170,133	952,534	1,122,667
Investment Income:			
Interest and dividend income	187,186	231,089	418,275
Unrealized gains(loss) on investments	(271,891)	(543,764)	(815,655)
Endowment Contributions	103,608	151,231	254,839
Capital Grants and Gifts	611,450	554,812	1,166,262
Royalties	1,313	44,398	45,711
Other	121	4,173	4,294
Total Support, Revenue, and Other Additions	4,024,160	8,523,343	12,547,503
EXPENSES			
Program Services:			
Programming and Production	1,632,503	3,081,727	4,714,230
Broadcasting	718,846	1,962,260	2,681,106
Program Information	311,632	468,072	779,704
Total Program Services	2,662,981	5,512,059	8,175,040
Supporting Services:			
Management & General	920,791	1,262,503	2,183,294
Fundraising	452,562	683,694	1,136,256
Underwriting	79,963	139,437	219,400
Interest expense	109,580	164,371	273,951
Depreciation	483,778	725,666	1,209,444
Total Supporting Services	2,046,674	2,975,671	5,022,345
Total Expenses	4,709,655	8,487,730	13,197,385
Net Change	$ (685,495)	35,613	$ (649,882)

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of WOSU Public Media, which is a part of The Ohio State University, as of and for the year ended June 30, 2008, and have issued our report thereon dated January 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WOSU Public Media's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WOSU Public Media's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WOSU Public Media's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in the internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting (2008-1).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WOSU Public Media's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the use of the audit committee, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Parms & Company, LLC

January 21, 2009

WOSU PUBLIC MEDIA
SCHEDULE OF FINDINGS AND RESPONSES
AS REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS*

For the Year Ended June 30, 2008

INTERNAL CONTROL FINDINGS

Finding Reference Number 2008-1

Condition:
The Statements of Auditing Standards has determined that the identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity's internal control represents at least a significant deficiency. This includes misstatements involving estimation and judgment for which the auditor identifies likely material adjustments and corrections of the recorded amounts. Accordingly, during the audit, we noted a significant adjustment to pledges receivable that was required to correct the financial statements of WOSU. We also noted an adjustment to the year-end accounts receivable.

Criteria:
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the above comment to reflect a significant deficiency in WOSU's internal control.

Cause:
Although WOSU has obtained assistance from the University's Controller's Office in the preparation of the financial statements, the process failed to identify a significant pledge receivable for the capital campaign and a proper cutoff of accounts receivable.

Effect:
The effect of this deficiency is that the audit process disclosed year-end adjustments. The net effect on the financial statements of these adjustments was an increase in net assets of $283,148.

Corrective Action:
WOSU should refine its accounting closing procedures to help identify required adjustments to the financial statements. WOSU might want to consider implementing a checklist for addressing the unique nature of their operations to properly capture year-end closing adjustments.

Finding Reference Number 08-1 – (Continued)

Management's Response

WOSU Management concurs with the finding. WOSU will also immediately put the auditor's recommendations into practice. WOSU will schedule to meet with Ohio State University Accounting and will prepare a comprehensive checklist for yearend closing procedures and adjustments.

Mary Taylor, CPA
Auditor of State

WOSU PUBLIC MEDIA

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 5, 2009

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