

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Financial Statements

**As of and for the Years Ended June 30, 2020 and 2019
and Report of Independent Auditors**

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

Board of Trustees
The Ohio State University
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210

We have reviewed the *Report of Independent Auditors* of WOSU Public Media, Franklin County, prepared by PricewaterhouseCoopers LLP, for the audit period July 1, 2019 through June 30, 2020. 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. WOSU Public Media is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 09, 2021

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Table of Contents

	Page(s)
Report of Independent Auditors	1–3
Management’s Discussion and Analysis (unaudited)	4–8
Financial Statements	
Statements of Net Position.....	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
Notes to the Financial Statements	12–32
Required Supplementary Information on GASB 68 Pension Liabilities	33
Required Supplementary Information on GASB 75 OPEB Liabilities	34
Notes to Required Supplementary Information on GASB 68 Pension Liabilities and GASB 75 OPEB Liabilities.....	35
Supplemental Schedule of Revenues and Expenses by Telecommunication Operations	36
Note to Supplemental Schedule.....	37
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38–40

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Report of Independent Auditors

To the Board of Trustees of
The Ohio State University

We have audited the accompanying financial statements of The Ohio State University Department of WOSU Public Media (“WOSU”), appearing on pages 9 to 32, which comprise the statements of net position as of June 30, 2020 and June 30, 2019, and the related statements of revenues, expenses, and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise WOSU’s basic financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOSU, as of June 30, 2020 and June 30, 2019 and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of WOSU are intended to present the net financial position, the changes in net financial position and, where applicable, cash flows of only that portion of The Ohio State University that is attributable to the transactions of WOSU. They do not purport to, and do not, present fairly the net financial position of The Ohio State University as of June 30, 2020 and 2019, the changes in its net financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Required Supplementary Information

The accompanying management discussion and on pages 4 through 8 and the Required Supplementary Information on GASB 68 Pension Liabilities on page 33 and Required Supplementary Information on GASB 75 OPEB Liabilities on page 34 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Accompanying Supplemental Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the WOSU's basic financial statements. The accompanying Supplemental



Schedule of Revenues and Expenses by Telecommunication Operations for the year ended June 30, 2020 on pages 36 and 37 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Schedule of Revenues and Expenses by Telecommunications Operations for the year ended June 30, 2020 is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021 on our consideration of the WOSU's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2020. The purpose of that report is solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the WOSU's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

January 13, 2021

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2020 and 2019

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of WOSU Public Media for the year ended June 30, 2020, with comparative information for the years ended June 30, 2019 and June 30, 2018. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About WOSU Public Media

As one of the pioneering radio stations in the country, WOSU has been enriching lives with noncommercial programming since 1922. WOSU Public Media, with broadcast licenses held by The Ohio State University Board of Trustees, continues to engage, inform, and inspire the diverse communities of central Ohio.

WOSU operates seven non-commercial FM radio stations and the region's public television station serving over 2.6 million Ohioans across 31 counties. The radio operations provide the community's only all-day NPR, local news and talk radio station (89.7 NPR News), while a classical radio network of six stations based in Columbus (Classical 101) provides the only regional source for classical music radio. WOSU TV includes PBS and local programming on its primary channel and three other channels including WOSU Plus, WOSU Ohio and WOSU Kids. WOSU also has a broad digital presence with its mobile app and through the wosu.org website. Audience use of the WOSU website, streams, and videos grew by 55 percent or over 4 million compared to a year ago.

WOSU Classroom is known for its work with preschool caregivers and providing technology professional development support for teachers across central Ohio. Through foundation and state funding, WOSU Classroom focuses on teacher and student engagement and video productions that target issues such as the social, emotional development of young children. An American Graduate grant from the Corporation for Public Broadcasting led WOSU to focus media on the disconnect between the thousands of quality open jobs in the region and the number of young people out of school and not working.

A diverse community board, Friends of WOSU, advises the organization, assisting with programming, advocacy and fundraising expertise. The most significant support for WOSU comes directly from the community it serves, with over 29,000 individual members. Approximately 70% of WOSU's funding is from private fundraising including membership, grants, and program support and earned revenue sources. The WOSU Productions unit provides earned revenue while assisting the production needs of the OSU campus and community nonprofits.

WOSU provides distinctive national programming from PBS and NPR and other national sources, but has distinguished itself with its commitment to local programming including a two-hour daily local radio/TV talk program, *All Sides with Ann Fisher*, the largest local radio newsroom (honored as the top news operation in Ohio), and Emmy award-winning weekly television programming focused on local culture, history, arts, and journalism. Among the regular local television offerings: *Columbus Neighborhoods*, *Broad & High*, *Columbus On The Record*, and the high school quiz series *In The Know*.

WOSU completed a new strategic plan in 2020 that includes a focus on public engagement, building new relationships and programming to connect to diverse audiences across the region, assessing new technology trends, evaluating human resource needs, and building a solid business strategy for the new WOSU relocated to 15th and High.

WOSU is currently located at the Ohio State Fawcett Conference Center and is under the purview of the Senior Vice President of Administration and Planning. WOSU broke ground on a new headquarters and studios in the 15th and High district bordering the Ohio State campus in April 2019. A \$12 million capital campaign is in motion to help fund the new facility, which will include a streetscape community studio, media makers learning lab, and new broadcast and podcast studios. WOSU expects to be operational in the new facility by June 2021.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Management's Discussion and Analysis (Unaudited)

June 30, 2020 and 2019

About the Financial Statements

WOSU Public Media presents its financial reports in a "business type activity" format, in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial report includes a Statement of Net Position, a Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements.

Financial Highlights

In fiscal year 2020, total net position for WOSU increased by \$3,417,696 to \$32,641,986 at June 30, 2020. Unrestricted net position increased by \$4,092,222 primarily due to growth in major planned giving from the capital campaign. Restricted expendable net position decreased by \$2,726,581 primarily due to prepaid rent payments to support capital requirements to build the new headquarters. Net investment in capital assets increased \$2,068,775 due to tower improvements as part of the FCC repack program.

Summary of Net Position			
	2020	2019	2018
Cash	\$ 6,702,019	\$ 17,938,343	\$ 16,381,802
Receivables and other current assets	744,624	1,984,673	2,507,860
Total current assets	<u>7,446,643</u>	<u>19,923,016</u>	<u>18,889,662</u>
Pledges receivables, net	1,159,035	1,210,957	274,142
Endowments in OSU long-term investment pool	6,232,500	6,471,360	6,698,827
Prepaid rent and deposits	16,593,624	3,251,253	-
Capital assets, net of depreciation	11,381,944	8,881,324	9,003,609
Total noncurrent assets	<u>35,367,103</u>	<u>19,814,894</u>	<u>15,976,578</u>
Total assets	<u>42,813,746</u>	<u>39,737,910</u>	<u>34,866,240</u>
Deferred outflows	1,022,222	1,960,885	826,416
Total assets and deferred outflows	<u>\$ 43,835,968</u>	<u>\$ 41,698,795</u>	<u>\$ 35,692,656</u>
Accounts payable and accrued expenses	\$ 263,078	\$ 651,035	\$ 210,615
Unearned revenue	363,205	640,796	480,935
Current portion of debt	158,824	158,824	158,824
Total current liabilities	<u>785,107</u>	<u>1,450,655</u>	<u>850,374</u>
Noncurrent portion of debt	911,111	1,013,391	1,115,671
Unearned revenue	90,727	147,327	308,000
Net pension liability	4,391,129	6,280,716	3,406,649
Net OPEB liability	3,178,814	3,077,939	2,450,537
Other noncurrent liabilities	429,621	398,983	413,595
Total noncurrent liabilities	<u>9,001,402</u>	<u>10,918,356</u>	<u>7,694,452</u>
Total liabilities	<u>9,786,509</u>	<u>12,369,011</u>	<u>8,544,826</u>
Deferred inflows	1,407,473	105,494	1,035,698
Net investment in capital assets	10,312,009	8,243,234	7,729,114
Restricted:			
Nonexpendable	1,933,831	1,950,551	1,962,489
Expendable	8,615,479	11,342,060	10,526,095
Unrestricted	11,780,667	7,688,445	5,894,434
Total net position	<u>32,641,986</u>	<u>29,224,290</u>	<u>26,112,132</u>
Total liabilities, deferred inflows and net position	<u>\$ 43,835,968</u>	<u>\$ 41,698,795</u>	<u>\$ 35,692,656</u>

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2020 and 2019

During the year ended June 30, 2020, **cash** decreased \$11,236,324, to \$6,702,019, primarily due to prepaid rent to Campus Partners for the new headquarters and studios in the 15th and High district. The statement of cash flows, which is discussed in more detail below, provides additional information on sources and uses of WOSU cash. **Endowments** in the university's Long-Term Investment Pool decreased by \$238,860 to \$6,232,500 at June 30, 2020, reflecting decreases in fair value. The Long-Term Investment Pool is invested in a diversified portfolio of equities, fixed income, hedge funds and private equity that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission. **Noncurrent pledge receivables** decreased \$223,078 due to cash received for the capital campaign to help fund the new facility. **Prepaid rent and deposits** increased \$13,342,371 for rent paid to Campus Partners for construction in progress on the new WOSU building.

Total liabilities of WOSU decreased by \$2,629,902 to \$9,739,109 at June 30, 2020, primarily due to an decrease in **net pension liability** of \$1,889,587 and **accounts payable and accrued expenses** of \$387,957 for rent paid to Campus Partners.

GASB Statement No. 68 requires governmental employers participating in defined benefit pension plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. These liabilities are referred to as net pension liabilities. In fiscal year 2018, the university implemented a related accounting standard, GASB Statement No. 75, which requires employers participating in other post-employment benefit (OPEB) plans to recognize liabilities for plans whose actuarial liabilities exceed the plan's net assets. OPEB benefits consist primarily of post-retirement healthcare. The university participates in two multiemployer cost-sharing retirement systems, OPERS and STRS-Ohio, and is required to record a liability for its proportionate share of the net pension and OPEB liabilities of the retirement systems.

WOSU's share of these **net pension liabilities** was \$4,391,129 and \$6,280,716 at June 30, 2020 and 2019, respectively. The decrease in net pension liability in 2020 is primarily due to increases in investment returns for OPERS. Although most year-to-year changes in net pension liabilities are charged directly to pension expense, certain types of changes are deferred and recognized as pension expense in future periods. Pension-related deferred outflows at June 30, 2020 and 2019 totaled \$511,637 and \$1,710,769, respectively. Pension-related deferred inflows at June 30, 2020 and 2019 totaled \$955,727 and \$96,705, respectively. The swing in pension deferrals relates primarily to OPERS projected versus actual investment returns. These deferrals will be recognized as pension expense in future periods. WOSU recognized total pension expense of \$787,416 in 2020. Total pension expense includes \$618,850 of employer contributions and \$168,566 in GASB 68 accruals.

WOSU's share of the **net OPEB liabilities** was \$3,178,814 and \$3,077,939 at June 30, 2020 and June 30, 2019, respectively. OPEB-related deferred outflows at June 30, 2020 and June 30, 2019 totaled \$510,585 and 250,116, respectively. OPEB-related deferred inflows at June 30, 2020 and June 30, 2019 totaled \$451,746 and \$8,789, respectively. The swing in OPEB deferrals relates primarily to reduction in the discount rate for OPERS and OPERS projected versus actual investment returns. WOSU recognized total OPEB expense of \$283,362 in 2020. Total OPEB expense includes \$0 of employer contributions and \$283,362 in GASB 75 accruals.

It should be noted that, in Ohio, employer contributions to the state's cost-sharing multi-employer retirement systems are established by statute. These contributions, which are payable to the retirement systems one month in arrears, constitute the full legal claim on WOSU for pension and OPEB funding. Although the liabilities recognized under GASB Statement Nos. 68 and 75 meet the GASB's definition of a liability in its conceptual framework for accounting standards, they do not represent legal claims on WOSU's resources, and there are no cash flows associated with the recognition of net pension and OPEB liabilities, deferrals and expense.

Total **net position** increased by \$3,417,696 to \$32,641,986 at June 30, 2020 primarily due to growth in major planned giving from the capital campaign during fiscal year 2020. It should be noted that the required subtotal

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Management's Discussion and Analysis (Unaudited)

June 30, 2020 and 2019

for net operating income or loss will generally reflect a "loss", primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all WOSU expenses. Operating revenues, however, *exclude* certain significant revenue streams that WOSU relies upon to fund current operations, including direct support from the university and investment income.

Summary of Revenues, Expenses and Other Changes in Net Position			
	2020	2019	2018
Operating revenues:			
Contributed services	\$ 636,307	\$ 689,694	\$ 760,128
Sales and services	2,293,337	2,038,434	2,436,843
Grants and contracts	3,534,042	3,099,072	3,237,826
Member contributions	4,184,421	4,296,048	4,368,550
Other revenues	17,307	5,732	13,095
Total operating revenues	<u>10,665,414</u>	<u>10,128,980</u>	<u>10,816,442</u>
Operating expenses:			
Programming and production	6,305,722	6,801,691	6,128,596
Broadcasting	2,744,512	2,460,907	2,292,945
Program information	464,310	405,936	343,569
Management and general	2,256,262	2,138,923	1,912,355
Underwriting	499,299	585,759	530,154
Fundraising	1,370,937	1,438,385	1,286,231
Depreciation	237,374	148,369	157,219
Total operating expenses	<u>13,878,416</u>	<u>13,979,970</u>	<u>12,651,069</u>
Net operating loss	<u>(3,213,002)</u>	<u>(3,850,990)</u>	<u>(1,834,627)</u>
Non-operating revenues (expenses)			
Operating subsidies from University	2,036,643	2,019,424	1,727,110
Indirect administrative support	715,946	938,556	954,867
Net investment income	148,534	129,825	483,257
Interest expense	(56,544)	(56,544)	(56,544)
Capital gifts and grants	3,817,559	3,915,764	2,684,251
Additions to endowment	3,620	360	34,102
FCC spectrum auction and repack	50,610	101,433	34,000
Total non-operating revenues	<u>6,716,368</u>	<u>7,048,818</u>	<u>5,861,043</u>
Net equity transfers from / (to) the University	<u>(85,670)</u>	<u>(85,670)</u>	<u>314,330</u>
Change in net position	3,417,696	3,112,158	4,340,746
Net position - beginning of year	29,224,290	26,112,132	24,204,371
Cumulative effect of accounting change	-	-	(2,432,985)
Net position - end of year	<u>\$ 32,641,986</u>	<u>\$ 29,224,290</u>	<u>\$ 26,112,132</u>

Total operating revenues increased \$536,434, to \$10,665,414 in 2020, primarily due to increases in state and local grants and contracts and business and industry sales and services. Operating expenses decreased \$101,554 to \$13,878,416 in 2020, primarily due to decreases in pension and OPEB expenses of \$984,869, offset by increases in programming and broadcast services. Total non-operating revenues decreased \$332,450 to \$6,716,368 in 2020, primarily due to decreases in indirect administrative support from the university of \$222,610 and capital campaign gifts and grants for \$98,205.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2020 and 2019

Summary of Cash Flows	2020	2019	2018
Cash provided by (used) in:			
Operating activities	\$ (1,495,933)	\$ (1,312,086)	\$ (325,192)
Noncapital financing activities	1,954,593	1,934,114	1,645,922
Capital and related financing activities	(12,132,988)	494,190	10,782,798
Investing activities	438,004	440,323	(668,045)
Net increase (decrease) in cash	(11,236,324)	1,556,541	11,435,483
Cash, beginning of year	17,938,343	16,381,802	4,946,319
Cash, end of year	\$ 6,702,019	\$ 17,938,343	\$ 16,381,802

Total WOSU cash and cash equivalents decreased \$11,236,324, to \$6,702,019 in 2020. Total cash from capital and related financing activities decreased by \$12,627,178 primarily due to rent paid to Campus Partners for construction in progress on the new WOSU building.

Economic Factors That Will Affect Future Economic Position and Results of Operations

On March 13, 2020, the University announced all university events were cancelled due to the COVID-19 pandemic. WOSU employees who could do so were required to work from home. WOSU is proud of its staff for pivoting to provide timely news and trusted programming to Central Ohio citizens and of its donors who have mostly stayed the course to continue to support both the WOSU operating and capital requirements through this difficult time.

The pandemic led to reductions in future state, university and community support and had a direct impact on WOSU in terms of future fundraising, earned revenue and WOSU's operations and programming. Yet, WOSU focused on its mission providing unique local broadcast and online programming and virtual public forums focused on the pandemic, racial inequality and the election.

The pandemic may continue to impact the WOSU's financial position, but WOSU management believes WOSU has sufficient liquidity to meet its operating and financial needs through June 30, 2021. The upcoming fiscal year is unique in our century of history as we are set to move into a new headquarters in the final quarter.

All the operations of WOSU will move to a newly built headquarters in 2021 within the 15th & High Street arts district. The capital requirements for that project will be a focus in the upcoming fiscal year through a coordinated campaign to raise \$12 million and by building internal funding for new equipment purchases. Operational expenses will also change and evolving the WOSU business model is one of the key strategic initiatives in the coming year.

The greatest risk facing WOSU this coming year relates to the possibility of exceeding the construction budget of the new WOSU facility or falling short of the capital campaign goals to support the building. In addition, risks surround the state of economy and the continuation of the pandemic, which may erode membership and underwriting support for WOSU Public Media.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Statements of Net Position

As of June 30, 2020 and 2019

ASSETS AND DEFERRED OUTFLOWS:	<u>2020</u>	<u>2019</u>
Current assets		
Cash	\$ 6,702,019	\$ 17,938,343
Receivables:		
Accounts receivable, net	33,956	69,587
Grants	3,745	122,482
Underwriting	148,224	237,556
Pledge receivables, net	<u>518,536</u>	<u>1,555,048</u>
Total receivables	704,461	1,984,673
Prepaid expense	<u>40,163</u>	-
Total current assets	<u>7,446,643</u>	<u>19,923,016</u>
Noncurrent assets		
Endowments in OSU long-term investment pool	6,232,500	6,471,360
Pledge receivables, net	1,159,035	1,210,957
Prepaid deposits for capital assets	-	534,124
Prepaid rent	16,593,624	2,717,129
Property and equipment, net	3,416,693	968,473
FCC license	<u>7,965,251</u>	<u>7,912,851</u>
Total noncurrent assets	<u>35,367,103</u>	<u>19,814,894</u>
Total assets	42,813,746	39,237,910
Deferred outflows		
Pension	511,637	1,710,769
Other post-employment benefits	<u>510,585</u>	<u>250,116</u>
Total deferred outflows	<u>1,022,222</u>	<u>1,960,885</u>
Total assets and deferred outflows	<u>\$ 43,835,968</u>	<u>\$ 41,698,795</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	\$ 233,017	\$ 148,058
Amount due to related party	-	468,989
Accrued compensated absence - current	30,061	33,988
Unearned revenue	363,205	640,796
Current portion - note payable	<u>158,824</u>	<u>158,824</u>
Total current liabilities	<u>785,107</u>	<u>1,450,655</u>
Noncurrent liabilities		
Note payable	911,111	1,013,391
Unearned revenue	90,727	147,327
Net pension liability	4,391,129	6,280,716
Net other post-employment benefits liability	3,178,814	3,077,939
Accrued compensated absence - noncurrent	<u>429,621</u>	<u>398,983</u>
Total noncurrent liabilities	<u>9,001,402</u>	<u>10,918,356</u>
Total liabilities	9,786,509	12,369,011
Deferred inflows		
Pension	955,727	96,705
Other post-employment benefits	<u>451,746</u>	<u>8,789</u>
Total deferred inflows	<u>1,407,473</u>	<u>105,494</u>
Net position		
Net investment in capital assets	10,312,009	8,243,234
Restricted		
Nonexpendable	1,933,831	1,950,551
Expendable	8,615,479	11,342,060
Unrestricted	<u>11,780,667</u>	<u>7,688,445</u>
Total net position	<u>32,641,986</u>	<u>29,224,290</u>
Total liabilities, deferred inflows, and net position	<u>\$ 43,835,968</u>	<u>\$ 41,698,795</u>

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 Position As of June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Contributed services	\$ 636,307	\$ 689,694
Grants from the Corporation for Public Broadcasting	1,982,915	1,605,145
Member contributions	4,184,421	4,296,048
Public broadcasting service	203,988	32,343
Business and industry	1,347,909	1,261,060
Foundations/non-profit organizations	741,440	745,031
Fundraising	15,000	-
Federal grants	32,016	30,996
State and local grants and contracts	1,519,111	1,462,931
Royalties	1,534	45
Miscellaneous	773	5,687
Total operating revenues	<u>10,665,414</u>	<u>10,128,980</u>
OPERATING EXPENSES		
Program services:		
Programming and production	6,305,722	6,801,691
Broadcasting	2,744,512	2,460,907
Program information	464,310	405,936
Total program services	<u>9,514,544</u>	<u>9,668,534</u>
Supporting services:		
Management and general	2,256,262	2,138,923
Depreciation	237,374	148,369
Underwriting	499,299	585,759
Fundraising	1,370,937	1,438,385
Total supporting services	<u>4,363,872</u>	<u>4,311,436</u>
Total operating expenses	<u>13,878,416</u>	<u>13,979,970</u>
Net operating loss	<u>(3,213,002)</u>	<u>(3,850,990)</u>
NON-OPERATING REVENUES (EXPENSES)		
Operating subsidies from university	2,036,643	2,019,424
Indirect administrative support	715,946	938,556
Net investment income:		
Interest income	387,654	357,652
Interest income - FCC spectrum auction	50,610	83,031
Decrease in fair value of investments	(239,120)	(227,827)
Interest expense	(56,544)	(56,544)
Capital campaign gifts and grants	3,817,559	3,915,764
FCC spectrum auction and repack	-	18,402
Additions to permanent endowments	3,620	360
Net non-operating revenues	<u>6,716,368</u>	<u>7,048,818</u>
Net equity transfers to the University	<u>(85,670)</u>	<u>(85,670)</u>
Change in net position	3,417,696	3,112,158
Net position, beginning of year	29,224,290	26,112,132
Net position, end of year	<u>\$ 32,641,986</u>	<u>\$ 29,224,290</u>

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

As of June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants from the Corporation for Public Broadcasting	\$ 1,982,915	\$ 1,512,643
Member contributions	4,191,589	4,341,974
Fees and services	2,275,923	1,997,359
Proceeds from fundraising	15,000	-
Federal, state and local grants and contracts	1,525,055	1,588,104
Royalties	1,534	45
Other revenues	773	5,687
Payments to employees	(6,040,615)	(5,940,138)
Payments to suppliers	(5,448,107)	(4,817,760)
Net cash used in operating activities	<u>(1,495,933)</u>	<u>(1,312,086)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Private endowment contributions	3,620	360
University subsidies	2,036,643	2,019,424
Equity transfers to university	(85,670)	(85,670)
Net cash provided by noncapital financing activities	<u>1,954,593</u>	<u>1,934,114</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital campaign gifts	4,527,790	3,461,361
Deposits paid for capital assets	-	(534,124)
Prepaid rent for capital assets	(14,345,484)	(2,248,139)
Principal paid on note payable	(158,824)	(158,824)
Purchase of capital assets	(2,156,470)	(26,084)
Net cash provided (used) by capital financing activities	<u>(12,132,988)</u>	<u>494,190</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(260)	(360)
Interest received	438,264	440,683
Net cash provided by investing activities	<u>438,004</u>	<u>440,323</u>
Net change in cash	(11,236,324)	1,556,541
Cash at beginning of year	17,938,343	16,381,802
Cash at end of year	<u>\$ 6,702,019</u>	<u>\$ 17,938,343</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (3,213,002)	\$ (3,850,990)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:		
Indirect administrative support	715,946	938,556
Depreciation expense	237,374	148,369
Allowance for pledge receivables	275,000	-
Changes in asset and liabilities:		
Receivables, net	243,699	(26,809)
Prepaid expense	(40,162)	-
Deferred outflows	938,663	(1,134,469)
Accounts payable	84,959	(56,261)
Unearned revenue	(278,388)	85,174
Compensated absences	26,711	13,079
Net pension liability	(1,889,587)	2,874,067
Net other post-employment benefits liability	100,875	627,402
Deferred inflows	1,301,979	(930,204)
Net cash used in operating activities	<u>\$ (1,495,933)</u>	<u>\$ (1,312,086)</u>
Non cash transactions:		
Amortization on note payable discount	\$ 56,532	\$ 56,532
Prepaid rent in amounts due to related party	-	468,989
Net decrease in fair value of investments	(239,120)	(227,827)

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

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

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 Mansfield)
WOSU-FM Radio, Columbus, Ohio (rebroadcast in Coshocton)
WOSA-FM Radio, Grove City, Ohio
WOSV-FM Radio, Mansfield, Ohio
WOSE-FM Radio, Coshocton, Ohio
WOSB-FM Radio, Marion, Ohio
WOSP-FM Radio, Portsmouth, Ohio
WOSX-FM Radio, Granville, 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

The financial statements of WOSU Public Media have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). WOSU reports as a special purpose government engaged solely in "business type activities" under GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

WOSU's financial resources are classified for accounting and reporting purposes into the following four net position categories:

Net Investment in Capital Assets

Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted Nonexpendable

Net position subject to externally-imposed stipulations that they be maintained in perpetuity and invested for the purpose of generating present and future income, which may either be expended or added to the principal by WOSU. These assets consist of the WOSU's permanent endowment.

Restricted Expendable

Net position whose use is subject to externally-imposed stipulations that can be fulfilled by actions of WOSU pursuant to those stipulations or that expire by the passage of time.

Unrestricted

Net Position that is not subject to externally-imposed stipulations. Substantially all unrestricted balances are internally designated for use by WOSU to support working capital needs of WOSU.

It is WOSU's policy to apply restricted resources first when an expense is incurred for which both restricted and unrestricted net position are available.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

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.

Endowment Investments

All investments consist of amounts invested in the university's Long-Term Investment Pool and are recorded at fair value. Endowment funds are managed by the Office of Investments of the university which commingles the funds with other university-related organizations. Earned investment income by a fund is based on the moving average of its monthly market value percentage to the overall pool. Investments are carried at market values in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*. Additions to endowment investments are recorded as non-operating revenues in the statement of revenues, expenses and other changes in net position. Investments income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

Capital Assets

Capital assets are long-life assets in the service of WOSU and include buildings, furniture and equipment. Capital assets are stated at cost or acquisition value at date of gift. Depreciation of capital assets (excluding construction in progress) is provided on a straight-line basis 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 capital gifts.

WOSU receives gifts (pledges) 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 such promise, revenue is recognized when the gift is received. In accordance with GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, endowment pledges are not recorded as assets until the related gift is received. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts and includes such factors as prior collection history, type of gift, and nature of fundraising.

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. Programming revenues received in advance are recognized when WOSU 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 WOSU.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

Indirect Administrative Support from The Ohio State University

Indirect administrative support is calculated and recorded as both revenue and expense as defined by the Corporation for Public Broadcasting (“CPB”). The calculation for the year ending June 30, 2020 is based on a new Standard Method by dividing the licensee’s indirect costs by its direct costs found in the licensee’s audited financial statements which is 7.45%. The calculation for the year ending June 30, 2019 was based upon the university’s “modified other sponsored activities indirect cost rate” which was 9.97%.

Indirect 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 and are recorded as operating expenses. All other 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 collectability of receivables and compensated absences. Actual results could differ from those estimates.

Newly Issued Accounting Pronouncements

In order to provide temporary relief to governments in light of the COVID-19 pandemic, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement – which was issued in May 2020 and is effective immediately – extends the effective dates of certain accounting and financial reporting provisions in Statements and Implementation Guides that were first effective for reporting periods beginning after June 15, 2018. The effective dates of the accounting pronouncements listed below have been updated in accordance with Statement No. 95.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This standard establishes criteria for identifying and reporting fiduciary activities of all state and local governments. The focus of the criteria generally is whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. Governments with activities meeting the criteria are required to present these activities in a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to this requirement is provided for a business-type activity that expects to hold assets in a custodial fund for three months or less. This standard is effective for periods beginning after December 15, 2019 (FY2021).

In June 2017, the GASB issued Statement No. 87, *Leases*. This standard establishes accounting and reporting for leases, based on the foundational principle that all leases are financings of the right to use an underlying asset for a period of time. Lessees will record an intangible right-of-use asset and corresponding lease liability. Lessors will record a lease receivable and a corresponding deferred inflow of resources. The standard provides an exception for short-term leases with a maximum possible term of 12 months or less. This standard is effective for periods beginning after June 15, 2021 (FY2022).

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard requires that interest cost incurred during the period of construction be recognized as an expense in the period in which the cost is incurred. These costs will no longer be included in the historical costs of capital assets. The standard is effective for periods beginning after December 15, 2020 (FY2022) and will be applied on a prospective basis.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. Due to global reference rate reform, the London Interbank Offered Rate (LIBOR) is expected to cease to exist at the end of 2021. This standard address accounting and financial reporting implications that result from the replacement of an IBOR. The standard is effective for periods beginning after December 31, 2021 (FY2023).

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement requires recognition of a right-to-use subscription asset, initially measured as the sum of the initial subscription liability amount, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs. The subscription asset is then amortized over the subscription term. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 (FY2023), and all reporting periods thereafter.

WOSU management is currently assessing the impact that implementation of GASB Statements No. 84, 87, 89, 93, and 96 will have on the WOSU's financial statements.

Other

WOSU is exempt from income taxes as an instrumentality of the State of Ohio under Internal Revenue Code §115 and Internal Revenue Service regulations. Any unrelated business income is taxable.

Correction of Error

During 2020, an error was identified in WOSU's financial statements for the year ended June 30, 2019. The error relates to a payment received on a capital gift pledge in June 2019 which was not recorded in the proper accounting period. The financial statements for the year ended June 30, 2019 have been revised to correct the error. Management evaluated the impact of the error on the previously issued June 30, 2019 financial statements and determined that it was not material. As a result of this correction, the following adjustments have been made to the previously reported on June 30, 2019 financial statement line items.

	<u>As Reported</u>	<u>Adjustments</u>	<u>As Adjusted</u>
Statement of Net Position			
Pledge receivables, net	\$ 1,055,048	\$ 500,000	\$ 1,555,048
Total current assets	19,423,016	500,000	19,923,016
Total assets	39,237,910	500,000	39,737,910
Restricted - expendable net position	10,842,060	500,000	11,342,060
Total net position	\$ 28,724,290	\$ 500,000	\$ 29,224,290
Statement of Revenues, Expenses and Changes in Net Position			
Capital campaign gifts and grants	\$ 3,865,764	\$ 50,000	\$ 3,915,764
Net non-operating revenues	6,998,818	50,000	7,048,818
Change in net position	3,062,158	50,000	3,112,158
Net position, beginning of year	25,662,132	450,000	26,112,132
Net position, end of year	\$ 28,724,290	\$ 500,000	\$ 29,224,290

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

2. INVESTMENTS

WOSU's endowment investments are maintained in the university's Long-Term Investment Pool, and as such, all endowment investments are held by the university. The pool consists of more than 6,603 Board authorized funds. Each named fund is assigned a number of shares, based on the value of the gifts, income-to-principal transfers, or transfers of operating funds to that named fund. The pool is invested in a diversified portfolio of equities and fixed income securities, as well as a number of alternative investment funds, such as real estate limited partnerships, hedge funds, private equity funds, venture capital funds and natural resources funds. The pool is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support WOSU's mission.

Management of the alternative investment funds, namely the general partner, use methods, such as discounted cash flows, recent transactions and other model-based calculations, to estimate the fair value of the investments held by the fund.

Annual distributions to named funds in the university's Long-Term Investment Pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.5% of the average fair value per share of the university Long-Term Investment Pool over the most recent seven-year period.

The fair values of WOSU's investments held in the university's Long-Term Investment Pool were \$6,232,500 and \$6,471,360 at June 30, 2020 and 2019, respectively. The net change in the value of investments during 2020 and 2019 were unrealized losses of \$239,120 and unrealized losses of \$227,827, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during the year.

The calculation of unrealized gain or loss is independent of the calculation of the net increase in fair value of investments. As of June 30, 2020 and 2019, there is cumulative net unrealized gain on investments of \$743,216 and \$982,336, respectively. Net appreciation on donor-restricted endowments is classified as restricted – expendable net position.

The depreciation on non-expendable endowment funds is recorded as a reduction to restricted non-expendable net position. Recovery on these funds is recorded as an increase in restricted non-expendable up to the historical value of each fund. Per UPMIFA (§ 1715.53(D)(C)), the reporting of such deficiencies does not create an obligation on the part of the endowment fund to restore the fair value of those funds.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

The following summarizes WOSU's investments held in the university's Long-Term Investment Pool as of June 30, 2020:

Name of Fund	Number of Shares	Cost	Fair Value
Friends of WOSU	404.94	\$ 1,410,375	\$ 2,397,679
Prine Classical Music	1.36	5,550	8,064
AEP Foundation	4.60	25,000	27,221
Elam Family	11.29	69,700	66,874
Taylor Memorial	4.57	34,674	27,057
Battelle Digital Media	23.92	166,065	141,639
Reba Harvey	16.58	99,967	98,198
Klotz Public Media	3.99	25,587	23,606
Palius Public Media	4.23	27,369	25,041
Sipp Student Interns	7.97	56,336	47,213
Digital Media Center Outreach	10.69	70,468	63,278
WOSU Public Media	398.97	2,498,193	2,362,371
WOSU Student Experience Fund	159.47	1,000,000	944,259
		<u>\$ 5,489,284</u>	<u>\$ 6,232,500</u>

The following summarizes WOSU's investments held in the university's Long-Term Investment Pool as of June 30, 2019:

Name of Fund	Number of Shares	Cost	Fair Value
Friends of WOSU	404.94	\$ 1,410,375	\$ 2,489,667
Prine Classical Music	1.36	5,550	8,373
AEP Foundation	4.60	25,000	28,265
Elam Family	11.29	69,700	69,440
Taylor Memorial	4.54	34,474	27,902
Battelle Digital Media	23.92	166,065	147,073
Reba Harvey	16.58	99,967	101,966
Klotz Public Media	3.99	25,587	24,512
Palius Public Media	4.23	27,369	26,002
Sipp Student Interns	7.97	56,336	49,024
Digital Media Center Outreach	10.69	70,468	65,706
WOSU Public Media	398.96	2,498,133	2,452,944
WOSU Student Experience Fund	159.47	1,000,000	980,486
		<u>\$ 5,489,024</u>	<u>\$ 6,471,360</u>

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

3. RECEIVABLES

In accordance with GASB Statement No. 33, *Accounting and Reporting for Non-exchange Transactions*, at June 30, 2020, WOSU has recorded \$1,677,571 in pledges receivable and a related allowance for doubtful accounts of \$333,671 at June 30, 2020. At June 30, 2019, WOSU has recorded \$2,766,005 in pledges receivable, of which \$985,596 is in a university Development clearing fund for the 180-day hold period, and a related allowance for doubtful accounts of \$64,560 at June 30, 2019.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
FCC License	\$ 7,912,851	\$ 52,400	\$ -	\$ 7,965,251
Capital assets being depreciated:				
Buildings	999,912	-	1,057	998,855
Improvements	2,501,421	-	-	2,501,421
Equipment	8,652,443	2,685,594	543,948	10,794,089
Total	20,066,627	2,737,994	545,005	22,259,616
Less: Accumulated depreciation	11,185,303	237,374	545,005	10,877,672
Total capital assets, net	\$ 8,881,324	\$ 2,500,620	\$ -	\$ 11,381,944

The depreciation expense is \$237,374 and \$148,369 for fiscal year 2020 and 2019, respectively.

Capital asset activity for the year ended June 30, 2019 is summarized as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
FCC License	\$ 7,912,851	\$ -	\$ -	\$ 7,912,851
Capital assets being depreciated:				
Buildings	999,912	-	-	999,912
Improvements	2,501,421	-	-	2,501,421
Equipment	8,839,906	26,084	213,547	8,652,443
Total	20,254,090	26,084	213,547	20,066,627
Less: Accumulated depreciation	11,250,481	148,369	213,547	11,185,303
Total capital assets, net	\$ 9,003,609	\$ (122,285)	\$ -	\$ 8,881,324

The following estimated useful lives are used to compute depreciation:

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

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

5. FCC LICENSE

In 2020, WOSU acquired a noncommercial educational radio station WDUB (FM) from a private university for \$5,000 and future underwriting services valued at \$47,400. The new station is operating as WOSX under radio frequency 91.1 FM with a value of \$52,400.

The purchase of commercial radio station WWCD (FM) and approval from the FCC on December 14, 2010 granted WOSU rights to the 101.1 FM radio frequencies valued at \$7,912,851.

The FCC licenses have an indefinite life intangible after considering the expected use of the assets, the regulatory and economic environment within which it is being used, and the effects of obsolescence on their use. The FCC licenses authorizes WOSU to permanently use the broadcast spectrum, which is a resource that does not deplete or exhaust over time.

WOSU evaluates the licenses for impairment on an annual basis in accordance with GASB No. 51, *Accounting and Financial Reporting for Intangible Assets*. No impairment loss was recorded in fiscal years 2020 or 2019.

6. RETIREMENT PLANS

WOSU employees are covered by one of two retirement systems. Substantially all employees are covered by the Public Employees Retirement System of Ohio (OPERS). Employees may opt out of OPERS and participate in the Alternative Retirement Plan (ARP) if they meet certain eligibility requirements.

OPERS offers three separate plans: 1) a defined benefit plan, 2) a defined contribution plan and 3) a combined plan. These plans are discussed in greater detail in the following sections.

Defined Benefit Plans

OPERS offers statewide cost-sharing multiple-employer defined benefit pension plans. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. In addition, the retirement systems provide other postemployment benefits (OPEB), consisting primarily of healthcare. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors.

In accordance with GASB Statement Nos. 68 and 75, employers participating in cost-sharing multiple-employer plans are required to recognize a proportionate share of the collective net pension and OPEB liabilities of the plans. Although changes in the net pension and OPEB liabilities generally are recognized as pension expense in the current period, certain items are deferred and recognized as expense in future periods. Deferrals for differences between projected and actual investment returns are amortized to pension expense over five years. Deferrals for employer contributions subsequent to the measurement date are amortized in the following period (one year). Other deferrals are amortized over the estimated remaining service lives of both active and inactive employees (amortization periods range from 3 to 10 years).

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

The collective net pension liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2020 are as follows:

	<u>OPERS</u>
Net pension liability - all employers	\$ 19,553,374,402
Proportion of the net pension liability - WOSU	0.022%
Proportionate share of net pension liability	\$ 4,391,129

The collective net OPEB liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2020 are as follows:

	<u>OPERS</u>
Net OPEB liability - all employers	\$ 13,812,597,868
Proportion of the net OPEB liability - WOSU	0.023%
Proportionate share of net OPEB liability	\$ 3,178,814

The collective net pension liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2019 are as follows:

	<u>OPERS</u>
Net pension liability - all employers	\$ 27,273,871,635
Proportion of the net pension liability - WOSU	0.023%
Proportionate share of net pension liability	\$ 6,280,716

The collective net OPEB liabilities of the retirement systems and WOSU's proportionate share of these net pension liabilities as of June 30, 2019 are as follows:

	<u>OPERS</u>
Net OPEB liability - all employers	\$ 13,037,639,421
Proportion of the net OPEB liability - WOSU	0.024%
Proportionate share of net OPEB liability	\$ 3,077,939

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2020:

	<u>OPERS</u>
Deferred Outflows of Resources:	
Differences between expected and actual experience	\$ 3,499
Changes in assumptions	238,008
Changes in proportion of university contributions	13,198
Employer contributions subsequent to the measurement date	256,932
Total	<u>\$ 511,637</u>
Deferred Inflows of Resources:	
Differences between expected and actual experience	\$ 70,953
Net difference between projected and actual earnings on pension plan investments	884,685
Changes in proportion of university contributions	89
Total	<u>\$ 955,727</u>

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2020:

	<u>OPERS</u>
Deferred Outflows of Resources:	
Differences between expected and actual experience	\$ 80
Changes in assumptions	502,624
Changes in proportion of university contributions	7,881
Total	<u>\$ 510,585</u>
Deferred Inflows of Resources:	
Differences between expected and actual experience	\$ 290,611
Net difference between projected and actual earnings on OPEB plan investments	161,135
Total	<u>\$ 451,746</u>

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2019:

	<u>OPERS</u>
Deferred Outflows of Resources:	
Differences between expected and actual experience	\$ 3,001
Changes in assumptions	555,478
Net difference between projected and actual earnings on pension plan investments	887,204
Changes in proportion of university contributions	15,095
Employer contributions subsequent to the measurement date	249,991
Total	<u>\$ 1,710,769</u>
Deferred Inflows of Resources:	
Differences between expected and actual experience	\$ 96,605
Changes in proportion of university contributions	100
Total	<u>\$ 96,705</u>

Deferred outflows of resources and deferred inflows of resources for OPEB were related to the following sources as of June 30, 2019:

	<u>OPERS</u>
Deferred Outflows of Resources:	
Differences between expected and actual experience	\$ 1,033
Changes in assumptions	95,256
Net difference between projected and actual earnings on OPEB plan investments	146,985
Changes in proportion of university contributions	6,842
Total	<u>\$ 250,116</u>
Deferred Inflows of Resources:	
Differences between expected and actual experience	\$ 8,369
Changes in assumptions	388
Net difference between projected and actual earnings on OPEB plan investments	32
Total	<u>\$ 8,789</u>

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

	<u>OPERS</u>
2021	\$ 166,522
2022	(276,880)
2023	24,458
2024	(357,326)
2025	(428)
2026 and Thereafter	(436)
Total	<u>\$ (444,090)</u>

Net deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense during the years ending June 30 as follows:

	<u>OPERS</u>
2021	\$ 88,260
2022	41,417
2023	(1,672)
2024	(69,166)
2025	-
2026 and Thereafter	-
Total	<u>\$ 58,839</u>

The following table provides additional details on the pension benefit formulas, contribution requirements and significant assumptions used in the measurement of total pension liabilities for OPERS.

	OPERS
Statutory Authority	Ohio Revised Code Chapter 145
Benefit Formula	Pensions -- Benefits are calculated on the basis of age, final average salary (FAS), and service credit. State and Local members in transition Groups A and B are eligible for retirement benefits at age 60 with five years of service credit or at age 55 with 25 or more years of service credit. Group C for State and Local is eligible for retirement at age 57 with 25 years of service or at age 62 with five years of service. For Groups A and B, the annual benefit is based on 2.2% of final average salary multiplied by the actual years of service for the first 30 years of service credit and 2.5% for years of service in excess of 30 years. For Group C, the annual benefit applies a factor of 2.2% for the first 35 years and a factor of 2.5% for the years of service in excess of 35. FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. The base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of annual cost-of-living adjustment.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

	<p>OPEB – The Ohio Revised Code permits, but does not require, OPERS to offer post-employment health care coverage. The ORC allows a portion of the employers’ contributions to be used to fund health care coverage. The health care portion of the employer contribution rate for the Traditional Pension Plan and Combined Plan is comparable, as the same coverage options are provided to participants in both plans. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning with January 2016 premiums, Medicare-eligible retirees could select supplemental coverage through the Connector and may be eligible for monthly allowances deposited to an HRA to be used for reimbursement of eligible health care expenses. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. The System determines the amount, if any, of the associated health care costs that will be absorbed by the System and attempts to control costs by using managed care, case management, and other programs. Additional details on health care coverage can be found in the Plan Statement in the OPERS 2019 CAFR.</p> <p>OPERS no longer participates in the Medicare Part D program as of December 31, 2016</p>
<p>Cost-of-Living Adjustments (COLAs)</p>	<p>Once a benefit recipient retiring under the Traditional Pension Plan has received benefits for 12 months, current law provides for an annual COLA. The COLA is calculated on the member’s base pension benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a COLA on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.</p>
<p>Contribution Rates</p>	<p>Employee and member contribution rates are established by the OPERS Board and limited by Chapter 145 of the Ohio Revised Code. For 2018, employer rates for the State and Local Divisions were 14% of covered payroll (and 18.1% for the Law Enforcement and Public Safety Divisions). Member rates for the State and Local Divisions were 10% of covered payroll (13% for Law Enforcement and 12% for Public Safety).</p>
<p>Measurement Date</p>	<p>December 31, 2019 (OPEB is rolled forward from December 31, 2018 actuarial valuation date)</p>
<p>Actuarial Assumptions</p>	<p>Valuation Date: December 31, 2019 for pensions; December 31, 2018 for OPEB Actuarial Cost Method: Individual entry age Investment Rate of Return: 7.2% for pensions; 6.0% for OPEB Inflation: 3.25% Projected Salary Increases: 3.25% - 10.75% Cost-of-Living Adjustments: Pre-1/7/2013 Retirees: 3.00% Simple Post-1/7/2013 Retirees: 1.40% Simple through 2020, then 2.15% Simple Health Care Cost Trends: 10.5% initial; 3.50% ultimate</p>

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

<p>Mortality Rates</p>	<p>Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively.</p> <p>Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.</p>																																													
<p>Date of Last Experience Study</p>	<p>December 31, 2015</p>																																													
<p>Investment Return Assumptions</p>	<p>The long term expected rates of return on defined benefit pension and health care investment assets were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.</p> <p>The following table displays the Board-approved asset allocation policy for defined benefit pension assets for 2019 and the long-term expected real rates of return:</p> <table border="1" data-bbox="581 1213 1464 1423"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>25.0%</td> <td>1.83%</td> </tr> <tr> <td>Domestic Equity</td> <td>19.0%</td> <td>5.75%</td> </tr> <tr> <td>Real Estate</td> <td>10.0%</td> <td>5.20%</td> </tr> <tr> <td>Private Equity</td> <td>12.0%</td> <td>10.70%</td> </tr> <tr> <td>International Equity</td> <td>21.0%</td> <td>7.66%</td> </tr> <tr> <td>Other Investments</td> <td>13.0%</td> <td>4.98%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>* Returns presented as arithmetic means</p> <p>The following table displays the Board-approved asset allocation policy for health care assets for 2019 and the long-term expected real rates of return:</p> <table border="1" data-bbox="581 1591 1464 1780"> <thead> <tr> <th>Asset Class</th> <th>Target Allocation</th> <th>Long Term Expected Return*</th> </tr> </thead> <tbody> <tr> <td>Fixed Income</td> <td>36.0%</td> <td>1.53%</td> </tr> <tr> <td>Domestic Equities</td> <td>21.0%</td> <td>5.75%</td> </tr> <tr> <td>REITs</td> <td>6.0%</td> <td>5.69%</td> </tr> <tr> <td>International Equities</td> <td>23.0%</td> <td>7.66%</td> </tr> <tr> <td>Other Investments</td> <td>14.0%</td> <td>4.90%</td> </tr> <tr> <td>Total</td> <td>100.0%</td> <td></td> </tr> </tbody> </table> <p>* Returns presented as arithmetic means</p>	Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	25.0%	1.83%	Domestic Equity	19.0%	5.75%	Real Estate	10.0%	5.20%	Private Equity	12.0%	10.70%	International Equity	21.0%	7.66%	Other Investments	13.0%	4.98%	Total	100.0%		Asset Class	Target Allocation	Long Term Expected Return*	Fixed Income	36.0%	1.53%	Domestic Equities	21.0%	5.75%	REITs	6.0%	5.69%	International Equities	23.0%	7.66%	Other Investments	14.0%	4.90%	Total	100.0%	
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WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

<p>Discount Rate</p>	<p>Pensions -- The discount rate used to measure the total pension liability was 7.2% for the Traditional Pension Plan, the Combined Plan and the Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.</p> <p>OPEB – A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.</p>
<p>Changes in Assumptions Since the Prior Measurement Date</p>	<p>Pensions – There were no changes in assumptions since the prior measurement date of December 31, 2018.</p> <p>OPEB -- The discount rate was reduced from 3.96% to 3.16% based on the methodology defined under GASB Statement No. 74, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB</i></p>
<p>Benefit Term Changes Since the Prior Measurement Date</p>	<p>Pensions -- For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.</p> <p>OPEB – On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.</p>

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

Sensitivity of Net Pension Liability to Changes in Discount Rate	1% Decrease (6.2%)	Current Rate (7.2%)	1% Increase (8.2%)
	\$ 7,292,422	\$ 4,391,129	\$ 1,786,500
Sensitivity of Net OPEB Liability (Asset) to Changes in Discount Rate	1% Decrease (2.16%)	Current Rate (3.16%)	1% Increase (4.16%)
	\$ 4,159,867	\$ 3,178,814	\$ 2,393,143
Sensitivity of Net OPEB Liability (Asset) to Changes in Medical Trend Rate	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
	\$ 3,084,920	\$ 3,178,814	\$ 3,271,327

Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff and faculty may choose enrollment in ARP in lieu of OPERS. Classified civil service employees hired on or after August 1, 2005 are also eligible to participate in ARP. ARP does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

OPERS also offer a defined contribution plan, the Member-Directed Plan (MD). The MD plan does not provide disability benefits, annual cost-of-living adjustments, post-retirement health care benefits or death benefits to plan members and beneficiaries. Benefits are entirely dependent on the sum of contributions and investment returns earned by each participant's choice of investment options.

Combined Plans

OPERS offers a combined plan. This is a cost-sharing multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan. In the combined plan, employee contributions are invested in self-directed investments, and the employer contribution is used to fund a reduced defined benefit. Employees electing the combined plan receive post-retirement health care benefits. OPERS provides retirement, disability, survivor and post-retirement health benefits to qualifying members of the combined plan.

Summary of Employer Pension and OPEB Expense

Total pension and OPEB expense for the year ended June 30, 2020, including employer contributions and accruals associated with recognition of net pension and OPEB liabilities and related deferrals, is presented below:

	OPERS	ARP	Total
Employer Contributions	\$ 511,618	\$ 107,232	\$ 618,850
GASB 68 Pension Accruals	168,566	-	168,566
GASB 75 OPEB Accruals	283,362	-	283,362
Total Pension and OPEB Expense	\$ 963,546	\$ 107,232	\$ 1,070,778

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

Total pension and OPEB expense for the year ended June 30, 2019, including employer contributions and accruals associated with recognition of net pension and OPEB liabilities and related deferrals, is presented below:

	OPERS	ARP	Total
Employer Contributions	\$ 502,668	\$ 98,527	\$ 601,195
GASB 68 Pension Accruals	1,052,937	-	1,052,937
GASB 75 OPEB Accruals	383,860	-	383,860
Total Pension and OPEB Expense	\$ 1,939,465	\$ 98,527	\$ 2,037,992

Pension and OPEB expense is allocated to program and supporting service expenses on the Statement of Revenues, Expenses and Changes in Net Position.

OPERS issues separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting the organization.

OPERS

277 East Town Street
Columbus, OH 43215-4642

(614) 222-5601

(800) 222-7377

www.opers.org/investments/cafr.shtml

7. ACCRUED 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.

Certain employees receive compensation time in lieu of overtime pay. Any unused compensation time must be paid to the employee at the time of termination or retirement.

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.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

Long term liabilities related to accrued compensated absences as of June 30, 2020 is as follows:

	Beginning			Ending	Current
	Balance	Additions	Reductions	Balance	Portion
Compensated absences	\$ 432,971	\$ 56,769	\$ 30,058	\$ 459,682	\$ 30,061

Long term liabilities related to accrued compensated absences as of June 30, 2019 is as follows:

	Beginning			Ending	Current
	Balance	Additions	Reductions	Balance	Portion
Compensated absences	\$ 419,892	\$ 47,068	\$ 33,989	\$ 432,971	\$ 33,988

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 the fiscal year:

CPB Grant	Fiscal Year 2020		
	WOSU-FM	WOSU-TV	Total
Community Service	\$ 388,415	\$ 1,192,454	\$ 1,580,869
Interconnection	-	22,374	22,374
American Graduate	-	44,463	44,463
CPB Cares Act	75,000	260,205	335,205
Ready to Learn Planning	-	4	4
Total	<u>\$ 463,415</u>	<u>\$ 1,519,500</u>	<u>\$ 1,982,915</u>

CPB Grant	Fiscal Year 2019		
	WOSU-FM	WOSU-TV	Total
Community Service	\$ 343,900	\$ 1,135,252	\$ 1,479,152
Interconnection	-	20,841	20,841
American Graduate	-	105,710	105,710
Ready to Learn Planning	-	(558)	(558)
Total	<u>\$ 343,900</u>	<u>\$ 1,261,245</u>	<u>\$ 1,605,145</u>

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 \$2,036,643 and \$2,019,424, for the years ended June 30, 2020 and 2019, respectively. In addition, the University provided \$715,946 and \$938,556 in indirect administrative support during fiscal years 2020 and 2019, respectively. The indirect administrative support revenues were calculated in 2020 using CPB's new Standard Method by dividing the university's indirect costs by its direct costs found in the university's audited financial statements which is 7.45% and in 2019 using the university's "modified other sponsored activities indirect costs rate" of 9.97%.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

WOSU provides media production services, underwriting services, and space rental to the university. The total revenue reported in the state and local revenue line for the years ended June 30, 2020 and 2019 were \$263,644 and \$283,386, respectively.

10. INCOME BENEFICIARY

WOSU Public Media is an income beneficiary of certain funds administered and maintained by the university. These funds are the property of the university, and as such are not included within WOSU's investment portfolio included within the Statement of Net Position. 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 \$29,253 and \$28,582 from this fund during fiscal years 2020 and 2019, respectively. In addition, WOSU Public Media receives ten percent of the income generated from the John McKittrick Family Fund. During fiscal years 2020 and 2019, WOSU Public Media received \$290 and \$284 from this fund, respectively. All income received by WOSU Public Media as an income beneficiary has been included in the statement of revenues, expenses and other changes in net position. The following summarizes the value of these funds as of June 30, 2020 and 2019:

Fund Name	2020 Market	2019 Market
	Value	Value
Donald R. Glancy Endowed Fund	\$ 651,236	\$ 672,863
John McKittrick Family Fund	6,438	6,685
Total Income Beneficiary Funds	\$ 657,674	\$ 679,548

11. OPERATING LEASE OBLIGATION

WOSU leases office space at the Fawcett Center under an annual agreement with the university. WOSU pays a portion of the rent directly to the Business Advancement office in accordance with the lease agreement. WOSU paid approximately \$158,928 and \$153,549 during 2020 and 2019, respectively, under this agreement. The lease amount is based on an annual square footage rate. WOSU leased office space for ITSCO operations under a one-year renewable lease agreement which was terminated at the end of 2019. WOSU paid \$17,170 during 2019. ITSCO operations, now referred to as WOSU Classrooms, moved to the Fawcett Center in May 2019.

The total rental expense charged to operations was \$186,418 and \$209,233 during 2020 and 2019, respectively. Future minimum payments for the Fawcett Center operating lease is \$162,900 through 2021.

WOSU leases land from an individual under an agreement with a five-year term commencing with the purchase of WWCD FM on December 14, 2010. The lease term automatically renews for three additional five-year terms. Future minimum lease payments approximate \$12,900 per year through 2025. Rental expense charged to operations was \$12,900 and \$12,000 during 2020 and 2019, respectively.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

12. DEBT OBLIGATIONS

Debt activity for the year ended June 30, 2020, is as follows:

	Beginning Balance	Principal Additions	Repayments	Ending Balance	Current Portion
Promissory note before discount	<u>\$ 1,827,109</u>	<u>\$ -</u>	<u>\$ 158,824</u>	\$ 1,668,285	<u>\$ 158,824</u>
Discount on promissory note				(598,350)	
Total promissory note, net present value				<u>\$ 1,069,935</u>	

Debt activity for the year ended June 30, 2019, is as follows:

	Beginning Balance	Principal Additions	Repayments	Ending Balance	Current Portion
Promissory note before discount	<u>\$ 1,985,933</u>	<u>\$ -</u>	<u>\$ 158,824</u>	\$ 1,827,109	<u>\$ 158,824</u>
Discount on promissory note				(654,894)	
Total promissory note, net present value				<u>\$ 1,172,215</u>	

WOSU financed the purchase of the WOSA (FM) on December 14, 2010 through a promissory note with the seller for \$3,450,000 and it is non-interest bearing. As such, the net present value of the note is less than face value. The net present value of the note (at an imputed interest rate of 4.80%) is \$1,069,935 and \$1,172,215 at June 30, 2020 and June 30, 2019, respectively. The monthly principal on the note shall be amortized over 20 years. The discount and imputed interest expense on the note are included in the statement of revenue, expenses and change in net position

The following is a schedule showing the amounts due for the debt obligations as of June 30, 2020:

	Principal
2021	\$ 158,520
2022	158,520
2023	158,520
2024	158,520
2025-2029	792,600
2030-2031	<u>241,605</u>
Total	<u>\$ 1,668,285</u>

Interest expense of \$56,544 and \$56,544 was incurred on the debt during fiscal year 2020 and 2019, respectively.

13. PREPAID RENT

In 2019, WOSU finalized terms of a lease with Campus Partners to build WOSU's new headquarters. Per the terms of the lease WOSU will pay a total of \$32,838,302 during fiscal years 2019 through 2021 as prepaid rent to Campus Partners. The lease term is expected to commence in fiscal year 2021 and has a total term of 30 years. During the years ended June 30, 2020 and 2019, WOSU paid a total of \$14,345,484 and \$2,248,139, respectively, of prepaid rent to Campus Partners for a total prepaid rent balance of \$16,593,623 and \$2,717,128 at each respective period end. The building is under construction and the lease has not yet commenced as of June 30, 2020.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to the Financial Statements

For the Years Ended June 30, 2020 and 2019

14. CONTINGENCIES AND RISK MANAGEMENT

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was declared a pandemic by the World Health Organization on March 11, 2020 and a national emergency by the President of the United States on March 13, 2020. The outbreak of the disease has affected travel, commerce, economies, and financial markets globally, including in the United States. In response to the public health crisis, the Governor of Ohio and the Director of the Ohio Department of Health took certain actions to limit the spread of the virus and its impact on the State's local communities and health care services, including the declaration of a state of emergency in the State and the closure of all non-essential businesses commencing on March 23, 2020. On May 1, 2020, the State began a phased-in process of reopening certain businesses.

On March 13, 2020, the University announced all university events were cancelled. During this time, WOSU employees who could do so were required to work from home.

The COVID-19 pandemic had a direct impact on WOSU in terms of fundraising, earned revenue and WOSU's operations and programming. As a public media organization, WOSU was spurred to strengthen its commitment to its mission including providing unique local broadcast and online programming and virtual public forums focused on the pandemic and racial inequality.

The outbreak and related actions taken by federal and state governments may continue to impact the WOSU's financial position and its results of operations. While the impacts of COVID-19 may affect financial results for 2021 and potentially beyond, WOSU management believes that WOSU has sufficient liquidity to meet its operating and financial needs through June 30, 2021. The upcoming fiscal year is unique in our century of history as we are set to move into a new headquarters in the final quarter. This transition, once again, may be impacted by the pandemic.

15. SUBSEQUENT EVENT

On September 25, 2020, WOSU obtained two lines of credit through the University. The first line of credit is for \$12,300,000 and will be used to fund the new headquarters building. The second line of credit was for \$3,500,000 and will be used to fund the acquisition of broadcast equipment at the new headquarters. On December 23, 2020, WOSU borrowed \$7,891,444 on the headquarters building line of credit. To date, there have been no borrowings on the broadcast equipment line of credit. The interest rate on the lines of credit is based on the University's monthly investment credit rate and is determined by the Office of Financial Services. The interest rate on the headquarters building line of credit is 4.75% with a term loan period of 30 years, and the interest rate on the broadcast equipment line of credit is 3.00% with a term loan period of 10 years.

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Required Supplementary Information on GASB 68 Pension Liabilities

For the Years Ended June 30, 2020, 2019, 2018, 2017, 2016 and 2015 (Unaudited)

The schedule of WOSU's proportionate shares of OPERS net pension liability are presented below:

	2015	2016	2017	2018	2019	2020
OPERS:						
WOSU proportion of the collective net pension liability	0.026%	0.025%	0.022%	0.022%	0.023%	0.022%
WOSU proportionate share of the net pension liability	\$ 3,156,849	\$ 4,249,440	\$ 5,092,947	\$ 3,406,649	\$ 6,280,716	\$ 4,391,129
WOSU covered payroll	\$ 3,546,706	\$ 3,381,780	\$ 3,200,020	\$ 3,211,095	\$ 3,549,389	\$ 3,487,405
WOSU proportionate share of the net pension liability as a percentage of its covered payroll	89%	126%	159%	106%	177%	126%
Plan fiduciary net position as a percentage of the total pension liability	86.5%	81.1%	77.4%	84.9%	74.9%	82.4%

The schedule of WOSU's contributions to OPERS are presented below:

	2015	2016	2017	2018	2019	2020
OPERS:						
Contractually required contribution	\$ 482,900	\$ 468,520	\$ 455,595	\$ 456,426	\$ 502,668	\$ 511,618
Contributions in relation to the contractually required contribution	\$ 482,900	\$ 468,520	\$ 455,595	\$ 456,426	\$ 502,668	\$ 511,618
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
WOSU covered payroll	\$ 3,411,352	\$ 3,309,940	\$ 3,212,283	\$ 3,213,130	\$ 3,441,941	\$ 3,492,743
Contributions as a percentage of covered payroll	14.2%	14.2%	14.2%	14.2%	14.6%	14.6%

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University Required Supplementary Information on GASB 75 OPEB Liabilities For the Years Ended June 30, 2020 (Unaudited)

The schedule of WOSU's proportionate shares of net OPEB liability are presented below:

	2018	2019	2020
OPERS:			
WOSU proportion of the collective net OPEB liability	0.023%	0.024%	0.023%
WOSU proportionate share of the net OPEB liability	\$ 2,450,537	\$ 3,078,224	\$ 3,178,814
WOSU covered payroll	\$ 3,211,095	\$ 3,549,389	\$ 3,487,405
WOSU proportionate share of the net OPEB liability as a percentage of its covered payroll	76%	87%	91%
Plan fiduciary net position as a percentage of the total OPEB liability	54.1%	46.3%	47.8%

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Notes to Supplementary Information on GASB 68 Pension Liabilities and GASB 75 OPEB Liabilities

For the Years Ended June 30, 2020 (Unaudited)

OPERS – Pensions:

Changes of assumptions. Amounts reported in 2019 reflect an adjustment of the discount rate from 7.50% to 7.20%. Amounts reported in 2017 reflect an adjustment of the discount rate from 8.00% to 7.50%. Amounts reported in 2017 also reflect an updated healthy and disabled mortality assumptions, based on the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

OPERS – OPEB:

Changes of assumptions. Amounts reported in 2020 reflect an adjustment of the discount rate from 3.96% to 3.16%. Amounts reported in 2019 reflect an adjustment of the discount rate from 3.85% to 3.96%.

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, 2020

<u>REVENUES AND OTHER SUPPORT</u>	<u>Television</u>	<u>Radio</u>	<u>Totals</u>
The Ohio State University Direct Support	\$ 1,328,722	\$ 707,921	\$ 2,036,643
Contributed services	388,536	247,771	636,307
Indirect administrative support - OSU	498,541	217,405	715,946
Grants from the CPB	1,519,500	463,415	1,982,915
Member contributions	3,200,918	983,503	4,184,421
Public Broadcasting Service	202,063	1,925	203,988
Business and industry	768,934	578,975	1,347,909
Foundations/NPO's	425,896	315,544	741,440
Fundraising	-	15,000	15,000
Federal grants	32,016	-	32,016
State and local grants	1,235,485	283,626	1,519,111
Investment income:			
Interest and dividend income	278,687	108,967	387,654
Unrealized loss on investments	(179,340)	(59,780)	(239,120)
Endowment contributions	2,715	905	3,620
Capital campaign gifts	3,560,582	256,977	3,817,559
Royalties	1,490	44	1,534
Other	773	-	773
FCC spectrum auction and repack	50,610	-	50,610
Total Revenues and Other Support	<u>13,316,128</u>	<u>4,122,198</u>	<u>17,438,326</u>
Program Services:			
Programming and production	4,155,957	2,149,765	6,305,722
Broadcasting	1,713,130	1,031,382	2,744,512
Program information	<u>348,308</u>	<u>116,002</u>	<u>464,310</u>
Total Program Services	<u>6,217,395</u>	<u>3,297,149</u>	<u>9,514,544</u>
Supporting Services:			
Management & general	1,907,356	434,576	2,341,932
Fundraising	1,033,711	337,226	1,370,937
Underwriting	376,509	122,790	499,299
Interest expense	-	56,544	56,544
Depreciation	<u>172,718</u>	<u>64,656</u>	<u>237,374</u>
Total Supporting Services	<u>3,490,294</u>	<u>1,015,792</u>	<u>4,506,086</u>
Total Expenses	<u>9,707,689</u>	<u>4,312,941</u>	<u>14,020,630</u>
Change in Net Position	<u>\$ 3,608,439</u>	<u>\$ (190,743)</u>	<u>\$ 3,417,696</u>

WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

Note to Supplemental Schedule

For the Year Ended June 30, 2020

Basis of Presentation

The accompanying supplementary information has been prepared to satisfy the requirements of the Corporation for Public Broadcasting Financial Reporting Guidelines Fiscal Year 2020. WOSU holds licenses for both public television stations and public radio stations. The supplementary information provides support for the change in net position for television and radio operations. For certain revenues and expenses supporting both television and radio operations, WOSU uses an allocation methodology based on total support provided from members, donors, and customers during the year. The allocation percentage for fiscal year 2020 is 75% to television and 25% to radio. The schedule is not intended to be a presentation in accordance with accounting principles generally accepted in the United States of America as a result of the exclusion of all required disclosures.



Report of Independent Auditors 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*

To the Board of Trustees of
The Ohio State University

We have audited, 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, the financial statements of The Ohio State University Department of WOSU Public Media (“WOSU”), a department of The Ohio State University, which comprise the statement of net position as of June 30, 2020 and the related statements of revenue, expenses and changes in net position and of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WOSU’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances 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’s internal control. Accordingly, we do not express an opinion on the effectiveness of WOSU’s internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify a deficiency in internal control, described below, that we consider to be a material weakness.

Recognition of Donations Receivable

Finding: During the course of the audit, we identified a donation which was initially recognized as revenue during fiscal year 2020 which should have been recognized as revenue during fiscal year 2019. As a result of the error, and as described in Footnote 1, the fiscal year 2019 financial statements have been revised. This revenue cut-off error was a direct result of an internal process whereby, on an annual basis, WOSU recognized donations receivable for those donations which had been received by The Ohio State University which had not yet been transferred to WOSU. During fiscal year 2020, this process has changed such that The Ohio State University now immediately transfers WOSU's donations to WOSU, thus eliminating the need for WOSU to accrue for donations receivable from the University. Therefore, as of June 30, 2020, this deficiency in internal control has effectively been remediated, since the underlying process giving rise to the deficiency has been eliminated. Accordingly, further action is not required by WOSU to address this control deficiency.

Management's Response: As outlined in the finding, management has changed its process, eliminating the need to accrue for donations.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WOSU's financial statements are free from 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 financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.



WOSU's Response to Findings

WOSU's response to the findings identified in our audit is described previously. WOSU's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WOSU's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WOSU's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

January 13, 2021

OHIO AUDITOR OF STATE KEITH FABER



WOSU PUBLIC MEDIA

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/23/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov