

WOUB Center for Public Media

A Public Media Entity
(A Department of Ohio University)

Financial Statements as of and for the
Years Ended June 30, 2014 and 2013, and
Independent Auditor's Report



Dave Yost • Auditor of State

Board of Trustees
WOUB Center for Public Media
West Union Street Office Center, Suite 275
1 Ohio University
Athens, OH 45701

We have reviewed the *Independent Auditor's Report* of the WOUB Center for Public Media, Athens County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 17, 2014

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WOUB Center for Public Media

Contents

Report Letter	1-2
Management's Discussion and Analysis	3-12
Financial Statements	
Statements of Net Position	13
Statements of Revenues, Expenses, and Changes in Net Position	14
Statements of Cash Flows	15-16
Notes to Financial Statements	17-26
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	27-28

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Independent Auditor's Report

To the Board of Trustees
WOUB Center for Public Media

Report on the Financial Statements

We have audited the accompanying financial statements of WOUB Center for Public Media (the "Center"), a public media entity (a department of Ohio University), as of and for the years ended June 30, 2014 and 2013 and the related notes to the financial statements, which collectively comprise WOUB Center for Public Media's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOUB Center for Public Media as of June 30, 2014 and 2013 and the changes in its financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
WOUB Center for Public Media

Emphasis of Matters

We draw attention to Note I, which explains that these financial statements present only the Center and do not purport to, and do not, present fairly the financial position of Ohio University as of June 30, 2014 and 2013, the changes in its financial position, or the changes in its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note I to the basic financial statements, effective July 1, 2013, the Center adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented 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, which 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 audit 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2014 on our consideration of WOUB Center for Public Media'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 WOUB Center for Public Media's internal control over financial reporting and compliance.

Plante & Morse, PLLC

November 19, 2014

WOUB Center for Public Media

Management's Discussion and Analysis

The discussion and analysis of WOUB Center for Public Media's (WOUB or the "Center") financial statements provides an unaudited overview of the Center's financial activities for the fiscal years ended June 30, 2014, 2013, and 2012. Management has prepared the financial statements and the related note disclosures along with this discussion and analysis. Responsibility for the completeness and fairness of this information rests with the Center's management.

Using This Report

In June 1999, the Governmental Accounting Standards Board (GASB) released Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement requires a comprehensive look at the Center as a whole. In November 1999, the GASB issued Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, which applies those standards to public colleges and universities. The WOUB Center for Public Media is a department of Ohio University (the "University"), a public university. The GASB has not yet developed accounting standards for presentation of auxiliary (or departmental) entities. For the purpose of this reporting, the Center is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and 35. In addition, the Center's accounting policies and practices conform to those permitted or allowed by the Corporation for Public Broadcasting, which generally follow published *Governmental Accounting Standards*.

The overview presented below highlights the significant financial activities that occurred during the past year and describes changes in financial activity from the prior year. The financial report includes basic financial statements that provide information on the Center: the statements of net position; revenues, expenses, and changes in net position; and cash flows.

This annual financial report includes the report of the independent auditors, this management's discussion and analysis, the three basic financial statements referenced above, and the notes to the financial statements.

Financial Highlights

In the prior year, the Center lost federal funding which contributed to the prior year's decrease in net position of approximately \$920,000. Additionally, in the current year, the state of Ohio matching grants related to the lost federal grants were reduced by approximately \$252,000. The Center partially offset the reduced federal and state funding through increased sales and service revenue of approximately \$176,000 and increased private gift and additional University support revenue, which accounted for a combined increase of approximately \$192,000. Operating expenses were reduced by approximately \$182,000, which also improved the overall net position. In 2014, the decrease in net position was approximately \$618,000, or 9 percent of total revenue. This reduction was reflected in the statements of net position mainly through reduced net capital assets, and to a lesser extent by increased liabilities. Additionally, the composition of net position changed favorably during the current year as more of the Center's net position became unrestricted.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

Statements of Net Position

The statements of net position present the net position of the Center as of the end of the fiscal year. It classifies assets and liabilities as current or noncurrent. Generally, current liabilities are those that will be paid within one year of the date of the statement. Current assets are those that are available to satisfy current liabilities.

Accounts receivable - Ohio University represents amounts available in the cash account of the University for the benefit of the Center. All of the Center's receipts and disbursements are recorded in this account. The amounts are \$376,756, \$220,843, and \$509,751 for the University for the years ended June 30, 2014, 2013, and 2012, respectively.

The following chart depicts the breakdown of assets, liabilities, and net position for the Center as of June 30, 2014, 2013, and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets:			
Current assets:			
Accounts receivable and prepaid expenses	\$ 49,092	\$ -	\$ -
Accounts receivable - Ohio University	376,756	220,843	509,751
Noncurrent assets -			
Capital assets - Net	<u>3,447,652</u>	<u>4,178,891</u>	<u>4,786,585</u>
Total assets	3,873,500	4,399,734	5,296,336
Liabilities:			
Current liabilities	160,839	75,553	64,236
Noncurrent liabilities	<u>616,166</u>	<u>609,837</u>	<u>597,679</u>
Total liabilities	<u>777,005</u>	<u>685,390</u>	<u>661,915</u>
Net position	<u>\$ 3,096,495</u>	<u>\$ 3,714,344</u>	<u>\$ 4,634,421</u>

The net position is further displayed as follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net investment in capital assets	\$ 3,016,750	\$ 3,723,299	\$ 4,307,621
Restricted expendable	61,077	178,204	339,801
Unrestricted	<u>18,668</u>	<u>(187,159)</u>	<u>(13,001)</u>
Total net position	<u>\$ 3,096,495</u>	<u>\$ 3,714,344</u>	<u>\$ 4,634,421</u>

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

Statements of Revenues, Expenses, and Changes in Position

The statements of revenues, expenses, and changes in net position present the Center's results of operations for the years ended June 30, 2014 and 2013.

Operating Revenue

Charges for goods and services are recorded as operating revenue. In addition, certain grants are classified as operating revenue if they are not for capital purchases and are provided as a contract for services. Essentially, this means that the Center is required by the grant to provide goods or services to the grantor of equal value to the value of the services or dollars received. Operating revenue includes an annual community service grant from the Corporation for Public Broadcasting and the State of Ohio, administered through an annual grant from the Broadcast Education Media Commission. Operating revenue also includes an appropriation, donated facilities, and administrative support from its licensee (the "University"). In-kind contributions of \$685,839, \$628,307, and \$628,307 for the years ended June 30, 2014, 2013, and 2012, respectively, are also included in operating revenue. Total operating revenue is \$5,999,581, \$5,936,895, and \$5,999,620 for the years ended June 30, 2014, 2013, and 2012, respectively. State grant funding decreased by \$251,789 for fiscal year 2014 because no funding was received from the State of Ohio for the eTech match of PTFP federal equipment grant. Sales and services increased by \$176,224 in fiscal year 2014 mainly due to: increased underwriting and website ad sales (an additional sales person added); the addition of a new tower lease client; and receipt of the Center's share of the proceeds from the sale of PBS *Sprout* program and rights.

Nonoperating Revenue

Certain grants are also classified as nonoperating revenue if the Center is not required under the grant agreement to provide goods or services to the grantor of equal value to the services or dollars received. Total nonoperating revenue is \$1,031,800, \$974,747, and \$1,125,883 for the years ended June 30, 2014, 2013, and 2012, respectively.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

Total Revenue

The following depicts total revenue by source for the years ended June 30, 2014, 2013, and 2012:

	2014	2013	2012
Support from Ohio University	\$ 3,681,464	\$ 3,546,137	\$ 3,504,324
Grants and contracts	704,140	1,010,537	1,533,899
Private gifts	1,031,800	974,747	1,125,883
Sales and services	928,138	751,914	333,090
In-kind support	685,839	628,307	628,307
Total revenue by source	<u>\$ 7,031,381</u>	<u>\$ 6,911,642</u>	<u>\$ 7,125,503</u>

Total Expenses

Operating expenses have been incurred to vendors and employees for providing goods or services for the overall operations of the Center. In addition, depreciation expense of \$773,632, \$795,022, and \$872,892 for the years ended June 30, 2014, 2013, and 2012, respectively, is shown as an operating expense. Programming and production expenditures decreased by \$161,099 for fiscal 2014. This was mainly due to a decrease in PBS programming fees and no expenditures for the State of Ohio eTech match of the PTFP federal equipment grant.

The following depicts operating expenses for the Center:

	2014	2013	2012
Program and support services	\$ 6,875,598	\$ 7,036,697	\$ 6,408,505
Depreciation	773,632	795,022	872,892
Total expense by source	<u>\$ 7,649,230</u>	<u>\$ 7,831,719</u>	<u>\$ 7,281,397</u>

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

Change in Net Position

Total change in net position is as follows:

	2014	2013	2012
Operating revenue	\$ 5,999,581	\$ 5,936,895	\$ 5,999,620
Nonoperating revenue	1,031,800	974,747	1,125,883
Expenses	<u>(7,649,230)</u>	<u>(7,831,719)</u>	<u>(7,281,397)</u>
Decrease in net position	(617,849)	(920,077)	(155,894)
Beginning net position	<u>3,714,344</u>	<u>4,634,421</u>	<u>4,790,315</u>
Ending net position	<u>\$ 3,096,495</u>	<u>\$ 3,714,344</u>	<u>\$ 4,634,421</u>

Statements of Cash Flows

The statements of cash flows present detailed information about the major sources and uses of cash. The Center does not maintain a separate cash account; therefore, all of the Center's receipts and disbursements are reflected in the accounts of the University. The Center's share of cash accounts is reflected on the statements of net position as accounts receivable - Ohio University. For the purposes of the statements of cash flows, this account is considered a cash equivalent.

The three categories of presentation and their respective amounts for the years ended June 30, 2014, 2013, and 2012 are as follows:

	2014	2013	2012
Net cash (used in) provided by:			
Operating activities	\$ (122,965)	\$ (424,648)	\$ 168,434
Noncapital financing activities	345,961	346,440	340,511
Capital and related financing activities	<u>(67,083)</u>	<u>(210,700)</u>	<u>(504,273)</u>
Net increase (decrease) in cash	155,913	(288,908)	4,672
Cash - Beginning of year	<u>220,843</u>	<u>509,751</u>	<u>505,079</u>
Cash - End of year	<u>\$ 376,756</u>	<u>\$ 220,843</u>	<u>\$ 509,751</u>

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

Capital Assets

The Center made certain additions to capital assets during fiscal year 2014. These capital assets additions included an Sony 4K Digital Cinema Camera and an Apantac Multiviewer TV controller.

More detailed information about the Center's capital assets is presented in Note 2 to the financial statements.

Debt Administration

As of June 30, 2014, the Center had \$430,901 in an outstanding loan payable compared to \$455,591 at the end of 2013. This loan is payable to Ohio University and will be fully repaid in 2026.

More detailed information about the Center's loan payable is presented in Note 5 to the financial statements.

Items of Interest

WOUB Center for Public Media is a multimedia organization dedicated to the distribution of news, sports, weather, perspectives, educational content, arts, music, and entertainment through various mediums such as television, radio, and digitally through our website, woub.org.

Technical Accomplishments

We have made great strides in the current year in providing our faculty, audience, and students with state-of-the-art equipment. We converted our production facilities to digital HD by installing new, more advanced equipment. We have new *Gridiron Glory* and *Hardwood Heroes* sets (for student-produced local sports programs). The Center has obtained a WARN (Warning, Alert, and Response Network) Emergency Generators Grant, \$229,000, from USDC/PBS (for the purchase and installation of the necessary power back-up equipment to ensure that emergency alerts will be disseminated in the event of a power failure).

Local Broadcast Video Content

In fiscal year 2014, students produced and created: *The Bobcat Sports Showcase*, an in-depth weekly look at all Ohio University sports aired on TV; *Gridiron Glory*, which airs weekly in the fall on HD-TV and features regional high school football; *Hardwood Heroes*, live recaps on HD-TV of Ohio high school basketball programs (both men and women) in the Tri-Valley Conference; and *NewsWatch*, a half-hour five-day-a-week 5:30 p.m. live HD-TV news program focusing on our region.

Other live local broadcasts included election night cut-ins with updates and a half-hour live wrap-up/results program. Live weather radar is utilized to keep viewers up to date on severe weather developments, of which approximately 15-20 emergency weather cut-ins were shown during severe weather to update viewers in the region. Other broadcasts included *Shadow of the Wall: Leipzig*, a documentary created by Paul Jacoway and a crew from the E.W. Scripps School of Journalism that traveled for a journalism summer session to Leipzig, Germany, and *Refuge: Stories of the Selfhelp Home*, which featured the stories of Holocaust victims living together in a Selfhelp Home in Chicago. The show was picked up and carried by stations that service approximately 60 percent of the United States. Future programming will include the first live WOUB videotaping at Jorma Kaukonen's Fur Peace Ranch. This concert will be aired and distributed by WOUB at a time yet to be announced in calendar year 2014.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

Local Online Video Highlights

One can visit woub.org for a multitude of online video content, which includes some of the following programs: photos and video clips from the Ohio University Research and Creative Expo; photos and video clips from the 2013 and 2014 Nelsonville Music Festival; a new web series of interviews and performances called *Gladden House Sessions*; *Sessions at WOUB*, a musical mini-concert; a scientific discussion, *Can We Safely and Successfully Re-Engineer Humanity?*; video shorts from the Ohio University Astronomy Department; one-hour live streaming of the 2014 Ohio University Homecoming Parade; the "feature" online video, *Honey for the Heart*, which captured the community involvement of various segments of our culture in creating giant puppets for a parade in Athens during the Halloween season; eight videos produced from the 4th Annual Cabin Fever Fest in cooperation with Stuart's Opera House; a release of a half-hour documentary featuring the European trip of the nationally ranked Ohio University volleyball team; May-July 2014 of online video, *NewsWatch NewsWraps*, short news features posted daily to highlight the top regional news stories; the release of the *Gridiron Glory*; a half-hour feature documentary for online called *The Civil War: Battle for the 'Burg*, a documentary about the storied rivalry between Parkersburg High School and Parkersburg South High School in football; feature video segments from the State of Ohio Football Championship (Trimble High School) and the Beef O-Brady Bowl (Ohio University); launch of *Global Perspectives*, which are online video discussions with experts about issues facing us in a global community; and the launch of *LGBT Perspectives*, which is an online series having members and supporters of the LGBT community on the Ohio University campus tell their personal stories.

New Documentaries and Video Productions for Fiscal Years 2014 and 2015

A documentary, *Glass Half Empty: An American Water War*, is about the impacts of fracking, and is written, produced, and directed by Taylor Mirfendereski, a former E.W. Scripps School of Journalism student. A multi-part documentary, *Courage of Creativity*, was produced in conjunction with Dr. Lynn Harter of the Scripps College of Communication. The series is about the role of the creative arts in transforming the lives of people struggling with health-related disabilities and transformative events. A video production: WOUB's *Our Town* series was introduced as well. This is a new series focusing on the history and fabric of various communities within the WOUB coverage area. The first, in fiscal year 2014, was Lancaster, Ohio and the next one will be Pomeroy, Ohio.

Accomplishments in Audio and Radio

A new audio program, *Escoutic Alchemy*, is a series of dramatic audio recordings based upon public domain material. Completed dramas include *Ransom of Red Chief* and *Alice Through the Looking Glass*.

Notable WOUB-FM programs include *Here and Now*, which has been expanded to two hours and is now broadcast on the regional FM stations. In addition, WOUB aired 52 programs of *Live from Fur Peace Ranch*. It is locally produced and distributed nationally through PRX and AirPlay Direct on about 20 stations nationwide. In addition, WOUB has two students from the Honors Tutorial College who have done Long Form Audio Storytelling that aired during our *Morning Edition* time slot.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

WOUB-AM broadcasts a number of new programs including *Radiolab* on Mondays. It is a show about curiosity where sound illuminates ideas and the boundaries between science, philosophy, and human experience. *Bill Moyers and Company* is broadcast on Tuesdays and is a weekly series of discussion and interviews and introduces the audience to new ideas. The series highlights poets, writers, artists, journalists, scientists, philosophers, and scholars. *What's the Frequency Kenneth* is broadcast on Wednesdays. It is labeled as a "newsical" series exploring a single topic each week with narration, music, and sound. *Big Picture Science* is broadcast on Thursdays. It is a weekly hour-long audio science magazine that "connects ideas in surprising and humorous ways." *World Have Your Say* is broadcast on Friday. It is a global perspective produced by the BBC.

Shades of Colo is an original, student-produced program featuring urban music that airs on Sunday evenings from 6 to 9 p.m. The 12 p.m. to 1 p.m. slot now airs *The Takeaway*. It is a news magazine from Public Radio International (PRI). WOUB aired, and posted online, 143 different *Conversations from Studio B*, a half-hour interview program. It is hosted by WOUB staffers and community volunteers. The subjects are wide-ranging and command a significant audience online. This program is part of WOUB's community-involvement initiative. WOUB partnered with Communication Studies Professor Lynn Harter to produce four special shows called *Hometown Heroes* to promote four people in our region who are dedicated to civic involvement.

Digital Presence

WOUB's web page overall statistics include: 519,569 unique visitors (up 18 percent); 781,273 visits (up 13 percent); 1,517,225 page views (up 5 percent); and 65 percent of the visitors being new to the site (compared to 62 percent last year). The top 20 pages in the current year break down to: 45 percent local educational content, 20 percent local sports content, 10 percent local television content, 5 percent each for local news, with the remaining being general radio, partnership stories, local radio, and local music and arts.

Music and Arts Page Features

WOUB provided live coverage of the 2014 Nelsonville Music Festival, which is an annual four-day event at Hocking College. A six-person crew composed of WOUB staff, students, and volunteers produced several videos, shot hundreds of photos, conducted artist interviews, and provided live updates via social media. WOUB's coverage of the festival surpassed the efforts of other local, regional, and national media outlets that were present.

Crossing Boundaries Extra is a series of videos shot in WOUB Radio Studio B, featuring touring musicians who stopped by to chat and perform. Hosted by WOUB Music Director Mark Hellenberg, six videos were produced by WOUB staff and students during fiscal year 2014. WOUB expanded its network of regional arts contributors by including content from: Members of the Zanesville Community Theatre and Mid-Ohio Valley Players (Marietta, Ohio Arts Council (www.oac.state.oh.us), and Experience Columbus (www.experiencecolumbus.com). WOUB also partnered with the *Columbus Dispatch*, *Dayton Daily News*, *Cincinnati Enquirer*, *Cleveland Plain Dealer*, and *Toledo Blade*. We partnered with these newspapers to produce a summer activities guide for Ohio that focused on outdoor recreation. We ran these stories on our website in a special Summer Activities section.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

Other Projects in Progress

Website redesign: We hope to have a new site and new mobile products ready for launch by the end of 2014.

WOUB Visual project: Disseminates the still photographic work of many of our visual communication students, volunteers, and staffers.

Water project: A joint-phased project. Phase one is a partnership between WOUB, the School of Visual Communication, the School of Journalism, the School of Media Arts and Studies, the School of Communication Studies, and the School of Environmental Studies in the Voinovich School. We are going to focus a journalistic and a visual eye on the topic of water - and its many issues such as sources, pollution, reclamation, quality, availability, and dangers. Phase two of this project is to form a partnership with WCPO-TV in Cincinnati and WERE-TV in Cleveland to do a joint journalistic product about water issues in Ohio.

Educational Products (K-12)

WOUB works on several educational products including: Ohio Ready to Learn (ORTL); Ready to Learn Workshops; WOUB Outreach, which held three Clifford Events; and various products for teachers. All of these are available through our website, woub.org. Educational material attracted 45 percent of our viewers and was the most popular content on the website. In addition, Kevin Price, Education and Media Supervisor, conducted the following activities in the current year for WOUB: web streaming of presentations from OU professors on a variety of subjects; various video projects; and DVD/CD duplication.

Social Media

WOUB has a growing Facebook presence and the Facebook page is used for breaking news and weather information. It is a "go-to" site in times of emergencies. We have several Twitter accounts and all of them are highly active. Some events are tweeted live, while other times Twitter is used to drive traffic to our stories and our website. We are @woub, @woubnews, @woubarts, @woubsports, and @woubvisuals.

Community Outreach

WOUB also has been active in community outreach to raise awareness of societal issues affecting the people of our region. General Manager/Director Tom Hodson led a community-based program against male child sexual abuse. It included a public gathering, a panel discussion with survivors, and radio interviews and video interviews that were published on WOUB's website. Director Hodson also has been appointed to the Athens County Opiate Addiction Taskforce to fight the plight of prescription drug abuse and heroin addiction in our region.

WOUB, through Director Hodson, was part of a research study sponsored by the Conference of Court Public Information Officers to determine current social media practices of the nation's state courts and judges. WOUB also participated in the second annual Scripps College of Communication Innovation Challenge to enable our students and faculty to develop new and inventive forms of communication for the 21st century.

WOUB Center for Public Media

Management's Discussion and Analysis (Continued)

In summary, in addition to being a valued community resource, we continue to be a vital broadcasting entity and a living, working media laboratory for industry, the University, the Scripps College of Communication, and for the approximately 200 students that are involved in our programs each year.

WOUB Center for Public Media

Statements of Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Assets		
Current Assets		
Accounts receivable	\$ 33,723	\$ -
Prepaid expenses	15,369	-
Accounts receivable - Ohio University	<u>376,756</u>	<u>220,843</u>
Total current assets	425,848	220,843
Noncurrent Assets - Capital assets - Net	<u>3,447,652</u>	<u>4,178,891</u>
Total assets	<u>\$ 3,873,500</u>	<u>\$ 4,399,734</u>
Liabilities and Net Position		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 88,776	\$ 50,863
Current portion of loan payable	26,083	24,690
Unearned revenue	<u>45,980</u>	<u>-</u>
Total current liabilities	160,839	75,553
Noncurrent Liabilities		
Accrued compensated absences	211,348	178,936
Loan payable - Related party	<u>404,818</u>	<u>430,901</u>
Total noncurrent liabilities	<u>616,166</u>	<u>609,837</u>
Total liabilities	777,005	685,390
Net Position		
Net investment in capital assets	3,016,750	3,723,299
Restricted - Expendable - Public service	61,077	178,204
Unrestricted	<u>18,668</u>	<u>(187,159)</u>
Total net position	<u>3,096,495</u>	<u>3,714,344</u>
Total liabilities and net position	<u>\$ 3,873,500</u>	<u>\$ 4,399,734</u>

WOUB Center for Public Media

Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30	
	2014	2013
Operating Revenue		
State grants and contracts	\$ 227,182	\$ 478,971
Community service grants	1,162,797	1,159,873
Support from Ohio University	3,681,464	3,546,137
Sales and services	928,138	751,914
Total operating revenue	5,999,581	5,936,895
Operating Expenses		
Programming and production	6,875,598	7,036,697
Depreciation	773,632	795,022
Total operating expenses	7,649,230	7,831,719
Operating Loss	(1,649,649)	(1,894,824)
Nonoperating Revenue -		
Private gifts, grants, and other	1,031,800	974,747
Decrease in Net Position	(617,849)	(920,077)
Net Position - Beginning of year	3,714,344	4,634,421
Net Position - End of year	<u>\$ 3,096,495</u>	<u>\$ 3,714,344</u>

WOUB Center for Public Media

Statements of Cash Flows

	Year Ended June 30	
	2014	2013
Cash Flows from Operating Activities		
Grants and contracts	\$ 1,389,979	\$ 1,638,844
Support from Ohio University	3,681,464	3,546,137
Payments to suppliers	(3,171,788)	(3,370,148)
Payments to or on behalf of employees	(2,947,933)	(2,988,520)
Payments for scholarships and fellowships	(2,825)	(2,875)
Sales and services to educational departments	<u>928,138</u>	<u>751,914</u>
Net cash used in operating activities	(122,965)	(424,648)
Cash Flows from Noncapital Financing Activities -		
Gifts and grants for other-than-capital purposes	345,961	346,440
Cash Flows from Capital Financing Activities		
Payments on related party loan payable	(24,690)	(23,372)
Purchases of capital assets	<u>(42,393)</u>	<u>(187,328)</u>
Net cash used in capital financing activities	<u>(67,083)</u>	<u>(210,700)</u>
Net Increase (Decrease) in Cash Equivalents	155,913	(288,908)
Cash Equivalents - Beginning of year	<u>220,843</u>	<u>509,751</u>
Cash Equivalents - End of year	<u><u>\$ 376,756</u></u>	<u><u>\$ 220,843</u></u>

WOUB Center for Public Media

Statements of Cash Flows (Continued)

	Year Ended June 30	
	2014	2013
Reconciliation of operating loss to net cash from operating activities:		
Operating loss	\$ (1,649,649)	\$ (1,894,824)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	773,632	795,022
In-kind support	685,839	628,307
Changes in assets and liabilities:		
Accounts receivable	(33,723)	-
Prepaid expenses	(15,369)	-
Accounts payable and accrued liabilities	37,913	9,999
Unearned revenue	45,980	-
Accrued compensated absences	32,412	36,848
Net cash used in operating activities	<u>\$ (122,965)</u>	<u>\$ (424,648)</u>

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note I - Organization and Summary of Significant Accounting Policies

Organization - The WOUB Center for Public Media (the "Center") is owned and operated by Ohio University (the "University"), Athens, Ohio and is a unit of the Scripps College of Communication. The Center manages two noncommercial public television stations, WOUB-TV in Athens, Ohio, and WOUC-TV in Cambridge, Ohio and one cable channel, WOUB II - channel 25 on Time Warner in Athens, Ohio. WOUB-TV consists of digital channels/streams 20.1 WOUB-HD, 20.2 WOUB Classic, and 20.3 WOUB-Worldview. WOUC-TV consists of digital channels/streams 44.1 WOUC-HD, 44.2 WOUC Unlimited, and 44.3 WOUC World. The Center also manages six noncommercial public radio stations, WOUB-AM and WOUB-FM in Athens, Ohio; WOUC-FM in Cambridge, Ohio; WOUL-FM in Ironton, Ohio; WOUH-FM in Chillicothe, Ohio; and WOUZ-FM in Zanesville, Ohio.

Other services provided by the Center include: audio and video productions; a nightly news program; regular radio news and sports reports; a media distribution center for Ohio University; distance learning facilitation from the Athens campus to the regional campuses through the Ohio University Learning Network; student professional development for approximately 200 students a year; teleconferencing, streaming, and engineering consulting services; and complete web/interactive services through www.woub.org. The website is continually updated with current news, sports, music, and arts. It also contains educational interactive pages with content geared for K-12 teachers and students and provides streaming and programming of WOUB-TV, WOUB-Radio, PBS, and NPR.

The Center is not a separate legal entity and operates as a department of the University. The accompanying separate financial statements of the Center are prepared solely to meet the reporting requirements of the Corporation for Public Broadcasting, a major funding organization. These financial statements include only the activities of the Center and therefore, they are not intended to present fairly the financial position, change in net position, and cash flows of the University in conformity with accounting principles generally accepted in the United States of America. For a more extensive disclosure of significant accounting policies, refer to the University's financial statements available by contacting the Controller's Office, 204 West Union Street Office Center, Athens, OH 45701 (740) 597-9933.

Financial Statement Presentation - The financial statement presentation required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and GASB No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, as amended, provides a comprehensive, department-wide (in this instance) perspective of the Center's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows. It replaces fund groups with net position groups, and requires the direct method of cash flow presentation.

Basis of Accounting - As a department of the University, the Center's financial statements are presented using an economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when incurred.

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect certain amounts reported in the financial statements. The estimates and assumptions are based on currently available information and actual results could differ from those estimates.

Accounts Receivable - Accounts receivable consists of amounts due for tower leases, production services, and advertising. All amounts are deemed to be collectible; therefore, no allowance has been established as of June 30, 2014 or 2013.

Capital Assets - If purchased or constructed, capital assets are recorded at cost in the year of purchase or construction. If donated, they are recorded at their estimated fair market value as of the date received. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

The following are the capitalization levels and estimated useful lives of the asset classes:

<u>Asset Class</u>	<u>Capitalize at</u>	<u>Estimated Useful Life</u>
Land	Any amount	N/A
Infrastructure	\$100,000	10-50 years
Buildings	Any amount	40 years
Machinery and equipment	\$5,000	5-25 years

The costs of normal maintenance and repairs that do not materially increase the value of the capital asset or materially extend its life are not capitalized. Interest incurred during the construction of capital assets is included in the cost of the asset when capitalized. Land and land improvements are not depreciated.

Compensated Absences - University employees earn vacation and sick leave benefits based, in part, on length of service. Upon separation from service, employees are paid their accumulated vacation and sick pay based upon the nature of separation (termination, retirement, or death). Certain limitations are placed on the hours of vacation and sick leave that employees may accumulate and carryover for payment at termination, retirement, or death. Unused hours exceeding their limitations are forfeited. The liability incurred is recorded at year end as a noncurrent liability in the statements of net position, and the change over the prior year is recorded as a component of operating expense in the statements of revenues, expenses, and changes in net position.

Net Position - The Center's net position is categorized as described below:

- **Net Investment in Capital Assets** - This represents the Center's position in property, plant, and equipment, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

- **Restricted Net Position - Nonexpendable** - Restricted nonexpendable net position is composed of gifts received for endowment purposes. The resources are invested with only the investment income available for use, for purposes established by the donor.
- **Restricted Net Position - Expendable** - Restricted expendable net position represents assets that are restricted by a third party either legally or contractually.
- **Unrestricted Net Position** - Unrestricted net position includes resources derived primarily from operating funds provided by the University, which are designated for use by the Center, and from third parties whose only restriction over the use of resources provided is for the benefit of the Center as determined by management.

Income Taxes - The University is an organization described in Section 115 of the Internal Revenue Code of 1986 (the "Code") and has further been classified as an organization that is not a private foundation in accordance with Sections 509(a)(1) and 170(b)(1)(A)(ii) of the Code. As such, the Center is exempt from income taxes other than taxes on certain revenue, which are considered unrelated business income.

Classification of Revenue - Revenue is classified as either operating or nonoperating according to the following:

- **Operating Revenue** - Operating revenue includes revenue from activities that have characteristics similar to exchange transactions. These include sales, services, and certain grants, which require that the Center provide goods or services to the grantor of equal value to the grant dollars received. Operating revenue also includes an appropriation, donated facilities, and administrative support from its licensee (the "University").
- **Nonoperating Revenue** - Nonoperating revenue includes revenue from activities that have characteristics of nonexchange transactions such as private gifts and certain grants, which do not require the Center to provide goods or services to the grantor of equal value to the grant dollars received.

Support from the University - The University provides indirect support to the Center through its administration and physical plant support. Indirect support is recorded as revenue and expense as incurred in the accompanying statements of revenues, expenses, and changes in net position.

Administrative support is derived from the percentage of certain of the Center's operating expenditures over the University's total educational and general expenditures excluding separately budgeted research, public service, scholarships, and fellowships. This percentage is applied against the University's overall institutional support to determine the administrative support expense to allocate to cost centers, based on the direct operating expenses.

Physical plant support is determined by an assessment of the square footage assigned the Center and the cost per square foot of providing types of physical plant support. Expenses are allocated to cost centers according to estimated square footage.

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

In-kind Support - In-kind support is provided by the Broadcast Education Media Commission (BEMC). In-kind amounts are based on the value of access to and use of educational broadcasting services and are summarized on a statement provided by BEMC. Expenses are allocated to cost centers based on the nature of the in-kind support provided. In-kind support is included in revenue and expenses in the accompanying statements of revenues, expenses, and changes in net position.

Related Parties - Contributions received by The Ohio University Foundation (the "Foundation"), which are restricted as to use for the Center, are managed by the Foundation. The Center records cash received by the Foundation as both revenue and expense when monies are used by the Foundation to pay expenses.

The Center does not maintain a separate cash account; therefore, all of the Center's receipts and disbursements are reflected in the accounts of the University. The Center's share of cash accounts is reflected on the statements of net position as accounts receivable - Ohio University. For the purpose of the statements of cash flows, this account is considered a cash equivalent.

Reclassifications - Certain amounts from the prior year have been reclassified to conform to the current year's presentation. Support from Ohio University during 2013 has been reclassified from nonoperating revenue to operating revenue in the amount of \$3,546,137. In addition, a portion of private gifts, grants, and other during 2013 has been reclassified to community service grants in the amount of \$1,159,873. Both reclassifications were made on the statements of revenues, expenses, and changes in net position. The total decrease in net position for 2013 has not been affected by these reclassifications.

Newly Adopted Accounting Pronouncements

Items previously reported as Assets and Liabilities - In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. The adoption of this pronouncement did not have a significant effect on the financial statements.

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Newly Issued Accounting Pronouncements

Reporting for Pensions - In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

The Center is currently evaluating the impact this standard will have on the financial statements when adopted in fiscal year 2015.

Reporting for Government Combinations and Disposals - In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. Until now, governments had been accounting for mergers, acquisitions, and transfers of operations by analogizing to accounting and financial reporting guidance intended for the business environment. This statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This statement also requires that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

The Center is currently evaluating the impact this standard will have on the financial statements when adopted in fiscal year 2015.

Note 2 - Capital Assets

Capital assets reported by the Center are assets of the State of Ohio, with the University having custodial responsibility. The building values have been prorated based upon the Center's percentage usage of the net assignable square footage, applied to the actual cost plus improvements of the buildings. Equipment represents items listed on the University's general ledger as equipment for the Center with a unit value of at least \$5,000 and an estimated useful life of one year or more.

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Capital Assets (Continued)

The following tables present the changes in the various capital asset categories for the years ended June 30, 2014 and 2013:

	Balance July 1, 2013	Additions	Transfers In (Out)	Disposals	Balance June 30, 2014
Capital assets not being depreciated -					
Land	\$ 69,235	\$ -	\$ -	\$ -	\$ 69,235
Capital assets being depreciated:					
Infrastructure	5,563,795	-	-	-	5,563,795
Buildings	3,798,557	-	-	-	3,798,557
Machinery and equipment	10,757,079	42,393	-	-	10,799,472
Total capital assets being depreciated	<u>20,119,431</u>	<u>42,393</u>	<u>-</u>	<u>-</u>	<u>20,161,824</u>
Total capital assets	20,188,666	42,393	-	-	20,231,059
Less accumulated depreciation:					
Infrastructure	4,098,437	236,361	-	-	4,334,798
Buildings	3,255,176	42,472	-	-	3,297,648
Machinery and equipment	8,656,162	494,799	-	-	9,150,961
Total accumulated depreciation	<u>16,009,775</u>	<u>773,632</u>	<u>-</u>	<u>-</u>	<u>16,783,407</u>
Total capital assets being depreciated - Net	<u>4,109,656</u>	<u>(731,239)</u>	<u>-</u>	<u>-</u>	<u>3,378,417</u>
Capital assets - Net	<u>\$ 4,178,891</u>	<u>\$ (731,239)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,447,652</u>

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Capital Assets (Continued)

	Balance <u>July 1, 2012</u>	<u>Additions</u>	Transfers <u>In (Out)</u>	<u>Disposals</u>	Balance <u>June 30, 2013</u>
Capital assets not being depreciated -					
Land	\$ 69,235	\$ -	\$ -	\$ -	\$ 69,235
Capital assets being depreciated:					
Infrastructure	5,563,795	-	-	-	5,563,795
Buildings	3,798,557	-	-	-	3,798,557
Machinery and equipment	<u>10,717,920</u>	<u>187,328</u>	<u>-</u>	<u>(148,169)</u>	<u>10,757,079</u>
Total capital assets being depreciated	<u>20,080,272</u>	<u>187,328</u>	<u>-</u>	<u>(148,169)</u>	<u>20,119,431</u>
Total capital assets	20,149,507	187,328	-	(148,169)	20,188,666
Less accumulated depreciation:					
Infrastructure	3,830,185	268,252	-	-	4,098,437
Buildings	3,212,704	42,472	-	-	3,255,176
Machinery and equipment	<u>8,320,033</u>	<u>484,298</u>	<u>-</u>	<u>(148,169)</u>	<u>8,656,162</u>
Total accumulated depreciation	<u>15,362,922</u>	<u>795,022</u>	<u>-</u>	<u>(148,169)</u>	<u>16,009,775</u>
Total capital assets being depreciated - Net	<u>4,717,350</u>	<u>(607,694)</u>	<u>-</u>	<u>-</u>	<u>4,109,656</u>
Capital assets - Net	<u>\$ 4,786,585</u>	<u>\$ (607,694)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,178,891</u>

Certain equipment was purchased with grants from the National Telecommunications and Information Administration (NTIA) under their Public Telecommunications Facilities Program (PTFP). The equipment is considered to be owned by the University and is included in the books at net book value. Each piece of equipment is subject to a 10-year lien with the United States Department of Commerce NTIA/PTFP named as the secured party.

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 3 - Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities as of June 30, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Accounts payable	\$ 66,717	\$ 19,529
Accrued payroll	<u>22,059</u>	<u>31,334</u>
Total	<u>\$ 88,776</u>	<u>\$ 50,863</u>

Note 4 - Accrued Compensated Absences

Per University policy, salaried faculty and staff earn vacation at the rate of 21 days per year with a maximum accrual of 32 days. Upon termination, they are entitled to a payout of their accumulated balance. Hourly classified employees earn vacation at rates per years of service, ranging from 10 to 25 days per year. The maximum accrual is equal to the amount earned in three years, which is subject to payout upon termination. The liability for accrued vacation at June 30, 2014 and 2013 is \$172,420 and \$149,446, respectively.

All University employees are entitled to a sick leave credit equal to 15 days per year (earned on a pro-rata monthly basis for salaried employees and on a pro-rata hourly basis for classified hourly employees). Salaried employees with 10 or more years of service are eligible to receive a payout upon retirement of up to 25 percent of unused days (maximum of 30 days). Hourly classified employees with 10 or more years of service are eligible for payout upon retirement of up to 50 percent of unused days (maximum of 60 days). The liability for accrued sick leave at June 30, 2014 and 2013 is \$38,928 and \$29,490, respectively.

A summary of accrued compensated absences at June 30, 2014 and 2013 is as follows:

	<u>Beginning Balance</u>	<u>Additions / (Reductions)</u>	<u>Ending Balance</u>
For the year ended:			
June 30, 2014	\$ 178,936	\$ 32,412	\$ 211,348
June 30, 2013	142,088	36,848	178,936

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 5 - Loan Payable - Related Party

The University entered into an agreement with the Center to provide an internal loan in the amount of \$951,162 as a match for a 2003 Public Telecommunications Facilities Program (PTFP) grant from the U.S. Department of Commerce. The purpose of the grant was to assist with construction and installation of a tower to support a new broadband antenna at WOUC in Cambridge, Ohio. The bid for the tower project came in at less than the estimate, thereby reducing the match that was needed. Of the original loan amount of \$951,162, only \$185,958 was needed for the tower project. In early calendar year 2004, the Center requested that \$250,042 of the unused loan funds be applied to the new digital master control project, another phase of the digital conversion. In July 2004, additional loan funds of \$159,200 were requested and the borrowing limit was increased to \$595,200. The internal loan carries an interest rate of 5.5 percent payable over 20 years at the rate of \$4,094 per month. Interest-only payments occurred until July 30, 2006, at which time principal payments began.

The loan payable at June 30, 2014 and 2013 is shown as follows:

	Beginning			Ending	
	Balance	Borrowed	Retired	Balance	Current
For the year ended:					
June 30, 2014	\$ 455,591	\$ -	\$ (24,690)	\$ 430,901	\$ 26,083
June 30, 2013	478,963	-	(23,372)	455,591	24,690

Principal and interest payment requirements for the years subsequent to June 30, 2014 are summarized as follows:

Years Ending	Principal	Interest	Total
June 30			
2015	\$ 26,083	\$ 23,049	\$ 49,132
2016	27,554	21,578	49,132
2017	29,109	20,023	49,132
2018	30,751	18,381	49,132
2019	32,485	16,647	49,132
2020-2024	192,069	53,589	245,658
2025-2026	92,850	5,413	98,263
Total	<u>\$ 430,901</u>	<u>\$ 158,680</u>	<u>\$ 589,581</u>

WOUB Center for Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 6 - In-kind Support

The operations of WOUB Center for Public Media are supported in part by the general revenues of the University. The University provides for the general operating costs of WOUB operations. The University's direct support amounted to \$2,729,798 and \$2,613,832 for the years ended June 30, 2014 and 2013, respectively. In addition, the University provided \$951,666 and \$932,305 in indirect administrative support during fiscal years 2014 and 2013, respectively. The indirect administrative support revenues were calculated using the "basic method" rate of 0.95 percent and 0.93 percent for fiscal years ended 2014 and 2013, respectively.

Note 7 - Non-federal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on Non-Federal Financial Support (NFFS). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A "contribution" is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV CSG grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the 2014 NFFS. This change excludes all revenues received for any capital purchases.

A "payment" is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for WOUB was \$5,612,978 and \$5,370,607 for the fiscal years ended 2014 and 2013, respectively.

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Trustees
WOUB Center for Public Media

We have audited, in accordance with the 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 WOUB Center for Public Media (the "Center"), a public media entity (a department of Ohio University), as of and for the year ended June 30, 2014, and the related notes to the financial statements, and have issued our report thereon dated November 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WOUB Center for Public Media's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WOUB Center for Public Media'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
WOUB Center for Public Media

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 the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

November 19, 2014



Dave Yost • Auditor of State

WOUB CENTER FOR PUBLIC MEDIA

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2014**