

# **WOSU Public Media**

**A Public Telecommunications Entity  
Operated by The Ohio State University**

## **Financial Statements**

**As of and for the Years Ended June 30, 2014 and 2013  
And Independent Auditor's Reports**





# Dave Yost • Auditor of State

Board of Trustees  
WOSU Public Media  
2040 Blankenship Hall  
901 Woody Hayes Drive  
Columbus, Ohio 43210

We have reviewed the *Independent Auditors* Report of the WOSU Public Media, Franklin County, prepared by Pricewaterhouse Coopers LLP, 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 WOSU 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

January 29, 2015

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## Independent Auditor's Report

To WOSU Public Media  
The Ohio State University:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of WOSU Public Media ("WOSU"), a component unit of The Ohio State University, which comprise the statements of net position as of June 30, 2014 and June 30, 2013, 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.

### ***Auditor's 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 WOSU'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 WOSU'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 WOSU at June 30, 2014 and June 30, 2013, and the results of its changes in financial position and its 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 present only the financial position, changes in financial position and cash flows of that portion of the financial reporting entity of The Ohio State University that is attributable to the transactions of WOSU. They do not purport to, and do not, present fairly the financial position of The Ohio State University at June 30, 2014 and June 30, 2013, and the changes in its financial position or its cash flows for the years 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 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 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 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 Information***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The Supplemental Schedule of Revenues and Expenses by Telecommunications Operations for the year ended June 30, 2014 on page 23 is presented for purposes of additional analysis and is 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. Such 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, 2014 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2015 on our consideration of 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, 2014. 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 WOSU's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

January 23, 2015



# WOSU Public Media

## A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2014 and 2013

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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, 2014, with comparative information for the years ended June 30, 2013 and June 30, 2012. 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**

Since 1920, WOSU Public Media, with broadcast licenses held by The Ohio State University Board of Trustees, has enriched lives through content and experiences that engage, inform, and inspire. WOSU was created as one of the first educational radio stations in the country to provide lifelong learning beyond the boundaries of the campus of The Ohio State University.

Today, WOSU Public Media operates six non-commercial FM radio stations and two television stations serving over two million Ohioans in a 21-county region. It provides the only regional source for classical music radio, all day NPR news programming and is the PBS station for central and southern Ohio. WOSU is also known locally for its work with preschool caregivers through the *Ready to Learn* project and high school teens through the *Surge Columbus* collaborative.

WOSU production facilities are located at the OSU Fawcett Center and at the COSI Science Center in downtown Columbus. WOSU is under the purview of the OSU Vice President of University Communications and is advised by a State of Ohio nonprofit community board, Friends of WOSU. The most significant financial support for WOSU comes directly from the community it serves, with some 22,000 individual members and local corporate and foundation support.

WOSU provides distinctive national programming through PBS and NPR, but has also distinguished itself with its commitment to local programming and services. In 2014, the news team of 89.7 FM was named the Best in Ohio for the fifth consecutive year by the Society of Professional Journalists and WOSU TV received regional Emmy awards for the weekly television arts program *Broad & High*, and the nationally distributed documentary *John Glenn: A Life of Service*.

WOSU's new strategic plan provides the greater vision of the organization:

- Be the essential source of media that brings distinctive and diverse insights about our world
- Build a better community through involvement and illumination
- Be the foremost connection to arts, music, and cultural experiences
- Ignite change in young people's lives with experiences that enrich and media that encourage learning
- Be the indispensable source for civil discussion and in-depth journalism that create a more informed citizenry

### **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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Management's Discussion and Analysis (Unaudited)

June 30, 2014 and 2013

Statement of Revenues, Expenses and Other Changes in Net Position, a Statement of Cash Flows and Notes to the Financial Statements.

### Financial Highlights

WOSU Public Media's total net position increased by \$127,554 to \$20,557,388, primarily due to increases in member contributions and unrealized gains of investment. The following sections provide additional details on WOSU's financial results and a look ahead at significant economic conditions that are expected to affect WOSU in the future.

### Summary of Net Position

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash	\$ 4,167,247	\$ 4,674,335	\$ 4,045,202
Receivables and other current assets	557,535	245,543	584,934
Total current assets	<u>4,724,782</u>	<u>4,919,878</u>	<u>4,630,136</u>
Noncurrent receivables , net of allowance	127,403	329,448	437,550
Investments	5,569,938	5,002,877	4,725,679
Capital assets, net of depreciation	13,668,689	14,205,395	14,762,809
Total noncurrent assets	<u>19,366,030</u>	<u>19,537,720</u>	<u>19,926,038</u>
<b>Total assets</b>	<u>\$ 24,090,812</u>	<u>\$ 24,457,598</u>	<u>\$ 24,556,174</u>
Accounts payable and accrued expenses	\$ 235,910	\$ 167,301	\$ 168,304
Unearned revenue	169,320	110,465	101,779
Current portion of debt	846,317	1,087,155	1,086,735
Total current liabilities	<u>1,251,547</u>	<u>1,364,921</u>	<u>1,356,818</u>
Noncurrent portion of debt	1,876,916	2,287,115	2,834,476
Other noncurrent liabilities	404,961	375,728	378,774
Total noncurrent liabilities	<u>2,281,877</u>	<u>2,662,843</u>	<u>3,213,250</u>
<b>Total liabilities</b>	<u>\$ 3,533,424</u>	<u>\$ 4,027,764</u>	<u>\$ 4,570,068</u>
Invested in capital assets	\$ 10,945,456	\$ 10,831,125	\$ 10,841,598
Unrestricted	1,695,600	2,335,143	1,970,901
Restricted:			
Nonexpendable	1,923,288	1,876,254	1,851,569
Expendable	5,993,044	5,387,312	5,322,038
<b>Total net position</b>	<u>\$ 20,557,388</u>	<u>\$ 20,429,834</u>	<u>\$ 19,986,106</u>

Endowment investments in the university's long-term investment pool increased by \$567,061, to \$5,569,938 at June 30, 2014. 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.

# WOSU Public Media

## A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2014 and 2013

Total liabilities of WOSU decreased by \$494,340, to \$3,533,424 at June 30, 2014, primarily due to repayment of University debt and note payable.

### Summary of Revenues, Expenses and Changes in Net Position

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues:			
Contributed services	\$ 721,908	\$ 672,800	\$ 701,250
Sales and services	1,827,697	1,943,752	1,670,964
Grants and contracts	2,761,859	2,942,560	2,497,349
Member contributions	3,330,760	3,094,485	2,807,826
Other revenues	147,389	51,924	146,444
Total operating revenues	<u>8,789,613</u>	<u>8,705,521</u>	<u>7,823,833</u>
Operating expenses:			
Programming and production	6,075,654	5,911,394	5,417,918
Broadcasting	2,362,395	2,340,777	2,311,125
Program information	538,002	391,854	464,850
Management and general	1,738,259	1,776,042	1,830,732
Underwriting	429,661	377,231	315,799
Fundraising	1,331,183	1,186,815	1,236,616
Depreciation	647,387	679,154	760,213
Total operating expenses	<u>13,122,541</u>	<u>12,663,267</u>	<u>12,337,253</u>
Net operating (loss)	<u>(4,332,928)</u>	<u>(3,957,746)</u>	<u>(4,513,420)</u>
Non-operating revenues (expenses):			
Operating subsidies	1,850,586	1,926,507	1,926,507
Donated facilities and support	1,600,130	1,539,964	1,536,340
Net investment income (loss)	816,072	537,924	(15,826)
Interest expense	(58,535)	(59,214)	(64,317)
Capital gifts and grants	247,385	453,825	453,825
Gain on sale of radio station	-	-	1,882,739
Additions to endowment	4,844	2,468	3,925
Total non-operating revenues	<u>4,460,482</u>	<u>4,401,474</u>	<u>5,723,193</u>
Increase (decrease) in net position	127,554	443,728	1,209,773
Net position - beginning of year	<u>20,429,834</u>	<u>19,986,106</u>	<u>18,107,783</u>
Net position - end of year	<u>\$ 20,557,388</u>	<u>\$ 20,429,834</u>	<u>\$ 19,986,106</u>

# WOSU Public Media

## A Public Telecommunications Entity Operated by The Ohio State University Management's Discussion and Analysis (Unaudited) June 30, 2014 and 2013

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Total Net Position (equity) increased by \$127,554 to \$20,557,388 in June 30, 2014. It should be noted that the required subtotal 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, capital gifts, sale of radio station, and investment income.

### Summary of Cash Flows

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Cash provided by (used) in:			
Operating activities	\$ (2,207,332)	\$ (1,563,801)	\$ (2,059,609)
Noncapital financing activities	1,855,430	1,928,975	1,797,932
Capital and related financing activities	(404,197)	3,233	597,398
Investing activities	<u>249,011</u>	<u>260,726</u>	<u>263,675</u>
Net increase (decrease) in cash	(507,088)	629,133	599,396
Cash, beginning of year	<u>4,674,335</u>	<u>4,045,202</u>	<u>3,445,806</u>
Cash, end of year	<u>\$ 4,167,247</u>	<u>\$ 4,674,335</u>	<u>\$ 4,045,202</u>

Total WOSU cash and cash equivalents decreased \$507,088 to \$4,167,247 in 2014. Operating activities include cash flows associated with fees and services, grants and contracts, membership contributions and operating expenses. Non-capital financing activities include direct operating support from the University and gifts. Capital and related financing activities include payments for purchase of capital assets. Net cash provided by investing activities consists primarily of endowment activity.

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

WOSU Public Media is focused on growing its annual membership, underwriting, major and planned giving and grant revenues in the coming year. Corporate, foundation and other community funding for a special multi-year multimedia project called *Columbus Neighborhoods* (Phase Two) will also assist the overall budget through 2015. A new phase of this project is being rolled out to begin in 2016.

WOSU is focusing more resources on major and planned gifts to support equipment infrastructure and the continuing overhead resulting from the purchase of 101.1 FM. WOSU has substantially reduced lines of credit with The Ohio State University and the radio studio costs will be completely paid in FY15. Since the transition in 2011 to an all-news format on 89.7 FM and establishment of a full time classical music radio station, 101.1 FM (Classical 101), WOSU has seen an overall growth in listening to our stations. This has translated into increased memberships for all our services, which we expect to continue. WOSU is tapping outside expertise to increase its program support net revenue in the coming year and has created a new earned revenue unit called *WOSU Productions*.

The greatest risk facing WOSU is the potential reduction in federal funding or another downturn in the economy. Corporation for Public Broadcasting federal support has traditionally covered about 15 percent of the direct budget, including some of the costs of national and local programming. Aside from greater revenue growth, WOSU is facing these challenges by creating a more efficient, priority-centered operation.

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Statements of Net Position

June 30, 2014 and 2013

<b>ASSETS:</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
<b>Current Assets:</b>		
Cash	\$ 4,167,247	\$ 4,674,335
Receivables:		
Accounts receivable, net	93,241	57,480
Government grants	3,438	1,741
Underwriting	100,737	32,523
Pledges, net	<u>360,119</u>	<u>153,799</u>
Total receivables	<u>557,535</u>	<u>245,543</u>
Total current assets	4,724,782	4,919,878
<b>Noncurrent Assets:</b>		
Investments	5,569,938	5,002,877
Pledges receivable - noncurrent, net	127,403	329,448
Property and equipment, net	5,755,838	6,292,544
FCC license	<u>7,912,851</u>	<u>7,912,851</u>
Total noncurrent assets	<u>19,366,030</u>	<u>19,537,720</u>
<b>Total Assets</b>	<b><u>\$ 24,090,812</u></b>	<b><u>\$ 24,457,598</u></b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 207,595	\$ 134,744
Accrued compensated absence - current	28,315	32,557
Unearned revenue	169,320	110,465
Current portion - university debt and note payable	<u>846,317</u>	<u>1,087,155</u>
Total current liabilities	1,251,547	1,364,921
Long-term Liabilities		
Long-term portion - debt obligation due University	352,280	706,079
Note payable	1,524,636	1,581,036
Accrued compensated absence - noncurrent	<u>404,961</u>	<u>375,728</u>
Total liabilities	<u>3,533,424</u>	<u>4,027,764</u>
<b>NET POSITIONS</b>		
Invested in capital assets	10,945,456	10,831,125
Unrestricted	1,695,600	2,335,143
Restricted:		
Nonexpendable	1,923,288	1,876,254
Expendable	<u>5,993,044</u>	<u>5,387,312</u>
Total net position	<u>20,557,388</u>	<u>20,429,834</u>
Total liabilities and net position	<b><u>\$ 24,090,812</u></b>	<b><u>\$ 24,457,598</u></b>

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 June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>		
Contributed services	\$ 721,908	\$ 672,800
Grants from the Corporation for Public Broadcasting	1,561,575	1,695,151
Member contributions	3,330,760	3,094,485
Public broadcasting service	30,920	103,621
Business and industry	1,075,002	1,378,448
Foundations/non-profit organizations	721,775	461,683
Fundraising	34,610	19,895
Federal grants	35,959	69,061
State and local grants	1,164,325	1,178,348
Royalties	94,082	21,508
Miscellaneous	18,697	10,521
Total operating revenues	<u>8,789,613</u>	<u>8,705,521</u>
<b>OPERATING EXPENSES</b>		
Program services:		
Programming and production	6,075,654	5,911,394
Broadcasting	2,362,395	2,340,777
Program information	538,002	391,854
Total program services	<u>8,976,051</u>	<u>8,644,025</u>
Supporting services:		
Management and general	1,738,259	1,776,042
Depreciation	647,387	679,154
Underwriting	429,661	377,231
Fundraising	1,331,183	1,186,815
Total supporting services	<u>4,146,490</u>	<u>4,019,242</u>
Total operating expenses	<u>13,122,541</u>	<u>12,663,267</u>
Operating loss	(4,332,928)	(3,957,746)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Operating subsidies	1,850,586	1,926,507
Donated facilities and support - OSU	1,600,130	1,539,964
Investment income:		
Interest and dividend income	252,174	260,954
Unrealized gain (loss) on investments	563,898	276,970
Interest expense	(58,535)	(59,214)
Capital grants and gifts	247,385	453,825
Additions to permanent endowments	4,844	2,468
Net non-operating revenues	<u>4,460,482</u>	<u>4,401,474</u>
<b>Change in Net Position</b>	127,554	443,728
<b>Net Position, Beginning of year</b>	20,429,834	19,986,106
<b>Net Position, End of year</b>	<u>\$ 20,557,388</u>	<u>\$ 20,429,834</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Grants from the Corporation for Public Broadcasting	\$ 1,561,575	\$ 1,695,151
Member contributions	3,157,814	3,212,906
Fees and services	1,782,577	1,997,049
Proceeds from fundraising	34,610	19,895
Federal, state and local grants	1,198,587	1,254,567
Royalties	94,082	21,508
Other revenues	18,697	10,521
Payments to employees	(5,376,865)	(5,157,367)
Payments to suppliers	(4,678,409)	(4,618,031)
Net cash (used) in operating activities	<u>(2,207,332)</u>	<u>(1,563,801)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Private endowment contributions	4,844	2,468
University subsidies	1,850,586	1,926,507
Net cash provided by noncapital financing activities	<u>1,855,430</u>	<u>1,928,975</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital grants and gifts received	416,056	654,606
Principal paid on note payable	(204,412)	(250,000)
Principal paid on University debt	(503,157)	(353,473)
Interest paid on University debt	(2,003)	(2,682)
Purchase of capital assets	(110,681)	(45,218)
Net cash provided (used) in capital financing activities	<u>(404,197)</u>	<u>3,233</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment sales (purchases)	(3,163)	(228)
Interest and dividends received	252,174	260,954
Net cash provided by investing activities	<u>249,011</u>	<u>260,726</u>
Net change in cash	(507,088)	629,133
Cash at beginning of year	4,674,335	4,045,202
Cash at end of year	<u>\$ 4,167,247</u>	<u>\$ 4,674,335</u>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (4,332,928)	\$ (3,957,746)
Adjustments to reconcile excess additions over deductions to net cash provided by operating activities:		
Donated facilities and support	1,600,130	1,539,964
Depreciation expense	647,387	679,154
Decrease (increase) in receivables	(278,618)	170,190
Increase (decrease) in accounts payable	72,851	2,625
Increase (decrease) in unearned revenue	58,855	8,686
Increase (decrease) in compensated absences	24,991	(6,674)
Net adjustments	<u>2,125,596</u>	<u>2,393,945</u>
Net cash (used) in operating activities	<u>\$ (2,207,332)</u>	<u>\$ (1,563,801)</u>
<b>SUPPLEMENTAL DISCLOSURES - Noncash activity</b>		
Amortization expense on discounted note payable	\$ 56,532	\$ 56,532
Deposits applied to acquisition of capital assets	-	61,683

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 Financial Statements

For the Year Ended June 30, 2014

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### 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)  
WPBO-TV, Portsmouth, Ohio  
WOSU-FM Radio, Columbus, Ohio  
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

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:

#### Invested in capital assets, net of related debt

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.

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 Financial Statements**

**For the Year Ended June 30, 2014**

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### **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.

### **Investments**

Endowment funds are handled by the Office of Financial Services of the University who commingles the funds with other University-related organizations. Earned investment income is allocated to each organization based on its share of the total funds invested at the beginning of each year. Additions to endowment investments are recorded as non-operating revenues in the statement of revenues, expenses and changes in net position. Investments are recorded at their fair value. Investment income is recognized on an accrual basis. Interest and dividend income is recorded when earned.

### **Capital Assets**

Capital assets with a unit cost of over \$5,000 are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Routine maintenance and repairs are charged to expenses as incurred.

### **Revenue Recognition**

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

Unrestricted member contributions are recorded as support when the promise to give is made. Grant funds are recorded as revenues when the grant's contractual requirements have been met. Program revenues are deferred until 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.

### **Donated Facilities and Administrative Support from The Ohio State University**

Donated facilities and administrative support are calculated and recorded as both revenue and expense based upon the University's "modified other sponsored activities indirect cost rate" as defined by the Corporation for Public Broadcasting ("CPB"), which was 15.76% for the fiscal years ending June 30, 2014 and 2013. Donated facilities and administrative support from The University consists of allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the University on behalf of WOSU. All support received from the University is recorded as non-operating revenues.

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 Financial Statements**

**For the Year Ended June 30, 2014**

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### **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 June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. Statement No. 68 requires governments that participate in defined benefit pension plans to report in their statement of net position a net pension liability, which is the difference between the total pension liability and the assets set aside to pay pension benefits. Statement No. 68 also requires cost-sharing employers to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the cost-sharing plan. It is effective for periods beginning after June 15, 2014.

The university participates in two cost-sharing defined benefit pension plans, the Ohio Public Employees Retirement System (OPERS) and the State Teachers Retirement System of Ohio (STRS-Ohio). Based on information provided in the most recently available financial reports for the pension plans, university management anticipates that Statement No. 68 will result in the recognition of significant liabilities in WOSU's financial statements.

In January 2013, the GASB issued Statement No. 69, Government Combinations and Disposals of Government Operations. Statement No. 69 requires mergers, which do not involve an exchange of consideration, to be accounted for using the carrying values of assets. Acquisitions are accounted for using acquisition values. The standard also provides guidance on reporting of disposals of government operations. It is effective for periods beginning after December 15, 2013.

In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. Statement No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

University management is currently assessing the impact that implementation of GASB Statements No. 69 and 71 will have on 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.

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 Financial Statements

For the Year Ended June 30, 2014

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### Revision

During 2014, WOSU identified a misclassification of accumulated appreciation on donor restricted endowment funds, between restricted net position nonexpendable and restricted net position expendable. As a result, the June 30, 2013 restricted nonexpendable and restricted expendable net position has been revised to correct for the misclassification error of these amounts. Management has concluded that the error is not material to the previously issued financial statements. The following table summarizes the effect of these revisions:

	<u>As of June 30, 2013</u>		
	<u>As originally reported</u>	<u>Adjustment</u>	<u>As adjusted</u>
<b>Statements of Net Position:</b>			
Restricted:			
Nonexpendable	\$ 2,651,296	\$ (775,042)	\$ 1,876,254
Expendable	4,612,270	775,042	5,387,312

There was no impact on total net position as originally reported.

## 2. INVESTMENTS

WOSU's investments are maintained in the University's investment pool. The pool consists of more than 5,200 named funds. Each named fund is assigned a number of shares in the Long Term Investment Pool 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, fixed income, real estate, hedge funds, private equity, venture capital and natural resources 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 WOSU's mission.

The University holds certain types of alternative investments, including limited partnerships and private equity, which are carried at estimated fair value provided by the management of these funds. The purpose of this alternative investment class is to increase portfolio diversification and reduce risk due to the low correlation with other asset classes. Methods for determining estimated fair values include discounted cash flows and estimates provided by general partners.

Annual distributions to named funds in the University investment pool are computed using the share method of accounting for pooled investments. The annual distribution per share is 4.25% of the average market value per share of the Long Term Investment Pool over the most recent seven year period. Net realized and unrealized appreciation after the spending rate distributions is retained in the Long Term Investment Pool and the associated net position is classified as restricted expendable, unless restricted by the donor.

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*. The net change in the value of investments during 2014 and 2013 were unrealized (losses) and gains of \$563,898 and \$276,970, respectively. These amounts take into account all changes in fair value (including purchases and sales) that occurred during the year.

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 Financial Statements

For the Year Ended June 30, 2014

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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, 2014 and 2013, there is cumulative unrealized gain on investments of \$1,118,629 and \$554,731, respectively.

The following summarizes WOSU's investments held in the University's investment pool as of June 30, 2014:

Name of Fund	Number of Shares	Cost	Market Value
Friends of WOSU	404.69	\$ 1,408,948	2,541,250
Prine Classical Music	1.36	5,550	8,552
WOSU Public Media	398.45	2,495,079	2,502,082
AEP Foundation	4.60	25,000	28,868
Elam Family	11.29	69,700	70,921
Taylor Memorial	3.48	27,860	21,856
Batelle Digital Media	21.36	150,000	134,123
Reba Harvey	16.58	99,967	104,141
Klotz Public Media	3.89	25,000	24,447
Palius Public Media	4.06	26,353	25,524
Sipp Student Interns	6.96	50,000	43,725
Digital Media Center Outreach	10.26	67,853	64,447
		<u>\$ 4,451,310</u>	<u>\$ 5,569,938</u>

The following summarizes WOSU's investments held in the University's investment pool as of June 30, 2013:

Name of Fund	Number of Shares	Cost	Market Value
Friends of WOSU	404.66	\$ 1,408,728	2,283,663
Prine Classical Music	1.36	5,550	7,686
WOSU Public Media	398.44	2,495,016	2,248,608
AEP Foundation	4.60	25,000	25,944
Elam Family	11.29	69,700	63,738
Taylor Memorial	3.41	27,460	19,265
Batelle Digital Media	21.36	150,000	120,539
Reba Harvey	16.58	99,967	93,594
Klotz Public Media	3.89	25,000	21,971
Palius Public Media	4.06	26,353	22,939
Sipp Student Interns	6.96	50,000	39,297
Digital Media Center Outreach	9.86	65,372	55,633
		<u>\$ 4,448,146</u>	<u>\$ 5,002,877</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

## Notes to Financial Statements

For the Year Ended June 30, 2014

### 3. PLEDGES RECEIVABLE

Pledges receivable represent the net unconditional promises to give that were made in connection with WOSU Public Media's capital campaign and annual gift memberships. Pledges receivable are reported net of allowance for uncollectible pledges. The following are pledges receivable balances as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 360,119	\$ 153,799
Receivable in one to three years	127,403	329,448
Total	<u>\$ 487,522</u>	<u>\$ 483,248</u>

### 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 is summarized as follows:

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
Capital assets not being depreciated:				
FCC License	\$ 7,912,851			\$ 7,912,851
Capital assets being depreciated:				
Buildings	11,808,142	1,058	-	11,809,200
Improvements	1,167,938	-	13,500	1,154,438
Equipment	10,040,202	109,624	236,182	9,913,644
Total	30,929,133	110,682	249,682	30,790,133
Less: Accumulated depreciation	16,723,738	647,387	249,682	17,121,443
Total capital assets, net	<u>\$ 14,205,395</u>	<u>(536,706)</u>	<u>-</u>	<u>\$ 13,668,689</u>

Capital asset activity for the year ended June 30, 2013 is summarized as follows:

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
Capital assets not being depreciated:				
FCC License	\$ 7,912,851			\$ 7,912,851
Capital assets being depreciated:				
Buildings	11,808,142			11,808,142
Improvements	1,167,938	-		1,167,938
Equipment	9,977,945	121,740	59,483	10,040,202
Total	30,866,876	121,740	59,483	30,929,133
Less: Accumulated depreciation	16,104,067	679,154	59,483	16,723,738
Total capital assets, net	<u>\$ 14,762,809</u>	<u>(557,414)</u>	<u>-</u>	<u>\$ 14,205,395</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

## Notes to Financial Statements

For the Year Ended June 30, 2014

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The following estimated useful lives are used to compute depreciation:

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

### 5. FCC LICENSE

The purchase of commercial radio station WWCD (FM) and approval from the Federal Communication Commission ("FCC") granted WOSU rights to the 101.1 FM radio frequencies. The FCC license is 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 license authorizes WOSU to permanently use the broadcast spectrum, which is a resource that does not deplete or exhaust over time.

WOSU evaluates the license 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 year 2014 or 2013.

### 6. RETIREMENT PLANS

All WOSU employees are employees of the University and are covered by either the Ohio Public Employees Retirement System ("OPERS") or the Alternative Retirement Plan ("ARP"). Employees may opt out of OPERS and participate in the 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. Each of these three options is discussed in greater detail in the following sections.

#### Defined Benefit Plan

OPERS offers statewide cost-sharing multiple-employer defined benefit pension plan. OPERS provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by state statute and are calculated using formulas that include years of service and final average salary as factors. OPERS issues separate, publicly available financial reports that include financial statements and required supplemental information. These reports may be obtained by contacting: OPERS, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling (614) 222-5601 or (800) 222-7377 or [www.opers.org](http://www.opers.org)

#### Defined Contribution Plans

ARP is a defined contribution pension plan. Full-time administrative and professional staff 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, postretirement 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 offers a defined contribution plan, the Member-Directed Plan ("MD"). The MD plan does not provide disability benefits, annual cost-of-living adjustments, postretirement health care

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 Financial Statements

For the Year Ended June 30, 2014

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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 also 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 postretirement health care benefits. OPERS provides retirement, disability, survivor and postretirement health benefits to qualifying members of the combined plan.

### Funding Policy

The Ohio Revised Code ("ORC") provides OPERS statutory authority to set employee and employer contributions. For 2014, member and employer contribution rates were consistent across both plans. The 2014 member contribution rate was 10.0% of covered payroll for members and employer contribution rate was 14.0% of covered payroll.

WOSU's employer contributions to PERS and ARP for the years ended June 30, 2014, 2013 and 2012 were \$617,098, \$576,231 and \$564,690, respectively, equal to 100% of the required contributions for each year.

## 7. OTHER POSTEMPLOYMENT BENEFITS

OPERS currently provides post-employment health care benefits to retirees with ten or more years of qualifying service credit. These benefits are advance-funded on an actuarially determined basis and are financed through employer contributions and investment earnings. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS. Under the ORC, funding for medical costs paid from the funds of OPERS is included in the employer contribution rate. For calendar year 2013, OPERS allocated 1.0% of the employer contribution rate to fund the health care program for retirees, and this rate was increased to 2.0% for calendar year 2014 as recommended by the OPERS actuary.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012 with a transition plan commencing January 1, 2014. OPERS expects to be able to allocate on a consistent basis 4% of employer contributions toward the health care fund after the end of the transition period. Post-employment health care benefits are not guaranteed by ORC to be covered under OPERS. WOSU's employer contributions used to fund post-employment benefits for the years ended June 30, 2014, 2013 and 2012 are estimated to be \$308,549, \$288,116, and \$282,345, respectively.

## 8. 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. 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

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 Financial Statements

For the Year Ended June 30, 2014

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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.

Accrued vacation and sick leave liability was \$433,276 and \$408,285 as June 30, 2014 and 2013.

Long term liabilities related to accrued compensated absences as of June 30, 2014 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Compensated absences	\$ 408,285	\$ 53,306	\$ 28,315	\$ 433,276	\$ 28,315

Long term liabilities related to accrued compensated absences as of June 30, 2013 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Current Portion</b>
Compensated absences	\$ 414,959	\$ 25,883	\$ 32,557	\$ 408,285	\$ 32,557

## 9. 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. The following summarizes grant funds earned during the fiscal year:

<b>CPB Grant</b>	<b>Fiscal Year 2014</b>		
	<b>WOSU-FM</b>	<b>WOSU-TV</b>	<b>Total</b>
Community Service	\$322,661	\$1,215,657	\$ 1,538,318
Interconnection Grant		\$23,257	23,257
Total Fiscal Year 2013	<u>\$ 322,661</u>	<u>\$ 1,238,914</u>	<u>\$ 1,561,575</u>

<b>CPB Grant</b>	<b>Fiscal Year 2013</b>		
	<b>WOSU-FM</b>	<b>WOSU-TV</b>	<b>Total</b>
Community Service	\$492,446	\$1,178,865	\$ 1,671,311
Interconnection Grant		\$23,840	23,840
Total Fiscal Year 2013	<u>\$ 492,446</u>	<u>\$ 1,202,705</u>	<u>\$ 1,695,151</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

## Notes to Financial Statements

For the Year Ended June 30, 2014

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### 10. UNIVERSITY SUPPORT

The operations of WOSU Public Media are supported in part by the general revenues of the University. The University provides for the general operating costs of WOSU operations. The University's direct support amounted to \$1,850,586 and \$1,926,507, for the years ended June 30, 2014 and 2013, respectively. In addition, the University provided \$1,600,130 and \$1,539,964 in indirect administrative support during fiscal years 2014 and 2013, respectively. The indirect administrative support revenues were calculated using the University's "modified other sponsored activities indirect costs rate" of 15.76% for fiscal years ended June 30, 2014 and 2013.

### 11. 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 \$26,865 and \$27,457 from this fund during fiscal years 2014 and 2013, respectively. In addition, WOSU Public Media receives ten percent of the income generated from the John McKittrick Family Fund. During fiscal years 2014 and 2013, WOSU Public Media received \$231 and \$104 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 changes in net position. The following summarizes the value of these funds as of June 30, 2014 and 2013:

<u>Fund Name</u>	<u>2014 Market Value</u>	<u>2013 Market Value</u>
Donald R. Glancy Endowed Fund	\$ 671,412	\$ 601,796
John McKittrick Family Fund	6,703	2,274
Total Income Beneficiary Funds	<u>\$ 678,115</u>	<u>\$ 604,070</u>

### 12. OPERATING LEASE OBLIGATION

WOSU leases office space from The Center of Science and Industry (COSI) under an agreement with a 10 year occupancy term commencing on the date of occupancy (May 13, 2005). The lease term automatically renews for an additional 5 year term. The lease amount is subject to annual adjustment based on the consumer price index (CPI). As of June 30, 2014, future minimum rental payments based on the CPI indexed rate for fiscal year 2015 is \$223,377 and approximates \$230,000 per year until 2020.

Rental expense charged to operations was \$244,410 and \$243,684 during 2014 and 2013, respectively.

WOSU leases land from an individual under an agreement with a 5 year term commencing with the purchase of WWCD FM on December 14, 2010. The lease term automatically renews for 3 additional 5 year terms. Future minimum lease payments approximate \$12,000 per year through 2025. Rental expense charged to operations was \$12,000 during 2014 and 2013.

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

# WOSU Public Media

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## Notes to Financial Statements

For the Year Ended June 30, 2014

### 13. DEBT OBLIGATIONS

Debt activity for the year ended June 30, 2014, are as follows:

	<b>Beginning Balance</b>	<b>Principal Additions</b>	<b>Repayments</b>	<b>Ending Balance</b>	<b>Current Portion</b>
University advance	\$ 486,223	\$ -	150,000	\$ 336,223	\$ 336,223
Line of credit - radio studios	193,000	-	64,483	128,517	64,194
Line of credit - COSI	864,011	-	288,674	575,337	287,380
Promissory note	2,825,000	-	204,412	2,620,588	158,520
Total before discount	<u>\$ 4,368,234</u>	<u>\$ -</u>	<u>\$ 707,569</u>	<u>3,660,665</u>	<u>\$ 846,317</u>
Discount on promissory note				(937,432)	
Total lines of credit and promissory note, net present value				<u>\$ 2,723,233</u>	

Debt activity for the year ended June 30, 2013, are as follows:

	<b>Beginning Balance</b>	<b>Principal Additions</b>	<b>Repayments</b>	<b>Ending Balance</b>	<b>Current Portion</b>
University advance	\$ 486,223	\$ -	\$ -	\$ 486,223	\$ 486,223
Line of credit - radio studios	257,541	-	64,541	193,000	64,077
Line of credit - COSI	1,152,943	-	288,932	864,011	286,855
Promissory note	3,075,000	-	250,000	2,825,000	250,000
Total before discount	<u>\$ 4,971,707</u>	<u>\$ -</u>	<u>\$ 603,473</u>	<u>4,368,234</u>	<u>\$ 1,087,155</u>
Discount on promissory note				(993,964)	
Total lines of credit and promissory note, net present value				<u>\$ 3,374,270</u>	

WOSU obtained line of credit financing through the university for \$1,200,000 for the renovation of its Radio Studios and for \$5,000,000 for the construction of its COSI location radio and television broadcasting studios. Interest on the outstanding principal balance is based on the university's monthly investment credit rate as determined by the Office of Financial Services, which was 0.20% and 0.40% June 30, 2014 and 2013, respectively. The two lines of credit were termed out during fiscal year 2007, with maturity in June 2016.

WOSU received an advance from the university to pay for the FM radio station acquisition in the amount of \$2,250,000. WOSU repaid \$1,763,777 of the advance upon the sale of the AM radio station in 2012. WOSU paid \$150,000 during fiscal year 2014. WOSU intends to repay the advance with donor contributions. The advance is due on demand and is non-interest bearing.

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 \$1,683,156 and \$1,831,036 at June 30, 2014 and June 30, 2013, 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 accompanying notes are an integral part of these financial statements.

# WOSU Public Media

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## Notes to Financial Statements

For the Year Ended June 30, 2014

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The following is a schedule showing the amounts due for the debt obligations as of June 30, 2014:

	<b>Principal</b>	<b>Interest</b>
2015	\$ 846,317	\$ 1,408
2016	510,095	705
2017	158,520	
2018	158,520	
2019	158,520	
2020-2024	792,600	
2025-2029	792,600	
2030-2031	243,493	
Total	<u>\$ 3,660,665</u>	<u>\$ 2,113</u>

Interest expense of \$58,535 and \$59,214 was incurred on the debt during fiscal year 2014 and 2013, respectively.

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

# WOSU Public Media

A Public Telecommunications Entity Operated by The Ohio State University

## Supplemental Schedule of Revenue and Expenses by Telecommunication Operations

For the Year Ended June 30, 2014

<u>REVENUES AND OTHER SUPPORT</u>	<u>Radio</u>	<u>Television</u>	<u>Totals</u>
The Ohio State University Direct Support	\$ 1,059,563	\$ 791,023	\$ 1,850,586
Contributed services	177,673	544,235	721,908
Donated facilities and support - OSU	767,943	832,187	1,600,130
Grants from the CPB	322,661	1,238,914	1,561,575
Member contributions	1,677,368	1,653,392	3,330,760
Public Broadcasting Service	1,740	29,180	30,920
Business and industry	388,750	686,252	1,075,002
Foundations/NPO's	209,228	512,547	721,775
Fundraising	-	34,610	34,610
Federal grants	13,560	22,399	35,959
State and local grants	187,420	976,905	1,164,325
Investment income:			
Interest and dividend income	134,679	117,495	252,174
Unrealized gain on investments	310,144	253,754	563,898
Endowment contributions	1,480	3,364	4,844
Capital grants and gifts	-	247,385	247,385
Royalties	110	93,972	94,082
Other	-	18,697	18,697
	<u>5,252,319</u>	<u>8,056,311</u>	<u>13,308,630</u>
Total Support, Revenue, and Other Additions	5,252,319	8,056,311	13,308,630
<u>EXPENSES</u>			
Program Services:			
Programming and production	2,544,165	3,531,489	6,075,654
Broadcasting	1,174,073	1,188,322	2,362,395
Program information	<u>347,328</u>	<u>190,674</u>	<u>538,002</u>
Total Program Services	4,065,566	4,910,485	8,976,051
Supporting Services:			
Management & general	753,109	985,150	1,738,259
Fundraising	746,254	584,929	1,331,183
Underwriting	253,426	176,235	429,661
Interest expense	56,898	1,637	58,535
Depreciation	<u>356,063</u>	<u>291,324</u>	<u>647,387</u>
Total Supporting Services	2,165,750	2,039,275	4,205,025
Total Expenses	6,231,316	6,949,760	13,181,076
Net Change	<u>\$ (978,997)</u>	<u>\$ 1,106,551</u>	<u>\$ 127,554</u>



*Independent Auditor's 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*

To WOSU Public Media  
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 WOSU Public Media ("WOSU"), a component unit of The Ohio State University, which comprise the statement of net position as of June 30, 2014 and the related statements of revenues, 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 23, 2015.

**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") to determine the 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. 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 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 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

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results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

January 23, 2015



# Dave Yost • Auditor of State

**WOSU PUBLIC MEDIA**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 12, 2015**