

**Grand Valley State University
WGVU Public Media**

**Financial Report
with Supplemental Information
June 30, 2014**

Grand Valley State University

WGVU Public Media

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Independent Auditor's Report

To the Board of Trustees
Grand Valley State University WGVU Public Media

Report on the Financial Statements

We have audited the accompanying financial statements of Grand Valley State University WGVU Public Media (the "Network"), as of and for the years ended June 30, 2014 and 2013 and the related notes to the financial statements, which collectively comprise Grand Valley State University WGVU 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. 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Grand Valley State University WGVU Public Media as of June 30, 2014 and 2013 and the respective changes in its financial position and its 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
Grand Valley State University WGVU Public Media

Emphasis of Matter

We draw attention to Note I, which explains that these financial statements present only the Network, a department of Grand Valley State University, and do not purport to, and do not, present fairly the financial position of Grand Valley State University as of June 30, 2014 and 2013 and the changes in its financial position and its cash flows thereof 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 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 supplemental 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 opinions on the financial statements that collectively comprise Grand Valley State University WGVU Public Media's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

December 15, 2014

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Grand Valley State University

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Management's Discussion and Analysis - Unaudited

Fiscal Year Ended June 30, 2014

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of Grand Valley State University WGVU Public Media (the "Network"), which is owned and operated by Grand Valley State University (the "University"). The report consists of three basic financial statements that provide information on the Network: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements begin on page 10 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide readers with an overview of the financial statements.

The Statement of Net Position

The statement of net position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net position - the difference between assets and liabilities - is one way to measure the financial activities of the Network.

Grand Valley State University

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Management's Discussion and Analysis - Unaudited (Continued)

	2014	2013	2012
Assets			
Current assets:			
Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement	\$ 1,706,370	\$ 1,617,814	\$ 1,827,992
Accounts receivable	110,004	88,619	111,545
Inventory and prepaid expenses	40,085	26,140	56,900
Current portion - Program rights	<u>554,301</u>	<u>544,487</u>	<u>520,421</u>
Total current assets	2,410,760	2,277,060	2,516,858
Noncurrent assets:			
Investments held in Grand Valley State University endowment funds	377,828	278,787	246,840
Long-term portion - Program rights	265,020	286,538	258,709
Capital assets - Net of depreciation	<u>5,130,853</u>	<u>5,620,797</u>	<u>5,750,774</u>
Total noncurrent assets	<u>5,773,701</u>	<u>6,186,122</u>	<u>6,256,323</u>
Total assets	8,184,461	8,463,182	8,773,181
Liabilities			
Current liabilities:			
Advances from Grand Valley State University pooled asset funds	975,554	924,366	870,664
Unearned operating revenue	1,039,192	1,020,198	1,402,798
Other current liabilities	<u>276,359</u>	<u>413,493</u>	<u>327,124</u>
Total current liabilities	2,291,105	2,358,057	2,600,586
Noncurrent liabilities - Net other postemployment benefits (Note 4)	<u>107,284</u>	<u>90,516</u>	<u>72,200</u>
Total liabilities	<u>2,398,389</u>	<u>2,448,573</u>	<u>2,672,786</u>
Net Position			
Net investment in capital assets	5,130,853	5,620,797	5,750,774
Restricted - Nonexpendable	285,401	225,971	214,981
Restricted - Expendable	228,532	124,181	139,385
Restricted - Expendable for capital projects	158,993	78,451	14,095
Unrestricted deficit	<u>(17,707)</u>	<u>(34,791)</u>	<u>(18,840)</u>
Total net position	<u>\$ 5,786,072</u>	<u>\$ 6,014,609</u>	<u>\$ 6,100,395</u>

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Management's Discussion and Analysis - Unaudited (Continued)

Current assets mainly reflect the cash held in the University's pooled asset funds for restricted purposes and assets held for equipment replacement. Further detail about the sources and uses of cash is reflected in the statement of cash flows.

Noncurrent assets mainly reflect capital assets net of depreciation. The decrease in net capital assets of \$620,000 over the three-year period is chiefly due to depreciation expense of approximately \$1.18 million and capital additions of \$555,000 since June 30, 2012.

Current liabilities mainly include advances from the University pooled asset funds and unearned operating revenue, which has decreased over the three-year period as grant dollars received for digital equipment have been expended.

Net position decreased by \$314,000 over the three-year period, mainly as a result of decreases in net investment in capital assets of \$620,000 and increases in restricted - expendable net position of \$235,000.

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Management's Discussion and Analysis - Unaudited (Continued)

The Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the operating results of the Network, as well as nonoperating activity.

	2014	2013	2012
Operating Revenue			
Operating grant from Grand Valley State University	\$ 962,980	\$ 957,480	\$ 955,480
Contributions, subscriptions, and memberships	2,141,736	1,947,451	1,951,567
Grants from the Corporation for Public Broadcasting	1,175,832	1,334,806	1,106,800
Other grants and contracts	89,179	56,708	139,839
Donated facilities, administrative support, and in-kind contributions	1,289,488	1,260,590	1,266,664
Underwriting revenue	810,270	787,614	722,146
Production and use of facilities	494,892	544,972	601,537
Miscellaneous revenue	46,108	60,116	69,296
Total operating revenue	<u>7,010,485</u>	<u>6,949,737</u>	<u>6,813,329</u>
Operating Expenses			
Program services	2,947,582	3,008,814	2,850,628
Support services	4,037,450	3,993,432	3,918,296
Depreciation expense	628,209	547,186	568,837
Total operating expenses	<u>7,613,241</u>	<u>7,549,432</u>	<u>7,337,761</u>
Operating Loss	(602,756)	(599,695)	(524,432)
Nonoperating Revenue (Expense)			
Fundraising income	113,234	104,095	93,742
Investment income (loss)	51,555	32,046	(411)
Total nonoperating revenue	<u>164,789</u>	<u>136,141</u>	<u>93,331</u>
Loss - Before other	(437,967)	(463,554)	(431,101)
Other	<u>209,430</u>	<u>377,768</u>	<u>92,956</u>
Decrease in Net Position	(228,537)	(85,786)	(338,145)
Net Position - Beginning of year	<u>6,014,609</u>	<u>6,100,395</u>	<u>6,438,540</u>
Net Position - End of year	<u><u>\$ 5,786,072</u></u>	<u><u>\$ 6,014,609</u></u>	<u><u>\$ 6,100,395</u></u>

Grand Valley State University

WGVU Public Media

Management's Discussion and Analysis - Unaudited (Continued)

Operating revenue has remained stable over the three-year period. The most significant changes in revenue were increases of \$190,000 in contributions, subscriptions, and memberships, \$88,000 in underwriting revenue, and \$69,000 in grants from the Corporation for Public Broadcasting. These increases have been partially offset with decreases of \$107,000 in revenue from production and use of facilities and \$51,000 in other grants and contracts.

Operating expenses did not change significantly over the three-year period. The Network's salaries, wages, and benefits expense represents the largest operating expense category; this expense decreased \$103,000 over the three-year period and was approximately \$3.11 million in 2014.

Nonoperating revenue includes fundraising income and investment income and has increased by \$71,000 over the three-year period, mostly due to increases in investment income of \$52,000 over the same time frame.

Other revenue fluctuated somewhat over the three-year period. Capital grants and gifts vary the most from year to year, based on the availability of grant revenue and the capital needs of the station.

The Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. Cash consists of the Network's share of or advances from the University pooled asset funds and assets held for equipment replacement. The primary cash receipts consist of operating grants and contracts and contributions, subscriptions, and memberships. Cash outlays largely include payment of wages, benefits, and supplies.

	2014	2013	2012
Net Cash Provided by (Used In)			
Operating activities	\$ 22,551	\$ (250,729)	\$ 322,712
Noncapital financing activities	164,422	157,797	50,653
Capital and related financing activities	(110,361)	(128,336)	3,601
Investing activities	11,944	11,090	10,876
Net Increase (Decrease) in Cash	88,556	(210,178)	387,842
Cash - Beginning of year	1,617,814	1,827,992	1,440,150
Cash - End of year	<u>\$ 1,706,370</u>	<u>\$ 1,617,814</u>	<u>\$ 1,827,992</u>

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Management's Discussion and Analysis - Unaudited (Continued)

Economic Factors That Will Affect the Future

Michigan's economy continues to rebound from the "Great Recession," but our recovery still lags behind the nation as a whole. Unemployment has dropped to less than 8 percent but is running a full percentage point behind the national average. University funding remains strong. However, underwriting and membership revenues remain sluggish. The Network has adopted several innovative fundraising techniques including sustaining memberships, sweepstakes, and online auctions to supplement traditional fundraising revenue.

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Statement of Net Position

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Assets		
Current assets:		
Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement	\$ 415,623	\$ 333,473
Cash held in Grand Valley State University pooled asset funds for restricted purposes	1,290,747	1,284,341
Accounts receivable	110,004	88,619
Inventory	8,313	6,870
Prepaid expenses	31,772	19,270
Purchased program rights - Current portion	<u>554,301</u>	<u>544,487</u>
Total current assets	2,410,760	2,277,060
Noncurrent assets:		
Investments held in Grand Valley State University endowment funds	377,828	278,787
Purchased program rights - Long-term portion	265,020	286,538
Capital assets - Net (Note 2)	<u>5,130,853</u>	<u>5,620,797</u>
Total noncurrent assets	<u>5,773,701</u>	<u>6,186,122</u>
Total assets	8,184,461	8,463,182
Liabilities		
Current liabilities		
Advances from Grand Valley State University pooled asset funds	975,554	924,366
Unearned operating revenue	1,039,192	1,020,198
Accounts payable	50,712	169,998
Accrued payroll	79,804	94,856
Accrued compensated absences	<u>145,843</u>	<u>148,639</u>
Total current liabilities	2,291,105	2,358,057
Noncurrent liabilities - Net other postemployment benefits (Note 4)	<u>107,284</u>	<u>90,516</u>
Total liabilities	<u>2,398,389</u>	<u>2,448,573</u>
Net Position		
Net investment in capital assets	5,130,853	5,620,797
Restricted - Nonexpendable	285,401	225,971
Restricted - Expendable	228,532	124,181
Restricted - Expendable for capital projects	158,993	78,451
Unrestricted deficit	<u>(17,707)</u>	<u>(34,791)</u>
Total net position	<u>\$ 5,786,072</u>	<u>\$ 6,014,609</u>

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Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2014	2013
Operating Revenue		
Operating grant from Grand Valley State University	\$ 962,980	\$ 957,480
Contributions, subscriptions, and memberships	2,141,736	1,947,451
Community service grant from the Corporation for Public Broadcasting	1,175,832	1,334,806
Government grants and contracts	-	44,280
Nongovernment grants and contracts	89,179	12,428
Donated facilities and administrative support from Grand Valley State University	1,066,748	1,051,834
In-kind contributions	222,740	208,756
Underwriting revenue	810,270	787,614
Production and use of facilities	494,892	544,972
Miscellaneous revenue	46,108	60,116
Total operating revenue	7,010,485	6,949,737
Operating Expenses		
Program services:		
Programming and production	2,061,515	2,073,460
Broadcasting	335,036	389,551
Program information and promotion	551,031	545,803
Support services:		
Management and general	2,587,910	2,528,230
Fundraising, membership development, and auction	1,449,540	1,465,202
Depreciation expense	628,209	547,186
Total operating expenses	7,613,241	7,549,432
Operating Loss	(602,756)	(599,695)
Nonoperating Revenue		
Fundraising income	113,234	104,095
Investment income	51,555	32,046
Total nonoperating revenue	164,789	136,141
Loss - Before other	(437,967)	(463,554)
Other		
Capital grants and gifts	150,000	336,777
Net gain on disposal of equipment	-	30,000
Additions to permanent endowment	59,430	10,991
Total other	209,430	377,768
Decrease in Net Position	(228,537)	(85,786)
Net Position - Beginning of year	6,014,609	6,100,395
Net Position - End of year	\$ 5,786,072	\$ 6,014,609

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Statement of Cash Flows

	Year Ended June 30	
	2014	2013
Cash Flows from Operating Activities		
Grants and contracts	\$ 2,235,955	\$ 2,158,056
Payments to suppliers	(2,581,293)	(2,722,717)
Payments to employees, including benefits	(3,114,762)	(3,057,485)
Underwriting revenue	799,915	818,878
Contributions, subscriptions, and memberships	2,141,736	1,947,451
Production and use of facilities	494,892	544,972
Miscellaneous revenue	46,108	60,116
Net cash provided by (used in) operating activities	22,551	(250,729)
Cash Flows from Noncapital Financing Activities		
Advances to Grand Valley State University pooled asset funds	51,188	53,702
Fundraising proceeds	113,234	104,095
Net cash provided by noncapital financing activities	164,422	157,797
Cash Flows from Capital and Related Financing Activities		
Capital grants and gifts received	150,000	136,777
Purchases of capital assets and construction	(260,361)	(265,113)
Net cash used in capital and related financing activities	(110,361)	(128,336)
Cash Flows from Investing Activities		
Private gifts for endowment purposes	59,430	10,991
Investment income	51,555	32,046
Investment in Grand Valley State University endowment pool	(99,041)	(31,947)
Net cash provided by investing activities	11,944	11,090
Net Increase (Decrease) in Cash	88,556	(210,178)
Cash - Beginning of year	1,617,814	1,827,992
Cash - End of year	\$ 1,706,370	\$ 1,617,814

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Statement of Cash Flows (Continued)

	Year Ended June 30	
	2014	2013
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (602,756)	\$ (599,695)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	628,209	547,186
Amortization of program rights	794,825	795,372
Changes in assets and liabilities:		
Accounts receivable	(21,385)	22,926
Inventory	(1,443)	(2,878)
Other assets	(12,502)	33,638
Program rights	(783,121)	(847,267)
Accounts payable	2,810	(30,077)
Accrued payroll and compensated absences	(17,848)	(5,650)
Unearned operating revenue	18,994	(182,600)
Net other postemployment benefits	16,768	18,316
Net cash provided by (used in) operating activities	<u>\$ 22,551</u>	<u>\$ (250,729)</u>
Cash Consists of the Following Assets		
Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement	\$ 415,623	\$ 333,473
Cash held in Grand Valley State University pooled asset funds for restricted purposes	<u>1,290,747</u>	<u>1,284,341</u>
Total cash	<u>\$ 1,706,370</u>	<u>\$ 1,617,814</u>

Grand Valley State University

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Notes to Financial Statements

June 30, 2014 and 2013

Note 1 - Significant Accounting Policies

Organization - Grand Valley State University WGVU Public Media (the “Network”) is a public broadcasting television and radio network owned and operated by Grand Valley State University (the “University”) and organized for the purpose of providing entertainment and informational programming to viewers in western Michigan. The Network does not have separate legal status or existence. The financial position and the revenue and expenses of the Network are included in the financial statements of Grand Valley State University.

The Network is comprised of the following stations: WGVU-DTV, WGVK-DTV, WGVU-FM, and WGVU-AM, which are under common management. No management fees are charged between the stations. The University also operates WGVS-FM and WGVS-AM, which are not reported as part of the Network.

Basis of Presentation - The Network follows all applicable Governmental Accounting Standards Board (GASB) pronouncements.

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The Network follows the business-type activities reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the Network's financial activities.

Cash Held in or Advances from University Pooled Asset Funds and Investments Held in University Endowment Funds - The amounts reflected in the accompanying statement of net position represent the Network's equity in or liability to the University's pooled cash and investment system or pooled endowment funds. The Network shares equally in the earnings of the endowment portfolio. There are no investments held in the Network's name.

Assets Held for Equipment Replacement - The amount reflected in the accompanying statement of net position represents the net amount due to the Network from the University's pooled cash and investment system, which has been designated for repair and replacement of property and equipment.

Note 1 - Significant Accounting Policies (Continued)

Revenue Recognition - Pledges and contributions of financial support are received from corporations, foundations, and individuals and are recognized when the gift is received. Grants are recorded as support and revenue is recognized when all applicable financial reimbursement criteria have been met. Underwriting revenue is support for programs and events received from corporations and foundations and is recognized as the programs and events occur.

Accounts Receivable - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2014 and 2013, there was no allowance.

Inventory - Inventory consists primarily of goods held to be distributed at a later date in connection with donor campaigns. They are stated at either the lower of cost (first-in, first-out method) or market.

Purchased Program Rights - Purchased program rights are recorded when acquired and amortized on a straight-line basis over the life of the contract, which is up to four years. Total amortization expense for purchased program rights was \$794,825 and \$795,372 for the years ended June 30, 2014 and 2013, respectively.

Property and Equipment - Studio and other broadcast equipment is recorded at cost. The cost for contributed assets is recorded at fair market value at the date of receipt. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. Total depreciation expense was \$628,209 and \$547,186 for the years ended June 30, 2014 and 2013, respectively.

Unearned Operating Revenue - Unearned operating revenue represents grant funds received that will be recognized as revenue by the Network and are available for expenditure during the following year.

Compensated Absences - Compensated absence costs are accrued when earned by employees.

Donated Facilities and Administrative Support - Donated facilities and administrative support from the University are calculated based on a formula as established by the Corporation for Public Broadcasting (CPB) and are recorded in revenue and expense. The formula consists of allocated financial and general and administrative costs incurred by the University on behalf of the Network.

Note I - Significant Accounting Policies (Continued)

Net Position - Net position is classified according to external donor restrictions or availability of assets for satisfaction of Network obligations. Nonexpendable restricted net position is gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted or granted for specific purposes. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. Net position invested in property is net of related debt, accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Functional Allocation of Expenses - The costs of providing program and support services have been reported on a functional basis in the statement of revenue, expenses, and changes in net position. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Operating Activities - All revenue from programmatic sources is considered operating revenue. Revenues associated with, or restricted by donors to use for, capital improvements and revenue and expenses that result from financing and investing activities are recorded as nonoperating or other revenue.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification - Certain amounts appearing in the prior year's financial statements have been reclassified to conform to the current year's financial statements. A non-government grant of \$125,000 has been reclassified as a capital grant. There was no effect on net position or net income resulting from this restatement.

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Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets - Land	\$ 523,258	\$ -	\$ -	\$ 523,258
Depreciable capital assets:				
Buildings and towers	1,216,689	-	-	1,216,689
License	554,022	-	-	554,022
Equipment	<u>11,646,621</u>	<u>138,265</u>	<u>1,551,996</u>	<u>10,232,890</u>
Total cost of depreciable capital assets	<u>13,417,332</u>	<u>138,265</u>	<u>1,551,996</u>	<u>12,003,601</u>
Total cost of capital assets	13,940,590	138,265	1,551,996	12,526,859
Less accumulated depreciation for:				
Buildings and towers	400,041	27,255	-	427,296
License	487,540	22,160	-	509,700
Equipment	<u>7,432,212</u>	<u>578,794</u>	<u>1,551,996</u>	<u>6,459,010</u>
Total accumulated depreciation	<u>8,319,793</u>	<u>\$ 628,209</u>	<u>\$ 1,551,996</u>	<u>7,396,006</u>
Capital assets - Net	<u>\$ 5,620,797</u>			<u>\$ 5,130,853</u>

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

	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable capital assets - Land	\$ 523,258	\$ -	\$ -	\$ 523,258
Depreciable capital assets:				
Buildings and towers	1,216,689	-	-	1,216,689
License	554,022	-	-	554,022
Equipment	<u>11,321,376</u>	<u>417,209</u>	<u>91,964</u>	<u>11,646,621</u>
Total cost of depreciable capital assets	<u>13,092,087</u>	<u>417,209</u>	<u>91,964</u>	<u>13,417,332</u>
Total cost of capital assets	13,615,345	417,209	91,964	13,940,590
Less accumulated depreciation for:				
Buildings and towers	372,786	27,255	-	400,041
License	465,379	22,161	-	487,540
Equipment	<u>7,026,406</u>	<u>497,770</u>	<u>91,964</u>	<u>7,432,212</u>
Total accumulated depreciation	<u>7,864,571</u>	<u>\$ 547,186</u>	<u>\$ 91,964</u>	<u>8,319,793</u>
Capital assets - Net	<u>\$ 5,750,774</u>			<u>\$ 5,620,797</u>

Grand Valley State University

WGVU Public Media

Notes to Financial Statements June 30, 2014 and 2013

Note 2 - Capital Assets (Continued)

The following estimated useful lives are used to compute depreciation:

Buildings and towers	25-50 years
License	25 years
Equipment	7-20 years

Note 3 - Retirement Plans

The Network's employees are included in retirement plans funded by Grand Valley State University. Total retirement expense allocated to the Network was approximately \$259,000 and \$267,000 for the years ended June 30, 2014 and 2013, respectively. The Network has no obligation under the plans beyond making the required payments to the plans.

Note 4 - Other Postemployment Benefits

The University has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. As of June 30, 2014, the plan covers approximately 36 members attributable to the Network. Currently, the plan does not require active members to contribute to the plan. As of January 1, 2014, the plan was closed to new participants.

Plan Description - Substantially all of the University's employees hired prior to January 1, 2014 may become eligible for certain healthcare benefits if they reach retirement age while working for the University, are vested in a University-sponsored retirement plan, and their years of University service and age total a minimum of 75.

Funding Policy - The plan requirements are established and may be amended by the University's board of trustees.

Annual OPEB Cost and Net OPEB Obligation - The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 15 years.

Grand Valley State University
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Notes to Financial Statements
June 30, 2014 and 2013

Note 4 - Other Postemployment Benefits (Continued)

The following table shows the components of the annual OPEB cost for the year attributable to the Network, the amount actually contributed to the plan, and changes in the OPEB obligation:

	2014	2013
Annual required obligation	\$ 28,907	\$ 28,481
Interest on net OPEB obligation	5,264	4,678
Adjustment to annual required contribution	<u>(10,707)</u>	<u>(8,910)</u>
Annual OPEB cost	23,464	24,249
Contributions made	<u>6,696</u>	<u>5,933</u>
Increase in net OPEB obligation	16,768	18,316
Net OPEB obligation - Beginning of year	<u>90,516</u>	<u>72,200</u>
Net OPEB obligation - End of year	<u>\$ 107,284</u>	<u>\$ 90,516</u>

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits attributable to the Network was \$190,499 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$190,499. An investment fund was established for the purpose of pre-funding retiree benefits, with a market value attributable to the Network of \$163,390 and \$122,850 at June 30, 2014 and 2013, respectively. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB Statement No. 45 purposes. The covered payroll (annual payroll of active employees attributable to the Network covered by the plan) was \$2,069,647 and \$2,067,156 for 2014 and 2013, respectively, and the ratio of all UAAL to covered payroll attributable to the Network was 9.20 percent and 8.21 percent for 2014 and 2013, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Note 4 - Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on the University's own assets to be used for funding the current liability. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2014 was eight years. Benefits valued are fixed dollar amounts.

Note 5 - Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on nonfederal 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 other than 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 programs 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 Community Service Grant (CSG) grant program precipitated by extraordinary infusions of new capital investments in digital television (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.

Note 5 - Nonfederal Financial Support (NFFS) (Continued)

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.

The assets, liabilities, and net assets of the Network are accounted for using the following funds for CPB purposes:

WGVU-TV Fund - This fund includes the resources that are available for support of the Network’s television transmission operations.

WGVU-FM Fund - This fund includes the resources that are available for support of the Network’s FM radio transmission operations.

WGVU-AM Fund - This fund includes the resources that are available for support of the Network’s AM radio transmission operations.

Reported NFFS for the Network were \$4,091,699 and \$3,941,654 for the WGVU-TV fund, \$698,304 and \$608,306 for the WGVU-FM fund, and \$585,967 and \$606,357 for the WGVU-AM fund for 2014 and 2013, respectively.

Supplemental Information

Grand Valley State University

WGVU Public Media

Combined Statement of Net Position June 30, 2014

	Television	Radio - FM	Radio - AM	Combined Total
Assets				
Current assets:				
Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement	\$ 143,094	\$ 262,442	\$ 10,087	\$ 415,623
Cash held in Grand Valley State University pooled asset funds for restricted purposes	1,283,135	7,612	-	1,290,747
Accounts receivable	68,991	17,672	23,341	110,004
Inventory	8,313	-	-	8,313
Prepaid expenses	23,572	4,100	4,100	31,772
Purchased program rights - Current portion	554,301	-	-	554,301
Total current assets	2,081,406	291,826	37,528	2,410,760
Noncurrent assets:				
Investments held in Grand Valley State University endowment funds	297,622	75,236	4,970	377,828
Purchased program rights - Long-term portion	265,020	-	-	265,020
Capital assets - Net	4,294,545	695,658	140,650	5,130,853
Total noncurrent assets	4,857,187	770,894	145,620	5,773,701
Total assets	6,938,593	1,062,720	183,148	8,184,461
Liabilities				
Current liabilities:				
Advances from Grand Valley State University pooled asset funds	790,404	-	185,150	975,554
Unearned operating revenue	1,028,993	10,199	-	1,039,192
Accounts payable	41,328	2,959	6,425	50,712
Accrued payroll	61,512	9,286	9,006	79,804
Accrued compensated absences	111,785	19,731	14,327	145,843
Total current liabilities	2,034,022	42,175	214,908	2,291,105
Noncurrent liabilities - Net other postemployment benefits	85,695	11,250	10,339	107,284
Total liabilities	2,119,717	53,425	225,247	2,398,389
Net Position				
Net investment in capital assets	4,294,545	695,658	140,650	5,130,853
Restricted - Nonexpendable	225,368	55,861	4,172	285,401
Restricted - Expendable	200,747	26,987	798	228,532
Restricted - Expendable for capital projects	158,993	-	-	158,993
Unrestricted (deficit) net position	(60,777)	230,789	(187,719)	(17,707)
Total net position	\$ 4,818,876	\$ 1,009,295	\$ (42,099)	\$ 5,786,072

Grand Valley State University

WGVU Public Media

Combined Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2014

	Television	Radio - FM	Radio - AM	Combined Total
Operating Revenue				
Operating grant from Grand Valley State University	\$ 477,000	\$ 194,980	\$ 291,000	\$ 962,980
Contributions, subscriptions, and memberships	1,786,236	242,852	112,648	2,141,736
Community service grant from the Corporation for Public Broadcasting	984,780	97,887	93,165	1,175,832
Nongovernment grants and contracts	89,179	-	-	89,179
Donated facilities and administrative support from Grand Valley State University	829,271	114,923	122,554	1,066,748
In-kind contributions	206,684	9,978	6,078	222,740
Underwriting revenue	627,832	127,150	55,288	810,270
Production and use of facilities	493,592	700	600	494,892
Miscellaneous revenue	46,108	-	-	46,108
Total operating revenue	5,540,682	788,470	681,333	7,010,485
Operating Expenses				
Program services:				
Programming and production	1,429,651	451,072	180,792	2,061,515
Broadcasting	323,119	8,676	3,241	335,036
Program information and promotion	502,714	11,461	36,856	551,031
Support services:				
Management and general	2,032,582	194,724	360,604	2,587,910
Fundraising, membership development, and auction	1,387,905	30,546	31,089	1,449,540
Depreciation expense	550,296	35,706	42,207	628,209
Total operating expenses	6,226,267	732,185	654,789	7,613,241
Operating (Loss) Gain	(685,585)	56,285	26,544	(602,756)
Nonoperating Revenue				
Fundraising income	110,820	2,240	174	113,234
Investment income	40,343	10,638	574	51,555
Total nonoperating revenue	151,163	12,878	748	164,789
(Loss) Gain - Before other	(534,422)	69,163	27,292	(437,967)
Other				
Capital grants and gifts	150,000	-	-	150,000
Additions to permanent endowment	52,632	5,012	1,786	59,430
Total other	202,632	5,012	1,786	209,430
(Decrease) Increase in Net Position	(331,790)	74,175	29,078	(228,537)
Net Position - Beginning of year	5,150,666	935,120	(71,177)	6,014,609
Net Position - End of year	\$ 4,818,876	\$ 1,009,295	\$ (42,099)	\$ 5,786,072