

Audited Financial Statements and
Other Financial Information

Central Michigan University
Public Broadcasting Network

Years ended June 30, 2005 and 2004
with Report of Independent Auditors



Central Michigan University
Public Broadcasting Network

Audited Financial Statements
and Other Financial Information

Years ended June 30, 2005 and 2004

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Central Michigan University
Public Broadcasting Network
Management's Discussion and Analysis

This section of the Central Michigan University Public Broadcasting Network (the Network) annual financial report presents our discussion and analysis of the financial performance of the television and radio stations for the fiscal year ended June 30 2005, with selected comparative information for the years ended June 30, 2004 and June 30, 2003. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting changes and current known facts. The financial statements, footnotes and this discussion are the responsibility of management.

Reporting Entity

Central Michigan University (the University) operates the not-for-profit network through the Department of Public Broadcasting under licenses granted to the Board of Trustees of the University. The assets, liabilities and net assets of the Network, excluding the Delta College portion, are included in the financial statements of Central Michigan University. The stations in the Network are identified by the following call letters:

WCMU-TV and WCMU-FM, Mount Pleasant	WUCX-FM, Bay City
WCMV-TV, Cadillac	WCMW-FM, Harbor Springs
WCMW-TV, Manistee	WCMB-FM, Oscoda
W46AD-TV, Traverse City	WCMZ-FM, Sault Sainte Marie
W69AV-TV, Leland	WWCM-FM, Standish
WCML-TV and WCML-FM, Alpena	

WUCX-FM, Bay City, is licensed to the University and is operated jointly by Central Michigan University and Delta College. The financial statements of Delta College WUCX-FM have been audited separately and have been combined with the Network in these financial statements. Interorganizational transactions have been eliminated. See Note 15 for disclosures related to the Delta College WUCX-FM financial statements.

Only WCMU-TV and WCMU-FM are funded by the Corporation for Public Broadcasting (CPB). However, the operations of all of the stations (including Delta College WUCX-FM) have been combined for financial reporting purposes, as allowed by the CPB. The financial statements 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) and the Principles of Accounting and Financial Reporting for Public Telecommunications Entities.

In accordance with GASB Statement No. 20, the Network is required to follow all applicable GASB pronouncements. In addition, the Network should apply all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Network has elected not to apply FASB pronouncements issued after November 30, 1989.

Using the Financial Report

The Network's financial report includes three financial statements: the Statements of Net Assets, the Statements of Revenues, Expenses and Changes in Net Assets and the Statements of Cash Flows—Direct Method. The financial statements presented focus on the financial condition, the results of operations and cash flows of the Network as a whole. These financial statements are prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. The University, as a component unit of the State of Michigan was required to adopt the Statement for the year ended June 30, 2001. However, the Network, based on consultation with the Corporation for Public Broadcasting (CPB), did not adopt the Statement until the year ended June 30, 2003.

The **Statement of Net Assets** includes all assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The **Statement of Revenues, Expenses and Changes in Net Assets** presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating revenues. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The **Statement of Cash Flows** presents the information related to cash inflows and outflows summarized by operating, capital and noncapital financing and investing activities. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the Network during the year.

Condensed Financial Information

Statements of Net Assets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Current assets	\$ 1,463,087	\$ 1,234,272	\$ 2,229,387
Noncurrent assets			
Capital	10,783,437	8,854,654	7,721,905
Other	1,266,973	1,189,879	1,031,199
TOTAL ASSETS	13,513,497	11,278,805	10,982,491
Current liabilities	608,768	344,562	1,434,174
Noncurrent liabilities	98,312	95,108	97,095
TOTAL LIABILITIES	707,080	439,670	1,531,269
TOTAL NET ASSETS	\$12,806,417	\$10,839,135	\$ 9,451,222

Current assets consist of cash and cash equivalents, receivables and prepaid expenses. Current assets totaled \$1.5 million at June 30, 2005 as compared to \$1.2 million at June 30, 2004 and \$2.2 million at June 30, 2003.

Fiscal year 2005 compared to 2004

- Cash and cash equivalents are up \$0.6 million due to cash flows associated with the digital television (DTV) conversion.
- Accounts receivable are down \$0.2 million primarily due to timing related to grant billing.

Fiscal year 2004 compared to 2003

- Cash and cash equivalents are down \$1.0 million due to cash flows associated with the DTV conversion.
- Accounts receivable are up \$0.3 million primarily due to timing related to grant billing.

Noncurrent assets include capital assets net of depreciation and endowment investments at fair value. Noncurrent assets totaled \$12.0 million at June 30, 2005 as compared to \$10.0 million at June 30, 2004 and \$8.8 million at June 30, 2003.

Fiscal year 2005 compared to 2004

- Capital assets increased \$1.9 million primarily due to the DTV conversion.

Fiscal year 2004 compared to 2003

- Endowment investments increased \$0.2 million and is primarily attributed to a favorable market fluctuation.
- Capital assets increased \$1.1 million primarily due to the DTV conversion.

Net assets represent the difference between the Network's assets and liabilities. Total net assets at June 30 are summarized as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Restricted – Nonexpendable	\$ 886,849	\$ 878,651	\$ 755,232
Restricted – Expendable	1,102,300	1,029,759	795,436
Unrestricted	33,831	76,071	178,649
Invested in capital assets, net of related debt	<u>10,783,437</u>	<u>8,854,654</u>	<u>7,721,905</u>
	<u>\$12,806,417</u>	<u>\$10,839,135</u>	<u>\$9,451,222</u>

Fiscal year 2005 compared to 2004

- The increase in net assets of \$2.0 million for the year is due to recognizing revenues associated with the DTV conversion. Included in nonoperating revenue is \$0.8 million in additional University support for this project. Other revenues include external grants of \$1.0 million and capital gifts and pledges of \$0.1 million related to the DTV conversion.

Fiscal year 2004 compared to 2003

- The increase in net assets of \$1.4 million for the year is due to recognizing revenues associated with the DTV conversion project. Included in nonoperating revenue is \$0.1 million in additional University support for this project. Other revenues include external grants of \$0.4 million and capital gifts and pledges of \$0.3 million related to the DTV conversion.

Statements of Revenues, Expenses and Changes in Net Assets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
OPERATING REVENUES			
University support - operating	\$ 1,829,768	\$ 1,879,376	\$2,093,493
Grants	1,103,681	1,092,090	1,064,637
Contributions and underwriting	2,296,428	2,164,377	2,140,816
Other operating revenues	335,281	542,745	324,605
TOTAL OPERATING REVENUES	5,565,158	5,678,588	5,623,551
OPERATING EXPENSES	5,565,582	5,292,096	5,674,148
OPERATING GAIN (LOSS)	(424)	386,492	(50,597)
NONOPERATING REVENUES			
University support - capital	793,864	70,763	2,758,512
Investment income (net of expense)	117,522	197,321	31,438
Capital grants and gifts	1,047,996	728,460	2,285,245
Additions to permanent endowments	8,324	4,877	10,077
TOTAL NONOPERATING REVENUES	1,967,706	1,001,421	5,085,272
INCREASE IN NET ASSETS	1,967,282	1,387,913	5,034,675
NET ASSETS			
Net assets at beginning of year	10,839,135	9,451,222	4,416,547
NET ASSETS AT END OF YEAR	\$12,806,417	\$10,839,135	\$9,451,222

Total **operating revenues** for fiscal years ended June 30, 2005, 2004 and 2003 were \$5.6 million, \$5.7 million and \$5.6 respectively.

Fiscal year 2005 compared to 2004

- o Contributions are up \$127,000.
- o Rental income is down \$100,000 – due to a one time \$100,000 payment in 2004
- o Other operating revenue is down \$88,000 – largely due to the Living the Dream program being discontinued by SBC (\$43,000) and declining PBS satellite royalties (\$23,000).

Fiscal year 2004 compared to 2003

- o Grant revenues including grants from the Corporation for Public Broadcasting are up \$27,000.
- o Rental income is up \$119,000.
- o Contributions are up \$12,000.
- o Other operating revenues are up \$109,000.

Operating expenses totaling \$5.5 million include compensation and benefits of \$2.7 million, utilities of \$0.2 million, supplies of \$2.3 million and depreciation of \$0.3 million.

A comparative summary of the Network's expenses for the years ended June 30, is as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Compensation and benefits	\$2,722,005	\$2,687,019	\$2,768,827
Supplies	2,265,919	2,056,556	2,469,899
Utilities	225,053	216,467	211,195
Depreciation	352,605	332,054	224,227
Total operating expenses	<u>\$5,565,582</u>	<u>\$5,292,096</u>	<u>\$5,674,148</u>

Fiscal year 2005 compared to 2004

- o No significant variances.

Fiscal year 2004 compared to 2003

- o Compensation and benefits decreased \$0.1 million due to retirements and position eliminations.
- o Supplies decreased \$0.4 million.

Statements of Cash Flows

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Cash received from operations	\$ 5,638,394	\$ 4,471,137	\$ 6,769,673
Cash expended for operations	(4,693,786)	(5,144,303)	(5,468,152)
Net cash provided (used) by operating activities	944,608	(673,166)	1,301,521
Net cash provided (used) by noncapital financing activities	10,675	5,378	(1,968)
Net cash used by capital financing activities	(441,879)	(666,081)	(631,314)
Net cash provided by investing activities	40,428	38,641	37,329
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	553,832	(1,295,228)	705,568
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	246,192	1,541,420	835,852
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 800,024</u>	<u>\$ 246,192</u>	<u>\$ 1,541,420</u>

Summary

The Network operated within available resources during the year. Major sources of revenue to fund operations included the general University support, contributions and underwriting and support from the Corporation for Public Broadcasting. Expenditures were limited to correspond with available revenues.

Capital projects: The Digital Television Conversion

The most significant capital asset activity is the ongoing conversion to digital television. This project began in 1999 and is scheduled for completion during 2006. The funding for this project is derived from three principal sources: earmarked additional University support, federal grants, and private contributions. If these sources are insufficient to cover all conversion costs, additional transfers will be made from the operating funds of the Network.

During the period from when digital television broadcast commences until the analog television broadcast ceases in 2006 or later, the Network will incur additional broadcast costs, principally due to increased utility costs. The Federal Communications Commission is responsible for determining when the analog signals will be terminated, based on market penetration of digital television in viewers' homes.



ANDREWS HOOPER & PAVLIK P.L.C.
Certified Public Accountants

Independent Auditors' Report

Board of Trustees
Central Michigan University
Mt. Pleasant, Michigan

We have audited the accompanying financial statements of the Central Michigan University Public Broadcasting Network (the Network) as of June 30, 2005 and 2004. These financial statements are the responsibility of Central Michigan University's management. Our responsibility is to express an opinion on the financial statements based on our audit. For 2004, we did not audit the financial statements of Delta College WUCX-FM, which statements reflect total assets of \$157,076 as of June 30, 2004 and total support and revenues of \$351,031 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Delta College WUCX-FM, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors for 2004 provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors for 2004, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Michigan University Public Broadcasting Network as of June 30, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis (MD&A) on pages 1 to 6 is not a required part of the financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this supplemental information. However, we did not audit the information and express no opinion on it.

Andrews Hooper & Pavlik P.L.C.

Saginaw, Michigan
December 5, 2005

**CENTRAL MICHIGAN UNIVERSITY
PUBLIC BROADCASTING NETWORK
STATEMENTS OF NET ASSETS**

	JUNE 30,	
	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents (Note 3)	\$ 800,024	\$ 246,192
Accounts receivable, net (Note 4)	151,863	330,580
Pledges receivable, net	397,286	491,968
Prepaid expenses	109,183	158,512
Unexpired program rights	4,731	7,020
TOTAL CURRENT ASSETS	<u>1,463,087</u>	<u>1,234,272</u>
NONCURRENT ASSETS:		
Endowment investments (Note 3)	1,266,973	1,189,879
Capital assets, net (Note 5)	10,783,437	8,854,654
TOTAL NONCURRENT ASSETS	<u>12,050,410</u>	<u>10,044,533</u>
TOTAL ASSETS	<u>13,513,497</u>	<u>11,278,805</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities (Note 6)	19,582	13,910
Accrued payroll (Note 6)	52,402	116,697
Deferred revenue	536,784	213,955
TOTAL CURRENT LIABILITIES	<u>608,768</u>	<u>344,562</u>
NONCURRENT LIABILITIES:		
Long-term liabilities (Note 7)	98,312	95,108
TOTAL NONCURRENT LIABILITIES	<u>98,312</u>	<u>95,108</u>
TOTAL LIABILITIES	<u>707,080</u>	<u>439,670</u>
NET ASSETS		
Invested in capital assets, net of related debt	10,783,437	8,854,654
Restricted for:		
Nonexpendable	886,849	878,651
Expendable		
Department uses	100,348	239,192
Capital projects	1,001,952	790,567
Unrestricted	33,831	76,071
TOTAL NET ASSETS	<u>\$ 12,806,417</u>	<u>\$ 10,839,135</u>

See notes to financial statements.

**CENTRAL MICHIGAN UNIVERSITY
PUBLIC BROADCASTING NETWORK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**

	YEAR ENDED JUNE 30,	
	2005	2004
REVENUES		
OPERATING REVENUES:		
University appropriations - operations	\$ 1,264,803	\$ 1,253,105
University additional support - operations	34,953	66,886
University administrative support - operations	530,012	559,385
Contributions and pledges, net of allowance	1,776,668	1,649,830
Community service grants	974,751	963,692
Outreach grants	128,930	128,398
Program underwriting	491,978	490,547
Production underwriting	27,782	24,000
Rents and royalties	256,390	356,871
Special fundraising activities, net of expense	17,947	28,095
In-kind support	21,333	30,072
Other operating revenues	39,611	127,707
TOTAL OPERATING REVENUES	5,565,158	5,678,588
EXPENSES		
OPERATING EXPENSES:		
Programming and local production	1,783,811	1,832,314
Broadcasting	1,624,037	1,364,757
Program information	473,437	387,784
Fundraising	826,872	820,632
Management and general	504,820	554,555
Depreciation	352,605	332,054
TOTAL OPERATING EXPENSES	5,565,582	5,292,096
OPERATING INCOME (LOSS)	(424)	386,492
NONOPERATING REVENUES		
University additional support - capital	791,513	70,262
University additional support - other	2,351	501
Investment income, net of expense	117,522	197,321
Capital gifts and pledges, net of allowance	72,467	346,015
Capital grants	975,529	382,445
Additions to permanent endowments	8,324	4,877
TOTAL NONOPERATING REVENUES	1,967,706	1,001,421
INCREASE IN NET ASSETS	1,967,282	1,387,913
NET ASSETS		
NET ASSETS AT BEGINNING OF YEAR	10,839,135	9,451,222
NET ASSETS AT END OF YEAR	\$ 12,806,417	\$ 10,839,135

See notes to financial statements.

**CENTRAL MICHIGAN UNIVERSITY
PUBLIC BROADCASTING NETWORK
STATEMENTS OF CASH FLOWS - DIRECT METHOD**

	YEAR ENDED JUNE 30,	
	2005	2004
CASH FLOW FROM OPERATING ACTIVITIES		
Grants from CPB	\$ 1,297,580	\$ (82,692)
Research grants and contracts	128,930	128,398
Payments to suppliers	(1,685,635)	(1,604,151)
Payments for utilities	(225,054)	(216,467)
Payments to employees	(2,050,331)	(2,028,515)
Payments for benefits	(732,766)	(694,453)
Contributions	1,871,350	1,732,036
Underwriting	705,497	195,584
Rents and royalties	256,390	356,871
Special fund raising events	17,947	28,095
General University support	1,299,756	1,354,349
Other receipts	60,944	157,779
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	944,608	(673,166)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
University support	2,351	501
Private gifts for endowment purposes	8,324	4,877
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	10,675	5,378
CASH FLOW FROM CAPITAL FINANCING ACTIVITIES		
Capital appropriations from University	791,513	70,262
Capital gifts and pledges	72,467	346,015
Capital grants	975,529	382,445
Reductions of capital assets	81,719	84
Purchases of capital assets	(2,363,107)	(1,464,887)
NET CASH USED BY CAPITAL FINANCING ACTIVITIES	(441,879)	(666,081)
CASH FLOW FROM INVESTING ACTIVITIES		
Interest on investments	40,428	38,641
NET CASH PROVIDED BY INVESTING ACTIVITIES	40,428	38,641
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	553,832	(1,295,228)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	246,192	1,541,420
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 800,024	\$ 246,192
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (424)	\$ 386,492
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	352,605	332,054
Change in assets and liabilities:		
Receivables, net	273,399	(201,649)
Unexpired program rights	2,289	(748)
Prepaid expenses	49,329	(97,716)
Accounts payable and accrued liabilities	5,672	(9,263)
Accrued payroll	(64,295)	(25,573)
Deferred revenue	322,829	(1,046,384)
Compensated absences	3,204	(1,987)
Retirement service award program	-	(8,392)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 944,608	\$ (673,166)

See notes to financial statements.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements

June 30, 2005

Note 1. Significant Accounting Policies

Basis of Presentation

The financial statements 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) and the *Principles of Accounting and Financial Reporting for Public Telecommunications Entities*.

The Network follows the “business-type” activities requirements of GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis—For State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements—and Management’s Discussion and Analysis—For Public Colleges and Universities*. These Statements require the following components of the Network’s financial statements:

- Management’s Discussion and Analysis
- Basic financial statements including a Statement of Net Assets, Statement of Revenues, Expenditures and Changes in Net Assets and Statement of Cash Flows for the Network as a whole
- Notes to the financial statements

Reporting Entity

Central Michigan University, Mount Pleasant, Michigan (the University) operates not-for-profit television and radio stations (the Network) through the Department of Public Broadcasting under licenses granted to the Board of Trustees of the University. These stations are identified by the following call letters:

WCMU-TV and WCMU-FM, Mount Pleasant
WCMV-TV, Cadillac
WCMW-TV, Manistee
W46AD-TV, Traverse City
W69AV-TV, Leland
WCML-TV and WCML-FM, Alpena
WUCX-FM, Bay City
WCMW-FM, Harbor Springs
WCMB-FM, Oscoda
WCMZ-FM, Sault Sainte Marie
WWCM-FM, Standish

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 1. Significant Accounting Policies (continued)

WUCX-FM, Bay City, is operated jointly by Central Michigan University and Delta College. For 2005, the financial statements of Delta College WUCX-FM have been audited separately and have been combined with the Central Michigan University Network in these financial statements. For 2004, the financial statements of Delta College WUCX-FM had been audited by other auditors and combined with the Central Michigan University Public Broadcasting Network in these financial statements. Interorganizational transactions have been eliminated. See Note 15 for disclosures related to the Delta College WUCX-FM financial statements.

Only WCMU-TV and WCMU-FM are funded by the Corporation for Public Broadcasting (CPB). However, the operations of all of the stations have been combined for financial reporting purposes, as allowed by the CPB.

Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

In accordance with GASB Statement No. 20, the Network is required to follow all applicable GASB pronouncements. In addition, the Network should apply all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The university has elected not to apply FASB pronouncements issued after November 30, 1989.

Operating revenues of the Network consist of community service grants from the CPB, federal grants, contributions, sales and services of educational activities and auxiliary enterprise revenues. Transactions related to capital and financing activities, noncapital financing activities, investing activities, contributions and general appropriations from the University are components of nonoperating income. Restricted and unrestricted resources are spent and tracked at the station level within the guidelines of donor restrictions.

Investments

Cash and cash equivalents and marketable securities are stated at fair value.

Capital Assets

Institutional capital assets are stated at cost when purchased and at appraised value for other acquisitions. Building additions and improvements with a cost in excess of \$10,000 are capitalized if the life of the building is extended. Equipment with a cost in excess of \$5,000 with a useful life greater than one year is capitalized.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 1. Significant Accounting Policies (continued)

Depreciation is provided for capital assets on a straight-line basis over the estimated useful life of the property as follows:

<u>Classification</u>	<u>Life</u>
Buildings	40 years
Equipment	8 years
Vehicles	4 years

Intangible Assets

Intangible assets acquired for the exclusive or predominant use by the Network have been recorded at cost at the date of acquisition. The cost is measured by the difference between the cost of the group of assets acquired and the sum of assigned costs of individual tangible assets acquired. The Network has determined that the assets should be amortized on a straight-line basis over 40 years.

Deferred Revenue

Deferred revenue represents underwriting and tower lease revenues received that will be recognized by the Network during the year in which they are earned.

Administrative Support

Administrative support from Central Michigan University consists of that portion of the indirect costs incurred by the University and attributable to the Network's operations (such as personnel services, purchasing and payables). Administrative support is calculated and recorded as revenue and expense using methods mandated by the CPB.

Revenue Recognition

Revenues are recognized when earned and expenditures are recognized when the service is provided. Restricted grant revenue is recognized only to the extent expended.

Note 2. Reclassification

Certain 2004 balances have been reclassified to conform to the 2005 presentation.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 3. Cash and Cash Equivalents and Endowment Investments

The Network considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Network's deposits and investments are included on the balance sheet under the following classifications as of June 30:

	2005	2004
Cash and cash equivalents	\$ 800,024	\$ 246,192
Endowment investments, noncurrent	1,266,973	1,189,879
Total	\$2,066,997	\$1,436,071

The above amounts are classified by GASB Statement No. 3 in the following categories at June 30:

	2005	2004
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 800,024	\$ 246,192
Investments in securities and similar vehicles	1,266,973	1,189,879
Total	\$2,066,997	\$1,436,071

Deposits

The University invests and manages cash collectively by pooling cash reserves, including cash of the Network. It is not practicable to determine the amount reflected in the accounts of the banks (without recognition of checks written but not cleared, or of deposits in transit) of the amount of federal depository insurance that is applicable to the Network's portion of the pooled deposits as of June 30, 2005. A portion of the Network's cash is deposited in interest bearing accounts.

Endowment Investments

The Network has received certain contributions that have been designated for use as endowments. Such assets are pooled with and held within the Endowment Fund, and are invested in brokerage account cash money funds, U.S. Treasury bills, notes and bonds, and debt and equity securities. The Network's investments are stated at fair value based upon market quotations. At June 30, 2005 and 2004, respectively, the fair value of the Network's investments is \$1,266,973 and \$1,189,879. The cost of the endowment investment at June 30, 2005 and 2004 was \$1,152,279 and \$1,144,081 respectively. Information as to amounts by investment type and associated risks is included in the notes to the financial statements for Central Michigan University and Delta College.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 4. Accounts Receivable

Accounts receivable at June 30, were as follows:

	2005	2004
Federal and private grants	\$128,201	\$205,004
Vendors	9,696	14,679
Business contributors	13,966	110,897
Total	\$151,863	\$330,580

Note 5. Capital Assets

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 30, 2005
Land	\$ 197,598			\$ 197,598
Buildings	2,913,549	\$ 2,246,748		5,160,297
Furniture and equipment	8,520,618	2,565,802	\$81,719	11,004,701
Intangible assets	305,612			305,612
Construction in progress	3,305,291	(2,449,443)		855,848
TOTAL	15,242,668	2,363,107	81,719	17,524,056
Less accumulated depreciation:				
Buildings	1,527,083	93,156		1,620,239
Furniture and equipment	4,781,423	333,068	81,399	5,033,092
Intangible assets	79,508	7,780		87,288
TOTAL	6,388,014	434,004	81,399	6,740,619
CAPITAL ASSETS, NET	\$ 8,854,654	\$ 1,929,103	\$ 320	\$10,783,437

Construction in progress primarily consists of construction costs for the Digital TV conversion approximating \$.9 million.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 6. Accounts Payable and Accrued Liabilities and Accrued Payroll

Accounts payable and accrued liabilities represent amounts due at June 30, for goods and services received prior to the end of the fiscal year.

	<u>2005</u>	<u>2004</u>
Vendors	\$19,582	\$ 13,910
Accrued payroll	52,402	116,697
Total	<u>\$71,984</u>	<u>\$130,607</u>

Note 7. Long-Term Liabilities

Long-term liabilities at June 30, 2005 were as follows:

	Beginning Balance July 1, 2004	Additions	Ending Balance June 30, 2005	Current Portion
Compensated absences	\$95,108	\$3,204	\$98,312	\$0

Note 8. Operating Expenses

Operating expenses by natural classification at June 30, were as follows:

	<u>2005</u>	<u>2004</u>
Salaries, wages and benefits	\$2,722,005	\$2,687,019
Supplies and support services	2,490,972	2,273,023
Depreciation	352,605	332,054
Total	<u>\$5,565,582</u>	<u>\$5,292,096</u>

Note 9. Retirement Plans

The Network's employees are included in retirement plans funded by the University either through the Michigan Public School Employees' Retirement System or through the Teachers Insurance and Annuity Association/College Retirement Equities Fund and/or Fidelity Investment Tax Exempt Services Company. See the notes to the University's financial statements for details of these plans.

Total retirement expense for the Network for the years ended June 30, 2005 and 2004 were approximately \$257,600 and \$234,200, respectively. The Network has no obligation under the plans beyond making the required payments to the respective retirement plan administrators.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 10. Operating Leases

The Network has entered into various operating leases for land, building space and towers. It is expected that in the normal course of business, such leases will continue to be required.

Operating lease expense amounted to \$66,200 for 2005 and \$63,653 for 2004.

The following is a schedule of the Network's aggregate minimum rental commitment for operating leases for each of the succeeding five years ending June 30:

2006	\$ 81,110
2007	100,970
2008	99,970
2009	99,970
2010	99,970

The Network also has leases where they exchange tower rental for items of similar value (i.e. land rental). No amounts have been recorded in the financial statements related to these leases.

Note 11. Nonfederal Financial Support (NFFS)

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS, which is defined by CPB. NFFS is defined as the total value of cash and the fair market value of services received as contributions or payments and meeting all the respective criteria for each.

Calculated in accordance with CPB guidelines, the combined Network reported total NFFS of \$4,277,203 and \$4,206,977 for the years ended June 30, 2005 and 2004, respectively.

Note 12. Indirect Administrative Support

Indirect support from Central Michigan University consists of allocations of the University's institutional support and facility operation costs that benefit the Network. It is calculated based upon the ratio of the Network's operating costs to the University's total institutional support and facility operation costs. The fair value of this support is recognized as operating revenue in the Statements of Revenues, Expenses and Changes in Net Assets under University additional and administrative support for operations and also in operating expenses. The combined value of this support included in the Statements of Revenues, Expenses and Changes in Net Assets was approximately \$530,012 and \$559,385 for the years ended June 30, 2005 and 2004, respectively.

Note 13. Digital Television

The Network is mandated by the FCC to convert to a digital television signal. The University Board of Trustees is committed to continuing the broadcast of public television and has committed up to \$4 million to support this conversion. In addition, the Network has been successful in securing several federal grants for a significant portion of the project. A capital campaign is in progress to raise the balance of the cost of the conversion.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 14. Contingencies and Commitments

In the normal course of its activities, the Network is a party in various legal and administrative actions. The network has not experienced significant losses or costs. After taking into consideration legal counsel's evaluation of pending actions and information relative to potential future claims based on past events, the Network is in the opinion that the outcome thereof will not have a material effect on the financial statements.

Note 15. Delta College WUCX-FM

The following footnotes are taken directly from the Delta College financial statements and are presented in their entirety to provide additional information regarding the Delta College financial information.

SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

WUCX-FM (the Station) is a nonprofit public radio station operated by and is a separate organizational unit of Delta College, a community college located in University Center, Michigan. The Station has operated since 1989 under a Joint Operating Agreement with Central Michigan University's public radio station, WCMU-FM, which maintains the broadcast license granted by the Federal Communications Commission. The Station's financial statements have been prepared in accordance with the generally accepted accounting principles as applicable to public colleges and universities outlined in Governmental Accounting Standards Board (GASB) Statement No. 35, as required by the Corporation for Public Broadcasting (CPB).

Significant accounting policies followed by the Station are described below to enhance the usefulness of the financial statements to the reader:

Accrual Basis

The financial statements of the Station have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenditures are recognized when the related liabilities are incurred and certain measurement and matching criteria are met. In accordance with GASB Statement No. 20, the Station is required to follow all applicable GASB pronouncements. In addition, the Station should apply all applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The Station has elected not to apply FASB pronouncements issued after November 30, 1989.

Cash and Cash Equivalents

Cash and cash equivalents consist of all highly liquid investments with an initial maturity of three months or less.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 15. Delta College WUCX-FM (continued)

Investments

Investments are recorded at fair value, based on quoted market prices.

Capital Assets

Capital assets are recorded at cost or, if acquired by gift, at the fair market value as of the date of acquisition. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is calculated on capital assets using the straight-line method over the estimated useful lives of the assets. *The American Health Association's Estimated Useful Lives of Depreciable Hospital Assets* was utilized as a guide in establishing useful lives of the Station's capital assets.

Revenue Recognition

Restricted grant revenues are recognized only to the extent expended. Unearned revenues represent restricted grant funds received that will be recognized by the Station and available for expenditure during the following year.

Gifts and Pledges

Gifts are recorded when received. Voluntary nonexchange transactions (pledges) are recognized in accordance with the GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. GASB Statement No. 33 requires recognition of the entire pledge in the first period that use is permitted and all applicable eligibility requirements have been satisfied. Such pledges are recorded at their discounted present value, net of allowance for uncollectible pledges. The Station has no pledges receivable recorded at June 30, 2005.

Purchased Program Rights

Purchased program rights are recorded when acquired and amortized on an accelerated basis as the programs are broadcast.

Compensated Absences

Compensated absences represent the accumulated liability to be paid under the Station's current vacation policy. Under the Station's policy, employees accrue vacation on a bi-weekly basis at a rate that is dependent on the employee's pay class.

Operating Activities

The Station's policy for defining operating activities as reported on the Statement of Revenues, Expenses and Changes in Net Assets are those that generally result from the provision of public broadcasting services. Revenues restricted by donors to use for capital improvements, and revenues and expenses that result from financing and investing activities are recorded as non-operating revenues.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 15. Delta College WUCX-FM (continued)

Donated Facilities and Administrative Support

Donated facilities from Delta College consist of office and studio space together with related occupancy cost, and are recorded in revenue and expense based on methods mandated by CPB. Administrative support from Delta College consists of allocated costs such as financial, administrative and personnel services and certain other institutional support expenses incurred by the College on behalf of the Station.

Reclassifications

Certain amounts from the 2004 presentation have been reclassified to conform with the presentation shown for 2005.

DEPOSITS AND INVESTMENTS

The Station considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Station's deposits and investments are included on the balance sheet under the following classifications as of June 30, 2005 and 2004:

	<u>2005</u>	<u>2004</u>
Cash and cash equivalents	\$43,678	\$20,323
Long-term investments	46,642	46,889
Total	<u>\$90,320</u>	<u>\$67,212</u>

The above amounts are classified by GASB Statement No. 3 in the following categories:

	<u>2005</u>	<u>2004</u>
Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$43,678	\$20,323
Investments in securities and similar vehicles	46,642	46,889
Total	<u>\$90,320</u>	<u>\$67,212</u>

Deposits

Delta College invests and manages cash collectively by pooling cash reserves, including cash of the Station. It is not practical to determine the amount reflected in the accounts of the banks (without recognition of checks written, but not cleared or of deposits in transit) or the amount of federal depository insurance that is applicable to the Station's portion of the pooled deposits as of June 30, 2005. A portion of the Station's cash is deposited in interest bearing accounts.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 15. Delta College WUCX-FM (continued)

Investments

The Station has received certain contributions that have been designated for use as endowments. Such assets are pooled with and held within the Delta College Endowment Fund, and are invested in brokerage account cash and money funds, U.S. Treasury bills, notes and bonds and debt and equity securities. The Station's investments are stated at fair value based upon market quotations. At June 30, 2005 and 2004, respectively, the fair value of the Station's investments is \$46,642 and \$46,889. Information as to amounts by investment type and risk category is included in the notes to the financial statements for Delta College.

CAPITAL ASSETS

The following tables present the changes in the various capital asset class categories for the years ended June 30, 2005 and 2004:

Year ended June 30, 2005:

	<u>Estimated Useful Life</u>	<u>Beginning Balance</u>	<u>Additions/ Depreciation</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets:					
Buildings	40 years	\$ 80,531	-	-	\$ 80,531
Furniture and equipment	5-20 years	123,853	-	-	123,853
			-		
Total capital assets		204,384	-	-	204,384
Less accumulated depreciation:					
Buildings		19,687	\$2,027	-	21,714
Furniture and equipment		123,853	-	-	123,853
Total accumulated depreciation		143,540	\$2,027	-	145,567
Capital assets, net		<u>\$ 60,844</u>			<u>\$ 58,817</u>

Year ended June 30, 2004:

	<u>Estimated Useful Life</u>	<u>Beginning Balance</u>	<u>Additions/ Depreciation</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets:					
Buildings	40 years	\$ 80,531	-	-	\$ 80,531
Furniture and equipment	5-20 years	123,853	-	-	123,853
			-		
Total capital assets		204,384	-	-	204,384
Less accumulated depreciation:					
Buildings		17,731	\$1,956	-	19,687
Furniture and equipment		123,853	-	-	123,853
Total accumulated depreciation		141,584	\$1,956	-	143,540
Capital assets, net		<u>\$ 62,800</u>			<u>\$ 60,844</u>

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 15. Delta College WUCX-FM (continued)

UNRESTRICTED NET ASSETS

The Station has designated the use of unrestricted net assets as follows as of June 30, 2005 and 2004:

	2005	2004
Designated for funds functioning as endowments	\$46,642	\$46,889
Unrestricted and unallocated	21,871	29,182
Total unrestricted net assets	\$68,513	\$76,071

RETIREMENT PLANS

The Station's employees are included in a retirement plan funded by Delta College either through the Michigan Public School Employees' Retirement System, a defined benefit pension plan, or the Optional Retirement Plan, a defined contribution plan, administered by TIAA-CREF. Total retirement expense for the Station for the years ended June 30, 2005 and 2004, respectively, was \$14,950 and \$14,850. The Station has no obligations under the plans beyond making the required payments to the respective retirement plan administrators. For more information regarding the retirement plans, refer to Delta College's financial statements.

COMMUNITY SERVICE GRANTS

The Station operates under a Joint Operating Agreement with Central Michigan University's public radio station, WCMU-FM. This agreement allows the Station to share in annual funding from WCMU-FM's Community Service Grant from the Corporation for Public Broadcasting (CPB).

Station's share of CPB Community Service Grants received and expended during recent fiscal years were as follows:

Year of Grant	Grants Received	Expended			Uncommitted Balance at June 30
		2005	2004	2003	
2005	\$35,562	\$35,562			—
2004	34,037		\$34,037		—
2003	33,216			\$33,216	—

NONFEDERAL FINANCIAL SUPPORT (NFFS)

The CPB allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS, which is defined by CPB. NFFS is defined as the total value of cash and the fair market value of services received as contributions or payments and meeting all the respective criteria for each.

Calculated in accordance with CPB guidelines, the Station reported total NFFS of \$332,346 and \$351,454 for the years ended June 30, 2005 and 2004, respectively.

Central Michigan University
Public Broadcasting Network

Notes to Financial Statements
(continued)

Note 15. Delta College WUCX-FM (continued)

INDIRECT ADMINISTRATIVE SUPPORT

Indirect support from Delta College consists of allocations of the College's institutional support and facility operation costs that benefit the Station. It is calculated based upon the ratio of the Station's operating costs to the College's total institutional support and facility operation costs. The fair value of this support is recognized as operating revenue in the Statements of Revenues, Expenses and Changes in Net Assets under Donated Facilities and Administrative Support from Delta College and also in operating expenses. The value of this support included in the Statements of Revenues, Expenses and Changes in Net Assets was approximately \$48,000 and \$51,000 for the years ended June 30, 2005 and 2004, respectively.



ANDREWS HOOPER & PAVLIK P.L.C.
Certified Public Accountants

Report of Independent Auditors
on Other Financial Information

Board of Trustees
Central Michigan University
Mt. Pleasant, Michigan

Our report on our audits of the financial statements of the Central Michigan University Public Broadcasting Network as of June 30, 2005 and 2004 and for the years then ended appears on page seven. Those audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The other financial information as listed in the table of contents for the year ended June 30, 2005 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2005 financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the 2005 financial statements taken as a whole.

Andrews Hooper & Pavlik P.L.C.

Saginaw, Michigan
December 5, 2005

**CENTRAL MICHIGAN UNIVERSITY
PUBLIC BROADCASTING NETWORK
CONSOLIDATING STATEMENT OF NET ASSETS
YEAR ENDED JUNE 30, 2005**

	TELEVISION	RADIO	CMU COMBINED TOTAL	DELTA COLLEGE WUCX-FM	ELIMINATIONS	COMBINED TOTAL RADIO	CMU AND DELTA COMBINED TOTAL
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 344,544	\$ 411,802	\$ 756,346	\$ 43,678		\$ 455,480	\$ 800,024
Accounts receivable, net	137,897	23,748	161,645		\$ (9,782)	13,966	151,863
Pledges receivable, net	363,421	33,865	397,286			33,865	397,286
Prepaid expenses	47,656	61,527	109,183			61,527	109,183
Unexpired program rights				4,731		4,731	4,731
TOTAL CURRENT ASSETS	<u>893,518</u>	<u>530,942</u>	<u>1,424,460</u>	<u>48,409</u>	<u>(9,782)</u>	<u>569,569</u>	<u>1,463,087</u>
NONCURRENT ASSETS							
Endowment investments	1,142,507	77,824	1,220,331	46,642		124,466	1,266,973
Capital assets, net	9,602,420	1,122,200	10,724,620	58,817		1,181,017	10,783,437
TOTAL NONCURRENT ASSETS	<u>10,744,927</u>	<u>1,200,024</u>	<u>11,944,951</u>	<u>105,459</u>		<u>1,305,483</u>	<u>12,050,410</u>
TOTAL ASSETS	<u>11,638,445</u>	<u>1,730,966</u>	<u>13,369,411</u>	<u>153,868</u>	<u>(9,782)</u>	<u>1,875,052</u>	<u>13,513,497</u>
LIABILITIES							
CURRENT LIABILITIES							
Accounts payable and accrued liabilities	13,010	4,506	17,516	11,848	(9,782)	6,572	19,582
Accrued payroll	17,753	19,959	37,712	14,690		34,649	52,402
Deferred revenue	497,257	39,527	536,784			39,527	536,784
TOTAL CURRENT LIABILITIES	<u>528,020</u>	<u>63,992</u>	<u>592,012</u>	<u>26,538</u>	<u>(9,782)</u>	<u>80,748</u>	<u>608,768</u>
NONCURRENT LIABILITIES							
Long term liabilities	58,154	40,158	98,312			40,158	98,312
TOTAL NONCURRENT LIABILITIES	<u>58,154</u>	<u>40,158</u>	<u>98,312</u>			<u>40,158</u>	<u>98,312</u>
TOTAL LIABILITIES	<u>586,174</u>	<u>104,150</u>	<u>690,324</u>	<u>26,538</u>	<u>(9,782)</u>	<u>120,906</u>	<u>707,080</u>
NET ASSETS							
Invested in capital assets, net of related debt	9,602,420	1,122,200	10,724,620	58,817		1,181,017	10,783,437
Restricted for:							
Nonexpendable	832,170	54,679	886,849			54,679	886,849
Expendable							
Department uses	42,293	58,055	100,348			58,055	100,348
Capital projects	603,274	398,678	1,001,952			398,678	1,001,952
Unrestricted	(27,886)	(6,796)	(34,682)	68,513		61,717	33,831
TOTAL NET ASSETS	<u>\$ 11,052,271</u>	<u>\$ 1,626,816</u>	<u>\$ 12,679,087</u>	<u>\$ 127,330</u>		<u>\$ 1,754,146</u>	<u>\$ 12,806,417</u>

**CENTRAL MICHIGAN UNIVERSITY
PUBLIC BROADCASTING NETWORK
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2005**

			CMU	DELTA		CMU	AND DELTA
			COMBINED	COLLEGE		COMBINED	COMBINED
REVENUES	TELEVISION	RADIO	TOTAL	WUCX-FM	ELIMINATIONS	TOTAL	TOTAL
OPERATING REVENUES:							
University appropriations - operations	\$ 775,441	\$ 402,161	\$ 1,177,602	\$ 87,201		\$ 489,362	\$ 1,264,803
University additional support - operations	34,953		34,953				34,953
University administrative support - operations	301,333	180,711	482,044	47,968		228,679	530,012
Contributions and pledges, net of allowance	1,000,287	625,279	1,625,566	151,102		776,381	1,776,668
Community service grants	710,639	264,112	974,751			264,112	974,751
Outreach grants	128,930		128,930				128,930
Program underwriting	128,609	316,925	445,534	46,444		363,369	491,978
Production underwriting	27,782		27,782				27,782
Rents and royalties	227,176	29,214	256,390			29,214	256,390
Special fundraising activities, net of expense	6,332	11,615	17,947			11,615	17,947
In-kind support	5,760	15,573	21,333			15,573	21,333
Other operating revenues	34,349	5,262	39,611	3,078	\$ (3,078)	5,262	39,611
TOTAL OPERATING REVENUES	3,381,591	1,850,852	5,232,443	335,793	(3,078)	2,183,567	5,565,158
EXPENSES							
OPERATING EXPENSES:							
Programming and local production	860,426	744,620	1,605,046	178,765		923,385	1,783,811
Broadcasting	964,801	584,669	1,549,470	74,567		659,236	1,624,037
Program information	352,988	120,449	473,437			120,449	473,437
Fundraising	456,762	300,215	756,977	69,895		370,110	826,872
Management and general	319,534	166,706	486,240	21,658	(3,078)	185,286	504,820
Depreciation	283,828	66,750	350,578	2,027		68,777	352,605
TOTAL OPERATING EXPENSES	3,238,339	1,983,409	5,221,748	346,912	(3,078)	2,327,243	5,565,582
OPERATING (LOSS)	143,252	(132,557)	10,695	(11,119)		(143,676)	(424)
NONOPERATING REVENUES							
University additional support - capital	791,513	2,351	793,864			2,351	793,864
Investment income, net of expense	108,599	7,389	115,988	1,534		8,923	117,522
Capital gifts and pledges, net of allowance	72,467		72,467				72,467
Capital grants	928,397	47,132	975,529			47,132	975,529
Additions to permanent endowments	7,701	623	8,324			623	8,324
TOTAL NONOPERATING REVENUES	1,908,677	57,495	1,966,172	1,534		59,029	1,967,706
Transfers in (out)	3,445	(3,445)				(3,445)	
INCREASE/(DECREASE) IN NET ASSETS	2,055,374	(78,507)	1,976,867	(9,585)		(88,092)	1,967,282
Net assets at beginning of year	8,996,897	1,705,323	10,702,220	136,915		1,842,238	10,839,135
NET ASSETS AT END OF YEAR	\$ 11,052,271	\$ 1,626,816	\$ 12,679,087	\$ 127,330		\$ 1,754,146	\$ 12,806,417