

Audited Financial Statements and  
Other Financial Information

Central Michigan University  
Public Broadcasting Network

*Years ended June 30, 2006 and 2005  
with Report of Independent Auditors*



Central Michigan University  
Public Broadcasting Network

Audited Financial Statements  
and Other Financial Information

Years ended June 30, 2006 and 2005

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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 2006, with selected comparative information for the years ended June 30, 2005 and June 30, 2004. 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 14 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 **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>2006</u>	<u>2005</u>	<u>2004</u>
Current assets	<b>\$ 1,599,094</b>	\$ 1,463,087	\$ 1,234,272
Noncurrent assets			
Capital	<b>11,040,489</b>	10,783,437	8,854,654
Other	<b>1,383,279</b>	1,266,973	1,189,879
<b>TOTAL ASSETS</b>	<b>14,022,862</b>	13,513,497	11,278,805
Current liabilities	<b>675,090</b>	608,768	344,562
Noncurrent liabilities	<b>100,111</b>	98,312	95,108
<b>TOTAL LIABILITIES</b>	<b>775,201</b>	707,080	439,670
<b>TOTAL NET ASSETS</b>	<b>\$13,247,661</b>	\$12,806,417	\$10,839,135

**Current assets** consist of cash and cash equivalents, receivables and prepaid expenses. Current assets totaled \$1.6 million at June 30, 2006 as compared to \$1.5 million at June 30, 2005 and \$1.2 million at June 30, 2004.

#### Fiscal year 2006 compared to 2005

- Cash and cash equivalents are up \$0.4 million due to cash flows associated with the digital television (DTV) conversion.
- Accounts receivable are down \$0.1 million primarily due to timing related to grant billing.
- Pledges receivable are down \$0.2 million primarily due to the near completion of the DTV project.

#### Fiscal year 2005 compared to 2004

- Cash and cash equivalents are up \$0.6 million due to cash flows associated with the 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 \$12.4 million at June 30, 2006 as compared to \$12.0 million at June 30, 2005 and \$10.0 million at June 30, 2004.

#### Fiscal year 2006 compared to 2005

- Capital assets increased \$0.3 million primarily due to the DTV conversion.

#### 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>2006</u>	<u>2005</u>	<u>2004</u>
Restricted – Nonexpendable	\$ 888,124	\$ 886,849	\$ 878,651
Restricted – Expendable	1,229,151	1,102,300	1,029,759
Unrestricted	89,897	33,831	76,071
Invested in capital assets, net of related debt	<u>11,040,489</u>	<u>10,783,437</u>	<u>8,854,654</u>
	<u>\$13,247,661</u>	<u>\$12,806,417</u>	<u>\$10,839,135</u>

### Fiscal year 2006 compared to 2005

- The increase in net assets of \$0.4 million for the year is associated with the DTV conversion. Included in nonoperating revenue is \$0.3 million in additional University support for this project. Other revenues include external grants of \$0.2 million and capital gifts and pledges of \$0.1 million related to the DTV conversion.

### 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>2006</u>	<u>2005</u>	<u>2004</u>
<b>OPERATING REVENUES</b>			
University support - operating	\$ 2,055,345	\$ 1,829,768	\$ 1,879,376
Grants	1,140,285	1,103,681	1,092,090
Contributions and underwriting	2,179,716	2,296,428	2,164,377
Other operating revenues	403,261	335,281	542,745
<b>TOTAL OPERATING REVENUES</b>	<u>5,778,607</u>	<u>5,565,158</u>	<u>5,678,588</u>
<b>OPERATING EXPENSES</b>	<u>6,065,868</u>	<u>5,565,582</u>	<u>5,292,096</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(287,261)</u>	<u>(424)</u>	<u>386,492</u>
<b>NONOPERATING REVENUES</b>			
University support - capital	287,737	793,864	70,763
Investment income (net of expense)	166,193	117,522	197,321
Capital grants and gifts	273,300	1,047,996	728,460
Additions to permanent endowments	1,275	8,324	4,877
<b>TOTAL NONOPERATING REVENUES</b>	<u>728,505</u>	<u>1,967,706</u>	<u>1,001,421</u>
<b>INCREASE IN NET ASSETS</b>	<u>441,244</u>	<u>1,967,282</u>	<u>1,387,913</u>
<b>NET ASSETS</b>			
Net assets at beginning of year	12,806,417	10,839,135	9,451,222
<b>NET ASSETS AT END OF YEAR</b>	<u>\$13,247,661</u>	<u>\$12,806,417</u>	<u>\$10,839,135</u>

Total **operating revenues** for fiscal years ended June 30, 2006, 2005 and 2004 were \$5.8 million, \$5.6 million and \$5.7 respectively.

#### Fiscal year 2006 compared to 2005

- Contributions are down \$223,000 and underwriting is up \$106,000.
- University support is up \$226,000 – annual appropriation is up \$110,000, deferred maintenance funding is up \$83,000, indirect support is up \$28,000, and insurance support is up \$5,000.
- Other operating revenue is up \$68,000.

#### Fiscal year 2005 compared to 2004

- Contributions are up \$127,000.
- Rental income is down \$100,000 – due to a one time \$100,000 payment in 2004
- 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

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

**Operating expenses** totaling \$6.1 million include compensation and benefits of \$2.8 million, utilities of \$0.3 million, supplies of \$2.6 million and depreciation of \$0.4 million.

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Compensation and benefits	<b>\$2,826,599</b>	\$2,722,005	\$2,687,019
Supplies	<b>2,564,891</b>	2,265,919	2,056,556
Utilities	<b>273,483</b>	225,053	216,467
Depreciation	<b>400,895</b>	352,605	332,054
Total operating expenses	<b><u>\$6,065,868</u></b>	<u>\$5,565,582</u>	<u>\$5,292,096</u>

#### Fiscal year 2006 compared to 2005

- Compensation and benefits increased \$0.1 million.
- Supplies increased \$0.3 million.

#### Fiscal year 2005 compared to 2004

- No significant variances.

#### Fiscal year 2004 compared to 2003

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

## Statements of Cash Flows

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Cash received from operations	<b>\$ 5,538,810</b>	\$ 5,638,394	\$ 4,471,137
Cash expended for operations	<b>(5,085,055)</b>	(4,693,786)	(5,144,303)
Net cash provided (used) by operating activities	<b>453,755</b>	944,608	(673,166)
Net cash provided by noncapital financing activities	<b>1,275</b>	10,675	5,378
Net cash used by capital financing activities	<b>(96,910)</b>	(441,879)	(666,081)
Net cash provided by investing activities	<b>49,887</b>	40,428	38,641
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>408,007</b>	553,832	(1,295,228)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>800,024</b>	246,192	1,541,420
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,208,031</b>	<b>\$ 800,024</b>	<b>\$ 246,192</b>

### 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.





## 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, 2006 and 2005. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide a reasonable basis for our opinion.

In our opinion, 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, 2006 and 2005, 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 4, 2006

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

	<b>JUNE 30,</b>	
	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 1,208,031	\$ 800,024
Accounts receivable, net (Note 3)	37,290	151,863
Pledges receivable, net	246,750	397,286
Prepaid expenses	100,149	109,183
Unexpired program rights	6,874	4,731
<b>TOTAL CURRENT ASSETS</b>	<u>1,599,094</u>	<u>1,463,087</u>
<b>NONCURRENT ASSETS:</b>		
Endowment investments (Note 2)	1,383,279	1,266,973
Capital assets, net (Note 4)	11,040,489	10,783,437
<b>TOTAL NONCURRENT ASSETS</b>	<u>12,423,768</u>	<u>12,050,410</u>
<b>TOTAL ASSETS</b>	<u>14,022,862</u>	<u>13,513,497</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities (Note 5)	31,208	19,582
Accrued payroll (Note 5)	52,057	52,402
Deferred revenue	591,825	536,784
<b>TOTAL CURRENT LIABILITIES</b>	<u>675,090</u>	<u>608,768</u>
<b>NONCURRENT LIABILITIES:</b>		
Long-term liabilities (Note 6)	100,111	98,312
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>100,111</u>	<u>98,312</u>
<b>TOTAL LIABILITIES</b>	<u>775,201</u>	<u>707,080</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	11,040,489	10,783,437
Restricted for:		
Nonexpendable	888,124	886,849
Expendable		
Department uses	52,500	100,348
Capital projects	1,176,651	1,001,952
Unrestricted	89,897	33,831
<b>TOTAL NET ASSETS</b>	<u>\$ 13,247,661</u>	<u>\$ 12,806,417</u>

See notes to financial statements.

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

	<b>YEAR ENDED JUNE 30,</b>	
	<b>2006</b>	<b>2005</b>
<b>REVENUES</b>		
<b>OPERATING REVENUES:</b>		
University appropriations - operations	\$ 1,374,721	\$ 1,264,803
University additional support - operations	122,820	34,953
University administrative support - operations	557,804	530,012
Contributions and pledges, net of allowance	1,553,903	1,776,668
Community service grants	1,027,536	974,751
Outreach grants	112,749	128,930
Program underwriting	538,198	491,978
Production underwriting	87,615	27,782
Rents and royalties	234,378	256,390
Special fundraising activities, net of expenses	20,486	17,947
In-kind support	104,801	21,333
Other operating revenues	43,596	39,611
<b>TOTAL OPERATING REVENUES</b>	<b>5,778,607</b>	<b>5,565,158</b>
<b>EXPENSES</b>		
<b>OPERATING EXPENSES:</b>		
Programming and local production	1,911,296	1,783,811
Broadcasting	1,840,796	1,624,037
Program information	516,611	473,437
Fundraising	860,301	826,872
Management and general	535,969	504,820
Depreciation	400,895	352,605
<b>TOTAL OPERATING EXPENSES</b>	<b>6,065,868</b>	<b>5,565,582</b>
<b>OPERATING LOSS</b>	<b>(287,261)</b>	<b>(424)</b>
<b>NONOPERATING REVENUES</b>		
University additional support - capital	287,737	791,513
University additional support - other	-	2,351
Investment income, net of expenses	166,193	117,522
Capital gifts and pledges, net of allowance	74,985	72,467
Capital grants	198,315	975,529
Additions to permanent endowments	1,275	8,324
<b>TOTAL NONOPERATING REVENUES</b>	<b>728,505</b>	<b>1,967,706</b>
<b>INCREASE IN NET ASSETS</b>	<b>441,244</b>	<b>1,967,282</b>
<b>NET ASSETS</b>		
NET ASSETS AT BEGINNING OF YEAR	12,806,417	10,839,135
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 13,247,661</b>	<b>\$ 12,806,417</b>

See notes to financial statements.

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

	<b>YEAR ENDED JUNE 30,</b>	
	<b>2006</b>	<b>2005</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Grants from CPB	\$ 1,082,577	\$ 1,297,580
Research grants and contracts	112,749	128,930
Payments to suppliers	(1,986,427)	(1,685,635)
Payments for utilities	(273,483)	(225,054)
Payments to employees	(2,051,666)	(2,050,331)
Payments for benefits	(773,479)	(732,766)
Contributions	1,704,439	1,871,350
Underwriting	738,243	705,497
Rents and royalties	234,378	256,390
Special fund raising events, net of expenses	20,486	17,947
General University support	1,497,541	1,299,756
Other receipts	148,397	60,944
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>453,755</b>	<b>944,608</b>
<b>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</b>		
University support	-	2,351
Private gifts for endowment purposes	1,275	8,324
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>1,275</b>	<b>10,675</b>
<b>CASH FLOW FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital appropriations from University	287,737	791,513
Capital gifts and pledges	74,985	72,467
Capital grants	198,315	975,529
Reductions of capital assets	104,082	81,719
Purchases of capital assets	(762,029)	(2,363,107)
<b>NET CASH USED BY CAPITAL FINANCING ACTIVITIES</b>	<b>(96,910)</b>	<b>(441,879)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest on investments	49,887	40,428
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>49,887</b>	<b>40,428</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>408,007</b>	<b>553,832</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>800,024</b>	<b>246,192</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>\$ 1,208,031</b>	<b>\$ 800,024</b>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (287,261)	\$ (424)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation expense	400,895	352,605
Change in assets and liabilities:		
Receivables, net	265,109	273,399
Prepaid expenses	9,034	49,329
Unexpired program rights	(2,143)	2,289
Accounts payable and accrued liabilities	11,626	5,672
Accrued payroll	(345)	(65,295)
Deferred revenue	55,041	322,829
Compensated absences	1,799	3,204
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 453,755</b>	<b>\$ 943,608</b>

See notes to financial statements.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements

June 30, 2006

**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, Expenses 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 2006 and 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. Interorganizational transactions have been eliminated. See Note 14 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 revenue. 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)**

Capital Assets (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 – Digital TV	20 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.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 2. 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:

	<b>2006</b>	<b>2005</b>
Cash and cash equivalents	<b>\$1,208,031</b>	\$ 800,024
Endowment investments, noncurrent	<b>1,383,279</b>	1,266,973
Total	<b>\$2,591,310</b>	\$2,066,997

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

	<b>2006</b>	<b>2005</b>
Bank deposits (checking accounts, savings accounts and certificates of deposit)	<b>\$1,208,031</b>	\$ 800,024
Investments in securities and similar vehicles	<b>1,383,279</b>	1,266,973
Total	<b>\$2,591,310</b>	\$2,066,997

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, 2006. 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, 2006 and 2005, respectively, the fair value of the Network's investments is \$1,383,279 and \$1,266,973. The cost of the endowment investment at June 30, 2006 and 2005 was \$1,153,554 and \$1,152,279 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 3. Accounts Receivable**

Accounts receivable at June 30, were as follows:

	<b>2006</b>	<b>2005</b>
Federal and private grants	<b>\$18,184</b>	\$128,201
Vendors	<b>3,549</b>	9,696
Business contributors	<b>15,557</b>	13,966
<b>Total</b>	<b>\$37,290</b>	<b>\$151,863</b>

**Note 4. Capital Assets**

	<b>Beginning Balance July 1, 2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2006</b>
Land	\$ 197,598			\$ 197,598
Buildings	5,160,297	\$ 59,073		5,219,370
Furniture and equipment	11,004,701	1,331,243	\$104,082	12,231,862
Intangible assets	305,612			305,612
Construction in progress	855,848	(628,287)		227,561
<b>TOTAL</b>	<b>17,524,056</b>	<b>762,029</b>	<b>104,082</b>	<b>18,182,003</b>
Less accumulated depreciation:				
Buildings	1,620,239	157,733		1,777,972
Furniture and equipment	5,033,092	370,404	135,022	5,268,474
Intangible assets	87,288	7,780		95,068
<b>TOTAL</b>	<b>6,740,619</b>	<b>535,917</b>	<b>135,022</b>	<b>7,141,514</b>
<b>CAPITAL ASSETS, NET</b>	<b>\$10,783,437</b>	<b>\$ 226,112</b>	<b>\$ (30,940)</b>	<b>\$11,040,489</b>

Construction in progress primarily consists of tower strengthening at the Mount Pleasant, Michigan, site.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 5. 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. Accounts payable and accrued liabilities and accrued payroll at June 30, were as follows:

	<b>2006</b>	<b>2005</b>
Vendors	<b>\$31,208</b>	\$19,582
Accrued payroll	<b>52,057</b>	52,402
Total	<b>\$83,265</b>	\$71,984

**Note 6. Long-Term Liabilities**

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

	<b>Beginning Balance July 1, 2005</b>	<b>Additions</b>	<b>Ending Balance June 30, 2006</b>	<b>Current Portion</b>
Compensated absences	\$98,312	\$1,799	<b>\$100,111</b>	\$0

**Note 7. Operating Expenses**

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

	<b>2006</b>	<b>2005</b>
Salaries, wages and benefits	<b>\$2,826,599</b>	\$2,722,005
Supplies and support services	<b>2,838,374</b>	2,490,972
Depreciation	<b>400,895</b>	352,605
Total	<b>\$6,065,868</b>	\$5,565,582

**Note 8. 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, 2006 and 2005 was approximately \$238,700 and \$257,600, 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 9. 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 \$81,029 for 2006 and \$66,200 for 2005.

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:

2007	\$ 126,170
2008	125,170
2009	125,170
2010	117,970
2011	98,720

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 10. 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 \$4,460,976 and \$4,277,203 for the years ended June 30, 2006 and 2005, respectively.

**Note 11. 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 \$557,804 and \$530,012 for the years ended June 30, 2006 and 2005, respectively.

**Note 12. 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 13. 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 14. Delta College WUCX-FM**

The following footnotes are taken directly from the Delta College WUCX-FM financial statements and are presented in their entirety to provide additional information regarding the Delta College WUCX-FM 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 14. 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.

**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, 2006.

**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 and expenses.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 14. 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.

**CASH 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, 2006 and 2005:

	<b>2006</b>	<b>2005</b>
Cash and cash equivalents	<b>\$ 59,076</b>	\$43,678
Long-term investments	<b>48,853</b>	46,642
Total	<b>\$107,929</b>	\$90,320

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

	<b>2006</b>	<b>2005</b>
Bank deposits (checking accounts, savings accounts and certificates of deposit)	<b>\$ 59,076</b>	\$43,678
Investments in securities and similar vehicles	<b>48,853</b>	46,642
Total	<b>\$107,929</b>	\$90,320

**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, 2006 or 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 14. 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, 2006 and 2005, respectively, the fair value of the Station's investments is \$48,853 and \$46,642. 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, 2006 and 2005:

**Year ended June 30, 2006**

	<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	<u>123,853</u>			<u>123,853</u>
Total capital assets		<b>204,384</b>			<b>204,384</b>
Less accumulated depreciation:					
Buildings		21,714	\$2,126		23,840
Furniture and equipment		<u>123,853</u>			<u>123,853</u>
Total accumulated depreciation		<u>145,567</u>	<u>\$2,126</u>		<u>147,693</u>
Capital assets, net		<u>\$ 58,817</u>			<u>\$ 56,691</u>

**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	<u>123,853</u>			<u>123,853</u>
Total capital assets		204,384			204,384
Less accumulated depreciation:					
Buildings		19,687	\$2,027		21,714
Furniture and equipment		<u>123,853</u>			<u>123,853</u>
Total accumulated depreciation		<u>143,540</u>	<u>\$2,027</u>		<u>145,567</u>
Capital assets, net		<u>\$ 60,844</u>			<u>\$ 58,817</u>

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 14. Delta College WUCX-FM (continued)**

**UNRESTRICTED NET ASSETS**

The Station has designated the use of unrestricted net assets as follows as of June 30, 2006 and 2005:

	<b>2006</b>	<b>2005</b>
Designated for funds functioning as endowments	<b>\$48,853</b>	\$46,642
Unrestricted and unallocated	<b>41,044</b>	21,871
Total unrestricted net assets	<b>\$89,897</b>	\$68,513

**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, 2006 and 2005, respectively, was \$16,900 and \$14,950. 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:

<b>Year of Grant</b>	<b>Grants Received</b>	<b>Expended</b>			<b>Uncommitted Balance at June 30</b>
		<b>2006</b>	<b>2005</b>	<b>2004</b>	
2006	\$38,758	\$38,758			—
2005	35,562		\$35,562		—
2004	34,037			\$34,037	—

**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 \$349,123 and \$332,346 for the years ended June 30, 2006 and 2005, respectively.



Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 14. 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 \$51,900 and \$48,000 for the years ended June 30, 2006 and 2005, 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, 2006 and 2005 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, 2006 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 2006 financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2006 financial statements taken as a whole.

*Andrews Hooper & Pavlik P.L.C.*

Saginaw, Michigan  
December 4, 2006

**CENTRAL MICHIGAN UNIVERSITY  
PUBLIC BROADCASTING NETWORK  
CONSOLIDATING STATEMENT OF NET ASSETS  
JUNE 30, 2006**

	TELEVISION	RADIO	CMU COMBINED TOTAL	DELTA COLLEGE WUCX-FM	ELIMINATIONS	COMBINED TOTAL RADIO	CMU AND DELTA COMBINED TOTAL
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	\$ 784,105	\$ 364,850	\$ 1,148,955	\$ 59,076		\$ 423,926	\$ 1,208,031
Accounts receivable, net	21,733	25,573	47,306		\$ (10,016)	15,557	37,290
Pledges receivable, net	207,677	39,073	246,750			39,073	246,750
Prepaid expenses	43,436	56,713	100,149			56,713	100,149
Unexpired program rights				6,874		6,874	6,874
<b>TOTAL CURRENT ASSETS</b>	<u>1,056,951</u>	<u>486,209</u>	<u>1,543,160</u>	<u>65,950</u>	<u>(10,016)</u>	<u>542,143</u>	<u>1,599,094</u>
<b>NONCURRENT ASSETS</b>							
Endowment investments	1,245,639	88,787	1,334,426	48,853		137,640	1,383,279
Capital assets, net	9,834,414	1,149,384	10,983,798	56,691		1,206,075	11,040,489
<b>TOTAL NONCURRENT ASSETS</b>	<u>11,080,053</u>	<u>1,238,171</u>	<u>12,318,224</u>	<u>105,544</u>		<u>1,343,715</u>	<u>12,423,768</u>
<b>TOTAL ASSETS</b>	<u>12,137,004</u>	<u>1,724,380</u>	<u>13,861,384</u>	<u>171,494</u>	<u>(10,016)</u>	<u>1,885,858</u>	<u>14,022,862</u>
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Accounts payable and accrued liabilities	20,857	9,391	30,248	10,976	(10,016)	10,351	31,208
Accrued payroll	17,326	20,801	38,127	13,930		34,731	52,057
Deferred revenue	559,928	31,897	591,825			31,897	591,825
<b>TOTAL CURRENT LIABILITIES</b>	<u>598,111</u>	<u>62,089</u>	<u>660,200</u>	<u>24,906</u>	<u>(10,016)</u>	<u>76,979</u>	<u>675,090</u>
<b>NONCURRENT LIABILITIES</b>							
Long-term liabilities	62,024	38,087	100,111			38,087	100,111
<b>TOTAL NONCURRENT LIABILITIES</b>	<u>62,024</u>	<u>38,087</u>	<u>100,111</u>			<u>38,087</u>	<u>100,111</u>
<b>TOTAL LIABILITIES</b>	<u>660,135</u>	<u>100,176</u>	<u>760,311</u>	<u>24,906</u>	<u>(10,016)</u>	<u>115,066</u>	<u>775,201</u>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	9,834,414	1,149,384	10,983,798	56,691		1,206,075	11,040,489
Restricted for:							
Nonexpendable	833,195	54,929	888,124			54,929	888,124
Expendable							
Department uses	6,850	45,650	52,500			45,650	52,500
Capital projects	802,410	374,241	1,176,651			374,241	1,176,651
Unrestricted				89,897		89,897	89,897
<b>TOTAL NET ASSETS</b>	<u>\$ 11,476,869</u>	<u>\$ 1,624,204</u>	<u>\$ 13,101,073</u>	<u>\$ 146,588</u>		<u>\$ 1,770,792</u>	<u>\$ 13,247,661</u>

**CENTRAL MICHIGAN UNIVERSITY  
PUBLIC BROADCASTING NETWORK  
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2006**

			CMU	DELTA		CMU	AND DELTA
			COMBINED	COLLEGE		COMBINED	COMBINED
REVENUES	TELEVISION	RADIO	TOTAL	WUCX-FM	ELIMINATIONS	TOTAL	TOTAL
<b>OPERATING REVENUES:</b>							
University appropriations - operations	\$ 843,627	\$ 438,877	\$ 1,282,504	\$ 92,217		\$ 531,094	\$ 1,374,721
University additional support - operations	122,820		122,820				122,820
University administrative support - operations	304,780	201,166	505,946	51,858		253,024	557,804
Contributions and pledges, net of allowance	777,620	624,691	1,402,311	151,592		776,283	1,553,903
Community service grants	711,856	315,680	1,027,536			315,680	1,027,536
Outreach grants	112,749		112,749				112,749
Program underwriting	138,527	345,267	483,794	54,404		399,671	538,198
Production underwriting	87,615		87,615				87,615
Rents and royalties	219,167	15,211	234,378			15,211	234,378
Special fundraising activities, net of expenses	10,342	10,144	20,486			10,144	20,486
In-kind support	46,342	58,459	104,801			58,459	104,801
Other operating revenues	41,737	1,859	43,596	16,425	\$ (16,425)	1,859	43,596
<b>TOTAL OPERATING REVENUES</b>	<b>3,417,182</b>	<b>2,011,354</b>	<b>5,428,536</b>	<b>366,496</b>	<b>(16,425)</b>	<b>2,361,425</b>	<b>5,778,607</b>
<b>EXPENSES</b>							
<b>OPERATING EXPENSES:</b>							
Programming and local production	959,338	767,473	1,726,811	184,485		951,958	1,911,296
Broadcasting	1,192,917	581,597	1,774,514	66,282		647,879	1,840,796
Program information	383,064	133,547	516,611			133,547	516,611
Fundraising	435,371	351,962	787,333	72,968		424,930	860,301
Management and general	337,174	189,867	527,041	25,353	(16,425)	198,795	535,969
Depreciation	337,398	61,371	398,769	2,126		63,497	400,895
<b>TOTAL OPERATING EXPENSES</b>	<b>3,645,262</b>	<b>2,085,817</b>	<b>5,731,079</b>	<b>351,214</b>	<b>(16,425)</b>	<b>2,420,606</b>	<b>6,065,868</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(228,080)</b>	<b>(74,463)</b>	<b>(302,543)</b>	<b>15,282</b>		<b>(59,181)</b>	<b>(287,261)</b>
<b>NONOPERATING REVENUES</b>							
University additional support - capital	280,499	7,238	287,737			7,238	287,737
Investment income, net of expenses	151,504	10,713	162,217	3,976		14,689	166,193
Capital gifts and pledges, net of allowance	74,985		74,985				74,985
Capital grants	148,109	50,206	198,315			50,206	198,315
Additions to permanent endowments	1,025	250	1,275			250	1,275
<b>TOTAL NONOPERATING REVENUES</b>	<b>656,122</b>	<b>68,407</b>	<b>724,529</b>	<b>3,976</b>		<b>72,383</b>	<b>728,505</b>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	<b>428,042</b>	<b>(6,056)</b>	<b>421,986</b>	<b>19,258</b>		<b>13,202</b>	<b>441,244</b>
Net assets at beginning of year	11,052,271	1,626,816	12,679,087	127,330		1,754,146	12,806,417
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 11,480,313</b>	<b>\$ 1,620,760</b>	<b>\$ 13,101,073</b>	<b>\$ 146,588</b>		<b>\$ 1,767,348</b>	<b>\$ 13,247,661</b>