

Audited Financial Statements and  
Other Supplementary Information

Central Michigan University  
Public Broadcasting Network

*Years ended June 30, 2011 and 2010  
with Report of Independent Auditors*



Central Michigan University  
Public Broadcasting Network

Audited Financial Statements  
and Other Supplementary Information

Years ended June 30, 2011 and 2010

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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, 2011, with selected comparative information for the years ended June 30, 2010 and June 30, 2009. 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-DT and WCMU-FM, Mount Pleasant	WUCX-FM, Bay City
WCMV-DT, Cadillac	WCMW-FM, Harbor Springs
WCMW-DT, Manistee	WCMB-FM, Oscoda
WCMZ-DT, Flint	WCMZ-FM, Sault Sainte Marie
WCML-DT and WCML-FM, Alpena	WWCM-FM, Standish

WCMZ-DT is a result of Central Michigan University acquiring WFUM-TV from the University of Michigan on May 18, 2010, after operating the station under a management agreement since January 15, 2010. The call letters were immediately changed to WCMZ-DT. The purchase price was \$1.0 million and included primarily the FCC license, tower, antenna, transmitter, and transmitter building. This station was incorporated into the Network and carries the same programming as the other four stations. This purchase was financed by a loan from Central Michigan University to the Network which is being repaid over 10 years at an annual interest cost of 5.0%. This acquisition expands the television coverage area into the greater Flint area and southeast Michigan.

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 16 for disclosures related to the Delta College WUCX-FM financial statements.

Only WCMU-DT 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) Codification sections issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The Network has elected not to apply FASB Codification sections applicable 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 **Statements 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 **Statements 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 **Statements of Cash Flows – Direct Method** 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>2011</u>	<u>2010</u>	<u>2009</u>
Current assets	\$ 967,038	\$ 1,164,716	\$ 1,527,244
Noncurrent assets:			
Capital	12,572,577	13,510,906	12,764,173
Other	1,528,796	1,180,658	1,084,563
Total assets	<u>15,068,411</u>	<u>15,856,280</u>	<u>15,375,980</u>
Current liabilities	280,010	401,583	807,201
Noncurrent liabilities	822,121	1,040,067	118,728
Total liabilities	<u>1,102,131</u>	<u>1,441,650</u>	<u>925,929</u>
Total net assets	<u>\$ 13,966,280</u>	<u>\$ 14,414,630</u>	<u>\$ 14,450,051</u>

**Current Assets** consist of cash and cash equivalents, receivables, prepaid expenses, and unexpired program rights. Current assets totaled \$1.0 million at June 30, 2011 as compared to \$1.2 million at June 30, 2010 and \$1.5 million at June 30, 2009.

Fiscal year 2011 compared to 2010

- Receivables are down \$0.3 million due to timing of grant billings.

Fiscal year 2010 compared to 2009

- Receivables are down \$0.3 million due to timing of grant billings.

**Noncurrent assets** include capital assets, net of accumulated depreciation, and endowment investments at fair value. Noncurrent assets totaled \$14.1 million at June 30, 2011 as compared to \$14.7 million at June 30, 2010 and \$13.8 million at June 30, 2009.

Fiscal year 2011 compared to 2010

- Endowment investments increased \$0.3 million. Capital assets decreased \$0.9 million primarily due to the increase of accumulated depreciation.

Fiscal year 2010 compared to 2009

- The addition of WCMZ-DT assets, DTV equipment, and digital radio equipment combined with the retirement of analog equipment, resulted in an increase of \$0.7 million in capital assets.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Restricted – nonexpendable	\$ 982,899	\$ 871,654	\$ 904,814
Restricted – expendable	1,052,360	893,785	637,713
Unrestricted	153,939	138,285	143,351
Invested in capital assets	11,777,082	12,510,906	12,764,173
	<u>\$ 13,966,280</u>	<u>\$ 14,414,630</u>	<u>\$ 14,450,051</u>

Fiscal year 2011 compared to 2010

- Net assets decreased primarily due to the increase of accumulated depreciation and depreciation expense, which directly affects the invested in capital assets net asset category.

Fiscal year 2010 compared to 2009

- Net assets remained consistent.

## **Statements of Revenues, Expenses, and Changes in Net Assets**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Operating revenues</b>			
University support - operating	\$ 2,761,785	\$ 2,830,438	\$ 2,739,151
Grants	1,316,711	1,151,923	1,020,302
Contributions and underwriting	2,488,372	2,374,643	2,142,814
Other operating revenues	378,059	392,957	497,586
Total operating revenues	<u>6,944,927</u>	<u>6,749,961</u>	<u>6,399,853</u>
<b>Operating expenses</b>	<u>7,801,882</u>	<u>8,011,751</u>	<u>7,285,187</u>
<b>Operating loss</b>	<b>(856,955)</b>	<b>(1,261,790)</b>	<b>(885,334)</b>
<b>Nonoperating revenues (expenses)</b>			
University support - capital		16,208	264,834
Investment income, net of expense	304,354	152,873	(348,218)
Capital grants and gifts	43,005	1,069,172	1,137,684
Additions to permanent endowments	111,246	2,804	10,924
Interest on capital assets related debt	(50,000)	(14,688)	
Total nonoperating revenues, net of expenses	<u>408,605</u>	<u>1,226,369</u>	<u>1,065,224</u>
<b>Increase (decrease) in net assets</b>	<b>(448,350)</b>	<b>(35,421)</b>	<b>179,890</b>
<b>Net assets</b>			
Net assets at beginning of year	<u>14,414,630</u>	<u>14,450,051</u>	<u>14,270,161</u>
Net assets at end of year	<u>\$ 13,966,280</u>	<u>\$ 14,414,630</u>	<u>\$ 14,450,051</u>

Total **operating revenues** for fiscal years ended June 30, 2011, 2010, and 2009 were \$6.9 million, \$6.7 million, and \$6.4 million, respectively.

### **Fiscal year 2011 compared to 2010**

- University support is down \$0.1 million due to the fiscal year 2010 completion of maintenance projects performed by the University, offset by an appropriation increase.
- Contributions and underwriting increased \$0.1 million primarily due to the acquisition of WCMZ-DT Station.

### **Fiscal year 2010 compared to 2009**

- University support is up \$0.1 million due to an annual appropriation increase.
- Contributions and underwriting increased \$0.2 million primarily due to the acquisition of WCMZ-DT Station.
- Other operating revenues are down \$0.1 million primarily due to a decrease in tower rent revenue.

**Operating expenses** for fiscal year 2011 totaling \$7.8 million includes compensation and benefits of \$3.2 million, utilities of \$0.4 million, supplies of \$3.2 million, and depreciation of \$1.0 million.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Compensation and benefits	<b>\$ 3,158,432</b>	\$ 3,184,028	\$ 3,200,904
Supplies	<b>3,218,778</b>	3,679,573	2,999,885
Utilities	<b>398,064</b>	293,654	313,367
Depreciation	<b>1,026,608</b>	854,496	771,031
Total operating expenses	<b><u>\$ 7,801,882</u></b>	<u>\$ 8,011,751</u>	<u>\$ 7,285,187</u>

Fiscal year 2011 compared to 2010

- Depreciation increased \$0.2 million primarily due to having the additional assets associated with the acquisition of WCMZ-DT Station for a full year.
- Supplies decreased \$0.5 million primarily due to a decrease in non-capitalized capital asset projects and maintenance expenses.

Fiscal year 2010 compared to 2009

- Supplies (which includes outside services) increased \$0.7 million primarily due to the analog teardown project and the increased programming expenses associated with the acquisition of WCMZ-DT Station.

**Statements of Cash Flows – Direct Method**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Cash received from operations	<b>\$ 6,241,361</b>	\$ 5,969,451	\$ 5,799,812
Cash expended for operations	<b>(6,077,898)</b>	(6,335,070)	(5,713,882)
Net cash provided (used) by operating activities	<b>163,463</b>	(365,619)	85,930
Net cash provided by noncapital financing activities	<b>111,246</b>	2,804	10,924
Net cash provided (used) by capital financing activities	<b>(150,752)</b>	213,274	(141,945)
Net cash provided (used) by investing activities	<b>(43,784)</b>	56,778	42,263
Net increase (decrease) in cash and cash equivalents	<b>80,173</b>	(92,763)	(2,828)
Cash and cash equivalents at beginning of year	<b>488,943</b>	581,706	584,534
Cash and cash equivalents at end of year	<b><u>\$ 569,116</u></b>	<u>\$ 488,943</u>	<u>\$ 581,706</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. Expenses were limited to correspond with available revenues.

## **Capital Projects: The Digital Television Conversion**

The most significant capital asset activity in recent years has been the conversion to digital television. The Network was mandated by the Federal Communications Commission (FCC) to convert to a digital television signal. On March 31, 2009, the Network turned off the analog television signal and began broadcasting solely in digital. As of June 30, 2011, all work on the project is complete. This project was funded by a \$4.0 million commitment from the University, over \$8.0 million in federal grants, and the balance from contributions and the Network's operating budget.

## 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 and for the years ended June 30, 2011 and 2010. These financial statements are the responsibility of the Network's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control over financial reporting. Accordingly, we express no such opinion. 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, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The other supplementary information on pages 27 and 28 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Andrews Hooper Pavlik PLC*

Saginaw, Michigan  
November 16, 2011

Central Michigan University  
Public Broadcasting Network

Statements of Net Assets

	June 30,	
	2011	2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 569,116	\$ 488,943
Accounts receivable, net (Note 3)	19,225	312,168
Pledges receivable, net	251,851	258,888
Prepaid expenses	123,319	101,190
Unexpired program rights	3,527	3,527
Total current assets	967,038	1,164,716
Noncurrent assets:		
Endowment investments (Note 2)	1,528,796	1,180,658
Capital assets, net (Note 4)	12,572,577	13,510,906
Total noncurrent assets	14,101,373	14,691,564
Total assets	15,068,411	15,856,280
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities (Note 5)	61,019	121,037
Accrued payroll (Note 5)	108,148	93,889
Deferred revenue	21,113	107,152
Current portion due to CMU (Note 7)	89,730	79,505
Total current liabilities	280,010	401,583
Noncurrent liabilities:		
Long-term liabilities (Note 6)	116,356	119,572
Due to CMU (Note 7)	705,765	920,495
Total noncurrent liabilities	822,121	1,040,067
Total liabilities	1,102,131	1,441,650
<b>Net assets</b>		
Invested in capital assets	11,777,082	12,510,906
Restricted for:		
Nonexpendable	982,899	871,654
Expendable:		
Department uses	97,307	99,058
Capital projects	955,053	794,727
Unrestricted	153,939	138,285
Total net assets	\$ 13,966,280	\$ 14,414,630

Central Michigan University  
Public Broadcasting Network

Statements of Revenues, Expenses, and Changes in Net Assets

	Year ended June 30,	
	2011	2010
<b>Revenues</b>		
Operating revenues:		
University appropriations - operations	\$ 1,937,140	\$ 1,865,037
University additional support - operations	80,254	237,091
University administrative support - operations	744,391	728,310
Contributions and pledges, net of allowance	1,947,083	1,895,349
Community service grants	1,308,156	1,121,009
Outreach grants	8,555	30,914
Program underwriting	529,289	474,294
Production underwriting	12,000	5,000
Rents and royalties	273,458	281,582
Special fundraising activities	35,006	41,584
In-kind support	25,197	34,516
Other operating revenues	44,398	35,275
Total operating revenues	6,944,927	6,749,961
<b>Expenses</b>		
Operating expenses:		
Programming and local production	2,274,267	2,166,531
Broadcasting	2,254,052	2,667,997
Program information	348,882	399,286
Fundraising	1,042,564	1,081,507
Management and general	855,509	841,934
Depreciation	1,026,608	854,496
Total operating expenses	7,801,882	8,011,751
Operating loss	(856,955)	(1,261,790)
<b>Nonoperating revenues (expenses)</b>		
University additional support - capital		16,208
Investment income, net of expenses	304,354	152,873
Capital gifts and pledges, net of allowance	275	225
Capital grants	42,730	1,068,947
Additions to permanent endowments	111,246	2,804
Interest on capital assets related debt	(50,000)	(14,688)
Total nonoperating revenues, net of expenses	408,605	1,226,369
Decrease in net assets	(448,350)	(35,421)
<b>Net assets</b>		
Net assets at beginning of year	14,414,630	14,450,051
Net assets at end of year	\$ 13,966,280	\$ 14,414,630

See notes to financial statements.

Central Michigan University  
Public Broadcasting Network

Statements of Cash Flows - Direct Method

	Year ended June 30,	
	2011	2010
<b>Cash flow from operating activities</b>		
Grants from CPB	\$ 1,308,156	\$ 1,121,009
Research grants and contracts	19,889	(15,547)
Payments to suppliers	(2,605,308)	(2,920,433)
Payments for utilities	(398,064)	(293,654)
Payments to employees	(2,242,664)	(2,308,787)
Payments for benefits	(831,862)	(796,649)
Contributions	1,964,395	1,845,740
Underwriting	531,014	494,659
Rents and royalties	285,094	295,540
Special fundraising events	35,006	41,584
General University support	2,017,394	2,102,128
Other receipts	80,413	68,791
Net cash provided (used) by operating activities	163,463	(365,619)
<b>Cash flow from noncapital financing activities</b>		
Private gifts for endowment purposes	111,246	2,804
Net cash provided by noncapital financing activities	111,246	2,804
<b>Cash flow from capital financing activities</b>		
Capital appropriations from University		16,208
Capital gifts and pledges	275	225
Capital grants	215,846	814,640
Proceeds from (payments on) CMU Capital Financing	(204,505)	1,000,000
Interest paid on capital debt	(50,000)	(14,688)
Purchases of capital assets	(112,368)	(1,603,111)
Net cash provided (used) by capital financing activities	(150,752)	213,274
<b>Cash flow from investing activities</b>		
Interest on investments	(43,784)	56,778
Net cash provided (used) by investing activities	(43,784)	56,778
Net increase (decrease) in cash and cash equivalents	80,173	(92,763)
Cash and cash equivalents at beginning of year	488,943	581,706
Cash and cash equivalents at end of year	\$ 569,116	\$ 488,943
<b>Reconciliation of net operating loss to net cash provided (used) by operating activities</b>		
Operating loss	\$ (856,955)	\$ (1,261,790)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation expense and loss on disposal of capital assets	1,050,697	856,378
Change in assets and liabilities:		
Receivables, net	32,221	(37,721)
Prepaid expenses	(22,129)	11,773
Unexpired program rights		4,762
Accounts payable and accrued liabilities	(60,018)	91,470
Accrued payroll	14,259	6,245
Deferred revenue	8,604	(37,580)
Compensated absences	(3,216)	844
Net cash provided (used) by operating activities	\$ 163,463	\$ (365,619)

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements

June 30, 2011

**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 – Direct Method 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-DT and WCMU-FM, Mount Pleasant  
WCMV-DT, Cadillac  
WCMW-DT, Manistee  
WCMZ-DT, Flint  
WCML-DT 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)**

Reporting Entity (continued)

WUCX-FM, Bay City, is operated jointly by Central Michigan University and Delta College. For 2011 and 2010, the financial statements of Delta College WUCX-FM have been audited separately and combined with the Central Michigan University Network in these financial statements. Interorganizational transactions have been eliminated. See Note 16 for disclosures related to the Delta College WUCX-FM financial statements.

Only WCMU-DT 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) Codification sections issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The Network has elected not to apply FASB Codification sections applicable after November 30, 1989.

Operating revenues of the Network consist of general appropriations from the University, contributions, community service grants from the CPB, outreach grants, underwriting, and auxiliary enterprise revenues. Nonoperating revenues of the Network consist of capital support from the University, investing activities, capital contributions, and capital grants. Restricted and unrestricted resources are spent and tracked at the station level within the guidelines of donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investments

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

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 1. Significant Accounting Policies (continued)**

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 \$50,000 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.

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 > \$100,000	40 years
Buildings < \$100,000	10 years
Intangible Assets	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 tower lease revenues and unearned grant revenues received that will be recognized by the Network during the year in which they are earned.

Administrative Support

Administrative support from the 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 1. Significant Accounting Policies (continued)**

Contributions and Pledges

Contributions are recorded when received. Voluntary nonexchange transactions (pledges) are recognized in accordance with 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 net of allowance for uncollectible pledges.

**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 Statements of Net Assets under the following classifications as of June 30:

	2011	2010
Cash and cash equivalents	\$ 569,116	\$ 488,943
Endowment investments	1,528,796	1,180,658
Total	\$ 2,097,912	\$ 1,669,601

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

	2011	2010
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 569,116	\$ 488,943
Investments in securities and similar vehicles	1,528,796	1,180,658
Total	\$ 2,097,912	\$ 1,669,601

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) or the amount of federal depository insurance that is applicable to the Network's portion of the pooled deposits as of June 30, 2011 or June 30, 2010. A portion of the Network's cash is deposited in interest bearing accounts.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 2. Cash and Cash Equivalents and Endowment Investments (continued)**

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, 2011 and 2010, respectively, the fair value of the Network's investments was \$1,528,796 and \$1,180,658. The cost of the endowment investment at June 30, 2011 and 2010 was \$1,338,720 and \$1,227,474, respectively. Information as to amount by investment type and associated risks is included in the notes to the financial statements for Central Michigan University and Delta College.

**Note 3. Accounts Receivable**

Accounts receivable at June 30 were as follows:

	2011	2010
Federal and private grants	\$	\$ 274,757
Vendors	19,225	37,411
Total	\$ 19,225	\$ 312,168

**Note 4. Capital Assets**

	Beginning Balance July 1, 2010	Additions	Reductions	Ending Balance June 30, 2011
Land	\$ 197,598			\$ 197,598
Buildings	6,749,669			6,749,669
Furniture and equipment	14,018,511	\$ 67,484	\$ 333,925	13,752,070
Intangible assets	305,612			305,612
Construction in progress		44,884		44,884
Total	21,271,390	112,368	333,925	21,049,833
Less accumulated depreciation:				
Buildings	2,559,729	237,383		2,797,112
Furniture and equipment	5,074,567	781,445	309,836	5,546,176
Intangible assets	126,188	7,780		133,968
Total	7,760,484	1,026,608	309,836	8,477,256
Capital assets, net	\$ 13,510,906	\$ (914,240)	\$ 24,089	\$ 12,572,577

Central Michigan University  
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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>2011</b>	<b>2010</b>
Vendors	<b>\$ 61,019</b>	\$ 121,037
Accrued payroll	<b>108,148</b>	93,889
Total	<b><u>\$ 169,167</u></b>	<b><u>\$ 214,926</u></b>

**Note 6. Long-Term Liabilities**

Long-term liabilities at June 30 were as follows:

	<b>Beginning Balance July 1, 2010</b>	<b>Reductions</b>	<b>Ending Balance June 30, 2011</b>	<b>Current Portion</b>
Compensated absences	\$ 119,572	\$ (3,216)	<b>\$ 116,356</b>	\$ –

**Note 7. Due to CMU**

The Network acquired WFUM-TV from the University of Michigan on May 18, 2010, after operating the station under a management agreement since January 15, 2010. The call letters were immediately changed to WCMZ-DT. The purchase price was \$1.0 million and included primarily the FCC license, tower, antenna, transmitter, and transmitter building. This station was incorporated into the Network and carries the same programming as the other four stations. This acquisition expands the television coverage area into the greater Flint area and southeast Michigan. This purchase was financed by a loan from Central Michigan University to the Network which is being repaid over 10 years at an annual fixed interest cost of 5.0%. The Network paid \$204,505 against the \$1.0 million principal and \$50,000 in interest during the year ended June 30, 2011. The principal balance of \$795,495 and interest due to the University in each of the succeeding five years ending June 30 and thereafter are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2012	\$ 89,730	\$ 39,775	\$ 129,505
2013	94,217	35,288	129,505
2014	98,928	30,577	129,505
2015	103,874	25,631	129,505
2016	109,068	20,437	129,505
2017-2020	299,678	27,488	327,166
<b>Total</b>	<b><u>\$ 795,495</u></b>	<b><u>\$ 179,196</u></b>	<b><u>\$ 974,691</u></b>

Central Michigan University  
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Notes to Financial Statements  
(continued)

**Note 8. Operating Expenses**

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

	<u>2011</u>	<u>2010</u>
Salaries, wages, and benefits	\$ 3,158,432	\$ 3,184,028
Supplies and support services	3,616,842	3,973,227
Depreciation	1,026,608	854,496
Total	<u>\$ 7,801,882</u>	<u>\$ 8,011,751</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, 2011 and 2010 was \$336,460 and \$323,942, respectively. The Network has no obligation under the plans beyond making the required payments to the respective retirement plan administrators.

**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 \$56,344 for 2011 and \$75,304 for 2010.

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:

2012	\$ 21,097
2013	13,829
2014	12,659
2015	8,791
2016	8,823

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.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**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 \$5,212,227 and \$5,159,511 for the years ended June 30, 2011 and 2010, 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 operations 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 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 \$744,391 and \$728,310 for the years ended June 30, 2011 and 2010, respectively.

**Note 13. Digital Television**

The Network has been mandated by the Federal Communications Commission (FCC) to convert to a digital television signal. On March 31, 2009, the Network turned off the analog television signal and began broadcasting solely in digital. As of June 30, 2011 all work on the project is complete. This project was funded by a \$4.0 million commitment from the University, over \$8.0 million in federal grants, and the balance from contributions and the Network's operating budget.

**Note 14. Contingencies**

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.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 15. Other Matters**

As part of the build out of the digital television facilities at Manistee, Michigan (WCMW-DT), the Network was required to replace the old broadcast tower. The cost of that tower was to be covered by a combination of funding from existing grants from the U.S. Department of Agriculture's Rural Utility Service (USDA) and the CPB Digital Distribution Fund. The funding from USDA was received in a prior year but the funding of the remaining portion of the new tower cost was rejected by the CPB during fiscal year 2011 after the tower was completed and after the expenses had been incurred. As a result, the capital grant revenues for fiscal year 2011 were reduced by \$135,080 to adjust for the \$113,555 that was recognized as revenue in fiscal year 2010 and the \$21,525 that was recognized in fiscal year 2009. There is no effect on NFFS in any year as a result of this adjustment.

**Note 16. 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 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, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, 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:

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 16. Delta College WUCX-FM (continued)**

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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) Codification sections applicable on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The Station has elected not to apply FASB Codification sections applicable after November 30, 1989.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

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

**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 revenue is recognized only to the extent expended. Unearned revenue represents restricted grant funds received that will be recognized by the Station and available for expenditure during the following year.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 16. Delta College WUCX-FM (continued)**

**SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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, 2011 or June 30, 2010.

**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 Revenue, Expenses, and Changes in Net Assets are those that generally result from the provision of public broadcasting services. Revenue restricted by donors to use for capital improvements, and revenue and expenses that result from financing and investing activities are recorded as nonoperating revenue and expenses.

**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.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 16. Delta College WUCX-FM (continued)**

**CASH AND CASH EQUIVALENTS 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, 2011 and 2010:

	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	<b>\$ 81,358</b>	\$ 68,904
Long-term investments	<b>96,906</b>	89,424
Total	<b>\$ 178,264</b>	\$ 158,328

The above amounts are classified in the following categories:

	<b>2011</b>	<b>2010</b>
Bank deposits (checking accounts, savings accounts and certificates of deposit)	<b>\$ 81,358</b>	\$ 68,904
Investments in securities and similar vehicles	<b>96,906</b>	89,424
Total	<b>\$ 178,264</b>	\$ 158,328

**Deposits**

Delta College invests and manages cash collectively by pooling cash reserves, including cash of the Station. 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) or the amount of federal depository insurance that is applicable to the Station's portion of the pooled deposits as of June 30, 2011 or June 30, 2010. A portion of the Station's cash is deposited in interest-bearing accounts.

**Investments**

The Station has received certain contributions that have been designated for use as quasi-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, debt and equity securities and alternative investment funds. The Station's investments are stated at fair value based upon market quotations. At June 30, 2011 and 2010, respectively, the fair value of the Station's investments is \$96,906 and \$89,424. Information as to amounts by investment type and associated risks is included in the notes to the financial statements for Delta College.

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 16. Delta College WUCX-FM (continued)**

**CAPITAL ASSETS**

The following tables present the changes in the various capital asset class categories for the years ended June 30, 2011 and 2010:

Year Ended June 30, 2011:

	<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	129,442			129,442
Total Capital Assets		<u>209,973</u>	<u>-</u>	<u>-</u>	<u>209,973</u>
Less Accumulated Depreciation:					
Buildings		30,319	1,620		31,939
Furniture and equipment		<u>125,809</u>	<u>559</u>		<u>126,368</u>
Total Accumulated Depreciation		<u>156,128</u>	<u>\$ 2,179</u>	<u>\$ -</u>	<u>158,307</u>
Capital Assets, Net		<u>\$ 53,845</u>			<u>\$ 51,666</u>

Year Ended June 30, 2010:

	<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	129,442			129,442
Total Capital Assets		<u>209,973</u>	<u>-</u>	<u>-</u>	<u>209,973</u>
Less Accumulated Depreciation:					
Buildings		28,699	1,620		30,319
Furniture and equipment		<u>125,250</u>	<u>559</u>		<u>125,809</u>
Total Accumulated Depreciation		<u>153,949</u>	<u>\$ 2,179</u>	<u>\$ -</u>	<u>156,128</u>
Capital Assets, Net		<u>\$ 56,024</u>			<u>\$ 53,845</u>

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 16. Delta College WUCX-FM (continued)**

**UNRESTRICTED NET ASSETS**

The Station has designated the use of unrestricted net assets as follows as of June 30, 2011 and 2010:

	2011	2010
Designated for funds functioning as endowments	\$ 96,906	\$ 89,424
Unrestricted and unallocated	57,033	48,861
Total Unrestricted Net Assets	\$ 153,939	\$ 138,285

**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 (MPERS), or the Optional Retirement Plan, a defined contribution plan, administered by TIAA-CREF. Prior to July 1, 2010, the MPERS plan was strictly a defined benefit plan. Effective July 1, 2010, new MPERS members participate in a hybrid plan which is both a defined benefit and defined contribution plan.

Total retirement expense for the Station for the years ended June 30, 2011 and 2010, respectively, was \$24,400 and \$19,200. 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). The 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
		2011	2010	2009	
2011	\$ 29,398	\$ 29,398			\$ -
2010	31,753		\$ 31,753		-
2009	27,188			\$ 27,188	-

Central Michigan University  
Public Broadcasting Network

Notes to Financial Statements  
(continued)

**Note 16. Delta College WUCX-FM (continued)**

**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 \$396,098 and \$348,864 for the years ended June 30, 2011 and 2010, respectively.

**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 Revenue, 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 Revenue, Expenses and Changes in Net Assets was approximately \$52,000 and \$48,000, respectively, for the years ended June 30, 2011 and 2010.

Central Michigan University  
Public Broadcasting Network

Consolidating Statement of Net Assets

June 30, 2011

	<u>TELEVISION</u>	<u>RADIO</u>	<u>CMU COMBINED TOTAL</u>	<u>DELTA COLLEGE WUCX-FM</u>	<u>COMBINED TOTAL RADIO</u>	<u>CMU AND DELTA COMBINED TOTAL</u>
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 234,212	\$ 253,546	\$ 487,758	\$ 81,358	\$ 334,904	\$ 569,116
Accounts receivable, net	18,892	333	19,225		333	19,225
Pledges receivable, net	85,291	166,560	251,851		166,560	251,851
Prepaid expenses	50,222	73,097	123,319		73,097	123,319
Unexpired program rights				3,527	3,527	3,527
Total current assets	<u>388,617</u>	<u>493,536</u>	<u>882,153</u>	<u>84,885</u>	<u>578,421</u>	<u>967,038</u>
Noncurrent assets:						
Endowment investments	1,211,624	220,266	1,431,890	96,906	317,172	1,528,796
Capital assets, net	11,271,440	1,249,471	12,520,911	51,666	1,301,137	12,572,577
Total noncurrent assets	<u>12,483,064</u>	<u>1,469,737</u>	<u>13,952,801</u>	<u>148,572</u>	<u>1,618,309</u>	<u>14,101,373</u>
Total assets	<u>12,871,681</u>	<u>1,963,273</u>	<u>14,834,954</u>	<u>233,457</u>	<u>2,196,730</u>	<u>15,068,411</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable and accrued liabilities	40,152	20,458	60,610	409	20,867	61,019
Accrued payroll	57,669	23,036	80,705	27,443	50,479	108,148
Deferred revenue	21,113		21,113			21,113
Current portion due to CMU	89,730		89,730			89,730
Total current liabilities	<u>208,664</u>	<u>43,494</u>	<u>252,158</u>	<u>27,852</u>	<u>71,346</u>	<u>280,010</u>
Noncurrent liabilities:						
Long-term liabilities	68,912	47,444	116,356		47,444	116,356
Due to CMU	705,765		705,765			705,765
Total noncurrent liabilities	<u>774,677</u>	<u>47,444</u>	<u>822,121</u>		<u>47,444</u>	<u>822,121</u>
Total liabilities	<u>983,341</u>	<u>90,938</u>	<u>1,074,279</u>	<u>27,852</u>	<u>118,790</u>	<u>1,102,131</u>
<b>Net assets</b>						
Invested in capital assets	10,475,945	1,249,471	11,725,416	51,666	1,301,137	11,777,082
Restricted for:						
Nonexpendable	815,952	166,947	982,899		166,947	982,899
Expendable:						
Department uses	55,345	41,962	97,307		41,962	97,307
Capital projects	541,098	413,955	955,053		413,955	955,053
Unrestricted				153,939	153,939	153,939
Total net assets	<u>\$ 11,888,340</u>	<u>\$ 1,872,335</u>	<u>\$ 13,760,675</u>	<u>\$ 205,605</u>	<u>\$ 2,077,940</u>	<u>\$ 13,966,280</u>

Central Michigan University  
Public Broadcasting Network

Consolidating Statement of Revenues, Expenses, and Changes in Net Assets

June 30, 2011

	TELEVISION	RADIO	CMU COMBINED TOTAL	DELTA COLLEGE WUCX-FM	ELIMINATIONS	COMBINED TOTAL RADIO	CMU AND DELTA COMBINED TOTAL
<b>Revenues</b>							
Operating revenues:							
University appropriations - operations	\$ 1,169,822	\$ 629,905	\$ 1,799,727	\$ 137,413		\$ 767,318	\$ 1,937,140
University additional support - operations	35,617	44,637	80,254			44,637	80,254
University administrative support - operations	415,623	277,035	692,658	51,733		328,768	744,391
Contributions and pledges, net of allowance	1,117,805	657,384	1,775,189	171,894		829,278	1,947,083
Community service grants	992,426	315,730	1,308,156			315,730	1,308,156
Outreach grants	8,555		8,555			-	8,555
Program underwriting	122,022	369,796	491,818	37,471		407,267	529,289
Production underwriting	12,000		12,000			-	12,000
Rents and royalties	238,841	34,617	273,458			34,617	273,458
Special fundraising activities	18,140	16,866	35,006			16,866	35,006
In-kind support	8,346	16,851	25,197			16,851	25,197
Other operating revenues	38,563	5,835	44,398	3,093	\$ (3,093)	5,835	44,398
Total operating revenues	<u>4,177,760</u>	<u>2,368,656</u>	<u>6,546,416</u>	<u>401,604</u>	<u>(3,093)</u>	<u>2,767,167</u>	<u>6,944,927</u>
<b>Expenses</b>							
Operating expenses:							
Programming and local production	1,360,092	715,170	2,075,262	199,005		914,175	2,274,267
Broadcasting	1,465,053	690,314	2,155,367	98,685		788,999	2,254,052
Program information	216,504	132,378	348,882			132,378	348,882
Fundraising	580,538	398,251	978,789	63,775		462,026	1,042,564
Management and general	454,847	357,887	812,734	45,868	(3,093)	400,662	855,509
Depreciation	899,431	124,998	1,024,429	2,179		127,177	1,026,608
Total operating expenses	<u>4,976,465</u>	<u>2,418,998</u>	<u>7,395,463</u>	<u>409,512</u>	<u>(3,093)</u>	<u>2,825,417</u>	<u>7,801,882</u>
Operating loss	(798,705)	(50,342)	(849,047)	(7,908)	-	(58,250)	(856,955)
<b>Nonoperating revenues (expenses)</b>							
University additional support - capital							
Investment income, net of expenses	259,309	23,662	282,971	21,383		45,045	304,354
Capital gifts and pledges, net of allowance	275		275				275
Capital grants	5,513	37,217	42,730			37,217	42,730
Additions to permanent endowments	923	110,323	111,246			110,323	111,246
Interest on capital assets related debt	(50,000)		(50,000)				(50,000)
Total nonoperating revenues, net	<u>216,020</u>	<u>171,202</u>	<u>387,222</u>	<u>21,383</u>	<u>-</u>	<u>192,585</u>	<u>408,605</u>
Increase (decrease) in net assets	(582,685)	120,860	(461,825)	13,475		134,335	(448,350)
Net assets at beginning of year	12,471,025	1,751,475	14,222,500	192,130		1,943,605	14,414,630
Net assets at end of year	<u>\$11,888,340</u>	<u>\$ 1,872,335</u>	<u>\$ 13,760,675</u>	<u>\$ 205,605</u>	<u>\$ -</u>	<u>\$2,077,940</u>	<u>\$13,966,280</u>