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**Southern Illinois University Carbondale**

**SIU Broadcasting Service**

**(WSIU Public Broadcasting)**

Financial Statements  
for the Year Ended June 30, 2012

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## Independent Auditors' Report

The Board of Trustees  
Southern Illinois University

We have audited the accompanying Statement of Net Assets of Southern Illinois University Broadcasting Service (SIU Broadcasting Service, a/k/a WSIU Public Broadcasting) as of June 30, 2012, and the related Statement of Revenues, Expenses and Changes in Net Assets, and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of SIU Broadcasting Service's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from SIU Broadcasting Service's 2011 financial statements and, in our report dated January 19, 2012, we expressed an unqualified opinion on those statements.

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

As discussed in Note 1, the financial statements of SIU Broadcasting Service are intended to present the financial position, the changes in financial position, and cash flows of only SIU Broadcasting Service's portion of Southern Illinois University's financial position, the changes in financial position, and cash flows attributable to the transactions of the SIU Broadcasting Service. They do not purport to, and do not, present fairly the financial position of Southern Illinois University, as of June 30, 2012, the changes in its financial position, or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of SIU Broadcasting Service as of June 30, 2012, and the respective changes in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2012, on our consideration of SIU Broadcasting Service's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedules of Functional Expenses for the year ended June 30, 2012, are presented for purposes of additional analysis and are not a required part of the basic 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 to 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 as a whole.

*Kuhn, Eck & Bruchel LLP*

Springfield, Illinois  
December 18, 2012

## **Southern Illinois University Broadcasting Service Management's Discussion and Analysis June 30, 2012**

The following discussion and analysis of the financial statements of WSIU Public Broadcasting which includes WSIU/WUSI TV & WSIU/WUSI/WVSI FM STATIONS provides an overview of the SIU Broadcasting Service financial activities for the year ended June 30, 2012 with comparative information for the year ended June 30, 2011. This discussion and analysis focuses on the financial activities of the Broadcasting Service, a public service unit housed within Academic Affairs in the College of Mass Communication and Media Arts at Southern Illinois University Carbondale (University). Complete financial statements for Southern Illinois University may be obtained from the University directly. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnotes.

### **Introduction**

The financial statements are prepared in accordance with guidance found in the statements issued by the Governmental Accounting Standards Board (GASB), including the financial reporting format and underlying concepts for public higher education reporting of GASB Statement No. 35, *"Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities."*

As required by accounting principles, the annual report consists of three basic financial statements that provide information on the WSIU Public Broadcasting Service as a whole: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. Each of these statements will be discussed.

### **Financial Highlights**

#### **Statement of Net Assets**

The Statement of Net Assets includes all assets and liabilities using 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. Net Assets is the difference between assets and liabilities and is one way to measure the financial health of WSIU Public Broadcasting.

The Statement of Net Assets presents end-of-year data concerning assets (current and non-current), liabilities (current and non-current), and net assets. In general, current assets are those that are available to satisfy current liabilities. Current liabilities are usually those that will be paid within one year of the date of the Statement of Net Assets.

Net Assets represent the difference between WSIU Public Broadcasting assets and liabilities and are divided into three major categories. The first category, invested in capital assets, represents WSIU Broadcasting's equity in property, plant and equipment. The next asset category is restricted net assets, which is divided into two categories, non-expendable and expendable. Non-expendable restricted net assets consist of endowments with specific restrictions on spending the principal given. Expendable restricted net assets are available for expenditure by WSIU but must be spent for purposes as determined by donors or other external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets, which represent balances from operational activities that have not been restricted by external parties and are available for use by WSIU Public Broadcasting.

**Southern Illinois University Broadcasting Service  
Management's Discussion and Analysis - Continued  
June 30, 2012**

The following summarizes the WSIU Public Broadcasting's assets, liabilities, and net assets at June 30:

	2012	2011
<b>Assets</b>		
Current assets	\$ 835,434	\$ 824,406
Capital assets, net	3,309,427	3,892,366
Restricted assets	114,643	113,982
<b>Total Assets</b>	<b>\$ 4,259,504</b>	<b>\$ 4,830,754</b>
<b>Liabilities</b>		
Current liabilities	\$ 122,320	\$ 202,863
<b>Net assets</b>		
Invested in capital assets	3,309,427	3,892,366
Non-expendable restricted	106,143	104,357
Expendable restricted	382,779	206,304
Unrestricted	338,835	424,864
<b>Total Net Assets</b>	<b>4,137,184</b>	<b>4,627,891</b>
<b>Total Net Assets and Liabilities</b>	<b>\$ 4,259,504</b>	<b>\$ 4,830,754</b>

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

The changes in total net assets as presented on the Statement of Net Assets are based on the activities presented in the Statement of Revenues, Expenses and Changes in Net Assets. The statement presents the operating results of WSIU Public Broadcasting, as well as the non-operating revenues and expenses.

In general, operating revenues are received for providing educational programs, goods and production services to agencies outside of the University to the public and private sector. Operating revenues from grants and contracts are from activities that have the characteristics of exchange transactions. In an exchange transaction, both parties receive a material benefit from the transaction. Operating expenses are those expenses paid to acquire goods or services provided in return for the operating revenues, and to carry out the mission of WSIU Public Broadcasting. Non-operating revenues and expenses include state capital appropriations, investment income and capital grants. State appropriations are mandated as non-operating because they are provided by the legislature to the University without the legislature directly receiving commensurate goods and services for those revenues. Therefore, an operating loss will always result.

**Southern Illinois University Broadcasting Service**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2012**

The following summarizes the WSIU Public Broadcasting's financial activity for fiscal years ended June 30, 2012 and 2011:

	Year Ended June 30, 2012	Year Ended June 30, 2011
<b>Operating Revenues</b>		
Operating grants	\$ 1,376,509	\$ 1,519,341
Local support	986,981	797,567
Special events	7,438	-
Project grants	86,180	69,299
Production and uplink	34,839	32,019
Indirect / in kind support	2,749,812	2,412,604
Other	122,317	163,213
<b>Total Operating Revenues</b>	5,364,076	4,994,043
<b>Operating Expenses</b>	(7,100,681)	(6,903,010)
<b>Operating Loss</b>	(1,736,605)	(1,908,967)
Non-operating revenues - net	1,245,898	1,281,646
<b>Decrease in Net Assets</b>	(490,707)	(627,321)
<b>Net Assets, Beginning of Year</b>	4,627,891	5,255,212
<b>Net Assets, End of Year</b>	\$ 4,137,184	\$ 4,627,891

The Statement of Revenues, Expenses and Changes in Net Assets reflects a loss resulting in a decrease in the net assets at the end of the year.

# **Southern Illinois University Broadcasting Service** **Management's Discussion and Analysis - Continued** **June 30, 2012**

## **Operating Expenses (by functional classification)**

A summary of WSIU Public Broadcasting's operating expenses by functional classification for fiscal years ended June 30, 2012 and 2011 is as follows:

	Year Ended June 30, 2012	Year Ended June 30, 2011
<b>Operating Expenses</b>		
Local programming and production	\$ 3,078,853	\$ 2,955,006
Broadcasting	1,344,578	1,326,998
Program information	423,279	431,701
Fund raising	597,110	527,608
Management and general administration	970,415	948,223
Depreciation	686,446	713,474
<b>Total Operating Expenses</b>	<b>\$ 7,100,681</b>	<b>\$ 6,903,010</b>

## **Statement of Cash Flows**

The Statement of Cash Flows presents detailed information about the cash activities of WSIU Public Broadcasting during the fiscal year. This statement helps users assess the WSIU Public Broadcasting's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The WSIU Public Broadcasting's statement uses the direct method presentation, which indicates the cash effects categorized by operations, non-capital financing activities, capital and related financing activities, and investing activities.

A summary of the WSIU Public Broadcasting's cash flow for fiscal years ended June 30, 2012 and 2011 is as follows:

	Year Ended June 30, 2012	Year Ended June 30, 2011
<b>Cash Provided By (Used In)</b>		
Operating activities	\$ (747,032)	\$ (1,208,727)
Non-capital financing activities	1,010,829	1,014,793
Capital financing and related financing activities	141,485	88,237
Investing activities	3,428	6,175
Net increase (decrease) in cash and cash equivalents	408,710	(99,522)
Cash and cash equivalents, beginning of year	252,772	352,294
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 661,482</b>	<b>\$ 252,772</b>



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## **Southern Illinois University Broadcasting Service Management's Discussion and Analysis - Continued June 30, 2012**

### **Capital Asset and Debt Administration**

WSIU Public Broadcasting has no long-term debt activity.

### **Economic Outlook**

Fiscal year 2012 appropriations for higher education operations were approved by the State of Illinois a small percentage less than the funding level of fiscal year 2011 appropriations. The University mandated furlough days for all staff to balance the budget and made across the board cuts to state appropriations for most departments at the University. WSIU state appropriations were reduced by a staff reassignment and related state appropriations were removed from WSIU funding allocations for 2011 and future years. The State continues to work on plans to cut state appropriations for 2013 and request that public universities contribute toward the cost of group health insurance premiums, a cost previously paid in full by the State on behalf of the universities, changes in retirement plans, and trim their administrative budgets.

WSIU Public Broadcasting's 2012 state appropriated funds have not been held as a contingency by the University and consist of salary dollars allocated to pay WSIU staff wages. For fiscal years 2003 through 2013, each unit has been asked to streamline operations, reallocating funds, reviewing priorities and utilizing other efficiency measures. The economic downturn impacted the ability to raise funds for the year 2009, 2010, 2011 and 2012 for both the state and university. The outlook for 2013 is unknown but does not look favorable for current funding levels.

The administrative staff continues to develop a long-term strategy to increase net fundraising revenues from all external funding sources to support the mission and goals of WSIU Public Broadcasting.

**Southern Illinois University Broadcasting Service**  
**Statement of Net Assets**  
**June 30, 2012** (with Comparative Totals for 2011)

	2012			2011 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
<b>Assets</b>						
<b>Current Assets</b>						
Interest in pooled cash	\$ 163,055	\$ 498,427	\$ 661,482	\$ -	\$ 319,879	\$ 319,879
Accounts receivable	36,089	20,547	56,636	53,765	30,634	84,399
Grants receivable	101,486	15,830	117,316	376,666	43,462	420,128
<b>Total Current Assets</b>	<b>300,630</b>	<b>534,804</b>	<b>835,434</b>	<b>430,431</b>	<b>393,975</b>	<b>824,406</b>
<b>Non-current Assets</b>						
<b>Restricted Assets</b>						
Investments	114,643	-	114,643	113,982	-	113,982
<b>Total Restricted Assets</b>	<b>114,643</b>	<b>-</b>	<b>114,643</b>	<b>113,982</b>	<b>-</b>	<b>113,982</b>
<b>Capital Assets</b>						
Land	21,194	2,193	23,387	21,194	2,193	23,387
Building	7,697,505	508,820	8,206,325	7,697,505	508,820	8,206,325
Equipment	4,286,949	828,952	5,115,901	4,358,844	813,373	5,172,217
Less: accumulated depreciation	(8,788,030)	(1,248,156)	(10,036,186)	(8,271,725)	(1,237,838)	(9,509,563)
<b>Total Capital Assets, net</b>	<b>3,217,618</b>	<b>91,809</b>	<b>3,309,427</b>	<b>3,805,818</b>	<b>86,548</b>	<b>3,892,366</b>
<b>Total Non-current Assets</b>	<b>3,332,261</b>	<b>91,809</b>	<b>3,424,070</b>	<b>3,919,800</b>	<b>86,548</b>	<b>4,006,348</b>
<b>Total Assets</b>	<b>\$ 3,632,891</b>	<b>\$ 626,613</b>	<b>\$ 4,259,504</b>	<b>\$ 4,350,231</b>	<b>\$ 480,523</b>	<b>\$ 4,830,754</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Overdraft in pooled cash	\$ -	\$ -	\$ -	\$ 67,107	\$ -	\$ 67,107
Accounts payable	48,666	30,626	79,292	67,307	8,807	76,114
Accrued salaries	11,023	6,297	17,320	24,111	7,076	31,187
Deferred revenues	14,095	11,613	25,708	11,078	17,377	28,455
<b>Total Current Liabilities</b>	<b>73,784</b>	<b>48,536</b>	<b>122,320</b>	<b>169,603</b>	<b>33,260</b>	<b>202,863</b>
<b>Net Assets</b>						
Invested in capital assets	3,217,618	91,809	3,309,427	3,805,818	86,548	3,892,366
Restricted						
Non-expendable	106,143	-	106,143	104,357	-	104,357
Expendable	303,254	79,525	382,779	131,677	74,627	206,304
Unrestricted (deficit)	(67,908)	406,743	338,835	138,776	286,088	424,864
<b>Total Net Assets</b>	<b>3,559,107</b>	<b>578,077</b>	<b>4,137,184</b>	<b>4,180,628</b>	<b>447,263</b>	<b>4,627,891</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,632,891</b>	<b>\$ 626,613</b>	<b>\$ 4,259,504</b>	<b>\$ 4,350,231</b>	<b>\$ 480,523</b>	<b>\$ 4,830,754</b>

The accompanying notes are an integral part of this statement.

**Southern Illinois University Broadcasting Service**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**For the Year Ended June 30, 2012 (With Comparative Totals for 2011)**

	2012			2011 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
<b>Operating Revenues</b>						
Operating grants	\$ 1,106,482	\$ 270,027	\$ 1,376,509	\$ 1,266,707	\$ 252,634	\$ 1,519,341
Local support						
Membership income	274,373	166,052	440,425	298,358	176,255	474,613
Contributions	194,700	1,104	195,804	13,351	1,866	15,217
Underwriting	164,404	183,370	347,774	120,654	182,274	302,928
Local SIRIS Support	-	2,978	2,978	-	4,809	4,809
Special events	-	7,438	7,438	-	-	-
Project grants	64,828	21,352	86,180	47,947	21,352	69,299
Production and uplink activities	34,839	-	34,839	32,019	-	32,019
Other						
Federal work study	29,400	3,601	33,001	29,506	2,730	32,236
Tower rental income	7,560	67,037	74,597	7,560	66,223	73,783
Miscellaneous income	14,718	1	14,719	22,750	34,444	57,194
University support						
Direct						
Utilities and maintenance	450,328	142,448	592,776	254,970	77,233	332,203
Other	81,691	1,111	82,802	79,041	-	79,041
Personnel related	598,407	227,494	825,901	640,239	222,588	862,827
Indirect/in-kind services and materials	959,953	288,380	1,248,333	879,314	259,219	1,138,533
<b>Total Operating Revenues</b>	<b>3,981,683</b>	<b>1,382,393</b>	<b>5,364,076</b>	<b>3,692,416</b>	<b>1,301,627</b>	<b>4,994,043</b>
<b>Operating Expenses</b>						
Program services						
Local programming and production	2,402,546	676,307	3,078,853	2,274,229	680,777	2,955,006
Broadcasting	1,023,970	320,608	1,344,578	1,046,412	280,586	1,326,998
Program information	356,799	66,480	423,279	356,420	75,281	431,701
Supporting services						
Fundraising	337,308	259,802	597,110	296,861	230,747	527,608
Management and Administration	779,793	190,622	970,415	757,089	191,134	948,223
Depreciation	670,928	15,518	686,446	683,047	30,427	713,474
<b>Total Operating Expenses</b>	<b>5,571,344</b>	<b>1,529,337</b>	<b>7,100,681</b>	<b>5,414,058</b>	<b>1,488,952</b>	<b>6,903,010</b>
<b>Operating Loss</b>	<b>(1,589,661)</b>	<b>(146,944)</b>	<b>(1,736,605)</b>	<b>(1,721,642)</b>	<b>(187,325)</b>	<b>(1,908,967)</b>
<b>Non Operating Revenues (Expenses)</b>						
State of Illinois University direct appropriations	756,879	297,257	1,054,136	707,955	303,060	1,011,015
US Dept of Education	179,988	-	179,988	199,029	20,982	220,011
CPB Warn Generator Grant	7,686	-	7,686	-	-	-
Investment income	4,088	-	4,088	18,805	-	18,805
Equipment donation	-	-	-	31,815	-	31,815
<b>Total Non Operating Revenues</b>	<b>948,641</b>	<b>297,257</b>	<b>1,245,898</b>	<b>957,604</b>	<b>324,042</b>	<b>1,281,646</b>
<b>Change in Net Assets</b>	<b>(641,020)</b>	<b>150,313</b>	<b>(490,707)</b>	<b>(764,038)</b>	<b>136,717</b>	<b>(627,321)</b>
<b>Net Assets, Beginning of Year</b>	<b>4,180,628</b>	<b>447,263</b>	<b>4,627,891</b>	<b>4,928,961</b>	<b>326,251</b>	<b>5,255,212</b>
<b>Reallocation of Net Assets</b>	<b>19,499</b>	<b>(19,499)</b>	<b>-</b>	<b>15,705</b>	<b>(15,705)</b>	<b>-</b>
<b>Net Assets, End of Year</b>	<b>\$ 3,559,107</b>	<b>\$ 578,077</b>	<b>\$ 4,137,184</b>	<b>\$ 4,180,628</b>	<b>\$ 447,263</b>	<b>\$ 4,627,891</b>

The accompanying notes are an integral part of this statement.

**Southern Illinois University Broadcasting Service**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2012** (With Comparative Totals for 2011)

	2012			2011 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
<b>Cash Flows From Operating Activities</b>						
Cash received from customers	\$ 502,337	\$ 420,782	\$ 923,119	\$ 470,675	\$ 466,804	\$ 937,479
Cash operating grants	1,454,176	319,011	1,773,187	1,240,538	265,434	1,505,972
Gifts and contributions	239,749	15,120	254,869	42,157	9,745	51,902
Payments to employees	(1,359,980)	(497,121)	(1,857,101)	(1,431,662)	(499,412)	(1,931,074)
Payments for goods and services	(1,499,272)	(341,834)	(1,841,106)	(1,384,299)	(388,707)	(1,773,006)
<b>Net Cash Used In Operating Activities</b>	<b>(662,990)</b>	<b>(84,042)</b>	<b>(747,032)</b>	<b>(1,062,591)</b>	<b>(146,136)</b>	<b>(1,208,727)</b>
<b>Cash Flows From Noncapital Financing Activities</b>						
State appropriations	713,572	297,257	1,010,829	711,733	303,060	1,014,793
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>713,572</b>	<b>297,257</b>	<b>1,010,829</b>	<b>711,733</b>	<b>303,060</b>	<b>1,014,793</b>
<b>Cash Flows From Capital and Related Financing Activities</b>						
Reallocation of net assets for capital	19,499	(19,499)	-	15,705	(15,705)	-
Capital grants received	179,988	-	179,988	199,029	20,982	220,011
Payments for capital acquisitions	(23,335)	(15,168)	(38,503)	(116,504)	(15,270)	(131,774)
<b>Net Cash Provided By (Used In) Capital and Related Financing Activities</b>	<b>176,152</b>	<b>(34,667)</b>	<b>141,485</b>	<b>98,230</b>	<b>(9,993)</b>	<b>88,237</b>
<b>Cash Flows from Investing Activities</b>						
Interest payments received	4,088	-	4,088	18,805	-	18,805
Purchase of investments	(660)	-	(660)	(12,630)	-	(12,630)
<b>Net Cash Provided By Investing Activities</b>	<b>3,428</b>	<b>-</b>	<b>3,428</b>	<b>6,175</b>	<b>-</b>	<b>6,175</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>230,162</b>	<b>178,548</b>	<b>408,710</b>	<b>(246,453)</b>	<b>146,931</b>	<b>(99,522)</b>
<b>Cash and Cash Equivalents (Overdraft), Beginning of Year</b>	<b>(67,107)</b>	<b>319,879</b>	<b>252,772</b>	<b>179,346</b>	<b>172,948</b>	<b>352,294</b>
<b>Cash and Cash Equivalents (Overdraft), End of Year</b>	<b>\$ 163,055</b>	<b>\$ 498,427</b>	<b>\$ 661,482</b>	<b>\$ (67,107)</b>	<b>\$ 319,879</b>	<b>\$ 252,772</b>

**Southern Illinois University Broadcasting Service**  
**Statement of Cash Flows - Continued**  
**For the Year Ended June 30, 2012** (With Comparative Totals for 2011)

	2012			2011 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
<b>Reconciliation of Operating Loss to Net Cash Used In Operating Activities</b>						
<b>Operating Loss</b>	\$(1,589,661)	\$ (146,944)	\$(1,736,605)	\$(1,721,642)	\$ (187,325)	\$(1,908,967)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities</b>						
Depreciation expense	670,928	15,518	686,446	683,047	30,427	713,474
Change in assets and liabilities						
Accounts receivable	19,076	10,086	29,162	(12,649)	(2,490)	(15,139)
Grants receivable	282,866	27,632	310,498	(74,116)	(8,552)	(82,668)
Other Assets	-	-	-	2,798	-	2,798
Accounts payable	(36,128)	16,209	(19,919)	60,925	6,375	67,300
Accrued salaries	(13,088)	(779)	(13,867)	(2,238)	4,990	2,752
Deferred revenues	3,017	(5,764)	(2,747)	1,284	10,439	11,723
<b>Total adjustments</b>	<u>926,671</u>	<u>62,902</u>	<u>989,573</u>	<u>659,051</u>	<u>41,189</u>	<u>700,240</u>
<b>Net cash used in operating activities</b>	<u>\$ (662,990)</u>	<u>\$ (84,042)</u>	<u>\$ (747,032)</u>	<u>\$ (1,062,591)</u>	<u>\$ (146,136)</u>	<u>\$ (1,208,727)</u>

The accompanying notes are an integral part of this statement.

# **Southern Illinois University Broadcasting Service**

## **Notes to Financial Statements**

### **For the Year Ended June 30, 2012**

#### **1. Organization Description**

WSIU Public Broadcasting is a public telecommunications service operated by Southern Illinois University (University) as part of the Academic Affairs department within the College of Mass Communication and Media Arts located at the University's campus in Carbondale, Illinois. WSIU Public Broadcasting consists of WSIU-TV and WSIU-FM of Carbondale, IL; WUSI-TV and WUSI-FM of Olney, IL; and WWSI-FM of Mount Vernon, IL. The financial statements of WSIU Public Broadcasting also include the accounts for the Friends of WSIU/WUSI. The Friends of WSIU/WUSI solicit funds in the name of and with the approval of WSIU Public Broadcasting. Funds are distributed by the Friends of WSIU/WUSI in amounts determined and approved by the Director of WSIU Public Broadcasting.

WSIU Public Broadcasting is a part of the University as a whole, and thus, for financial reporting purposes the financial balances and activities included in these financial statements are also included in the University's financial statements. These financial statements present only SIU Broadcasting Service, and do not purport to, and do not, present fairly the financial position of Southern Illinois University as of June 30, 2012, and changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

#### **2. Summary of Significant Accounting Principles**

##### **Basis of Presentation**

The accompanying 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), including Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. SIU Broadcasting Service now follows the business-type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of WSIU Public Broadcasting's financial activities and replaces the fund group presentation previously required.

For financial reporting purposes, WSIU Public Broadcasting is considered a part of the University, and thus, like the University is a special-purpose government engaged only in business-type activities. Accordingly, WSIU Public Broadcasting's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting applicable to public colleges and universities. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred. All significant intra-agency transactions have been eliminated. WSIU Public Broadcasting has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB.

The accounts of WSIU Public Broadcasting are still maintained internally in accordance with the principles of fund accounting. Under fund accounting, resources are classified for accounting and reporting purposes into funds according to specified activities or objectives.

# **Southern Illinois University Broadcasting Service**

## **Notes to Financial Statements**

### **For the Year Ended June 30, 2012**

#### **2. Summary of Significant Accounting Principles - Continued**

##### **Prior Year Information**

The basic financial statements include certain prior year partial comparative information, which has been derived from WSIU Public Broadcasting's 2011 financial statements. Such information does not include all disclosures required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the WSIU Public Broadcasting's financial statements for the year ended June 30, 2011.

##### **Cash and Cash Equivalents**

To provide for efficiencies and economies in their management, the University has pooled its cash and investments, except for certain funds that are required by bond resolution to be in separate accounts. Interest in pooled cash at June 30, 2012 represents WSIU Public Broadcasting's share of this pooled cash account.

Cash deposits and cash equivalents of the University include bank accounts and investments with original maturities of ninety days or less at the time of purchase, primarily U.S. Treasury Bills and money market funds. The University classifies its investment in The Illinois Funds as a deposit for financial statement purposes.

The University's investments are reported at fair value. The fair value is determined to be the amount at which financial instruments could be exchanged in current transactions between willing partners, usually quoted at market prices. It is University policy to invest funds in a manner which will provide investment returns and security consistent with good business practices, while meeting the daily cash flow demands of the University and conforming to all statutes governing the investment of funds.

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets.

Additional information regarding the University's deposits and investments may be obtained from the financial statements of Southern Illinois University, a copy of which may be obtained by writing Southern Illinois University, Board Treasurer, 1400 Douglas Drive, Mailcode 6801, Carbondale, Illinois 62901.

##### **Accounts Receivable**

Accounts receivable represent uncollected underwriting revenue, uncollected promises-to-give, and monthly rental payments due under lease agreements for the right to utilize space on transmission towers. WSIU Public Broadcasting considers receivables to be fully collectible. If they become uncollectible, they will be charged to operations when that determination is made.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**2. Summary of Significant Accounting Principles - Continued**

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or at the fair market value at the date of donation in the case of gifts. In accordance with accounting principles generally accepted in the United States of America for public colleges and universities, depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following month prorate convention is being used, in which no depreciation is recorded in the month of acquisition and an entire month of depreciation is recorded in the month of disposition. Capitalization thresholds and useful lives are as follows:

<u>Category</u>	<u>Threshold</u>	<u>Useful Life</u>
Land	\$ ---	Not depreciated
Improvements	25,000	15 years
Infrastructure	1,000,000	20 years
Buildings	100,000	40 years
Building improvements	25,000	15 years
Equipment	5,000	5-7 years
Intangible assets	100,000	7-20 years

Electronic data processing equipment is depreciated over 5 years. Other equipment is depreciated over 7 years.

**Net Assets**

WSIU Public Broadcasting's net assets are classified as follows:

- Invested in capital assets: This represents the total investment in capital assets, net of accumulated depreciation
- Restricted net assets, non-expendable: Restricted non-expendable net assets consist of endowments with specific restrictions requiring that the principal be invested and only the earnings be used.
- Restricted net assets, expendable: Restricted expendable net assets include resources in which WSIU Public Broadcasting is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- Unrestricted net assets: Unrestricted net assets represent resources that have not been restricted by external parties and are available for use by WSIU Public Broadcasting.

It is WSIU Public Broadcasting's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for the purposes for which both restricted and unrestricted net assets are available.



# **Southern Illinois University Broadcasting Service**

## **Notes to Financial Statements**

### **For the Year Ended June 30, 2012**

#### **2. Summary of Significant Accounting Principles - Continued**

##### **Donor-restricted Endowments**

Donor-restricted endowments are held and administered by the Southern Illinois University Foundation. The Foundation holds the funds as agency funds based upon and consistent with the desire of the donor.

The State of Illinois adopted the Uniform Prudent Managements of Institutional Funds Act (UPMIFA), effective June 30, 2009. UPMIFA added certain prudent spending measures to the Uniform Management of Institutional Funds Act. In accordance with UPMIFA, the Board of Directors of Southern Illinois University Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund; general economic conditions; the possible of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the institution; and the investment policies of the Foundation.

##### **Revenue Recognition**

WSIU Public Broadcasting has classified its revenues as either operating or non-operating revenues as follows:

*Operating revenues* include activities that have the characteristics of exchange transactions, such as providing educational programs, goods and production services to the public and private sector, and include most grants and contracts.

*Non-operating revenues* include activities that have the characteristics of non-exchange transactions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, such as state appropriations, investment income, and capital grants. Appropriations made to the University from the State of Illinois General Revenue Fund are recognized as non-operating revenues in the year appropriated to the extent expended. Other non-operating revenues include transactions relating to capital and financial activities, non-capital financing activities, and investing activities.

Grants are recorded as revenue when all applicable eligibility requirements have been met.

##### **University Support**

Facilities allocated from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expense on a prorated basis. Administrative support from the University consists of adjusted allocated financial and physical plant charges incurred by the University on behalf of WSIU Public Broadcasting.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**2. Summary of Significant Accounting Principles - Continued**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Revenues, Expenses, and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited, using estimates if necessary.

**Use of Estimates**

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

**Subsequent Events**

Management has evaluated subsequent events for recognition and disclosure in the financial statements through December 18, 2012, which is the date the financial statements were prepared. Through December 18, 2012, no subsequent events required recognition or disclosure in the financial statements.

**3. Accounts and Grants Receivable**

Accounts and grants receivable consisted of the following at June 30, 2012:

<b>Accounts and grants receivable</b>	<b>TV</b>	<b>FM</b>	<b>TOTAL</b>
<b>Accounts receivable</b>			
State of Illinois appropriations	\$ 6,414	\$ -	\$ 6,414
Miscellaneous activities	16,787	-	16,787
Memberships	5,168	10,222	15,390
Tower rental	-	1,613	1,613
Underwriting	7,720	8,712	16,432
<b>Total accounts receivable</b>	<b>\$ 36,089</b>	<b>\$ 20,547</b>	<b>\$ 56,636</b>
<b>Grants receivable</b>			
Warn Generator Grant-PBS	\$ 7,686	\$ -	\$ 7,686
State of Illinois	93,800	15,830	109,630
<b>Total grants receivable</b>	<b>\$ 101,486</b>	<b>\$ 15,830</b>	<b>\$ 117,316</b>

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**4. Restricted Assets**

Restricted assets consist of life insurance policies and shares of an investment pool, both of which are held and administered by the Southern Illinois University Foundation. The shares of the investment pool are stated at fair value. During fiscal year 2012, WSIU Public Broadcasting's share of realized gains on investments totaled \$ 1,396 and unrealized gains on investments totaled \$ 2,692, resulting in a balance of \$ 94,194 held by the Foundation for WSIU Public Broadcasting at June 30, 2012. The Foundation distributes earnings to the University on a quarterly basis. Payments during fiscal year 2012 for WSIU Public Broadcasting totaled \$ 3,625.

The life insurance policies are stated at net cash surrender value.

Fair values and unrealized appreciation at June 30, 2012 are summarized as follows:

<b>Restricted assets</b>	<b>Cost</b>	<b>Fair value</b>
<b>Investments</b>		
Life insurance policies	\$ 20,449	\$ 20,449
Shares of Foundation investment pool	85,694	94,194
<b>Total restricted assets</b>	<b>\$ 106,143</b>	<b>\$ 114,643</b>

Further information regarding the investments held by the Foundation may be obtained from the financial statements of Southern Illinois University Foundation.

**5. Investment Income**

The following schedule summarizes the investment return and its classification in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2012:

<b>Investment returns</b>	<b>Restricted</b>
Net realized/unrealized losses	\$ 4,088

**6. Non-expendable Restricted Net Assets**

Non-expendable restricted net assets are available for the following purposes at June 30, 2012:

	<b>TV</b>	<b>FM</b>	<b>Total</b>
Donor-restricted endowments			
WSIU/WUSI Future Excellence	\$ 89,979	\$ -	\$ 89,979
O'Brien Student of Year	16,164	-	16,164
	<b>\$ 106,143</b>	<b>\$ -</b>	<b>\$ 106,143</b>

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**7. Expendable Restricted Net Assets**

Expendable restricted net assets are available for the following purposes at June 30, 2012:

	TV	FM	Total
WSIU FM Underwriting	\$ -	\$ 73	\$ 73
WSIU TV Interconnection CPB	17,274	-	17,274
PBS Teacherline	1,945	-	1,945
Dinosaur Train	640	-	640
Women and Girls Lead	750	-	750
Voices of Educators	1,708	-	1,708
SIRIS	-	39,294	39,294
WSIU Friends Board Campaign	14,804	40	14,844
Early Childhood Services	11,851	-	11,851
O'Brien Student of the Year	1,289	-	1,289
WSIU/WUSI Future Excellence	7,929	-	7,929
TV Local Production	7,074	-	7,074
WSIU/WUSI TV Miscellaneous Income	8,655	-	8,655
TV Equipment Support Fund	6,675	-	6,675
TV News Excellence Fund	4,289	-	4,289
WSIU/WUSI Development	3,047	-	3,047
Digital Conversion	1,552	-	1,552
K-12 Education Support	1,190	-	1,190
WSIU Facilities/Tech	451	258	709
WSIU Community Outreach	4,102	-	4,102
SIRIS Outreach Fund	-	30,646	30,646
WSIU-FM Mt. Vernon Clear Signal	-	542	542
Electoral Coverage Support	360	-	360
FM Equipment Support Fund	-	415	415
FM Local Production Fund	-	4,365	4,365
FM News Excellence Fund	-	1,917	1,917
WSIU/WUSI FM Miscellaneous Income	-	696	696
Saluki Sports Broadcasting	-	784	784
SIRIS Equipment Support	-	495	495
Cargill Foundation (Child and Adult Education)	207,669	-	207,669
	<u>\$ 303,254</u>	<u>\$ 79,525</u>	<u>\$ 382,779</u>

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**8. Grants**

WSIU Public Broadcasting is the recipient of several grant awards. During the fiscal year ended June 30, 2012, WSIU Public Broadcasting was awarded the following grant funds:

<b>Granting Agency</b>	<b>Grant Funds Awarded</b>
Corporation for Public Broadcasting	\$ 1,163,722
State of Illinois Public Broadcasting/IAC	229,367
Illinois State Library	21,352
Public Broadcasting Service (PBS)	2,428
Other	<u>45,820</u>
	<u><u>\$ 1,462,689</u></u>

The Corporation for Public Broadcasting (CPB) provides a major source of funding for SIU Broadcasting Service. The operating grant for fiscal year 2012 was \$ 1,147,142. The grant period is October 1, 2011 through September 30, 2013. The purpose of the grant is to augment the capability of CPB-qualified public broadcasting stations to expand the quality and scope of their services to the community. CPB provided \$16,580 for the American Archive grant, for the grant period August 15, 2011 through January 15, 2012. This grant was used to help digitize WSIU's old video tapes.

The Illinois Arts Council grants are operating grants provided to help further WSIU Public Broadcasting's mission of providing educational programs. The grant period is from November 1, 2011 through August 31, 2012.

PBS provided \$ 2,428 for the Teacherline grant, for the grant period August 1, 2010 through July 31, 2011.

The Illinois State Library grant funds were used to provide library services and augment media services to blind and physically handicapped residents within the coverage area of WSIU-FM/WUSI-FM. The grant period was from July 1, 2011 through June 30, 2012.

**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**9. Capital Assets**

A summary of the changes in capital assets is as follows:

	<u>Balance as of June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Balance as of June 30, 2012</u>
Capital assets not being depreciated					
Land	\$ 23,387	\$ -	\$ -	\$ -	\$ 23,387
Capital assets being depreciated					
Building	8,206,325	-	-	-	8,206,325
Equipment	5,172,217	72,825	-	(129,141)	5,115,901
Total capital assets being depreciated	13,378,542	72,825	-	(129,141)	13,322,226
Less: accumulated depreciation	(9,509,563)	(691,995)	-	165,372	(10,036,186)
Total capital assets being depreciated, net	3,868,979	(619,170)	-	36,231	3,286,040
<b>Total Capital Assets</b>	<b>\$ 3,892,366</b>	<b>\$ (619,170)</b>	<b>\$ -</b>	<b>\$ 36,231</b>	<b>\$ 3,309,427</b>

**10. Lease Commitments**

WSIU Public Broadcasting currently has an operating lease agreement with Wabash Independent Networks Incorporated to lease space on the tower located at the 300 block of Old US-50 West, Flora, IL to transmit the digital television signal. The term of the lease is three years commencing on July 1, 2009 through June 30, 2012. A new lease was signed for the period July 1, 2012 to June 30, 2017. Lease payments are \$ 8,000 annually.

WSIU Public Broadcasting currently has an operating lease agreement with Allied Wireless to lease land and space on the tower located at 15621 North 42nd Street, Mount Vernon, IL to transmit an FM radio signal. The term of the lease is ten years for the period July 1, 2012 to June 30, 2022. Lease payments are \$ 4,800 annually.

WSIU Public Broadcasting currently has an operating lease agreement with Joink, LLC to lease space on the tower located at Terre Haute, IN to transmit its signal. The term of the lease is three years for the period March 1, 2011 to February 28, 2014. Lease payments are \$ 4,800 annually.

Future minimum lease payments under these leases are as follows:

<u>Year ending June 30</u>	<u>Rental payments</u>
2013	\$ 17,600
2014	16,000
2015	12,800
2016	12,800
2017	12,800
2018 - 2022	24,000

## **Southern Illinois University Broadcasting Service Notes to Financial Statements For the Year Ended June 30, 2012**

### **11. State University Retirement System**

#### **Plan Description**

The University, and therefore WSIU Public Broadcasting, contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents and other beneficiaries of state employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

#### **Funding Policy**

Plan members are required to contribute 8% of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 24.21 % of annually covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. WSIU Public Broadcasting's contribution to SURS for the year ended June 30, 2012 was approximately \$ 392,481, an amount equal to the required contributions for the year.

Like all employees of Southern Illinois University, employees of WSIU Public Broadcasting are covered in the pension plan of the University.

## **Southern Illinois University Broadcasting Service**

### **Notes to Financial Statements**

### **For the Year Ended June 30, 2012**

#### **12. Post-Employment Benefits**

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$ 5,000.

The State pays the WSIU Public Broadcasting's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

#### **13. Commitments and Contingencies**

The University and the WSIU Public Broadcasting, received monies from federal and state government agencies under grants and contracts for research and other activities, including medical service reimbursements. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and disallowance by the granting agency. WSIU Public Broadcasting's management believes that any disallowances or adjustments would not have a material effect on WSIU Public Broadcasting's financial position.



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**Southern Illinois University Broadcasting Service**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2012**

**14. Allocation of Net Assets**

WSIU Public Broadcasting is a Joint University licensee that maintains and administers both television and radio stations. WSIU has a fundraising process that solicits funds for the overall benefit of both television and radio. WSIU Public Broadcasting's revenue allocation policy for funds not specifically designated for Television or Radio is allocated 70% to television and 30% to radio. The pooled Capital Campaign funds and WSIU Public Broadcasting funds are an example of pooled funds for the benefit of both television and radio.

However, actual use of the funds may differ from the percentages indicated above. During the year, the actual use and release of pooled funds resulted in adjustments to the cash flow and the net assets between television and radio in the amount of \$ 19,499.

**15. Reclassification**

Certain amounts in the prior-year comparative totals have been reclassified to conform to the presentation in the current-year financial statements.

## Schedule of Functional Expenses – Combined

### SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Fiscal Year Ended June 30, 2012

	Local Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 744,366	\$ 439,565	\$ 146,107	\$ 209,198	\$ 372,109	\$ 1,911,345
Payroll taxes and employee benefits	294,013	194,724	55,887	101,334	179,943	825,901
Professional services, excluding in-kind contributions	28,878	50,324	2,483	19,239	60,646	161,570
Professional services and support, in-kind contributions	450,974	169,137	58,156	95,925	160,640	934,832
Office supplies	3,148	893	5,866	3,005	3,618	16,530
Telephone	12,450	12,632	12,782	4,968	8,488	51,320
Postage	852	2,609	4,429	18,110	1,647	27,647
Advertising	-	300	54,569	-	3,566	58,435
Occupancy	351,554	352,018	48,280	25,054	101,995	878,901
Rental and maintenance of equipment	10,632	47,145	-	-	3,639	61,416
Printing and publications	1,607	1,152	24,720	6,273	6,087	39,839
Travel	24,054	11,963	3,890	4,127	16,334	60,368
Operating taxes and licenses	162,834	-	-	-	-	162,834
Program acquisition	872,005	23,898	-	-	8,000	903,903
Miscellaneous, excluding in-kind contributions	121,486	31,199	6,070	106,060	43,703	308,518
Miscellaneous, in-kind contributions	-	7,019	40	3,817	-	10,876
	<u>\$ 3,078,853</u>	<u>\$ 1,344,578</u>	<u>\$ 423,279</u>	<u>\$ 597,110</u>	<u>\$ 970,415</u>	<u>\$ 6,414,235</u>

# Schedule of Functional Expenses – TV

## SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Fiscal Year Ended June 30, 2012

	Local Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 530,670	\$ 357,869	\$ 123,489	\$ 104,788	\$ 297,307	\$ 1,414,123
Payroll taxes and employee benefits	200,286	157,268	46,469	50,619	143,765	598,407
Professional services, excluding in-kind contributions	27,109	42,018	2,370	13,467	48,517	133,481
Professional services and support, in-kind contributions	345,669	134,035	49,381	56,436	127,926	713,447
Office supplies	1,903	650	5,387	1,699	2,912	12,551
Telephone	6,958	6,145	10,373	2,458	6,667	32,601
Postage	850	2,146	4,224	9,568	1,226	18,014
Advertising	-	-	43,817	-	2,853	46,670
Occupancy	294,883	250,900	39,140	19,570	87,411	691,904
Rental and maintenance of equipment	10,632	44,283	-	-	2,911	57,826
Printing and publications	1,490	1,096	22,906	4,326	4,870	34,688
Travel	22,314	11,051	3,641	2,250	12,249	51,505
Operating taxes and licenses	162,834	-	-	-	-	162,834
Program acquisition	676,786	116	-	-	6,400	683,302
Miscellaneous, excluding in-kind contributions	120,162	16,393	5,562	72,127	34,779	249,023
Miscellaneous, in-kind contributions	-	-	40	-	-	40
	<u>\$ 2,402,546</u>	<u>\$ 1,023,970</u>	<u>\$ 356,799</u>	<u>\$ 337,308</u>	<u>\$ 779,793</u>	<u>\$ 4,900,416</u>

# Schedule of Functional Expenses – FM

## SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Fiscal Year Ended June 30, 2012

	Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 213,696	\$ 81,696	\$ 22,618	\$ 104,410	\$ 74,802	\$ 497,222
Payroll taxes and employee benefits	93,727	37,456	9,418	50,715	36,178	227,494
Professional services, excluding in-kind contributions	1,769	8,306	113	5,772	12,129	28,089
Professional services and support, in-kind contributions	105,305	35,102	8,775	39,489	32,714	221,385
Office supplies	1,245	243	479	1,306	706	3,979
Telephone	5,492	6,487	2,409	2,510	1,821	18,719
Postage	2	463	205	8,542	421	9,633
Advertising	-	300	10,752	-	713	11,765
Occupancy	56,671	101,118	9,140	5,484	14,584	186,997
Rental and maintenance of equipment	-	2,862	-	-	728	3,590
Printing and publications	117	56	1,814	1,947	1,217	5,151
Travel	1,740	912	249	1,877	4,085	8,863
Operating taxes and licenses	-	-	-	-	-	-
Program acquisition	195,219	23,782	-	-	1,600	220,601
Miscellaneous, excluding in-kind contributions	1,324	14,806	508	33,933	8,924	59,495
Miscellaneous, in-kind contributions	-	7,019	-	3,817	-	10,836
	<u>\$ 676,307</u>	<u>\$ 320,608</u>	<u>\$ 66,480</u>	<u>\$ 259,802</u>	<u>\$ 190,622</u>	<u>\$ 1,513,819</u>

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards

The Board of Trustees  
Southern Illinois University

We have audited the financial statements of Southern Illinois University Broadcasting Service (SIU Broadcasting Service) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 18, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of SIU Broadcasting Service is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered SIU Broadcasting Service's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SIU Broadcasting Service's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SIU Broadcasting Service's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether SIU Broadcasting Service's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Trustees, others within the entity, and the appropriate granting agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Kuhn, Eck & Brueckel LLP*

Springfield, Illinois  
December 18, 2012