
Southern Illinois University Carbondale

SIU Broadcasting Service

(WSIU Public Broadcasting)

Financial Statements
for the Year Ended June 30, 2013

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Independent Auditors' Report

The Board of Trustees
Southern Illinois University

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Illinois University Broadcasting Service (SIU Broadcasting Service, a/k/a WSIU Public Broadcasting) as of and for the year ended June 30, 2013, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2013, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited SIU Broadcasting Service's 2012 financial statements, and our report dated December 18, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

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, 2013, 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. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 - 10 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements. The accompanying Schedules of Functional Expenses for the year ended June 30, 2013, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of SIU Broadcasting Service's internal control over financial reporting and on 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* in considering SIU Broadcasting Service's internal control over financial reporting and compliance.

Kerber, Eck & Brueckel LLP

Springfield, Illinois
December 18, 2013

Southern Illinois University Broadcasting Service

Management's Discussion and Analysis

June 30, 2013

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, 2013 with comparative information for the year ended June 30, 2012. 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 Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Each of these statements will be discussed.

Financial Highlights

Statement of Net Position

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

The Statement of Net Position presents end-of-year data concerning assets (current and non-current), liabilities (current and non-current), and net position. 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 Position.

Net Position represents the difference between WSIU Public Broadcasting assets and liabilities and are divided into three major categories. The first category, net investment in capital assets, represents WSIU Broadcasting's equity in property, plant and equipment. The next asset category is restricted net position, which is divided into two categories, non-expendable and expendable. Non-expendable restricted net position consists of endowments with specific restrictions on spending the principal given. Expendable restricted net position is 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 position, which represents 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, 2013

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

	2013	2012
Assets		
Current assets	\$ 868,898	\$ 835,434
Capital assets, net	3,327,524	3,309,427
Restricted assets	124,563	114,643
Total Assets	\$ 4,320,985	\$ 4,259,504
Liabilities		
Current liabilities	\$ 276,721	\$ 122,320
Net Position		
Net investment in capital assets	3,327,524	3,309,427
Non-expendable restricted	108,009	106,143
Expendable restricted	228,185	382,779
Unrestricted	380,546	338,835
Total Net Position	4,044,264	4,137,184
Total Net Position and Liabilities	\$ 4,320,985	\$ 4,259,504

Statement of Revenues, Expenses and Changes in Net Position

The changes in total net position as presented on the Statement of Net Position are based on the activities presented in the Statement of Revenues, Expenses and Changes in Net Position. 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, 2013

The following summarizes the WSIU Public Broadcasting's financial activity for fiscal years ended June 30, 2013 and 2012:

	Year Ended June 30, 2013	Year Ended June 30, 2012
Operating Revenues		
Operating grants	\$ 1,247,832	\$ 1,376,509
Local support	992,455	986,981
Special events	9,520	7,438
Project grants	74,554	86,180
Production and uplink	51,982	34,839
Indirect / in kind support	2,600,042	2,749,812
Other	152,432	122,317
Total Operating Revenues	5,128,817	5,364,076
Operating Expenses	7,058,760	7,100,681
Operating Loss	(1,929,943)	(1,736,605)
Non-operating revenues - net	1,837,023	1,245,898
Decrease in Net Position	(92,920)	(490,707)
Net Position, Beginning of Year	4,137,184	4,627,891
Net Position, End of Year	\$ 4,044,264	\$ 4,137,184

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

Southern Illinois University Broadcasting Service
Management's Discussion and Analysis - Continued
June 30, 2013

Operating Expenses (by functional classification)

A summary of WSIU Public Broadcasting's operating expenses by functional classification for fiscal years ended June 30, 2013 and 2012 is as follows:

	Year Ended June 30, 2013	Year Ended June 30, 2012
Operating Expenses		
Local programming and production	\$ 3,367,663	\$ 3,078,853
Broadcasting	1,079,886	1,344,578
Program information	385,711	423,279
Fund raising	616,422	597,110
Management and general administration	889,879	970,415
Depreciation	719,199	686,446
Total Operating Expenses	\$ 7,058,760	\$ 7,100,681

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 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, 2013 and 2012 is as follows:

	Year Ended June 30, 2013	Year Ended June 30, 2012
Cash Provided By (Used In)		
Operating activities	\$ (1,111,917)	\$ (747,032)
Non-capital financing activities	979,218	1,010,829
Capital financing and related financing activities	62,978	141,485
Investing activities	3,686	3,428
Net increase (decrease) in cash and cash equivalents	(66,035)	408,710
Cash and cash equivalents, beginning of year	661,482	252,772
Cash and Cash Equivalents, End of Year	\$ 595,447	\$ 661,482

**Southern Illinois University Broadcasting Service
Management's Discussion and Analysis - Continued
June 30, 2013**

Capital Asset and Debt Administration

WSIU Public Broadcasting has no long-term debt activity.

Economic Outlook

Fiscal year 2013 appropriations for higher education operations were approved by the State of Illinois and the funding level was flat compared to the fiscal year 2012 appropriations. The State continues to work on plans to fix the retirement payment shortfall in future years. The university state appropriations for 2014 were the same as 2013 continuing the flat budget. The State of Illinois passed a retirement plan for future years that will require public universities and employees to contribute more toward the cost of retirement which will impact future funding.

WSIU Public Broadcasting's 2013 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 years 2009, 2010, 2011, 2012 and 2013 for both the state and university. The outlook for 2014 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 Position
June 30, 2013 (with Comparative Totals for 2012)

	2013			2012 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Assets						
Current Assets						
Interest in pooled cash	\$ -	\$ 648,690	\$ 648,690	\$ 163,055	\$ 498,427	\$ 661,482
Accounts receivable	51,396	22,768	74,164	36,089	20,547	56,636
Grants receivable	133,822	12,222	146,044	101,486	15,830	117,316
Total Current Assets	185,218	683,680	868,898	300,630	534,804	835,434
Non-current Assets						
Restricted Assets						
Investments	124,563	-	124,563	114,643	-	114,643
Total Restricted Assets	124,563	-	124,563	114,643	-	114,643
Capital Assets						
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	4,940,650	828,952	5,769,602	4,286,949	828,952	5,115,901
Less: accumulated depreciation	(9,413,063)	(1,258,727)	(10,671,790)	(8,788,030)	(1,248,156)	(10,036,186)
Total Capital Assets, net	3,246,286	81,238	3,327,524	3,217,618	91,809	3,309,427
Total Non-current Assets	3,370,849	81,238	3,452,087	3,332,261	91,809	3,424,070
Total Assets	\$ 3,556,067	\$ 764,918	\$ 4,320,985	\$ 3,632,891	\$ 626,613	\$ 4,259,504
Liabilities and Net Position						
Current Liabilities						
Overdraft in pooled cash	\$ 53,243	\$ -	\$ 53,243	\$ -	\$ -	\$ -
Accounts payable	58,032	133,737	191,770	48,666	30,626	79,292
Accrued salaries	8,072	2,568	10,640	11,023	6,297	17,320
Deferred revenues	13,054	8,014	21,068	14,095	11,613	25,708
Total Current Liabilities	132,401	144,320	276,721	73,784	48,536	122,320
Net Position						
Net investment in capital assets	3,246,286	81,238	3,327,524	3,217,618	91,809	3,309,427
Restricted						
Non-expendable	108,009	-	108,009	106,143	-	106,143
Expendable	105,007	123,178	228,185	303,254	79,525	382,779
Unrestricted (deficit)	(35,636)	416,182	380,546	(67,908)	406,743	338,835
Total Net Position	3,423,666	620,598	4,044,264	3,559,107	578,077	4,137,184
Total Liabilities and Net Position	\$ 3,556,067	\$ 764,918	\$ 4,320,985	\$ 3,632,891	\$ 626,613	\$ 4,259,504

The accompanying notes are an integral part of this statement.

Southern Illinois University Broadcasting Service
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013 (With Comparative Totals for 2012)

	2013			2012 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Operating Revenues						
Operating grants						
State of Illinois grant	\$ 166,198	\$ 23,547	\$ 189,745	\$ 201,150	\$ 28,217	\$ 229,367
CPB CSG grant	867,657	190,430	1,058,087	905,332	241,810	1,147,142
Local support						
Membership income	257,935	167,739	425,674	274,373	166,052	440,425
Contributions	33,381	5,973	39,354	194,700	1,104	195,804
Underwriting	292,471	232,524	524,995	164,404	183,370	347,774
Local SIRIS Support	-	2,432	2,432	-	2,978	2,978
Special events	-	9,520	9,520	-	7,438	7,438
Project grants	53,202	21,352	74,554	64,828	21,352	86,180
Production and uplink activities	51,982	-	51,982	34,839	-	34,839
Other						
Federal work study	25,561	7,439	33,000	29,400	3,601	33,001
Tower rental income	7,560	67,037	74,597	7,560	67,037	74,597
Miscellaneous income	44,700	135	44,835	14,718	1	14,719
University support						
Direct						
Utilities and maintenance	397,444	104,757	502,201	450,328	142,448	592,776
Other	121,975	2,513	124,488	81,691	1,111	82,802
Personnel related	597,347	222,973	820,320	598,407	227,494	825,901
Indirect/in-kind services and materials	872,920	280,113	1,153,033	959,953	288,380	1,248,333
Total Operating Revenues	3,790,333	1,338,484	5,128,817	3,981,683	1,382,393	5,364,076
Operating Expenses						
Program services						
Local programming and production	2,575,463	792,200	3,367,663	2,402,546	676,307	3,078,853
Broadcasting	858,186	221,700	1,079,886	1,023,970	320,608	1,344,578
Program information	316,928	68,783	385,711	356,799	66,480	423,279
Supporting services						
Fundraising	345,345	271,077	616,422	337,308	259,802	597,110
Management and general	714,223	175,656	889,879	779,793	190,622	970,415
Depreciation	708,629	10,570	719,199	670,928	15,518	686,446
Total Operating Expenses	5,518,774	1,539,986	7,058,760	5,571,344	1,529,337	7,100,681
Operating Loss	(1,728,441)	(201,502)	(1,929,943)	(1,589,661)	(146,944)	(1,736,605)

Southern Illinois University Broadcasting Service
Statement of Revenues, Expenses and Changes in Net Position - Continued
For the Year Ended June 30, 2013 (With Comparative Totals for 2012)

	2013			2012 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Non Operating Revenues (Expenses)						
State of Illinois University direct appropriations	\$ 697,453	\$ 275,351	\$ 972,804	\$ 756,879	\$ 297,257	\$ 1,054,136
US Dept. of Education	-	-	-	179,988	-	179,988
PBS WARN Generator Grant	258,605	-	258,605	7,686	-	7,686
USDA Grant	556,747	-	556,747	-	-	-
Investment income	13,606	-	13,606	4,088	-	4,088
Equipment donation	35,261	-	35,261	-	-	-
Total Non Operating Revenues	1,561,672	275,351	1,837,023	948,641	297,257	1,245,898
Change in Net Position	(166,769)	73,849	(92,920)	(641,020)	150,313	(490,707)
Net Position, Beginning of Year	3,559,107	578,077	4,137,184	4,180,628	447,263	4,627,891
Reallocation of Net Position	31,328	(31,328)	-	19,499	(19,499)	-
Net Position, End of Year	\$ 3,423,666	\$ 620,598	\$ 4,044,264	\$ 3,559,107	\$ 578,077	\$ 4,137,184

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, 2013 (With Comparative Totals for 2012)

	2013			2012 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Cash Flows From Operating Activities						
Cash received from customers	\$ 631,885	\$ 461,617	\$ 1,093,502	\$ 502,337	\$ 420,782	\$ 923,119
Cash operating grants	1,105,262	238,937	1,344,199	1,454,176	319,011	1,773,187
Gifts and contributions	58,942	25,363	84,305	239,749	15,120	254,869
Payments to employees	(1,369,088)	(494,308)	(1,863,396)	(1,359,980)	(497,121)	(1,857,101)
Payments for goods and services	(1,450,768)	(319,759)	(1,770,527)	(1,499,272)	(341,834)	(1,841,106)
Net Cash Used In Operating Activities	(1,023,767)	(88,150)	(1,111,917)	(662,990)	(84,042)	(747,032)
Cash Flows From Noncapital Financing Activities						
State appropriations	703,867	275,351	979,218	713,572	297,257	1,010,829
Net Cash Provided By Noncapital Financing Activities	703,867	275,351	979,218	713,572	297,257	1,010,829
Cash Flows From Capital and Related Financing Activities						
Reallocation of net position for capital	31,328	(31,328)	-	19,499	(19,499)	-
Capital grants received	764,814	-	764,814	179,988	-	179,988
Payments for capital acquisitions	(696,226)	(5,610)	(701,836)	(23,335)	(15,168)	(38,503)
Net Cash Provided By (Used In) Capital and Related Financing Activities	99,916	(36,938)	62,978	176,152	(34,667)	141,485
Cash Flows from Investing Activities						
Interest payments received	13,606	-	13,606	4,088	-	4,088
Purchase of investments	(9,920)	-	(9,920)	(660)	-	(660)
Net Cash Provided By Investing Activities	3,686	-	3,686	3,428	-	3,428
Net Increase (Decrease) in Cash and Cash Equivalents	(216,298)	150,263	(66,035)	230,162	178,548	408,710
Cash and Cash Equivalents (Overdraft), Beginning of Year	163,055	498,427	661,482	(67,107)	319,879	252,772
Cash and Cash Equivalents (Overdraft), End of Year	\$ (53,243)	\$ 648,690	\$ 595,447	\$ 163,055	\$ 498,427	\$ 661,482

Southern Illinois University Broadcasting Service
Statement of Cash Flows - Continued
For the Year Ended June 30, 2013 (With Comparative Totals for 2012)

	2013			2012 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Reconciliation of Operating Loss to Net Cash Used in Operating Activities						
Operating Loss	\$(1,728,441)	\$ (201,502)	\$(1,929,943)	\$(1,589,661)	\$ (146,944)	\$(1,736,605)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities						
Depreciation expense	708,629	10,570	719,199	670,928	15,518	686,446
Change in assets and liabilities						
Accounts receivable	(21,722)	(2,218)	(23,940)	19,076	10,086	29,162
Grants receivable	18,203	3,608	21,811	282,866	27,632	310,498
Accounts payable	3,557	108,720	112,277	(36,128)	16,209	(19,919)
Accrued salaries	(2,951)	(3,729)	(6,680)	(13,088)	(779)	(13,867)
Deferred revenues	(1,042)	(3,599)	(4,641)	3,017	(5,764)	(2,747)
Total adjustments	704,674	113,352	818,026	926,671	62,902	989,573
Net Cash Used in Operating Activities	<u>\$(1,023,767)</u>	<u>\$ (88,150)</u>	<u>\$(1,111,917)</u>	<u>\$ (662,990)</u>	<u>\$ (84,042)</u>	<u>\$ (747,032)</u>
Non-cash Capital and Related Financing Activity						
Equipment donation	<u>\$ 35,261</u>	<u>\$ -</u>	<u>\$ 35,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2013

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 WVSI-FM of Mount Vernon, IL.

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, 2013, and changes in its financial position and its cash flows, 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.

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, 2013

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 2012 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 WSIU Public Broadcasting's financial statements for the year ended June 30, 2012.

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, 2013 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 Position and the Statement of Revenues, Expenses, and Changes in Net Position.

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, 2013

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 Position

WSIU Public Broadcasting's net position is classified as follows:

- Invested in capital assets: This represents the total investment in capital assets, net of accumulated depreciation
- Restricted net position, non-expendable: Restricted non-expendable net position consist of endowments with specific restrictions requiring that the principal be invested and only the earnings be used.
- Restricted net position, expendable: Restricted expendable net position 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 position: Unrestricted net position represents 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 position prior to the use of unrestricted net position when an expense is incurred for the purposes for which both restricted and unrestricted net position are available.

Southern Illinois University Broadcasting Service

Notes to Financial Statements

For the Year Ended June 30, 2013

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, 2013

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 Position. 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, 2013, which is the date the financial statements were available to be issued. Through December 18, 2013, 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, 2013:

Accounts and grants receivable	TV	FM	TOTAL
Accounts receivable			
Miscellaneous activities	\$ 16,201	\$ -	\$ 16,201
Memberships	7,794	10,245	18,039
Underwriting	27,401	12,523	39,924
Total accounts receivable	\$ 51,396	\$ 22,768	\$ 74,164
Grants receivable			
USDA Grant	\$ 58,224	\$ -	\$ 58,224
State of Illinois	75,598	12,222	87,820
Total grants receivable	\$ 133,822	\$ 12,222	\$ 146,044

Southern Illinois University Broadcasting Service
Notes to Financial Statements
For the Year Ended June 30, 2013

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 2013, WSIU Public Broadcasting's share of realized gains on investments totaled \$ 1,918 and unrealized gains on investments totaled \$ 11,688, resulting in a balance of \$ 102,483 held by the Foundation for WSIU Public Broadcasting at June 30, 2013. The Foundation distributes earnings to the University on a quarterly basis. Payments during fiscal year 2013 for WSIU Public Broadcasting totaled \$ 3,736.

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

Fair values and unrealized appreciation at June 30, 2013 are summarized as follows:

Restricted assets	Cost	Fair value
Investments		
Life insurance policies	\$ 22,080	\$ 22,080
Shares of Foundation investment pool	85,929	102,483
Total restricted assets	\$ 108,009	\$ 124,563

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 Position for the year ended June 30, 2013:

Investment returns	Restricted
Net realized/unrealized losses	\$ 13,606

6. Non-expendable Restricted Net Position

Non-expendable restricted net position is as follows at June 30, 2013:

	TV	FM	Total
Donor-restricted endowments			
WSIU/WUSI Future Excellence	\$ 90,662	\$ -	\$ 90,662
O'Brien Student of Year	17,347	-	17,347
	\$ 108,009	\$ -	\$ 108,009

Southern Illinois University Broadcasting Service
Notes to Financial Statements
For the Year Ended June 30, 2013

7. Expendable Restricted Net Position

Expendable restricted net position is available for the following purposes at June 30, 2013:

	TV	FM	Total
WSIU FM Underwriting	\$ -	\$ 73	\$ 73
WSIU – FM CPB Grant FY13 Restricted	-	44,149	44,149
PBS Teacherline	1,731	-	1,731
Dinosaur Train	640	-	640
Women and Girls Lead	505	-	505
Voices of Educators	247	-	247
SIRIS	-	34,296	34,296
WSIU Friends Board Campaign	15,650	40	15,690
Early Childhood Services	11,636	-	11,636
O'Brien Student of the Year	1,722	-	1,722
WSIU/WUSI Future Excellence	15,678	-	15,678
TV Local Production	1,954	-	1,954
WSIU/WUSI TV Miscellaneous Income	8,655	-	8,655
TV Equipment Support Fund	6,753	-	6,753
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	4,121	-	4,121
SIRIS Outreach Fund	-	34,632	34,632
WSIU-FM Mt. Vernon Clear Signal	-	542	542
Electoral Coverage Support	360	-	360
FM Equipment Support Fund	-	493	493
FM Local Production Fund	-	4,621	4,621
FM News Excellence Fund	-	2,020	2,020
WSIU/WUSI FM Miscellaneous Income	-	696	696
Saluki Sports Broadcasting	-	784	784
SIRIS Equipment Support	-	574	574
Central Park Five Grant	4,770	-	4,770
WARN Act Generator	20,056	-	20,056
	\$ 105,007	\$ 123,178	\$ 228,185

Southern Illinois University Broadcasting Service
Notes to Financial Statements
For the Year Ended June 30, 2013

8. Grants

WSIU Public Broadcasting is the recipient of several grant awards. During the fiscal year ended June 30, 2013, WSIU Public Broadcasting was awarded the following grant funds:

Granting Agency	Grant Funds Awarded
Corporation for Public Broadcasting	\$ 1,058,087
State of Illinois Public Broadcasting/IAC	189,745
Illinois State Library	21,352
Other	<u>53,202</u>
	<u><u>\$ 1,322,386</u></u>

The Corporation for Public Broadcasting (CPB) provides a major source of funding for SIU Broadcasting Service. The operating grant for fiscal year 2013 was \$ 1,058,087. The grant period is October 1, 2012 through September 30, 2014. 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.

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 October 15, 2012 through August 31, 2013.

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, 2012 through June 30, 2013.

Southern Illinois University Broadcasting Service
Notes to Financial Statements
For the Year Ended June 30, 2013

9. Capital Assets

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

	<u>Balance as of June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers</u>	<u>Balance as of June 30, 2013</u>
Capital assets not being depreciated					
Land	\$ 23,387	\$ -	\$ -	\$ -	\$ 23,387
Capital assets being depreciated					
Building	8,206,325	-	-	-	8,206,325
Equipment	5,115,901	737,296	(32,161)	(51,434)	5,769,602
Total capital assets being depreciated	13,322,226	737,296	(32,161)	(51,434)	13,975,927
Less: accumulated depreciation	(10,036,186)	(719,199)	32,161	51,434	(10,671,790)
Total capital assets being depreciated, net	3,286,040	18,097	-	-	3,304,137
Total Capital Assets	\$ 3,309,427	\$ 18,097	\$ -	\$ -	\$ 3,327,524

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 five years 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>
2014	\$ 16,000
2015	12,800
2016	12,800
2017	12,800
2018	4,800
2019 - 2022	19,200

Southern Illinois University Broadcasting Service
Notes to Financial Statements
For the Year Ended June 30, 2013

11. State Universities 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 34.51 % 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, 2013 was approximately \$ 529,767, 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, 2013

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.

Southern Illinois University Broadcasting Service
Notes to Financial Statements
For the Year Ended June 30, 2013

14. Reallocation of Net Position

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 ended June 30, 2013, the actual use and release of pooled funds resulted in adjustments to the cash flow and the net position between television and radio in the amount of \$ 31,328.

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

Year Ended June 30, 2013

	Local Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 829,707	\$ 298,589	\$ 147,648	\$ 233,095	\$ 347,677	\$ 1,856,716
Payroll taxes and employee benefits	362,277	125,119	59,974	114,273	166,173	827,816
Professional services, excluding in-kind contributions	50,218	30,322	3,100	8,338	54,001	145,979
Professional services and support, in-kind contributions	500,058	128,554	44,839	90,204	131,935	895,590
Office supplies	14,069	10,463	11,494	2,453	14,650	53,129
Telephone	15,007	11,960	2,232	15,488	10,469	55,156
Postage	1,141	2,119	3,620	19,849	1,674	28,403
Advertising	726	-	41,187	-	4,443	46,356
Occupancy	299,848	287,202	41,174	21,275	87,516	737,015
Rental and maintenance of equipment	24,506	144,834	415	-	3,784	173,539
Printing and publications	3,006	2,159	25,597	17,130	9,076	56,968
Travel	27,555	6,328	3,647	7,136	19,488	64,154
Operating taxes and licenses	172,505	8,943	2	-	451	181,901
Program acquisition	919,966	-	-	-	-	919,966
Miscellaneous, excluding in-kind contributions	147,074	23,294	782	82,508	38,542	292,200
Miscellaneous, in-kind contributions	-	-	-	4,673	-	4,673
	<u>\$ 3,367,663</u>	<u>\$ 1,079,886</u>	<u>\$ 385,711</u>	<u>\$ 616,422</u>	<u>\$ 889,879</u>	<u>\$ 6,339,561</u>

Schedule of Functional Expenses – TV

SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Year Ended June 30, 2013

	Local Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 581,835	\$ 265,045	\$ 124,689	\$ 117,579	\$ 276,989	\$ 1,366,137
Payroll taxes and employee benefits	249,521	108,347	50,612	57,326	132,369	598,175
Professional services, excluding in-kind contributions	48,316	29,572	3,100	5,837	43,601	130,426
Professional services and support, in-kind contributions	378,307	104,115	39,434	52,380	105,836	680,072
Office supplies	12,475	5,074	9,079	1,558	11,721	39,907
Telephone	7,022	4,999	1,932	9,988	8,272	32,213
Postage	855	1,911	3,540	10,489	1,500	18,295
Advertising	276	-	20,577	-	3,748	24,601
Occupancy	257,136	211,423	34,285	17,142	72,917	592,903
Rental and maintenance of equipment	23,511	90,713	415	-	3,347	117,986
Printing and publications	2,706	2,114	25,119	11,934	7,316	49,189
Travel	25,105	6,271	3,363	3,876	15,670	54,285
Operating taxes and licenses	172,505	7,307	2	-	361	180,175
Program acquisition	690,655	-	-	-	-	690,655
Miscellaneous, excluding in-kind contributions	125,238	21,295	781	57,236	30,576	235,126
	<u>\$ 2,575,463</u>	<u>\$ 858,186</u>	<u>\$ 316,928</u>	<u>\$ 345,345</u>	<u>\$ 714,223</u>	<u>\$ 4,810,145</u>

Schedule of Functional Expenses – FM

SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Year Ended June 30, 2013

	Local Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 247,872	\$ 33,544	\$ 22,959	\$ 115,516	\$ 70,688	\$ 490,579
Payroll taxes and employee benefits	112,756	16,772	9,362	56,947	33,804	229,641
Professional services, excluding in-kind contributions	1,902	750	-	2,501	10,400	15,553
Professional services and support, in-kind contributions	121,751	24,439	5,405	37,824	26,099	215,518
Office supplies	1,594	5,389	2,415	895	2,929	13,222
Telephone	7,985	6,961	300	5,500	2,197	22,943
Postage	286	208	80	9,360	174	10,108
Advertising	450	-	20,610	-	695	21,755
Occupancy	42,712	75,779	6,889	4,133	14,599	144,112
Rental and maintenance of equipment	995	54,121	-	-	437	55,553
Printing and publications	300	45	478	5,196	1,760	7,779
Travel	2,450	57	284	3,260	3,818	9,869
Operating taxes and licenses	-	1,636	-	-	90	1,726
Program acquisition	229,311	-	-	-	-	229,311
Miscellaneous, excluding in-kind contributions	21,836	1,999	1	25,272	7,966	57,074
Miscellaneous, in-kind contributions	-	-	-	4,673	-	4,673
	<u>\$ 792,200</u>	<u>\$ 221,700</u>	<u>\$ 68,783</u>	<u>\$ 271,077</u>	<u>\$ 175,656</u>	<u>\$ 1,529,416</u>



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Independent Auditors' 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, in accordance with the 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, the financial statements of Southern Illinois University Broadcasting Service (SIU Broadcasting Service) as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SIU Broadcasting Service's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SIU Broadcasting Service's internal control. Accordingly, we do not express an opinion on the effectiveness of SIU Broadcasting Service's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Other Locations

Litchfield, IL • Jacksonville, IL • Belleville, IL • Carbondale, IL • Cape Girardeau, MO • St. Louis, MO • Milwaukee, WI

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SIU Broadcasting Service's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kerker, Eck & Brunsell LLP

Springfield, Illinois
December 18, 2013

