

WOSU PUBLIC MEDIA

*A Public Telecommunications Entity
Operated By The Ohio State University*

FINANCIAL REPORT
*With Additional Information
For The Years Ended June 30, 2009 and 2008*





Mary Taylor, CPA
Auditor of State

WOSU Public Media
2040 Blankenship Hall
901 Woody Hayes Drive
Columbus, Ohio 43210-4016

We have reviewed the *Independent Auditors' Report* of the WOSU Public Media, Franklin County, prepared by Parns & Company, LLC for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The WOSU Public Media is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 19, 2010

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WOSU Public Media

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INDEPENDENT AUDITORS' REPORT

WOSU Public Media
The Ohio State University

We have audited the accompanying statements of net assets of WOSU Public Media (WOSU), which is a part of The Ohio State University, as of June 30, 2009 and 2008, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of WOSU's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the financial statements of WOSU Public Media are intended to present the financial position and results of operations of only that portion of the financial reporting entity of The Ohio State University that is attributable to the transactions of WOSU Public Media.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WOSU Public Media at June 30, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2009, on our consideration of WOSU Public Media's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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.

The Management's Discussion and Analysis presented on pages 3 through 7 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of WOSU Public Media taken as a whole. The Supplemental Schedule of Revenues and Expenses by Telecommunication Operations for the year ended June 30, 2009, is presented for purposes of additional analysis and is not a required part of the basic financial statements of WOSU Public Media. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements of WOSU Public Media taken as a whole.

Farms & Company, LLC

December 29, 2009

WOSU Public Media

Management's Discussion and Analysis Fiscal Year Ending June 30, 2009

Accounting Standards

The following discussion and analysis provides an overview of WOSU's financial activities. The financial report consists of three basic statements that provide information on WOSU Public Media: the Statement of Financial Position; Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. Each statement will be discussed.

Financial Highlights

- Total cash decreased by 21%, primarily due to multiple payments made during the fiscal year on monies advanced by the University for the building of the Radio Studios and the Digital Media Center at WOSU@COSI.
- WOSU received a grant of over \$94,000 from the Federal Communications Commission to assist the community with digital television converter box installations as part of the conversion to all digital TV broadcasting. WOSU led a community project that included the donation of the government issued DTV coupons to allow the purchase of converter boxes for those most in need. WOSU received over 3,000 coupons and working with the Central Ohio Area Agency on Aging and LifeCare Alliance to identify families and elderly individuals who needed assistance. The FCC funds were also used to setup a telephone center to troubleshoot box installations. WOSU received a national and regional award for this highly innovative public service project.
- The Digital Media Center, WOSU@COSI, and the radio studios still account for most of the changes in the financial statements, along with the timing of monies received and expended. This affects the categories of pledges receivable, interest payable, and debt obligation.

WOSU Public Media

Management's Discussion and Analysis Fiscal Year Ending June 30, 2009

Statements of Financial Position

The Statement of Financial Position includes assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Net assets – the difference between assets and liabilities – are one way of measuring an organization's financial health.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Current assets			
Cash	\$ 5,806,941	\$ 7,383,473	\$ 6,357,543
Receivables	1,558,192	1,102,042	1,375,733
Total current assets	<u>7,365,133</u>	<u>8,485,515</u>	<u>7,733,276</u>
Non-current assets			
Endowment investments	4,122,607	5,768,117	6,459,540
Pledges receivable – noncurrent	184,419	472,623	807,141
Broadcast rights	1,030,570	1,002,793	941,113
Property and equipment	9,032,258	10,150,237	10,641,498
Total assets	<u>21,734,987</u>	<u>25,879,285</u>	<u>26,582,568</u>
Current liabilities			
Accounts payable	\$ 150,581	\$ 95,329	\$ 262,324
Accrued compensated absence	30,539	31,353	37,739
Deferred support and revenue	934,319	67,950	54,730
Current portion – debt obligation Univ.	1,213,940	1,213,940	986,895
Total current liabilities	<u>2,329,379</u>	<u>1,408,572</u>	<u>1,341,688</u>
Long-term Liabilities			
Long-term portion – debt oblig. Univ.	2,388,174	4,855,707	4,934,454
Accrued compens. absence – noncurr.	367,030	357,278	398,816
Total liabilities	<u>5,084,583</u>	<u>6,621,557</u>	<u>6,674,958</u>
Net assets			
Invested in capital assets	5,430,144	4,080,590	4,720,149
Restricted	5,814,822	7,086,693	10,374,236
Unrestricted	5,405,438	8,090,445	4,813,225
Total net assets	<u>\$ 16,650,404</u>	<u>\$ 19,257,728</u>	<u>\$ 19,907,610</u>

In fiscal year 2009, 27% of \$21,734,987 in total assets represents our cash balance. The WOSU policy is to raise funds in the current year to be expended in the following year. This process provides the capability of meeting expenses during the summer months when cash flow is at its lowest. Receivables include revenue received from program/production underwriting, station membership pledges, donations received for our capital campaign, WOSU @ COSI and various other earnings and grant income. Our endowment investments have decreased by \$1,645,510 and will hopefully improve when the overall economy bounces back.

WOSU Public Media

Management's Discussion and Analysis Fiscal Year Ending June 30, 2009

Statements of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the operating results of WOSU Public Media, as well as the non-operating revenues and expenses. Annual state appropriations are considered non-operating revenues according to accounting principles generally accepted in the United States of America.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
OPERATING REVENUES			
Contributed services	\$ 1,246,338	\$ 1,450,486	\$ 2,158,569
Grants from the Corporation for Public Broadcasting	1,660,105	1,616,304	1,745,293
Member contributions	2,675,152	2,846,856	2,626,784
Fees and services	1,674,437	1,491,817	1,628,756
Fundraising	60,415	121,296	118,479
Federal, state and local grants	1,278,319	1,170,431	1,786,519
Miscellaneous	70,315	50,005	38,532
Total Operating Revenues	<u>8,665,081</u>	<u>8,747,195</u>	<u>10,102,932</u>
OPERATING EXPENSES			
Total program services	7,947,940	8,175,040	9,811,556
Total supporting services	<u>5,205,759</u>	<u>4,748,393</u>	<u>5,246,683</u>
Total Operating Expenses	<u>13,153,699</u>	<u>12,923,434</u>	<u>15,058,239</u>
OPERATING LOSS	<u>(4,488,618)</u>	<u>(4,176,239)</u>	<u>(4,955,307)</u>
NON-OPERATING REVENUES (EXPENSES)			
Operating subsidies	1,814,460	1,677,913	1,468,048
Donated facilities and support – OSU	1,115,284	1,098,674	1,250,853
Investment income			
Interest and dividend income	336,874	418,275	536,030
Unrealized gain (loss) on investments	(1,649,478)	(815,655)	714,930
Interest Expense	(109,206)	(273,951)	(164,110)
Capital grants and gifts	367,683	1,166,262	538,564
Additions to permanent endowments	<u>5,677</u>	<u>254,839</u>	<u>304,440</u>
Net Non-Operating Revenues	<u>1,881,294</u>	<u>3,526,357</u>	<u>4,648,755</u>
CHANGE IN NET ASSETS	<u>(2,607,324)</u>	<u>(649,882)</u>	<u>(306,552)</u>
NET ASSETS, BEGINNING OF YEAR	<u>19,257,728</u>	<u>19,907,610</u>	<u>20,214,162</u>
NET ASSETS, END OF YEAR	<u>\$ 16,650,404</u>	<u>\$ 19,257,728</u>	<u>\$ 19,907,610</u>

WOSU Public Media

Management's Discussion and Analysis Fiscal Year Ending June 30, 2009

Statement of Revenues, Expenses and Changes in Net Assets (continued)

WOSU suffered a loss of \$1,649,478 on our investments due to the overall market, this will probably continue until the economy stabilizes. This also was evident in some of our funding sources and WOSU reacted to these downturns by scrutinizing expenses and also freezing some positions.

Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess The WOSU Public Media's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external funding.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Cash Provided By (Used In):			
Operating activities	\$ (1,427,893)	\$(1,481,757)	\$(3,879,869)
Noncapital financing activities	1,822,051	1,805,208	1,772,488
Capital and related financing activities	(2,299,973)	427,446	(197,341)
Investing Activities	<u>329,283</u>	<u>275,033</u>	<u>446,002</u>
Net Increase (decrease) in cash	(1,576,532)	1,025,930	(1,858,720)
Cash – Beginning of year	<u>7,383,473</u>	<u>6,357,543</u>	<u>8,216,263</u>
Cash – End of year	<u>\$ 5,806,941</u>	<u>\$7,383,473</u>	<u>\$6,357,543</u>

Member contributions, state and local grants, tower rental, television productions, and university support comprise cash receipts for operating activities. Over the past few years WOSU has secured state and federal grants to support the mandated conversion to digital television. The transition to digital television has been a drain on cash balances, since WOSU must often match equipment grants. The digital television conversion was completed during fiscal year 2009.

WOSU Public Media

Management's Discussion and Analysis Fiscal Year Ending June 30, 2009

Economic Factors that will affect Future Economic Position and Results of Operations

WOSU Public Media is focused on growing its membership, underwriting, major/planned giving and grant revenues in the coming year. Corporate, foundation and other community funding for a special multi-year multimedia project called *Columbus Neighborhoods* will also assist the overall budget picture in FY10.

WOSU continues to have two lines of credit with the University related to the construction of the WOSU@COSI digital production center and the radio studios at Fawcett Center. Private funding has allowed WOSU to stay on track with payments.

The economic downturn has caused endowment revenue and market value to decrease, while state subsidy funding declined over 30 percent over the past two years. This trending is likely to continue in FY10. Meanwhile, federal support from the Corporation for Public Broadcasting and Ohio State University support is expected to remain stable.

The ability of WOSU Public Media to meet its fiscal challenges are influenced by many factors outside of its control, such as state, university and federal funding, and the economy. With over half of our income funds generated by individuals and businesses in central and southern Ohio, station stability is greatly affected by the marketplace.

WOSU PUBLIC MEDIA
A Public Telecommunications Entity Operated By The Ohio State University
STATEMENTS OF NET ASSETS
As of June 30, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash	\$ 5,806,941	\$ 7,383,473
Receivables:		
Accounts receivable	149,332	87,411
Government grants	158,127	184,758
Underwriting	74,875	67,132
Pledges (Note 3)	<u>1,175,858</u>	<u>762,741</u>
Total receivables	<u>1,558,192</u>	<u>1,102,042</u>
Total current assets	7,365,133	8,485,515
Investments (Note 2)	4,122,607	5,768,117
Pledges receivable - noncurrent	184,419	472,623
Broadcast rights	1,030,570	1,002,793
Property and equipment (Note 4)	<u>9,032,258</u>	<u>10,150,237</u>
Total assets	<u>\$ 21,734,987</u>	<u>\$ 25,879,285</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	150,581	95,329
Accrued compensated absence - current (Note 7)	30,539	31,353
Deferred support and revenue	934,319	67,950
Current portion - debt obligation due University (Note 12)	<u>1,213,940</u>	<u>1,213,940</u>
Total current liabilities	2,329,379	1,408,572
Long-term Liabilities		
Long-term portion - debt obligation due University (Note 12)	2,388,174	4,855,707
Accrued compensated absence - noncurrent (Note 7)	<u>367,030</u>	<u>357,278</u>
Total liabilities	5,084,583	6,621,557
NET ASSETS		
Invested in Capital Assets	5,430,144	4,080,590
Unrestricted	5,405,438	8,090,445
Restricted For:		
Nonexpendable		
Endowment	4,248,237	5,895,661
Expendable	<u>1,566,585</u>	<u>1,191,032</u>
Total Net Assets	<u>\$ 16,650,404</u>	<u>\$ 19,257,728</u>

The accompanying notes are an integral part of these financial statements.

WOSU PUBLIC MEDIA
A Public Telecommunications Entity Operated By The Ohio State University
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2009 and 2008

OPERATING REVENUES	<u>2009</u>	<u>2008</u>
Contributed services	\$ 1,246,338	\$ 1,450,486
Grants from the Corporation for Public Broadcasting	1,660,105	1,619,304
Member contributions	2,675,152	2,846,856
Fees and Services:		
Public broadcasting service	-	5,266
Business & industry	1,265,401	1,302,429
Foundations/non-profit organizations	376,587	141,893
Federal government agencies	32,449	39,229
Fundraising	60,415	121,296
Federal grants	194,255	47,764
State and local grants	1,084,064	1,122,667
Royalties	67,221	45,711
Miscellaneous	<u>3,094</u>	<u>4,294</u>
Total operating revenues	8,665,081	8,747,195
OPERATING EXPENSES		
Program services:		
Programming and production	4,192,598	4,714,230
Broadcasting	3,046,092	2,681,106
Program information	<u>709,250</u>	<u>779,704</u>
Total program services	7,947,940	8,175,040
Supporting services:		
Management & general	2,520,940	2,183,294
Depreciation	1,210,603	1,209,444
Underwriting	261,480	219,400
Fundraising	<u>1,212,736</u>	<u>1,136,256</u>
Total supporting services	5,205,759	4,748,394
Total operating expenses	<u>13,153,699</u>	<u>12,923,434</u>
Operating loss	(4,488,618)	(4,176,239)
NON-OPERATING REVENUES (EXPENSES)		
Operating subsidies (Note 9)	1,814,460	1,677,913
Donated facilities and support - OSU (Note 9)	1,115,284	1,098,674
Investment Income:		
Interest and dividend income	336,874	418,275
Unrealized (loss) gain on investments	(1,649,478)	(815,655)
Interest Expense	(109,206)	(273,951)
Capital grants and gifts	367,683	1,166,262
Additions to permanent endowments	<u>5,677</u>	<u>254,839</u>
Net non-operating revenues	1,881,294	3,526,357
Change in Net Assets	(2,607,324)	(649,882)
Net Assets, Beginning of year	<u>19,257,728</u>	<u>19,907,610</u>
Net Assets, End of year	<u>\$ 16,650,404</u>	<u>\$ 19,257,728</u>

The accompanying notes are an integral part of these financial statements.

WOSU PUBLIC MEDIA
A Public Telecommunications Entity Operated By The Ohio State University
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants from the Corporation for Public Broadcasting	\$ 1,810,105	\$ 1,466,304
Member contributions	2,426,025	2,703,221
Fees and services	1,665,433	1,439,093
Proceeds from fundraising	55,696	116,015
Federal, state and local grants	2,024,241	1,147,597
Royalties	30,155	45,711
Other revenues	3,094	4,294
Payments to employees	(5,412,870)	(4,797,042)
Payments to suppliers	<u>(4,029,772)</u>	<u>(3,606,950)</u>
Net cash used in operating activities	(1,427,893)	(1,481,757)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Private endowment contributions	7,591	127,295
University subsidies	<u>1,814,460</u>	<u>1,677,913</u>
Net cash provided by noncapital financing activities	1,822,051	1,805,208
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital grants and gifts received	369,390	713,857
Funds advanced by the University	-	148,298
Principal paid to the University	(2,467,533)	-
Interest paid to the University	(109,206)	(25,653)
Purchase of capital assets	<u>(92,624)</u>	<u>(409,056)</u>
Net (used in) provided by capital financing activities	(2,299,973)	427,446
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(7,591)	(127,292)
Interest and dividends received	<u>336,874</u>	<u>402,325</u>
Net cash provided by investing activities	<u>329,283</u>	<u>275,033</u>
Net change in cash	(1,576,532)	1,025,930
Cash at beginning of year	<u>7,383,473</u>	<u>6,357,543</u>
Cash at end of year	<u>\$ 5,806,941</u>	<u>\$ 7,383,473</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (4,488,618)	\$ (4,176,239)
Adjustments to reconcile excess additions over deductions to net cash provided by operating activities:		
Donated facilities and support	1,115,284	1,098,674
Depreciation expense	1,210,603	1,209,444
Increase in unamortized broadcast rights	(27,775)	(61,682)
(Increase) decrease in grants, underwriting and accounts receivables	(167,946)	608,208
Increase (decrease) in accounts payable and accrued liabilities	55,252	(166,996)
Increase in deferred support	866,369	13,220
Increase (decrease) in compensated absences and other accrued liabilities	<u>8,938</u>	<u>(6,386)</u>
Net adjustments	<u>3,060,725</u>	<u>2,694,482</u>
Net cash used by operating activities	<u>\$ (1,427,893)</u>	<u>\$ (1,481,757)</u>

The accompanying notes are an integral part of these financial statements.

WOSU Public Media
A Public Telecommunications Entity Operated By The Ohio State University
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2009 and 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entity

The accompanying financial statements of WOSU Public Media include the accounts and results of operations of the following non-commercial public television and radio stations:

- WOSU-TV, Columbus, Ohio (rebroadcast in Newark and Mansfield)
- WPBO-TV, Portsmouth, Ohio
- WOSU-AM Radio, Columbus, Ohio
- WOSU-FM Radio, Columbus, Ohio
- WOSV-FM Radio, Mansfield, Ohio
- WOSE-FM Radio, Coshocton, Ohio
- WOSB-FM Radio, Marion, Ohio
- WOSP-FM Radio, Portsmouth, Ohio

WOSU Public Media is a part of The Ohio State University (the University) financial reporting entity. The financial statements of the University contain more extensive disclosure of the significant accounting policies of the University as a whole.

Basis of Presentation

WOSU Public Media complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. WOSU Public Media reports as a special purpose government engaged solely in “business type activities” under GASB Statement No. 34. GASB Statement Nos. 20 and 34 provide WOSU Public Media the option of electing to apply FASB pronouncements issued after November 30, 1989. WOSU Public Media has elected not to apply those pronouncements

Basis of Accounting

The financial statements of WOSU Public Media have been prepared on the accrual basis whereby all revenues are recorded when earned and all expenses are recorded when they are considered to be a legal or contractual obligation to pay.

Cash

Cash of WOSU Public Media is maintained by the University which commingles the funds with other University-related organizations.

WOSU Public Media
A Public Telecommunications Entity Operated By The Ohio State University
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2009 and 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Endowment Investments

All investments consist of amounts invested in The Ohio State University Long Term Investment Pool. The University's Office of Financial Services commingles the funds with other University-related organizations. Earned investment income is allocated to each organization based on its share of the total funds invested at the beginning of each year. Additions to endowment investments are recorded as non-operating revenues in the statement of revenues, expenses and changes in net assets. Investments are recorded at their fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*. Investment income from endowment investments is unrestricted by the donors, and as such becomes a part of unrestricted net assets.

Broadcast Rights

Broadcast rights purchased by WOSU are amortized using the straight-line method over three years and are net of accumulated amortization of \$1,972,902 and \$1,913,699 as of June 30, 2009 and 2008, respectively.

Capital Assets

Capital assets with a unit cost of over \$5,000 are recorded at cost at date of acquisition, or, if donated, at fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset and is not allocated to the functional expenditure categories. Expenditures for construction in progress are capitalized as incurred. Routine maintenance and repairs are charged to expenses as incurred.

Revenue Recognition

All revenues from programmatic sources are considered to be operating revenues. Included in non-operating revenues are University support, investment income, and gifts. Gifts (pledges) that are received on an installment basis are recorded at net present value.

Unrestricted member contributions are recorded as support when the promise to give is made. Grant funds are recorded as revenues when the grant's contractual requirements have been met. The principal expendable restricted resources of WOSU are grants to finance capital projects or specific programs produced by WOSU. These revenues are deferred until WOSU incurs the capital expenditure or broadcasts the specific program.

In-Kind Contributions

Donated professional services and materials provided by outside organizations are recorded as revenue and expense at the fair value of the service or material at the date of donation as valued by the donor.

WOSU Public Media
A Public Telecommunications Entity Operated By The Ohio State University
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2009 and 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain reclassifications have been made to the 2008 financial statements presentation to conform to the 2009 financial statements presentation.

Donated Facilities and Administrative Support from The Ohio State University

Donated facilities and Administrative Support are calculated and recorded as both revenue and expense based upon the University's "modified other sponsored activities indirect cost rate" as defined by the Corporation for Public Broadcasting (CPB), which was 11.64% for the fiscal years ending June 30, 2009 and 2008. Donated facilities and administrative support from The University consists of allocated overhead costs related to financial, student and development department costs and certain other expenses incurred by the University on behalf of WOSU. All support received from the University is recorded as non-operating revenues.

Management Estimates

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires the use of management estimates, primarily related to collectibility of receivables and compensated absences. Actual results could differ from those estimates.

Net Assets

GASB Statement No. 34 reports equity as "Net Assets" rather than "fund balance." Net assets are classified according to external donor restrictions or availability of assets for satisfaction of WOSU's obligations. Nonexpendable restricted net assets are gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net assets represent funds that have been gifted for specific purposes.

NOTE 2: CASH AND INVESTMENTS

Statement No. 3 as amended by Statement No. 40 of the Government Accounting Standards Board requires the disclosure of essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure. The University issues separate financials statements which discuss its deposit and investments risk exposure.

The cash balance as of June 30, 2009 and 2008, are pooled funds which are held and managed by the Treasurer's Office of the University. Endowment investments represent WOSU's share of pooled investment funds.

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NOTE 2: CASH AND INVESTMENTS (continued)

The following summarizes pooled shares and related values as of June 30, 2009 and 2008:

<u>Fund account</u>	<u>No. of Shares</u>	<u>Cost</u>	<u>Market Value</u>
2009: Friends of WOSU	399.1073	\$1,379,681	\$1,879,703
Prine Classical Music	1.3619	5,550	6,414
Taylor Memorial	3.4136	27,460	16,077
Elam Family	11.2653	69,550	53,057
Reba Harvey	15.9992	99,967	78,108
Batelle Digital Media	20.6054	150,000	100,596
Klotz Public Media	3.7558	25,000	18,336
Digital Media Center Outreach	9.0739	62,788	44,299
Palius Public Media	3.7359	25,337	18,239
WOSU Public Media	398.1052	2,493,188	1,874,983
Sipp Student Interns	6.7175	<u>50,000</u>	<u>32,795</u>
Totals		<u>\$4,388,521</u>	<u>\$4,122,607</u>
2008: Friends of WOSU	399.0215	\$1,379,281	\$2,633,404
Prine Classical Music	1.3619	5,550	8,988
Taylor Memorial	3.4136	27,460	22,529
Elam Family	11.2653	69,550	74,347
Reba Harvey	15.9992	99,967	108,565
Batelle Digital Media	20.6054	150,000	139,821
Klotz Public Media	3.7558	25,000	25,485
Digital Media Center Outreach	8.5041	59,975	57,706
Palius Public Media	3.7359	25,337	25,350
WOSU Public Media	397.9509	2,492,432	2,626,339
Sipp Student Interns	6.7175	<u>50,000</u>	<u>45,583</u>
Totals		<u>\$4,384,552</u>	<u>\$5,768,117</u>

Total endowment investments by investment type at June 30, 2009 and 2008:

	2009	2008
Common stock	\$ 590,005	\$1,003,141
Equity mutual funds	628,819	2,133,864
U. S. government obligations	43,316	60,602
U. S. government agency obligations	122,014	104,256
Corporate bonds and notes	242,880	71,124
Bond mutual funds	346,400	306,660
International bonds	1,266	-
Real estate	-	273,546
Partnerships and hedge funds	1,777,117	1,677,600
Cash in trust	370,790	137,324
Total	<u>\$4,122,607</u>	<u>\$ 5,768,117</u>

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 2: CASH AND INVESTMENTS (continued)

Statement No. 3 as amended by Statement No. 40 of the Government Accounting Standards Board requires the disclosure of essential risk information about deposits and investments. The disclosure requirements cover four main areas: credit risk, interest rate and investment maturity, interest rate sensitivity and foreign exchange exposure.

Interest-rate risk – Interest-rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments with interest rates that are fixed for longer periods are likely to be subject to more variability in their fair values as a result of future changes in interest rates.

The maturities of WOSU Public Media’s interest-bearing investments at June 30, 2009 are as follows:

	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U. S. government obligations	\$ 43,316	-	\$ 13,068	\$ 22,406	\$ 7,842
U. S. agency obligations	122,014	\$ 8,291	1,328	37,719	74,676
Corporate bonds	242,880	3,593	51,235	166,460	21,592
Bond mutual funds	346,400	(11,066)	153,388	168,689	35,389
International bonds	1,266	-	-	1,266	-
Total	<u>\$ 755,876</u>	<u>\$ 818</u>	<u>\$ 219,019</u>	<u>\$ 396,540</u>	<u>\$ 139,499</u>

The maturities of WOSU Public Media’s interest-bearing investments at June 30, 2008 are as follows:

	Investment Maturities (in years)				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U. S. government obligations	\$ 60,602	-	\$ 17,593	\$ 34,823	\$ 8,186
U. S. agency obligations	104,256	\$ 1,993	6,875	22,615	72,773
Corporate bonds	71,124	3,160	22,756	26,672	18,535
Bond mutual funds	306,660	1,138	128,378	131,346	45,799
International bonds	-	-	-	-	-
Total	<u>\$ 542,642</u>	<u>\$ 6,291</u>	<u>\$ 175,602</u>	<u>\$ 215,456</u>	<u>\$ 145,293</u>

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit quality information – as commonly expressed in terms of the credit ratings issued by nationally recognized statistical rating organizations such as Moody’s Investors Service, Standard & Poor’s, or Fitch Ratings – provides a current depiction of potential variable cash flows and credit risk.

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NOTE 2: CASH AND INVESTMENTS (continued)

The credit ratings of WOSU Public Media's interest-bearing investments at June 30, 2009 are as follows:

Credit Rating (S&P)	Total	U. S.			International Bonds
		Government and Agency Obligations	Corporate Bonds	Bond Mutual Funds	
AAA	\$ 430,628	\$ 165,330	\$ 8,376	\$256,922	-
AA	72,955	-	31,856	41,099	-
A	170,330	-	126,450	43,880	-
BBB	72,166	-	69,075	1,825	\$1,266
BB	9,724	-	7,050	2,674	-
B	-	-	-	-	-
CCC	-	-	-	-	-
CC	-	-	-	-	-
C	-	-	-	-	-
Not Rated	73	-	73	-	-
Total	\$ 755,876	\$ 165,330	\$ 242,880	\$ 346,400	\$1,266

The credit ratings of WOSU Public Media's interest-bearing investments at June 30, 2008 are as follows:

Credit Rating (S&P)	Total	U. S.			International Bonds
		Government and Agency Obligations	Corporate Bonds	Bond Mutual Funds	
AAA	\$ 389,570	\$ 163,710	\$ 8,638	\$ 217,222	-
AA	57,105	-	12,134	44,971	-
A	54,840	-	25,327	29,513	-
BBB	26,060	-	11,173	14,887	-
BB	2,010	-	1,943	67	-
B	6,755	-	6,755	-	-
CCC	1,581	-	1,581	-	-
CC	225	-	225	-	-
C	-	-	-	-	-
Not Rated	4,496	1,148	3,348	-	-
Total	\$ 542,642	\$ 164,858	\$ 71,124	\$ 306,660	-

WOSU Public Media
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NOTE 2: CASH AND INVESTMENTS (continued)

Foreign currency risk – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

At June 30, 2009, WOSU Public Media’s exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	International Bonds
Australian dollar	\$ 7,345	\$ 14,206	\$ 353	-	-
Brazilian real	5,711	5,931	2,811	-	-
Canadian dollar	18,791	19,428	1,395	-	-
Chile- Peso	-	650	-	-	-
Chinese yuan	-	7,768	-	-	-
Danish krone	1,929	1,682	498	-	-
Egyptian pound	-	230	-	-	-
Euro	99,033	62,240	43,428	-	-
Hong Kong dollar	18,373	4,672	-	-	-
Hungarian forint	690	249	-	-	-
Indian rupee	-	2,965	-	-	-
Indonesian rupiah	426	650	-	-	-
Israeli shekel	270	1,205	-	-	-
Japanese yen	66,430	46,807	27,290	-	-
Malaysian ringgit	833	1,205	-	-	-
Mexican peso	984	1,798	-	-	\$ 1,266
Moroccan dirham	-	172	-	-	-
New Taiwan dollar	7,507	4,687	-	-	-
New Zealand dollar	1,137	264	-	-	-
Norwegian kroner	5,297	1,440	152	-	-
Peruvian nuevo sol	-	230	-	-	-
Phillippine peso	-	191	-	-	-
Polish zloty	452	497	483	-	-
Pound sterling	55,102	40,785	4,699	-	-
Russian ruble	-	2,525	-	-	-
Singapore dollar	3,892	2,734	-	-	-
South African rand	6,291	2,946	-	-	-
South Korean won	15,044	5,013	-	-	-
Swedish krona	6,725	4,797	393	-	-
Swiss franc	11,653	14,634	420	-	-
Thailand bhat	3,890	593	-	-	-
Colombian Peso	-	191	-	-	-
Czech Republic- Koruna	-	191	-	-	-
Turkish lira	-	555	-	-	-
Total	\$ 337,805	\$ 254,131	\$ 81,922	-	\$ 1,266

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NOTE 2: CASH AND INVESTMENTS (continued)

At June 30, 2008, the WOSU Public Media's exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	International Bonds
Argentine peso	-	\$ 1,150	-	-	-
Australian dollar	\$ 12,075	53,423	\$ 369	-	-
Brazilian real	18,368	28,267	-	-	-
Canadian dollar	25,171	80,447	1,861	-	-
Chilean peso	-	2,054	-	-	-
Chinese yuan	-	22,679	-	-	-
Danish krone	4,419	8,556	1,310	-	-
Egyptian pound	-	1,397	-	-	-
Euro	174,430	407,481	43,055	-	-
Hong Kong dollar	28,316	17,564	-	-	-
Hungarian forint	1,282	1,397	-	-	-
Indian rupee	-	9,203	-	-	-
Indonesian rupiah	2,723	2,629	-	-	-
Israeli shekel	498	4,109	-	-	-
Japanese yen	107,500	169,171	29,845	-	-
Jordanian dinar	-	164	-	-	-
Malaysian ringgit	3,331	3,698	-	-	-
Mexican peso	8,054	8,053	-	-	-
Moroccan dirham	-	575	-	-	-
New Taiwan dollar	14,811	17,420	-	-	-
New Zealand dollar	809	1,218	-	-	-
Norwegian kroner	18,545	9,056	209	-	-
Peruvian nuevo sol	-	1,233	-	-	-
Phillippine peso	-	493	-	-	-
Polish zloty	1,047	2,629	-	-	-
Pound sterling	73,253	41,472	6,049	-	-
Russian rouble	-	18,324	-	-	-
Singapore dollar	4,772	9,178	-	-	-
South African rand	19,534	10,600	-	-	-
South Korean won	31,286	20,378	-	-	-
Swedish krona	10,675	17,014	521	-	-
Swiss franc	15,110	55,587	499	-	-
Thailand bhat	6,516	2,219	-	-	-
Czech Republic- Koruna	-	1,479	-	-	-
Turkish lira	1,102	2,054	-	-	-
Pakistan- Rupee	-	247	-	-	-
Total	\$ 583,627	\$ 1,032,618	\$ 83,718	-	-

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NOTE 3: PLEDGES RECEIVABLE

Pledges receivable represent the net unconditional promises to give that were made in connection with WOSU Public Media's capital campaign. Promises to give were discounted using the United State T-Bill rate in effect at time of the pledge. All pledges were considered to be fully collectible. The following are pledges receivable balances as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$ 1,175,858	\$ 762,741
Receivable in one to three years	187,748	498,099
Less discounts to net present value	<u>(3,329)</u>	<u>(25,476)</u>
Net long term pledges receivable	<u>184,419</u>	<u>472,623</u>
 Total pledges receivable, net	 \$ <u>1,360,277</u>	 \$ <u>1,235,364</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2009 and 2008 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>June 30, 2009:</u>				
Depreciable assets				
Buildings	\$11,635,084	-	-	\$11,635,084
Improvements	1,167,938	-	-	1,167,938
Equipment	<u>11,209,294</u>	<u>100,323</u>	<u>(7,700)</u>	<u>11,301,917</u>
Total cost of depreciable assets	24,012,316	100,323	(7,700)	24,104,939
Less accumulated depreciation	<u>13,862,079</u>	<u>1,218,302</u>	<u>(7,700)</u>	<u>15,072,681</u>
Net capital assets	<u>\$10,150,237</u>	<u>(1,117,979)</u>	<u>-</u>	<u>\$ 9,032,258</u>
 <u>June 30, 2008:</u>				
Depreciable assets				
Buildings	\$11,105,875	529,209	-	\$11,635,084
Improvements	1,167,938	-	-	1,167,938
Equipment	<u>11,020,320</u>	<u>203,300</u>	<u>(14,326)</u>	<u>11,209,294</u>
Total cost of depreciable assets	23,294,133	732,509	(14,326)	24,012,316
Less accumulated depreciation	<u>12,652,635</u>	<u>1,222,072</u>	<u>(12,628)</u>	<u>13,862,079</u>
Net capital assets	<u>\$10,641,498</u>	<u>(489,563)</u>	<u>(1,698)</u>	<u>\$10,150,237</u>

The following estimated useful lives are used to compute depreciation:

Equipment	5 - 15 years
Buildings	20 - 40 years
Improvements	20 years

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NOTE 5: RETIREMENT PLAN

All employees covered under WOSU are employees of The University and are covered by the Ohio Public Employees Retirement System (“OPERS”), a cost sharing, multiple employer defined benefit pension plan. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, health care benefits, and death benefits to Plan members and beneficiaries. Chapter 145 of the Ohio Revised Code assigns the authority to establish and amend benefit provisions. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio, 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provide retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. For 2009, the member and employer contribution rates were 10% and 14%, respectively.

WOSU’s employer contributions to PERS for the years ended June 30, 2009, 2008 and 2007 were \$534,099, \$517,276 and \$488,392, respectively, equal to 100% of the required contributions for each year.

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NOTE 6: OTHER POSTEMPLOYMENT BENEFITS

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

WOSU's employer contributions used to fund post-employment benefits is estimated to be \$267,050, \$206,599, and \$162,316, for the year ended June 30, 2009, 2008, and 2007 respectively.

The Health Care Preservation Plan ("HCPP") adopted on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

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NOTE 7: ACCRUED COMPENSATION AND COMPENSATED ABSENCES

The WOSU Station employees earn vacation and sick leave on a monthly basis. Classified civil service employees may accrue vacation benefits up to a maximum of three years credit. Administrative and professional staff and faculty may accrue vacation benefits up to a maximum of 240 hours. For all classes of employees, any earned but unused vacation benefit is payable upon termination. Sick leave may be accrued without limit. However, earned but unused sick leave benefits are payable only upon retirement from the University with ten or more years of state service. The amount of sick leave benefit payable at retirement is one fourth of the accrued but unused sick leave up to a maximum of 240 hours.

WOSU Public Media follows the University's policy for accruing sick leave liability. WOSU accrues a sick leave liability for those employees who are currently eligible to receive termination payments along with other employees who are expected to become eligible to receive such payments. This liability is calculated using the "termination payment method" which is set forth in Appendix C, Example 4 of the GASB Statement No. 16, *Accounting for Compensated Absences*.

Under the termination method, WOSU Public Media utilizes the University's calculated rate, Sick Leave Termination Cost per Year Worked, that is based on the University's actual historical experience of sick leave payouts to terminated employees. This ratio is then applied by WOSU Public Media to the total year-of-service for WOSU current employees.

Accrued vacation and sick leave liability was \$397,569 and \$388,632 as June 30, 2009 and 2008.

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NOTE 8: CORPORATION FOR PUBLIC BROADCASTING GRANT AWARDS

WOSU Public Media received grant funds from the Corporation for Public Broadcasting (CPB) to assist in the operations of the stations. During 2009 and 2008, the following summarizes grant funds earned during the fiscal year:

<u>CPB Grant</u>	<u>WOSU-AM</u>	<u>WOSU-FM</u>	<u>WOSU-TV</u>	<u>TOTAL</u>
<u>Fiscal Year 2009:</u>				
Community Service	\$ 145,553	\$ 145,552	\$ 1,095,321	\$ 1,386,426
Interconnection Grant			22,494	22,494
Ready to Lead Grant			1,500	1,500
Caregiver Recognition			15,907	15,907
A Place of Our Own Grant			17,945	17,945
My Source Grant			2,000	2,000
LSI – University Place			120,000	120,000
Mortgage Crisis Grant			22,500	22,500
Digital Distribution Fund Grant			47,000	47,000
Digital Television Transition	-	-	24,333	24,333
Total 2009	\$ <u>145,553</u>	\$ <u>145,552</u>	\$ <u>1,369,000</u>	\$ <u>1,660,105</u>
<u>Fiscal Year 2008:</u>				
Community Service	\$ 173,076	\$ 173,076	\$ 1,077,633	\$ 1,423,785
Interconnection Grant			22,769	22,769
Ready to Lead Grant			16,000	16,000
WW2 Grant			3,000	3,000
A Place of Our Own Grant			3,750	3,750
Digital Conversion Grants	-	150,000	-	150,000
Total 2008	\$ <u>173,076</u>	\$ <u>323,076</u>	\$ <u>1,123,152</u>	\$ <u>1,619,304</u>

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NOTE 9: UNIVERSITY SUPPORT

The operations of WOSU Public Media are supported in part by the general revenues of the University. The University provides for the general operating costs of WOSU operations. The University's direct support amounted to \$1,814,460 and \$1,677,913, for the years ended June 30, 2009 and 2008, respectively. In addition, the University provided an estimated \$1,115,284 and \$1,098,674 in indirect administrative support during fiscal years 2009 and 2008, respectively. The indirect administrative support revenues were calculated using the University's "modified other sponsored activities indirect costs rate" of 11.64% for fiscal years ended June 30, 2009 and 2008.

NOTE 10: INCOME BENEFICIARY

WOSU Public Media is an income beneficiary of certain funds administered and maintained by The University. WOSU Public Media receives income generated from the Donald R. Glancy Endowed Fund in excess of \$7,000 per year to support television and radio programming needs. WOSU Public Media received \$31,696 and \$31,887 from this fund during fiscal years 2009 and 2008, respectively. In addition, WOSU Public Media receives ten percent of the income generated from the John McKitrick Family Fund. During fiscal years 2009 and 2008, WOSU Public Media received \$121 and \$123 from this fund, respectively. All income received by WOSU Public Media as an income beneficiary have been included in the statement of revenues, expenses and changes in net assets for the years ended June 30, 2009 and 2008.

The following summarizes the value of these funds as of June 30, 2009 and 2008:

<u>Fund Name</u>	<u>2009</u>	<u>2008</u>
	<u>Market</u> <u>Value</u>	<u>Market</u> <u>Value</u>
Donald R. Glancy Endowed Fund	\$497,383	\$692,056
John McKitrick Family Fund	<u>1,898</u>	<u>2,659</u>
Total Income Beneficiary Funds	<u>\$499,281</u>	<u>\$694,715</u>

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NOTE 11: OPERATING LEASE OBLIGATION

WOSU leases office space from COSI under an agreement with a 10 year occupancy term commencing on the date of occupancy (May 13, 2005). The lease amount is subject to annual adjustment based on the consumer price index (CPI). As of June 30, 2009, future minimum rental payments based on the CPI indexed rate for fiscal year 2010, is summarized below:

2010	231,240
2011	231,240
2012	231,240
2013	231,240
2014-2015	<u>443,210</u>
Total	<u>\$1,368,170</u>

Rental expense charged to operations was \$209,465 and \$215,471 during 2009 and 2008, respectively.

NOTE 12: DEBT OBLIGATION

WOSU obtained line of credit financing through the University for \$1,200,000 for the renovation of its Radio Studios and for \$5,000,000 for the construction of its COSI location radio and television broadcasting studios. Interest on the outstanding principal balance is based on the University's monthly investment credit rate as determined by the University Office of the Treasurer, which was 1.50% and 3.11% as of June 30, 2009 and 2008. The two lines of credit were termed out during fiscal year 2007, with maturity in June 2015. As of June 30, 2009, there was \$666,400 outstanding on the Radio Studio loan and \$2,935,714 outstanding on the COSI loan.

The following is a schedule showing the future minimum principal and interest payments as of June 30, 2009, based on projected interest rates through maturity of the loans:

	Radio Studio			<u>COSI</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	230,250	12,811	243,061	983,690	56,444	1,040,134
2011	230,250	9,754	240,004	983,690	43,669	1,027,359
2012	<u>205,900</u>	<u>5,032</u>	<u>210,932</u>	<u>968,334</u>	<u>23,703</u>	<u>992,037</u>
Total	<u>\$666,400</u>	<u>\$27,597</u>	<u>\$693,997</u>	<u>\$2,935,714</u>	<u>\$123,816</u>	<u>\$3,059,530</u>

Interest expense of \$109,206 and \$273,951 was incurred on the debt during fiscal year 2009 and 2008, respectively.

WOSU PUBLIC MEDIA
A Public Telecommunications Entity Operated By The Ohio State University
Supplemental Schedule of Revenues and Expenses By Telecommunication Operations
For The Year Ended June 30, 2009

<u>REVENUES AND OTHER SUPPORT</u>	<u>Radio</u>	<u>Television</u>	<u>Totals</u>
The Ohio State University Direct Support	\$ 718,384	\$ 1,096,077	\$ 1,814,461
Contributed Services	175,475	1,070,863	1,246,338
Donated Facilities and Support - OSU	421,184	694,099	1,115,283
Grants from the CPB	291,105	1,369,000	1,660,105
Member Contributions	1,075,525	1,599,627	2,675,152
Fees and Services:			
B&I	625,112	640,289	1,265,401
Foundations/NPO's	217,330	159,257	376,587
Federal Govt.	12,090	20,359	32,449
Fundraising	12,423	47,992	60,415
Federal Grants	-	194,255	194,255
State and Local Grants	104,392	979,672	1,084,064
Investment Income:			
Interest and dividend income	127,846	209,028	336,874
Unrealized (loss) on investments	(510,905)	(1,138,573)	(1,649,478)
Endowment Contributions	3,036	2,641	5,677
Capital Grants and Gifts	11,000	356,683	367,683
Royalties	14,644	52,577	67,221
Other	313	2,781	3,094
Total Support, Revenue, and Other Additions	3,298,954	7,356,627	10,655,581
<u>EXPENSES</u>			
Program Services:			
Programming and Production	1,553,679	2,638,918	4,192,598
Broadcasting	846,428	2,199,665	3,046,092
Program Information	<u>277,255</u>	<u>431,996</u>	<u>709,250</u>
Total Program Services	2,677,362	5,270,579	7,947,940
Supporting Services:			
Management & General	956,186	1,564,753	2,520,940
Fundraising	477,591	735,145	1,212,736
Underwriting	103,938	157,542	261,480
Interest expense	43,682	65,524	109,206
Depreciation	<u>484,241</u>	<u>726,362</u>	<u>1,210,603</u>
Total Supporting Services	2,065,638	3,249,326	5,314,965
Total Expenses	4,743,000	8,519,905	13,262,905
Net Change	\$ (1,444,046)	\$ (1,163,278)	\$ (2,607,324)

**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***

We have audited the financial statements of WOSU Public Media, which is a part of The Ohio State University, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WOSU Public Media's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WOSU Public Media's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WOSU Public Media's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in the internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described as 2009-1 and 2009-2 in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WOSU Public Media'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 that are required to be reported under *Government Auditing Standards*.

Management response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit WOSU Public Media's response and, accordingly, we express no opinion on it.

This report is intended solely for the use of the audit committee, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Farms & Company, LLC

December 29, 2009

**WOSU PUBLIC MEDIA
SCHEDULE OF FINDINGS AND RESPONSES
AS REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS***

For the Year Ended June 30, 2009

INTERNAL CONTROL FINDINGS

Finding Reference Number 2009-1

Condition:

The accounting and reporting process as they currently are structured within the operations of WOSU Public Media do not allow for timely financial reporting of results of accounting activities without substantial analysis and year-end adjustments. We noted that the year-end closing and financial reporting process has taken over 120 days to produce financial statements.

Criteria:

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the above comment to reflect a significant deficiency in WOSU's internal control.

Cause:

Management currently lacks the manpower to perform all the required analysis of their various grant funding activities and operations to allow for a timely financial closing process.

Effect:

The effect of this deficiency is that the financial reporting process cannot produce financial statements on a timely basis, and requires significant analysis to produce reliable financials.

Corrective Action:

WOSU should refine its accounting closing procedures to help identify financial adjustments in a timely manner. This process may require additional assistance by qualified individuals to ensure transactions are reviewed and considered for their impact of year-end cutoff adjustment.

Management Response:

- The Controller's Office will continue to support WOSU and collaborate with WOSU to expedite year end reporting.
- WOSU will be more proactive on obtaining necessary year-end information from granting agencies and University departments managing subsidiary (A/R, donor contributions, and fixed assets) ledgers.
- WOSU will develop year-end reporting procedures.

**WOSU PUBLIC MEDIA
SCHEDULE OF FINDINGS AND RESPONSES
AS REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS***

For the Year Ended June 30, 2009

Finding Reference Number 2009-2

Condition:

The current size of WOSU accounting and administrative staff preclude certain segregation of duties.

Criteria:

Generally accepted accounting standards specify that there should be proper segregation of accounting and financial reporting responsibilities in an organization's internal control structure.

Cause:

During the fiscal year, WOSU has lost two employees through retirement that performed most of the accounting functions for the entity. While some of these duties have been assigned to other employees, several have been absorbed by the Business Manager.

Effect:

The effect is that the accounting activities of WOSU are now being performed by fewer employees resulting in less segregation of duties.

Corrective Action:

Management should consider the effects of segregation of duty issues. Where feasible, management should consider using additional personnel in sensitive areas to help eliminate incompatible duties or use increased monitoring by other appropriate personnel.

Management Response:

WOSU will reassess hiring accounting personnel or research the sharing of University accounting staff to address the lack of segregation of duties in the Business Office.



Mary Taylor, CPA
Auditor of State

WOSU PUBLIC MEDIA

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 4, 2010