

WOSU PUBLIC MEDIA

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

FINANCIAL REPORT
With Additional Information
For The Years Ended June 30, 2010 and 2009





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of WOSU Public Media, Franklin County, prepared by Parns & Company, LLC, for the audit period July 1, 2009 through June 30, 2010. 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. WOSU Public Media is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 25, 2011

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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, 2010 and 2009, 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, 2010 and 2009, 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 21, 2010, 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, 2010, 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.

Parms & Company, LLC

December 21, 2010

WOSU PUBLIC MEDIA

A Public Telecommunications Entity Operated By The Ohio State University

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2010 and 2009

The following Management's Discussion and Analysis, or MD&A, provides an overview of the financial position and activities of WOSU Public Media for the year ended June 30, 2010 and 2009. We encourage you to read this MD&A section in conjunction with the audited financial statements and footnotes appearing in this report.

About WOSU Public Media

Since 1922, WOSU Public Media has enriched lives through public broadcast programming and community services that educate, inform, entertain, and inspire. WOSU was created as one of the first educational radio stations in the country to provide lifelong learning beyond the boundaries of the campus of The Ohio State University, its license holder.

Today, WOSU Public Media operates seven non-commercial radio stations and two television stations serving over two million Ohioans in a 21-county region. It is recognized as a producer of quality local programming and public engagement projects that have garnered dozens of regional and national awards. WOSU has created a partnership with the COSI Science Center to build a digital studio complex unique in the country called WOSU@COSI. With the massive changes in media access and use, WOSU has become a leader in studying and building online and social network connections as well as creating digital media for use in K-12 classrooms.

WOSU is part of the purview of the OSU Senior Vice President of University Communications and is advised by a community board, Friends of WOSU. The most significant financial support for WOSU comes from the community it serves, with some 19,000 individual members and corporate and foundation support of its programming and projects.

About the Financial Statements

WOSU Public Media presents its financial reports in a "business type activity" format, in accordance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. In addition to this MD&A section, the financial report includes a Statement of Net Assets, a Statement of Revenues, Expenses and Other Changes in Net Assets, a Statement of Cash Flows and Notes to the Financial Statements.

Financial Highlights

WOSU Public Media's total net assets decreased by \$1,004,044 to \$15,646,360 primarily due to the decrease in cash and pledge receivables. Total unrestricted net assets decreased by \$2,267,570 to \$3,137,868 primarily due to use of cash for operations.

The following sections provide additional details on WOSU's financial results and a look ahead at significant economic conditions that are expected to affect WOSU in the future.

WOSU PUBLIC MEDIA

A Public Telecommunications Entity Operated By The Ohio State University

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2010 and 2009

Statements of Net Assets

	2010	2009	2008
Cash and cash equivalents	\$ 3,827,698	\$ 5,806,941	\$ 7,383,473
Accounts receivable Contributions receivable	758,936	1,558,192	1,102,042
Fund held in escrow	<u>285,000</u>	<u>-</u>	<u>-</u>
Total current assets	4,871,634	7,365,133	8,485,515
Investments, Pledges Rec, Broadcast Rights	5,914,982	5,337,596	7,243,533
Property, plant & equipment, net	<u>8,389,309</u>	<u>9,032,258</u>	<u>10,150,237</u>
Total non-current assets	<u>14,304,291</u>	<u>14,369,854</u>	<u>17,393,770</u>
TOTAL ASSETS	\$ <u>19,175,925</u>	\$ <u>21,734,987</u>	\$ <u>25,879,285</u>
LIABILITIES AND NET ASSETS			
Accounts payable	\$ 80,887	\$ 150,581	\$ 95,329
Accrued compensated absence	25,133	30,539	31,353
Deferred support and revenue	699,159	934,319	67,950
Current debt obligation	<u>587,630</u>	<u>1,213,940</u>	<u>1,213,940</u>
Total current liabilities	1,392,809	2,329,379	1,408,572
Long term debt obligation	1,762,889	2,388,174	4,855,707
Accrued vacation & sick leave - long term	<u>373,867</u>	<u>367,030</u>	<u>357,278</u>
TOTAL LIABILITIES	3,529,565	5,084,583	6,621,557
Invested in capital assets	6,038,790	5,430,144	4,080,590
Unrestricted	3,137,868	5,405,438	8,090,443
Restricted – nonexpendable	4,626,377	4,248,237	5,895,661
Restricted - expendable	<u>1,843,325</u>	<u>1,566,585</u>	<u>1,191,032</u>
TOTAL NET ASSETS	\$ <u>15,646,360</u>	\$ <u>16,650,404</u>	\$ <u>19,257,728</u>

Total **current assets** decreased, primarily due to the use of cash and the decrease in pledges receivable. The Statement of Cash Flows, which is discussed in more detail below, provides additional details on sources and uses of WOSU's cash.

Endowment investments in the university's long-term investment pool increased slightly by \$378,140 to \$4,626,377. The long-term investment pool is invested in a diversified portfolio of equities, fixed income, hedge funds and private equity, that is intended to provide the long-term growth necessary to preserve the value of these funds, adjusted for inflation, while making distributions to support the university's mission.

WOSU's **property, plant and equipment** decreased \$642,949 to \$8,389,309 primarily due to the difference between depreciation expense and the purchase of capital assets.

Total liabilities of WOSU decreased by \$1,555,018 to \$3,529,565 at June 30, 2010 mainly due to the payment made against the line of credits held on the radio stations and WOSU @COSI.

WOSU PUBLIC MEDIA

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MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2010 and 2009

Statements of Revenues, Expenses and Changes in Net Assets

	2010	2009	2008
OPERATING REVENUES:			
Contributed Services	\$ 606,517	\$ 1,246,338	\$ 1,450,486
Sales and services	1,472,311	1,674,437	1,488,817
Grants and contracts	3,639,529	2,938,424	2,789,735
Member contributions	<u>2,558,245</u>	<u>2,735,567</u>	<u>2,968,152</u>
Total operating revenues	8,309,312	8,665,081	8,747,195
OPERATING EXPENSES:			
Programming and Production	4,957,127	4,192,598	4,714,230
Broadcasting	2,767,793	3,046,092	2,681,106
Program Information	782,245	709,250	779,704
Management and General	2,374,405	2,520,940	2,183,294
Depreciation	1,300,023	1,210,603	1,209,444
Underwriting	248,263	261,480	219,400
Fundraising	<u>1,163,378</u>	<u>1,212,736</u>	<u>1,136,256</u>
Total operating expenses	<u>13,593,922</u>	<u>13,153,699</u>	<u>12,923,434</u>
OPERATING LOSS	(5,283,922)	(4,488,618)	(4,176,239)
NON-OPERATING REVENUES AND EXPENSES:			
Operating Subsidies	1,277,011	1,814,460	1,677,913
Donated Facilities and Support	1,650,890	1,115,284	1,098,674
Investment Income	648,412	(1,312,604)	(397,380)
Interest Expense	(31,600)	(109,206)	(273,951)
Capital Gifts and Grants	706,274	367,683	1,166,262
Additions to Permanent Endowment	<u>28,891</u>	<u>5,677</u>	<u>254,839</u>
DECREASE IN NET ASSETS	(1,004,044)	(2,607,324)	(649,882)
NET ASSETS -- Beginning of Year	<u>16,650,404</u>	<u>19,257,728</u>	<u>19,907,610</u>
NET ASSETS -- End of Year	<u>\$ 15,646,360</u>	<u>\$ 16,650,404</u>	<u>\$ 19,257,728</u>

Total net assets (equity) decreased by \$1,004,044 to \$15,646,360. It should be noted that the required subtotal for net operating income or loss will generally reflect a "loss", primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all WOSU expenses. Operating revenues, however, *exclude* certain significant revenue streams that WOSU relies upon to fund current operations, including direct support from the University, current-use and capital gifts and investment income.

WOSU PUBLIC MEDIA

A Public Telecommunications Entity Operated By The Ohio State University

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2010 and 2009

Statements of Cash Flows

	2010	2009	2008
Cash Provided by (Used in):			
Operating activities	\$ (1,910,793)	\$ (1,427,893)	\$ (1,481,757)
Noncapital financing activities	1,431,531	1,822,051	1,805,208
Capital and related financing activities	(1,644,624)	(2,299,973)	427,446
Investing activities	<u>144,643</u>	<u>329,283</u>	<u>275,033</u>
Net Increase (Decrease) in Cash	(1,979,243)	(1,576,532)	1,025,930
Cash and Cash Equivalents – Beginning of Year	<u>5,806,941</u>	<u>7,383,473</u>	<u>6,357,543</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,827,698</u>	<u>\$ 5,806,941</u>	<u>\$ 7,383,473</u>

Total WOSU **cash at end of year** decreased \$1,979,243 to \$3,827,698. Operating activities include cash flows associated with fees and services, grants and contracts, membership contributions and operating expenses. Non-capital financing activities include direct operating support from the University and gifts. Capital and related financing activities include payments for purchase of capital assets. Net cash provided by investing activities consists primarily of endowment activity.

WOSU PUBLIC MEDIA

A Public Telecommunications Entity Operated By The Ohio State University

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2010 and 2009

Economic Factors That Will Affect the Future

WOSU Public Media is focused on growing its annual 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 FY11.

WOSU will be acquiring a new FM station, 101.1 FM, in FY11 to provide an all-classical music service. A campaign to cover the cost of the acquisition will be a major part of the station's focus in the coming two years.

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 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 has focused on creating a more efficient, more focused operation in order to continue to serve the citizens of central Ohio.

WOSU PUBLIC MEDIA
A Public Telecommunications Entity Operated By The Ohio State University
STATEMENTS OF NET ASSETS
As of June 30, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash	\$ 3,827,698	\$ 5,806,941
Receivables:		
Accounts receivable	62,267	149,332
Government grants	383,963	158,127
Underwriting	58,330	74,875
Pledges (Note 3)	<u>254,376</u>	<u>1,175,858</u>
Total receivables	758,936	1,558,192
Funds held in escrow (Note 13)	<u>285,000</u>	-
Total current assets	4,871,634	7,365,133
Investments (Note 2)	4,626,377	4,122,607
Pledges receivable - noncurrent	92,427	184,419
Broadcast rights	1,196,178	1,030,570
Property and equipment (Note 4)	<u>8,389,309</u>	<u>9,032,258</u>
Total assets	<u>\$ 19,175,925</u>	<u>\$ 21,734,987</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	80,887	150,581
Accrued compensated absence - current (Note 7)	25,133	30,539
Deferred support and revenue	699,159	934,319
Current portion - debt obligation due University (Note 12)	<u>587,630</u>	<u>1,213,940</u>
Total current liabilities	1,392,809	2,329,379
Long-term Liabilities		
Long-term portion - debt obligation due University (Note 12)	1,762,889	2,388,174
Accrued compensated absence - noncurrent (Note 7)	<u>373,867</u>	<u>367,030</u>
Total liabilities	3,529,565	5,084,583
NET ASSETS		
Invested in Capital Assets	6,038,790	5,430,144
Unrestricted	3,137,868	5,405,438
Restricted For:		
Nonexpendable		
Endowment	4,626,377	4,248,237
Expendable	<u>1,843,325</u>	<u>1,566,585</u>
Total Net Assets	<u>\$ 15,646,360</u>	<u>\$ 16,650,404</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, 2010 and 2009**

OPERATING REVENUES	2010	2009
Contributed services	\$ 606,517	\$ 1,246,338
Grants from the Corporation for Public Broadcasting (Note 8)	1,839,009	1,660,105
Member contributions	2,497,692	2,675,152
Fees and Services:		
Business and industry	1,174,504	1,265,401
Foundations/non-profit organizations	266,325	376,587
Federal government agencies	31,482	32,449
PBS	3,075	-
Fundraising	60,553	60,415
Federal grants	271,223	194,255
State and local grants	1,526,222	1,084,064
Royalties	12,284	67,221
Miscellaneous	20,426	3,094
Total operating revenues	<u>8,309,312</u>	<u>8,665,081</u>
OPERATING EXPENSES		
Program services:		
Programming and production	4,957,127	4,192,598
Broadcasting	2,767,793	3,046,092
Program information	782,245	709,250
Total program services	<u>8,507,165</u>	<u>7,947,940</u>
Supporting services:		
Management and general	2,374,405	2,520,940
Depreciation	1,300,023	1,210,603
Underwriting	248,263	261,480
Fundraising	1,163,378	1,212,736
Total supporting services	<u>5,086,069</u>	<u>5,205,759</u>
Total operating expenses	<u>13,593,234</u>	<u>13,153,699</u>
Operating loss	(5,283,922)	(4,488,618)
NON-OPERATING REVENUES (EXPENSES)		
Operating subsidies (Note 9)	1,277,011	1,814,460
Donated facilities and support - OSU (Note 9)	1,650,890	1,115,284
Investment Income:		
Interest and dividend income	299,163	336,874
Unrealized (loss) gain on investments	349,249	(1,649,478)
Interest Expense	(31,600)	(109,206)
Capital grants and gifts	706,274	367,683
Additions to permanent endowments	28,891	5,677
Net non-operating revenues	<u>4,279,878</u>	<u>1,881,294</u>
Change in Net Assets	<u>(1,004,044)</u>	<u>(2,607,324)</u>
Net Assets, Beginning of year	<u>16,650,404</u>	<u>19,257,728</u>
Net Assets, End of year	<u>\$ 15,646,360</u>	<u>\$ 16,650,404</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, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Grants from the Corporation for Public Broadcasting	\$ 1,842,084	\$ 1,810,105
Member contributions	2,721,498	2,426,025
Fees and services	1,444,167	1,665,433
Proceeds from fundraising	60,553	55,696
Federal, state and local grants	1,545,423	2,024,241
Royalties	49,350	30,155
Other revenues	20,426	3,094
Payments to employees	(5,229,875)	(5,412,870)
Payments to suppliers	(4,364,419)	(4,029,772)
Net cash (used) in operating activities	(1,910,793)	(1,427,893)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Private endowment contributions	154,520	7,591
University subsidies	1,277,011	1,814,460
Net cash provided by noncapital financing activities	1,431,531	1,822,051
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital grants and gifts received	580,644	369,390
Principal paid to the University	(1,251,595)	(2,467,533)
Interest paid to the University	(31,600)	(109,206)
Purchase of capital assets	(657,073)	(92,624)
Escrow payment for station acquisition	(285,000)	-
Net cash provided (used) by capital financing activities	(1,644,624)	(2,299,973)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment purchases	(154,520)	(7,591)
Interest and dividends received	299,163	336,874
Net cash provided by investing activities	144,643	329,283
Net change in cash	(1,979,243)	(1,576,532)
Cash at beginning of year	5,806,941	7,383,473
Cash at end of year	\$ 3,827,698	\$ 5,806,941
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (5,283,922)	\$ (4,619,732)
Adjustments to reconcile excess additions over deductions to net cash provided by operating activities:		
Donated facilities and support	1,650,890	1,246,398
Depreciation expense	1,300,023	1,210,603
(Increase) decrease in unamortized broadcast rights	(165,608)	(27,775)
Decrease (increase) in grants, underwriting and accounts receivables	891,248	(167,946)
Increase (decrease) in accounts payable	(69,694)	55,252
Increase (decrease) in deferred support	(235,160)	866,369
(Increase) decrease in compensated absences	1,430	8,938
Net adjustments	3,373,129	3,191,839
Net cash (used) by operating activities	\$ (1,910,793)	\$ (1,427,893)

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, 2010 and 2009

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, 2008 and 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Endowment Investments

Endowment funds are handled by the Treasurer of the University who 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. 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 \$2,080,043 and \$1,972,902 as of June 30, 2010 and 2009, 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.

Reclassifications

Certain reclassifications have been made to the 2009 financial statements presentation to conform to the 2010 financial statements presentation.

WOSU Public Media
A Public Telecommunications Entity Operated By The Ohio State University
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2010 and 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 16.45% and 11.64% for the fiscal years ending June 30, 2010 and 2009, respectively. 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, 2010 and 2009, 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.

The following summarizes pooled shares and related values as of June 30, 2010 and 2009:

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NOTE 2: CASH AND INVESTMENTS (continued)

<u>Fund account</u>	<u>No. of Shares</u>	<u>Cost</u>	<u>Fair Value</u>
2010: Friends of WOSU	404.6552	\$1,408,727	\$2,069,027
Prine Classical Music	1.3619	5,550	6,963
Taylor Memorial	3.4136	27,460	17,454
Elam Family	11.2653	69,550	57,600
Reba Harvey	16.5844	99,967	84,797
Batelle Digital Media	40.6067	250,000	207,625
Klotz Public Media	3.8932	25,000	19,906
Digital Media Center Outreach	9.0739	62,788	48,092
Palius Public Media	3.8725	25,337	19,800
WOSU Public Media	398.1966	2,493,662	2,036,003
AEP Foundation	4.5972	25,000	23,506
Sipp Student Interns	6.9632	<u>50,000</u>	<u>35,604</u>
Totals		<u>\$4,543,041</u>	<u>\$4,626,377</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>

Total endowment investments by investment type at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Common stock	\$ 765,797	\$590,005
Equity mutual funds	116,082	628,819
U. S. government obligations	15,812	43,316
U. S. government agency obligations	2,816	122,014
Repurchase agreements	2,451	-
Corporate bonds and notes	188,658	242,880
Bond mutual funds	293,754	346,400
International bonds	-	1,266
Partnerships and hedge funds	3,045,151	1,777,117
Cash in trust	195,856	370,790
Total	<u>\$4,626,377</u>	<u>\$ 4,122,607</u>

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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, 2010 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	\$ 15,812	-	-	-	\$ 15,812
U. S. agency obligations	2,816	-	\$ 1,456	\$ 1,360	-
Repurchase agreement	2,451	\$ 2,451	-	-	-
Corporate bonds	188,658	811	50,374	124,153	13,320
Bond mutual funds	293,754	18,854	127,103	120,965	26,832
Total	<u>\$ 503,491</u>	<u>\$ 22,116</u>	<u>\$ 178,933</u>	<u>\$ 246,478</u>	<u>\$ 55,964</u>

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>

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, 2010 are as follows:

Credit Rating (S&P)	U. S.				
	Total	Government and Agency Obligations	Corporate Bonds	Repurchase Agreement	Bond Mutual Funds
AAA	\$ 227,932	\$ 16,792	-	\$ 2,451	\$208,689
AA	42,872	-	\$ 17,232	-	25,640
A	103,584	-	79,608	-	23,976
BBB	116,442	1,836	85,970	-	28,637
BB	7,510	-	2,849	-	4,661
B	479	-	479	-	-
CCC	1,022	-	-	-	1,022
CC	-	-	-	-	-
C	-	-	-	-	-
Not Rated	3,650	-	2,520	-	1,129
Total	\$ 503,491	\$ 18,628	\$ 188,658	\$ 2,451	\$ 293,754

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

Credit Rating (S&P)	U. S.				
	Total	Government and Agency Obligations	Corporate Bonds	Bond Mutual Funds	International Bonds
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

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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, 2010, WOSU Public Media’s exposure to foreign currency risk is as follows:

Currency	Common Stock	Equity Mutual Funds	Bond Mutual Funds	Corporate Bonds	Private Equity
Australian dollar	\$ 5,733	\$ 4,875	\$ 1,280	\$ 3,213	\$ 53,718
Brazilian real	12,732	-	22,022	2	-
British pound	43,063	27,744	11,290	-	-
Canadian dollar	21,130	-	20,048	-	-
Czech Republic koruna	1,987	580	-	-	-
Danish krone	2,368	-	-	-	-
Egyptian pound	1,974	-	-	-	-
Euro	76,354	21,823	35,819	-	30,961
Hong Kong dollar	14,885	3,018	-	-	-
Hungarian forint	421	-	-	-	-
Indian rupee	6,372	-	-	-	-
Indonesian rupiah	8,551	-	-	-	-
Israeli shekel	1,285	-	-	-	-
Japanese yen	49,111	28,672	6,961	-	-
Malaysian ringgit	471	3,831	-	-	-
Mexican peso	2,477	1,625	8,426	-	-
New Taiwan dollar	14,575	2,786	-	-	-
New Turkish lira	3,123	-	-	-	-
New Zealand dollar	448	-	-	-	-
Norwegian krone	3,375	-	-	-	-
Polish zloty	389	-	550	-	-
Singapore dollar	2,317	7,545	-	-	-
South African rand	17,809	-	-	-	-
South Korean won	28,783	-	-	-	-
Swedish krona	7,941	5,340	-	-	-
Swiss franc	10,511	4,295	-	-	-
Thailand baht	4,481	3,947	-	-	-
Total	\$ 342,666	\$ 116,081	\$ 106,396	\$ 3,215	\$ 84,679

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NOTE 2: CASH AND INVESTMENTS (continued)

At June 30, 2009, 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
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 baht	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 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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Receivable in less than one year	\$ 254,376	\$1,175,858
Receivable in one to three years	<u>93,306</u>	<u>187,748</u>
Total	347,682	1,363,606
Less discounts to net present value	<u>(879)</u>	<u>(3,329)</u>
Net pledges receivable	<u>\$ 346,803</u>	<u>\$1,360,277</u>

NOTE 4: CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2010 and 2009 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
June 30, 2010:				
Depreciable assets				
Buildings	\$11,635,084	3,344	-	\$11,638,428
Improvements	1,167,938	-	-	1,167,938
Equipment	<u>11,301,917</u>	<u>653,729</u>	<u>(1,032,915)</u>	<u>10,922,731</u>
Total cost of depreciable assets	24,104,939	657,073	(1,032,915)	23,729,097
Less accumulated depreciation	<u>15,072,681</u>	<u>1,176,499</u>	<u>(909,392)</u>	<u>15,339,788</u>
Net capital assets	<u>\$ 9,032,258</u>	<u>(519,426)</u>	<u>(123,523)</u>	<u>\$ 8,389,309</u>
June 30, 2009:				
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>

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 2010, member and employer contribution rates were consistent across all three plans. For 2010, the member and employer contribution rates were 10% and 14%, respectively.

WOSU’s employer contributions to PERS for the years ended June 30, 2010, 2009 and 2008 were \$522,571, \$534,099 and \$517,276, 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 2009, 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 \$261,286, \$267,050, and \$206,599, for the years ended June 30, 2010, 2009, and 2008, 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 \$399,000 and \$397,596 as June 30, 2010 and 2009.

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 2010 and 2009, 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 2010:</u>				
Community Service	\$ 140,255	\$ 140,255	\$ 1,108,235	\$ 1,388,745
Interconnection Grant	-	-	22,104	22,104
My Source Grant	-	-	2,500	2,500
LSI – University Place	-	-	60,000	60,000
Mortgage Crisis Grant	-	-	32,500	32,500
Digital Distribution – TV Server	-	-	47,015	47,015
Digital Distribution – DT	-	-	48,987	48,987

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<u>CPB Grant</u>	<u>WOSU-AM</u>	<u>WOSU-FM</u>	<u>WOSU-TV</u>	<u>TOTAL</u>
<u>Fiscal Year 2010 – Continued:</u>				
FM Digital Conversion	-	28,715	-	28,715
STEM Digital Media	-	-	70,000	70,000
Kids Sprout	-	-	11,097	11,097
Fiscal Stabilization	25,069	25,069	75,208	125,347
ITVS Community Cinema	_____ -	_____ -	_____ 2,000	_____ 2,000
Total 2010	\$ <u>165,324</u>	\$ <u>194,039</u>	\$ <u>1,479,646</u>	\$ <u>1,839,009</u>

<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	\$ 145,552	\$ 145,553	\$ 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>145,552</u>	\$ <u>145,553</u>	\$ <u>1,369,000</u>	\$ <u>1,660,105</u>

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 \$1,277,011 and \$1,814,460, for the years ended June 30, 2010 and 2009, respectively. In addition, the University provided an estimated \$1,650,890 and \$1,115,284 in indirect administrative support during fiscal years 2010 and 2009, respectively. The indirect administrative support revenues were calculated using the University's "modified other sponsored activities indirect costs rate" of 16.45% and 11.64% for fiscal years ended June 30, 2010 and 2009, respectively.

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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 \$29,783 and \$31,696 from this fund during fiscal years 2010 and 2009, respectively. In addition, WOSU Public Media receives ten percent of the income generated from the John McKitrick Family Fund. During fiscal years 2010 and 2009, WOSU Public Media received \$114 and \$121 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, 2010 and 2009.

The following summarizes the value of these funds as of June 30, 2010 and 2009:

Fund Name	Fair Value	
	2010	2009
Donald R. Glancy Endowed Fund	\$ 539,973	\$ 497,383
John McKitrick Family Fund	2,060	1,898
Total Income Beneficiary Funds	\$ 542,033	\$ 499,281

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, 2010, future minimum rental payments based on the CPI indexed rate for fiscal year 2011, is summarized below:

2011	\$ 231,240
2012	231,240
2013	231,240
2014	231,240
2015	211,970
Total	\$ 1,136,930

Rental expense charged to operations was \$221,497 and \$209,465 during 2010 and 2009, respectively.

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For the Years Ended June 30, 2010 and 2009

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 0.70% and 1.25% as of June 30, 2010 and 2009. The two lines of credit were termed out during fiscal year 2007, with maturity in June 2015. As of June 30, 2010, there was \$429,183 outstanding on the Radio Studio loan and \$1,921,336 outstanding on the COSI loan.

The following is a schedule showing the future minimum principal and interest payments as of June 30, 2010, based on projected interest rates through maturity of the loans:

	Radio Studio			COSI		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	107,296	3,005	110,301	480,334	13,449	493,783
2012	107,296	2,253	109,549	480,334	10,087	490,421
2013	107,296	1,502	108,798	480,334	6,725	487,059
2014	<u>107,295</u>	<u>751</u>	<u>108,046</u>	<u>480,334</u>	<u>3,362</u>	<u>483,696</u>
Total	<u>\$429,183</u>	<u>\$7,511</u>	<u>\$436,694</u>	<u>\$1,921,336</u>	<u>\$33,623</u>	<u>\$1,954,959</u>

Interest expense of \$31,600 and \$109,206 was incurred on the debt during fiscal year 2010 and 2009, respectively.

NOTE 13: SUBSEQUENT EVENT - ASSET PURCHASE

WOSU entered into an agreement to purchase commercial radio station WWCD (FM) on June 22, 2010. On December 14, 2010, the purchase agreement was finalized. The purchase will expand WOSU's public service broadcasting with the launch of Classical 101 (WOSA 101.1 FM). The purchase price of \$5,700,000 was paid in the form of cash of \$2,250,000 and a promissory note to the Seller for \$3,350,000. The cash payment was advanced by The Ohio State University and will be repaid by WOSU under line of credit terms with the University. The deposit escrow of \$285,000 will be returned to WOSU.

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, 2010

<u>REVENUES AND OTHER SUPPORT</u>	<u>Radio</u>	<u>Television</u>	<u>Totals</u>
The Ohio State University Direct Support	\$ 583,280	\$ 693,731	\$ 1,277,011
Contributed Services	168,701	437,816	606,517
Donated Facilities and Support - OSU	565,586	1,085,304	1,650,890
Grants from the CPB	359,363	1,479,646	1,839,009
Member Contributions	1,004,404	1,493,288	2,497,692
Fees and Services:			
B&I	455,270	719,234	1,174,504
Foundations/NPO's	164,129	102,196	266,325
PBS	3,075	-	3,075
Fundraising	-	60,553	60,553
Federal Grants	283,673	19,032	302,705
State and Local Grants	81,037	1,445,185	1,526,222
Investment Income:			
Interest and dividend income	114,942	184,221	299,163
Unrealized (loss) on investments	108,176	241,073	349,249
Endowment Contributions	(28,052)	56,943	28,891
Capital Grants and Gifts	25,030	681,244	706,274
Royalties	-	12,284	12,284
Other	6,960	13,466	20,426
Total Support, Revenue, and Other Additions	3,895,574	8,725,216	12,620,790
<u>EXPENSES</u>			
Program Services:			
Programming and Production	1,613,924	3,343,203	4,957,127
Broadcasting	1,147,322	1,620,471	2,767,793
Program Information	306,797	475,449	782,246
Total Program Services	3,068,043	5,439,123	8,507,166
Supporting Services:			
Management & General	549,737	1,824,668	2,374,405
Fundraising	457,755	705,622	1,163,377
Underwriting	96,963	151,300	248,263
Interest expense	12,640	18,960	31,600
Depreciation	520,009	780,014	1,300,023
Total Supporting Services	1,637,104	3,480,564	5,117,668
Total Expenses	4,705,147	8,919,687	13,624,834
Net Change	\$ (809,573)	\$ (194,471)	\$ (1,004,044)

**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, 2010, and have issued our report thereon dated December 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered WOSU'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of WOSU's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether WOSU'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*.

This report is intended solely for the use of management, The Ohio State University and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

Parms & Company, LLC

December 21, 2010

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Dave Yost • 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
FEBRUARY 8, 2011