

**BOARD OF REGENTS**  
EASTERN MICHIGAN UNIVERSITY

<b>SECTION:</b> 24
<b>DATE:</b> March 25, 2014

**RECOMMENDATION**

**WEMU-FM FINANCIAL STATEMENTS AS OF JUNE 30, 2013 AND  
AUDITOR'S REPORT**

**ACTION REQUESTED**

It is recommended that the Board of Regents receive and place on file the WEMU-FM Financial Statements as of June 30, 2013 and related auditor's report.

**STAFF SUMMARY**

WEMU-FM, Eastern Michigan University's public radio station, is required as a condition of participation in the public broadcasting program to file an annual audited statement of financial operations. Plante & Moran, PLLC prepares this audit annually as part of its financial audit engagement with the University.

The financial report, statements and opinion are attached. Plante & Moran indicates that, in their opinion, the financial statements present fairly, and in accordance with generally accepted accounting principles, the financial position of the station as well as the changes in financial position and cash flows for the fiscal years 2011-12 and 2012-13.

During their review, Plante Moran did not identify any internal control material weaknesses or significant deficiencies.

**FISCAL IMPLICATIONS**

None

**ADMINISTRATIVE RECOMMENDATION**

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

# **Eastern Michigan University WEMU-FM**

---

**Financial Report  
with Supplemental Information  
June 30, 2013**

# Eastern Michigan University WEMU-FM

---

## Contents

<b>Report Letter</b>	1-3
<b>Management's Discussion and Analysis</b>	4-9
<b>Financial Statements</b>	
Statement of Net Position	10
Statement of Revenue, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Notes to Financial Statements	13-17
<b>Supplemental Information</b>	18
Schedule of Net Position by Fund	19
Schedule of Revenue, Expenses, and Changes in Net Position by Fund	20

## Independent Auditor's Report

To the Board of Regents  
Eastern Michigan University WEMU-FM

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Eastern Michigan University WEMU-FM, a department of Eastern Michigan University, as of and for the years ended June 30, 2013 and 2012 and the related notes to the financial statements, which collectively comprise Eastern Michigan University WEMU-FM's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Regents  
Eastern Michigan University WEMU-FM

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Eastern Michigan University WEMU-FM as of June 30, 2013 and 2012 and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

We draw attention to Note I, which explains that the financial statements of Eastern Michigan University WEMU-FM are intended to present the financial position, the changes in net position, and cash flows of only that portion of the University's business-type activities that are attributable to the transactions of the department. They do not purport to, and do not, present fairly the financial position of Eastern Michigan University as of June 30, 2013 and 2012, the changes in its financial position, or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note I to the basic financial statements, effective July 1, 2012, Eastern Michigan University WEMU-FM adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define those elements as a consumption of net assets by Eastern Michigan University that is applicable to a future reporting period, and an acquisition of net assets by the University that is applicable to a future reporting period, respectively. The standards also incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Board of Regents  
Eastern Michigan University WEMU-FM

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Eastern Michigan University WEMU-FM's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.

November 22, 2013

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited)

This section of Eastern Michigan University WEMU-FM's (the "Station") annual financial report presents management's discussion and analysis of the financial performance of the Station during the fiscal years ended June 30, 2013, 2012, and 2011. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of the Station management.

### Using the Annual Financial Report

This annual report consists of financial statements prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. In 2013, the Station implemented GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Station had no deferred inflows or outflows as of June 30, 2013, 2012, or 2011.

The financial statements prescribed by GASB statements (the statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of net position includes all assets and liabilities. Over time, increases or decreases in net position (the difference between assets and liabilities) are one indicator of the improvement or erosion of the Station's financial health when considered with non-financial facts such as the condition of facilities.

The statement of revenues, expenses, and changes in net position presents the revenues earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public radio station's dependency upon gifts could result in operating deficits because the financial reporting model classifies gifts as nonoperating revenues. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The statement of cash flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing, and related investing activities, and helps measure the ability to meet financial obligations as they mature.

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Condensed Statement of Net Position (in thousands)

	June 30		
	2013	2012	2011
<b>Assets</b>			
Current assets	\$ 466	\$ 766	\$ 732
Noncurrent assets	<u>142</u>	<u>151</u>	<u>161</u>
Total assets	608	917	893
<b>Liabilities</b>			
Current liabilities	15	15	15
Noncurrent liabilities	<u>122</u>	<u>188</u>	<u>207</u>
Total liabilities	<u>137</u>	<u>203</u>	<u>222</u>
<b>Net Position</b>			
Net investment in capital assets	142	151	161
Restricted - Expendable	161	147	81
Unrestricted	<u>168</u>	<u>416</u>	<u>429</u>
Total net position	<u>\$ 471</u>	<u>\$ 714</u>	<u>\$ 671</u>



# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Condensed Statement of Revenue, Expenses, and Changes in Net Position (in thousands)

	Year Ended June 30		
	2013	2012	2011
<b>Operating Revenue</b>			
Grants from Corporation for Public Broadcasting	\$ 150	\$ 213	\$ 189
Rental income	54	58	51
Total operating revenue	204	271	240
<b>Operating Expenses</b>			
Program services:			
Programming and production	1,579	1,524	1,256
Broadcasting	147	141	191
Program information	126	100	248
Support services:			
Fundraising	126	80	166
Management	126	161	305
Total operating expenses	2,104	2,006	2,166
<b>Operating Loss</b>	(1,900)	(1,735)	(1,926)
<b>Nonoperating Revenue</b>			
General appropriations from the University	449	652	834
Administrative support from the University	540	508	569
Contributions	668	618	596
Total nonoperating revenue	1,657	1,778	1,999
<b>Change in Net Position</b>	(243)	43	73
<b>Net Position - Beginning of year</b>	714	671	598
<b>Net Position - End of year</b>	<u>\$ 471</u>	<u>\$ 714</u>	<u>\$ 671</u>

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Noteworthy Financial Activity

Significant components of the Station's financial condition include:

- The Station's total assets as of June 30, 2013 decreased versus the prior year by approximately \$309,000 primarily due to decreased support from the General Appropriations of the University (\$203,000) and planned increases in programming, production, and fundraising (\$101,000). Over \$141,000 is invested in capital assets as of June 30, 2013. The Station's total assets as of June 30, 2012 increased versus the prior year by approximately \$24,000 primarily due to increased support from the Corporation for Public Broadcasting.
- In 2013, operating revenues decreased by approximately \$66,000 primarily due to decreased support from the Corporation for Public Broadcasting. In 2012, operating revenues increased by approximately \$31,000 primarily due to increased support from the Corporation for Public Broadcasting as advanced payments of approximately \$147,000 were recorded as operating revenue.
- In 2013, nonoperating revenues decreased by approximately \$121,000 due to decreased general appropriations (\$203,000), increased contributions (\$50,000), and increased administrative support (\$32,000). In 2012, nonoperating revenues decreased by approximately \$222,000 primarily due to decreased general appropriations (\$182,000) and decreased administrative support (\$63,000).
- In 2013, operating expenses increased by approximately \$99,000 primarily due to decreases in management support (\$34,000) and increases in programming and production (\$55,000), program information (\$26,000), and fundraising (\$46,000). In 2012, operating expenses decreased by approximately \$161,000 primarily due to decreases in management support, fundraising, and program information expense.

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Condensed Statement of Cash Flows (in thousands)

	Year Ended June 30		
	2013	2012	2011
<b>Cash (Used In) Provided By</b>			
Operating activities	\$ (1,877)	\$ (1,768)	\$ (1,926)
Noncapital financing activities	<u>1,657</u>	<u>1,778</u>	<u>1,999</u>
<b>Net (Decrease) Increase in Cash</b>	(220)	10	73
<b>Cash - Beginning of year</b>	<u>596</u>	<u>586</u>	<u>513</u>
<b>Cash - End of year</b>	<u><u>\$ 376</u></u>	<u><u>\$ 596</u></u>	<u><u>\$ 586</u></u>

### Looking Ahead

Fiscal year 2013 found WEMU in the second year of its three-year strategic plan to reduce its reliance on the General Fund by \$250,000 by the end of fiscal year 2014. The Station eliminated \$100,000 from the General Fund and increased its fundraising goal by \$100,000 to offset the cut, making the overall fundraising goal \$750,000. By June 30, 2013, the Station had over \$756,000 in commitments, pledges, and contracts from listeners and corporations and collected over \$665,000 toward that goal. With a continuing emphasis on monthly giving, many large gifts are now collected over 12 months.

The Station eliminated more salaries from the General Fund, leaving only three employees. The Station also worked at strengthening major giving initiative: Three Over Three, encouraging select donors to pledge \$3,000 over three years to build a future fund for hiring new employees in areas critical to continued audience growth: on-air news reporting and new media services. WEMU hosted its first-ever State of the Station breakfast in January 2013, at which U.S. Congressman, John Dingell, co-author of the Public Broadcasting Act, spoke to key station constituents about the importance of supporting public broadcasting as traditional funding sources continue to be redefined.

WEMU's long-time program director, Clark Smith, retired in May 2013. The Station hopes to hire a new program director by November 2013.

# **Eastern Michigan University WEMU-FM**

## **Management's Discussion and Analysis (Unaudited) (Continued)**

The Station reduced its General Fund allotment by an additional \$100,000 in fiscal year 2014. Salaries and benefits for 1.2 FTEs were transferred to the donor account. The overall fundraising goal for the year was increased by \$100,000 to \$850,000. The Station continues to put its major infrastructure upgrades and furniture replacement plans on hold regarding the current fiscal conditions. However, a modest cosmetic upgrade did take place in 2013, using funds from WEMU's designated equipment fund as a professional environment is important when cultivating major gifts.

The Station continues to inspect its aging equipment: transmitters, generators, and other backup power supplies in fiscal year 2014 to determine its longevity. Most were purchased at the same time and are approaching 20 years. The Station needs to determine the feasibility of retaining current equipment, along with its increased risk of failure and need for maintenance. Any new major equipment purchases will come from the Station's designated equipment fund.

The Station remains committed to serve the University's mission of public service through programming, community support, civic engagement, and free public service announcements to non-profits.

# Eastern Michigan University WEMU-FM

## Statement of Net Position

	June 30	
	2013	2012
<b>Assets</b>		
Current assets:		
Cash	\$ 375,556	\$ 596,193
Accounts receivable from the University	<u>90,812</u>	<u>169,729</u>
Total current assets	466,368	765,922
Noncurrent assets - Property and equipment - Net (Note 3)	<u>141,865</u>	<u>151,569</u>
Total assets	608,233	917,491
<b>Liabilities</b>		
Current liabilities - Deferred revenue	15,375	15,375
Noncurrent liabilities:		
Compensated absences	90,813	141,163
Unearned revenue	<u>30,750</u>	<u>46,125</u>
Total noncurrent liabilities	<u>121,563</u>	<u>187,288</u>
Total liabilities	<u>136,938</u>	<u>202,663</u>
<b>Net Position</b>		
Net investment in capital assets	141,865	151,569
Restricted - Expendable	161,470	147,285
Unrestricted	<u>167,960</u>	<u>415,974</u>
Total net position	<u>\$ 471,295</u>	<u>\$ 714,828</u>

# Eastern Michigan University WEMU-FM

## Statement of Revenue, Expenses, and Changes in Net Position

	Year Ended June 30	
	2013	2012
<b>Operating Revenue</b>		
Grants from Corporation for Public Broadcasting	\$ 149,884	\$ 212,845
Rental income	54,477	57,735
Total operating revenue	204,361	270,580
<b>Operating Expenses</b>		
Program services:		
Programming and production	1,578,764	1,524,260
Broadcasting	147,351	140,392
Program information	126,302	100,280
Support services:		
Fundraising	126,301	80,224
Management	126,302	160,449
Total operating expenses	2,105,020	2,005,605
<b>Operating Loss</b>	(1,900,659)	(1,735,025)
<b>Nonoperating Revenue</b>		
General appropriations from the University	449,168	651,826
Administrative support from the University	539,682	508,104
Contributions	668,276	618,506
Total nonoperating revenue	1,657,126	1,778,436
<b>Change in Net Position</b>	(243,533)	43,411
<b>Net Position - Beginning of year</b>	714,828	671,417
<b>Net Position - End of year</b>	<u>\$ 471,295</u>	<u>\$ 714,828</u>

# Eastern Michigan University WEMU-FM

## Statement of Cash Flows

	Year Ended June 30	
	2013	2012
<b>Cash Flows from Operating Activities</b>		
Cash received from Corporation for Public Broadcasting	\$ 178,450	\$ 184,279
Cash received from tower leases	54,477	57,735
Cash paid for programming services	(1,859,252)	(1,771,402)
Cash paid for management and fundraising	<u>(251,438)</u>	<u>(239,458)</u>
Net cash used in operating activities	(1,877,763)	(1,768,846)
<b>Cash Flows from Noncapital Financing Activities</b>		
Cash received from University appropriations	449,168	651,826
Cash received from administrative support	539,682	508,104
Contributions received	<u>668,276</u>	<u>618,506</u>
Net cash provided by noncapital financing activities	<u>1,657,126</u>	<u>1,778,436</u>
<b>Net (Decrease) Increase in Cash</b>	(220,637)	9,590
<b>Cash - Beginning of year</b>	<u>596,193</u>	<u>586,603</u>
<b>Cash - End of year</b>	<u><b>\$ 375,556</b></u>	<u><b>\$ 596,193</b></u>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (1,900,659)	\$ (1,735,025)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation expense	9,704	10,120
Changes in assets and liabilities:		
Accounts receivable - Net	78,917	(24,790)
Accrued compensated absences	(50,350)	(3,776)
Unearned revenue	<u>(15,375)</u>	<u>(15,375)</u>
Total changes in assets and liabilities	<u>13,192</u>	<u>(43,941)</u>
Net cash used in operating activities	<u><b>\$ (1,877,763)</b></u>	<u><b>\$ (1,768,846)</b></u>

### Note 1 - Organization

Eastern Michigan University WEMU-FM (the "Station" or WEMU-FM) is a public telecommunications radio station licensed to Eastern Michigan University (the "University"). WEMU-FM serves the Washtenaw County radio market, with a mission to participate in the educational and public service purposes of the University by providing programming which addresses the needs and the interests of the Station's coverage area.

WEMU-FM is owned and operated by the University and does not have separate legal status or existence. The financial position, support, revenue, and expenditures of WEMU-FM are included in the University's financial statements.

**Adoption of New Accounting Principles** - Effective July 1, 2012, the University implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements introduce and define those elements as a consumption of net position by the University that is applicable to a future reporting period, and an acquisition of net position by the University that is applicable to a future reporting period, respectively. The standards also incorporate deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

### Note 2 - Basis of Presentation and Significant Accounting Policies

**Basis of Presentation** - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The GASB established standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the University as a whole, with resources classified for accounting and reporting purposes into three net position categories according to externally imposed restrictions.

The three net position categories are as follows:

- **Net Investment in Capital Assets** - Includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets



### **Note 2 - Basis of Presentation and Significant Accounting Policies (Continued)**

- **Restricted - Expendable** - Includes net position whose whole use is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time
- **Unrestricted** - Includes net position not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for capital projects and other initiatives.

**Cash** - Cash is held in Eastern Michigan University funds. The amount reflected in the accompanying balance sheet represents the net amounts due to the Station from the University's pooled cash system.

**Property and Equipment** - Property and equipment are recorded at cost or, if acquired by gift, at the fair value as of the date of donation. Depreciation is computed on the straight-line method over the estimated service lives (5 to 15 years) of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

**Compensated Absences** - Compensated absences include sick leave, annual leave, and compensatory time accrued by Station employees per University policy and paid by the University. It is the University's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is a liability for unpaid accumulated sick leave, since the University does have a policy to pay half of any amounts accumulated when eligible employees retire from the University. All vacation pay is accrued when incurred. A receivable from the University and a liability is reported for these amounts as of year end.

**Unearned Revenue** - WEMU-FM receives advance payments of rent related to a tower lease agreement. These payments are reported as unearned revenue and recognized when earned.

**General Appropriations from the University** - General appropriations from the University consist of certain payroll and other direct expenses paid by the University on behalf of WEMU-FM. Because the University pays for WEMU-FM's compensated absences, a receivable from the University has been established in the statement of net position in the amount of accrued compensated absences.

# Eastern Michigan University WEMU-FM

---

## Notes to Financial Statements June 30, 2013 and 2012

### **Note 2 - Basis of Presentation and Significant Accounting Policies (Continued)**

**Indirect Administrative Support** - A portion of the University's general overhead costs relates to and benefits WEMU-FM. Such items include administration, utilities, maintenance, repairs, and other institutional support expenditures of the University. These services were provided without cost and have been allocated to WEMU-FM. The fair value of these services is reported as revenue (administrative support from the University) and expenditures in the accompanying statement of revenue, expenses, and changes in net position.

**Contributions and Grants** - Unrestricted gifts are recognized as revenue when received.

WEMU-FM receives an annual community service grant from the Corporation for Public Broadcasting. These funds may be used at the discretion of WEMU-FM and are reported as restricted grant revenue in the accompanying financial statements.

**Allocation of Expenditures** - Expenditures are reported by their functional classification. Accordingly, certain expenditures for facility operations, institutional support, interest, and depreciation have been allocated to functional classifications based on the time devoted to these activities.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sources and application of net assets during the reporting period. Actual results could differ from those estimates.

# Eastern Michigan University WEMU-FM

## Notes to Financial Statements June 30, 2013 and 2012

### Note 3 - Property and Equipment

Property and equipment at June 30, 2013 and 2012 consist of the following:

	2012	Additions	Retirement	2013
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Transmitter and tower	313,402	-	-	313,402
Studio and technical equipment	111,506	-	-	111,506
Furniture, fixture, and equipment	<u>270,953</u>	<u>-</u>	<u>-</u>	<u>270,953</u>
Subtotal	795,861	-	-	795,861
Less accumulated depreciation	<u>(644,292)</u>	<u>(9,704)</u>	<u>-</u>	<u>(653,996)</u>
Net property and equipment	<u>\$ 151,569</u>	<u>\$ (9,704)</u>	<u>\$ -</u>	<u>\$ 141,865</u>
	2011	Additions	Retirement	2012
Land	\$ 100,000	\$ -	\$ -	\$ 100,000
Transmitter and tower	313,402	-	-	313,402
Studio and technical equipment	101,407	10,099	-	111,506
Furniture, fixture, and equipment	<u>270,953</u>	<u>-</u>	<u>-</u>	<u>270,953</u>
Subtotal	785,762	10,099	-	795,861
Less accumulated depreciation	<u>(624,073)</u>	<u>(20,219)</u>	<u>-</u>	<u>(644,292)</u>
Net property and equipment	<u>\$ 161,689</u>	<u>\$ (10,120)</u>	<u>\$ -</u>	<u>\$ 151,569</u>

### Note 4 - Retirement Benefits

The University has a Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF) defined contribution retirement plan, which covers certain employees of WEMU-FM. The University contributes a specified percentage of employee wages, as defined by the appropriate labor contract. For the years ended June 30, 2013, 2012, and 2011, WEMU-FM contributed approximately \$56,000, \$53,000, and \$52,000, respectively, to the TIAA-CREF plan. The University has no liability beyond its own contributions under the TIAA-CREF plan.

The University also participates in the Michigan Public School Employees' Retirement System (MPSERS), a cost sharing, multiemployer, noncontributory defined benefit retirement plan, which covers certain employees of WEMU-FM. The cost of the MPSERS plan allocated to WEMU-FM, all of which was contributed, totaled approximately \$23,000, \$26,000, and \$42,000 for the years ended June 30, 2013, 2012, and 2011, respectively. The costs of the MPSERS plan include contributions based on member payroll to fund normal pension costs, contributions to fund a portion of the plan's unfunded actuarial accrued liability, and contributions for retiree health insurance, at a fixed dollar amount determined annually by MPSERS.

### Note 5 - Upcoming Accounting Pronouncement

The Governmental Accounting Standards Board (GASB) has issued the following statement for future implementation:

**Pensions** - In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The University is currently evaluating the impact this standard will have on the financial statements when adopted. The total pension liability will be computed on a different basis than the current actuarial accrued liability and the method of allocating this liability to each participating employer has not yet been determined, so the precise impact is not known. However, if we approximate the liability based on the actuarial accrued liability and allocate based on covered payroll, this computes to a liability of \$68,000,000. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

The Station will continue to assess the impact of this new accounting pronouncement on the University's financial statements for adoption in fiscal 2015.

## **Supplemental Information**

---

# Eastern Michigan University WEMU-FM

## Schedule of Net Position by Fund

	June 30, 2013			June 30, 2012		
	Operating Funds		Total	Operating Funds		Total
	Unrestricted	Property Fund		Unrestricted	Property Fund	
				(restated)		
<b>Assets</b>						
Current assets:						
Cash	\$ 375,556	\$ -	\$ 375,556	\$ 596,193	\$ -	\$ 596,193
Accounts receivable	90,812	-	90,812	169,729	-	169,729
Total current assets	466,368	-	466,368	765,922	-	765,922
Noncurrent assets - Property and equipment - Net	-	141,865	141,865	-	151,569	151,569
Total assets	466,368	141,865	608,233	765,922	151,569	917,491
<b>Liabilities</b>						
Current liabilities - Deferred revenue	15,375	-	15,375	15,375	-	15,375
Noncurrent liabilities:						
Compensated absences	90,813	-	90,813	141,163	-	141,163
Unearned revenue	30,750	-	30,750	46,125	-	46,125
Total noncurrent liabilities	121,563	-	121,563	187,288	-	187,288
Total liabilities	136,938	-	136,938	202,663	-	202,663
<b>Net Position</b>						
Net investment in capital assets	-	141,865	141,865	-	151,569	151,569
Restricted - Expendable	161,470	-	161,470	147,285	-	147,285
Unrestricted	167,960	-	167,960	415,974	-	415,974
Total net position	<u>\$ 329,430</u>	<u>\$ 141,865</u>	<u>\$ 471,295</u>	<u>\$ 563,259</u>	<u>\$ 151,569</u>	<u>\$ 714,828</u>

# Eastern Michigan University WEMU-FM

## Schedule of Revenue, Expenses, and Changes in Net Position by Fund

	June 30, 2013			June 30, 2012		
	Operating Funds		Total	Operating Funds		Total
	Unrestricted	Property Fund		Unrestricted	Property Fund	
				(restated)		
<b>Operating Revenue</b>						
Grants from Corporation for Public Broadcasting	\$ 149,884	\$ -	\$ 149,884	\$ 212,845	\$ -	\$ 212,845
Rental income	54,477	-	54,477	57,735	-	57,735
Total operating revenue	204,361	-	204,361	270,580	-	270,580
<b>Operating Expenses</b>						
Program services:						
Programming and production	1,571,486	7,278	1,578,764	1,516,569	7,691	1,524,260
Broadcasting	146,672	679	147,351	139,684	708	140,392
Program information	125,720	582	126,302	99,774	506	100,280
Support services:						
Fundraising	125,719	582	126,301	79,819	405	80,224
Management	125,719	583	126,302	159,639	810	160,449
Total operating expenses	2,095,316	9,704	2,105,020	1,995,485	10,120	2,005,605
<b>Operating Loss</b>	(1,890,955)	(9,704)	(1,900,659)	(1,724,905)	(10,120)	(1,735,025)
<b>Nonoperating Revenue</b>						
General appropriations from the University	449,168	-	449,168	651,826	-	651,826
Administrative support from the University	539,682	-	539,682	508,104	-	508,104
Contributions	668,276	-	668,276	618,506	-	618,506
Net nonoperating revenue	1,657,126	-	1,657,126	1,778,436	-	1,778,436
<b>Change in Net Position</b>	(233,829)	(9,704)	(243,533)	53,531	(10,120)	43,411
<b>Net Position - Beginning of year</b>	563,259	151,569	714,828	509,728	161,689	671,417
<b>Net Position - End of year</b>	<u>\$ 329,430</u>	<u>\$ 141,865</u>	<u>\$ 471,295</u>	<u>\$ 563,259</u>	<u>\$ 151,569</u>	<u>\$ 714,828</u>