

Boise State Public Radio Network

(A Public Telecommunications Entity Operated by Boise State University)

**REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
JUNE 30, 2014 AND JUNE 30, 2013**





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BOISE STATE
PUBLIC RADIO

REPORT OF INDEPENDENT AUDITORS

Idaho State Board of Education
Boise State Public Radio Network
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of Boise State Public Radio Network (the "Network"), a public telecommunications entity operated by Boise State University, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Network'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinions.

MOSS ADAMS_{LLP}***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Network as of June 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the Network's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network's internal control over financial reporting and compliance.



Eugene, Oregon
December 17, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Management's Discussion and Analysis ("MD&A") presents an overview of the financial performance of Boise State Public Radio Network (the "Network") based on currently known facts, decisions and conditions, and is designed to assist readers in understanding the accompanying financial statements. The MD&A discusses financial performance during the current year in comparison to prior years with emphasis on the current year.

Overview of the Financial Statements and Financial Analysis

The financial statements for the fiscal years ended June 30, 2014 and June 30, 2013 are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles. There are three financial statements presented: the statements of net position; the statements of revenues, expenses and changes in net position; and the statements of cash flows.

Statements of Net Position

The statements of net position present the assets, deferred outflows, liabilities, deferred inflows, and net position of the Network as of the current fiscal year-end in comparative format with the prior fiscal year-end. The purpose of the statements of net position is to present to the readers of the financial statements a point-in-time fiscal snapshot of the Network. The statements of net position present end-of-year data concerning assets (current and non-current), deferred outflows, liabilities (current and non-current), deferred inflows and net position (assets plus deferred outflows minus liabilities minus deferred inflows). The difference between current and non-current classification is discussed in the footnotes to the financial statements.

Financial Statements Presentation – From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the Network. They are also able to determine how much the Network owes vendors, investors and lending institutions. Finally, the statements of net position provide a picture of the net position and available funds for expenditure by the Network.

Net position is divided into three major categories. The first category, net investment in capital assets, provides the Network's equity in capital assets. The next category is restricted

expendable. The Network does not currently have restricted expendable net position. When restricted expendable net position is available for expenditure, the funds must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is available to the Network for any lawful purpose of the Network.

Summary Statements of Net Position			
Fiscal Years Ended June 30,			
	2014	2013	2012
ASSETS:			
Current assets	\$ 903,207	\$ 1,237,371	\$ 1,618,342
Capital assets, net	1,376,311	636,834	637,383
Total assets	<u>\$ 2,279,518</u>	<u>\$ 1,874,205</u>	<u>\$ 2,255,725</u>
LIABILITIES:			
Current liabilities	\$ 489,539	\$ 491,343	\$ 604,137
Non-current liabilities	560,477	28,163	31,731
Total liabilities	<u>1,050,016</u>	<u>519,506</u>	<u>635,868</u>
NET POSITION:			
Net investment in capital assets	776,311	636,834	637,383
Unrestricted	453,191	717,865	982,474
Total net position	<u>1,229,502</u>	<u>1,354,699</u>	<u>1,619,857</u>
Total liabilities and net position	<u>\$ 2,279,518</u>	<u>\$ 1,874,205</u>	<u>\$ 2,255,725</u>

The Network's total assets increased during fiscal year 2014 by \$405,313 to \$2,279,518. This increase is the result of an increase in capital assets for the expansion and remodel of the radio station and upgraded studio equipment, offset by cash used for repair and maintenance for outlying sites.

Liabilities increased by \$530,510 to \$1,050,016 during fiscal year 2014. This is primarily related to a \$600,000 note payable entered into with Boise State University to fund the capital project offset by a decrease in unearned revenue from private grants and contracts.

Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented in the statements of net position are based on the activity presented in the statements of revenues, expenses and changes in net position. The purpose of the statements is to present the revenues earned by the Network, both operating and non-operating, and the expenses incurred by the Network, both operating and non-operating, and any other revenues, expenses, gains and losses incurred by the Network.

Generally speaking, operating revenues are earned by providing services to the various customers and constituencies of the Network. Operating expenses are those expenses incurred to acquire or produce the services provided in return for operating revenues, and to carry out the functions of the Network. Non-operating revenues are revenues received for which services are not provided.

The Network will always reflect a net operating loss because gifts are considered non-exchange transactions. Per GASB No. 34, *“Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments”* and GASB No. 35, *“Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities”*, state general fund appropriations are defined as non-operating revenue.

Summary Statements of Revenues, Expenses, and Changes in Net Position			
Fiscal Years Ended June 30,			
	2014	2013	2012
Operating revenues	\$ 1,227,632	\$ 1,313,432	\$ 1,190,509
Operating expenses	4,052,336	4,071,268	3,915,470
Operating loss	(2,824,704)	(2,757,836)	(2,724,961)
Non-operating revenues	2,699,507	2,492,678	2,537,890
Loss before other revenues	(125,197)	(265,158)	(187,071)
Other revenues	-	-	54,206
Decrease in net position	(125,197)	(265,158)	(132,865)
Net position - Beginning of year	1,354,699	1,619,857	1,752,722
Net position - End of year	<u>\$ 1,229,502</u>	<u>\$ 1,354,699</u>	<u>\$ 1,619,857</u>

Operating revenues decreased by \$85,800 from \$1,313,432 to \$1,227,632 during fiscal year 2014. The decrease was primarily due to a decline in revenues earned from private sponsored grants partially offset by an increase in revenue from other sources which reflects the

support provided by the University. The decrease in grant funding is primarily due to the State Impact grant that closed during the first quarter of fiscal year 2014.

Operating expenses decreased by \$18,932 from \$4,071,268 to \$4,052,336 during fiscal year 2014. This decrease is associated with a reduction in repairs and maintenance costs from the prior year roof repair offset by an increase in noncapital related supplies purchased for the remodel of the radio station.

Net non-operating revenues increased by \$206,829 during fiscal year 2014. This is primarily the result of increases in both membership and underwriting revenue. The increase in membership revenues is the result of an average increase in gift per member, while the increase in underwriting revenues is attributed to hiring a new Corporate Support Representative in late fiscal year 2013.

The impact of these changes resulted in a decrease in net position in fiscal year 2014 of \$125,197 as compared to the decrease in net position in fiscal year 2013 of \$265,158.

Statements of Cash Flows

The final statements presented by the Network are the statements of cash flows. These statements present detailed information about the cash activity of the Network during the year.

Summary Statements of Cash Flows			
Fiscal Years Ended June 30,			
	2014	2013	2012
Cash provided (used) by:			
Operating activities	\$ (2,200,785)	\$ (2,155,722)	\$ (1,646,479)
Non-capital financing activities	2,152,106	2,029,588	1,995,426
Capital and related financing activities	<u>(310,874)</u>	<u>(96,559)</u>	<u>129,396</u>
Net change in cash	(359,553)	(222,693)	478,343
Cash - Beginning of year	<u>585,654</u>	<u>808,347</u>	<u>330,004</u>
Cash - End of year	<u>\$ 226,101</u>	<u>\$ 585,654</u>	<u>\$ 808,347</u>

Cash used in operating activities increased by \$45,063 from \$2,155,722 during fiscal year 2013 to \$2,200,785 during fiscal year 2014. Payments for operating activities showed an increase in personnel, utilities and other expenses offset by a decline in payments for services and supplies.

Cash provided by non-capital financing activities increased by \$122,518 from \$2,029,588 during fiscal year 2013 to \$2,152,106 during fiscal year 2014. The increase is the result of higher receipts for donations and underwriting along with an increase for state appropriations. An additional \$20,000 was appropriated by the state to improve rural sites with the purchase of transmitters and equipment for remote locations.

Cash used by capital and related financing activities changed by \$214,315 from cash used of \$96,559 during fiscal year 2013 to cash used of \$310,874 during fiscal year 2014. The cash used by capital activities consisted of the costs associated with the radio station expansion and remodel project, offset by the notes payable proceeds received from the Boise State University and the proceeds received on the sale of assets.

The overall decline in the cash balance at end of year is primarily related to net cash used in capital and related financing activities.

Economic Outlook

State Appropriations represented 13% of the Networks total revenue in fiscal year 2014. The State provided an additional \$20,000 to replace aging equipment in remote areas to improve station reliability. The Network continues to see growth in fundraising efforts through Capital Campaigns and Membership pledge drives. Membership contributions represent 66% of gift revenue and contributions increased 6% in fiscal year 2014 to \$1,458,968. Underwriting represents 24% of gift revenue and the \$123,853 increase reflects a 30% increase over fiscal year 2013. The Network hired an additional Underwriter in fiscal year 2013 to establish and support community partnerships attributing to the increase in fiscal year 2014 revenue. The Network continues to establish station events to engage community members, partners, and Network donors. The Network completed the majority of the Yanke capital project studio build out by 4th quarter of fiscal year 2014. The studios will provide an efficient workplace, production capabilities, and improve overall sound quality. The Network will begin loan repayment in fiscal year 2015.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF NET POSITION
JUNE 30, 2014 AND JUNE 30, 2013**

	2014	2013
ASSETS		
CURRENT ASSETS:		
Cash with Treasurer	\$ 17,480	\$ 25,452
Cash and cash equivalents	208,621	560,202
Accounts receivable, net	79,436	75,687
Prepaid expense	25,730	19,507
Inventories	1,206	4,040
Due from Boise State University Foundation	570,734	552,483
Total current assets	903,207	1,237,371
NON-CURRENT ASSETS:		
Capital assets, net	1,376,311	636,834
Total non-current assets	1,376,311	636,834
TOTAL ASSETS	\$ 2,279,518	\$ 1,874,205
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 16,630	\$ 16,668
Due to State Agencies	305	3,212
Accrued salaries and benefits payable	91,356	89,210
Compensated absences payable	119,471	104,270
Unearned revenue	216,073	254,768
Notes payable - current portion	45,704	-
Due to Boise State University	-	23,215
Total current liabilities	489,539	491,343
NON-CURRENT LIABILITIES:		
Notes payable	554,296	-
Other liabilities	6,181	28,163
Total non-current liabilities	560,477	28,163
TOTAL LIABILITIES	1,050,016	519,506
NET POSITION:		
Net investment in capital assets	776,311	636,834
Unrestricted	453,191	717,865
TOTAL NET POSITION	1,229,502	1,354,699
TOTAL LIABILITIES AND NET POSITION	\$ 2,279,518	\$ 1,874,205

See notes to financial statements.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES:		
Federal grants and contracts	\$ 16,906	\$ 15,391
Private grants and contracts	442,232	613,770
Indirect administrative support	761,116	680,866
Other	7,378	3,405
Total operating revenues	<u>1,227,632</u>	<u>1,313,432</u>
OPERATING EXPENSES:		
Personnel	1,763,437	1,739,515
Services	843,646	1,313,812
Supplies	539,447	182,549
Insurance, utilities and rent	163,628	151,456
Depreciation and amortization	144,476	138,017
Miscellaneous	597,702	545,919
Total operating expenses	<u>4,052,336</u>	<u>4,071,268</u>
OPERATING LOSS:	<u>(2,824,704)</u>	<u>(2,757,836)</u>
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	502,033	470,274
Gifts	2,197,767	2,006,859
Net investment income	507	1,062
Gain (Loss) on sale of assets	(800)	14,483
Net non-operating revenues	<u>2,699,507</u>	<u>2,492,678</u>
DECREASE IN NET POSITION	(125,197)	(265,158)
NET POSITION — Beginning of year	<u>1,354,699</u>	<u>1,619,857</u>
NET POSITION — End of year	<u>\$ 1,229,502</u>	<u>\$ 1,354,699</u>

See notes to financial statements.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 427,857	\$ 507,183
Other operating receipts	1,262,240	1,220,130
Payments for personnel costs	(1,768,732)	(1,739,754)
Payments for services	(834,231)	(1,284,034)
Payments for supplies	(537,050)	(181,259)
Payments for insurance, utilities and rent	(144,700)	(134,622)
Other operating payments	(606,169)	(543,366)
	<u>(2,200,785)</u>	<u>(2,155,722)</u>
Net cash used in operating activities		
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State appropriations	502,033	470,274
Gifts	1,650,073	1,559,314
	<u>2,152,106</u>	<u>2,029,588</u>
Net cash provided by non-capital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(916,674)	(114,859)
Proceeds from sale of capital assets	5,800	18,300
Proceeds from notes payable	600,000	-
	<u>(310,874)</u>	<u>(96,559)</u>
Net cash used in capital and related financing activities		
NET CHANGE IN CASH, CASH EQUIVALENTS AND CASH WITH TREASURER	<u>(359,553)</u>	<u>(222,693)</u>
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - BEGINNING OF THE YEAR	<u>585,654</u>	<u>808,347</u>
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - END OF THE YEAR	<u>\$ 226,101</u>	<u>\$ 585,654</u>

See notes to financial statements.

BOISE STATE PUBLIC RADIO
STATEMENTS OF CASH FLOWS (continued)
FISCAL YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	<u>2014</u>	<u>2013</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (2,824,704)	\$ (2,757,836)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation expense/amortization of intangible	144,476	138,017
CHANGES IN ASSETS AND LIABILITIES:		
Receivables - operating - net	(4,284)	6,237
Due from BSU Foundation	525,907	585,204
Other assets	(6,226)	5,279
Accounts payable & accrued liabilities	(37)	(1,515)
Accrued salaries & benefits payable	2,146	(13,184)
Compensated absences	(6,782)	12,945
Unearned revenue	<u>(31,281)</u>	<u>(130,869)</u>
Net cash used in operating activities	<u>\$ (2,200,785)</u>	<u>\$ (2,155,722)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Indirect administrative support from Boise State University	\$ 761,116	\$ 680,866
Gifts, donated services, trade and sponsorships	<u>170,088</u>	<u>201,786</u>
Total non-cash transactions	<u>\$ 931,204</u>	<u>\$ 882,652</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Boise State Public Radio Network (the “Network”) is a network of noncommercial radio stations operated by Boise State University (the “University”) in Boise, Idaho. The Network consists of two qualified station grantees of the Corporation for Public Broadcasting, KBSU FM and KBSW FM.

The financial statements for fiscal years ended June 30, 2014 and June 30, 2013 are prepared in accordance with Governmental Accounting Standards Board (“GASB”) principles. The Network is not a separate legal entity. Rather it is a department of the University and these departmental financial statements are presented for the purpose of reporting to the Corporation for Public Broadcasting.

Basis of Accounting - For financial reporting purposes, the Network is considered a special-purpose government, engaged only in business-type activities. Accordingly, the Network’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (“GAAP”). Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred.

Cash with Treasurer - Balances classified as cash with treasurer represent matriculation fees that have been remitted to the State of Idaho. Once remitted these balances are held by the Idaho State Treasurer until requested as a reimbursement for appropriated spending.

Cash and Cash Equivalents - The Network considers all liquid investments with a remaining maturity of three months or less at the date of acquisition to be cash equivalents.

Accounts Receivable, Net - Accounts receivable consists of underwriting and membership pledges. Receivables are shown net of allowance and are expected to be collected within the next fiscal year.

Inventories - Inventories consist of gift vouchers received and are valued at lower of cost or market, at the time received as a donation.

Due from Boise State University Foundation, Inc. - The Network’s underwriting revenues are deposited directly with the Foundation. Due from Boise State University Foundation represents the amount of cash the Foundation administers on behalf of the Network.

Capital Assets, Net – Property and equipment are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at date of gift. The Network’s capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings and 5 to 13 years for equipment.

Intangible assets represent tower transmission rights purchased in October 2001 from Boise State University Foundation, Inc. The purchase grants the Network tower transmission rights in to perpetuity. The rights are being amortized over the life of the tower; a period of 13 years. Tower transmission rights included in the statements of net position as of June 30, 2014 and 2013 are \$9,024 and \$45,116, respectively. Related amortization expense was \$36,092 for the years ended June 30, 2014 and 2013.

Unearned Revenue - Unearned revenue consists of amounts received for underwriting and for fixed fee grants prior to the end of the fiscal year that will be earned in subsequent years.

Compensated Absences Payable – Employee vacation pay that is earned but unused is accrued at year end for financial statement purposes. Compensated absence costs are included in benefits expense in the statements of revenues, expenses, and changes in net position.

Net Position - The Network’s net position is classified as follows:

Net Investment in Capital Assets - This represents the Network’s total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted, Expendable - Restricted expendable net position includes resources in which the Network is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted - Unrestricted net position represents resources derived from state appropriations, and sales and services. These resources are used for transactions related to the educational and general operations of the Network, and may be used at the discretion of Network management to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Network’s policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Revenue Recognition - Grants and contracts and support from the University are recorded as revenue when received. Restricted grants are recorded as revenue to the extent that they have been expended for the purpose specified by the donor or grantor during the period.

In-kind contributions are recorded as revenue and expense in the financial statements. In-kind contributions consist of trades for products and services and are valued at their estimated fair market value at date of receipt.

Donated services and administrative support from the University consists of direct services provided to the Network including payroll and other operating expenditures funded through local funds and state appropriations, and an allocation of costs and certain other indirect expenses incurred by the University on behalf of the Network.

Classification of Revenues - The Network has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues- Operating revenues include activities that have the characteristics of exchange transactions, such as most federal, state and local grants and contracts and federal appropriations.

Non-operating Revenues- Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue resources that are defined as non-operating revenues by GASB No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting", and GASB Statement No. 34, such as state general appropriations and investment income.

Use of Accounting Estimates - The preparation of financial statements in accordance 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, disclosures of contingent liabilities, and revenues and expenses during the year at the date of the financial statements. Actual results could differ from those estimates.

Reclassification – Certain prior year balances have been reclassified to conform to the current year presentation.

2. ACCOUNTS RECEIVABLE, NET

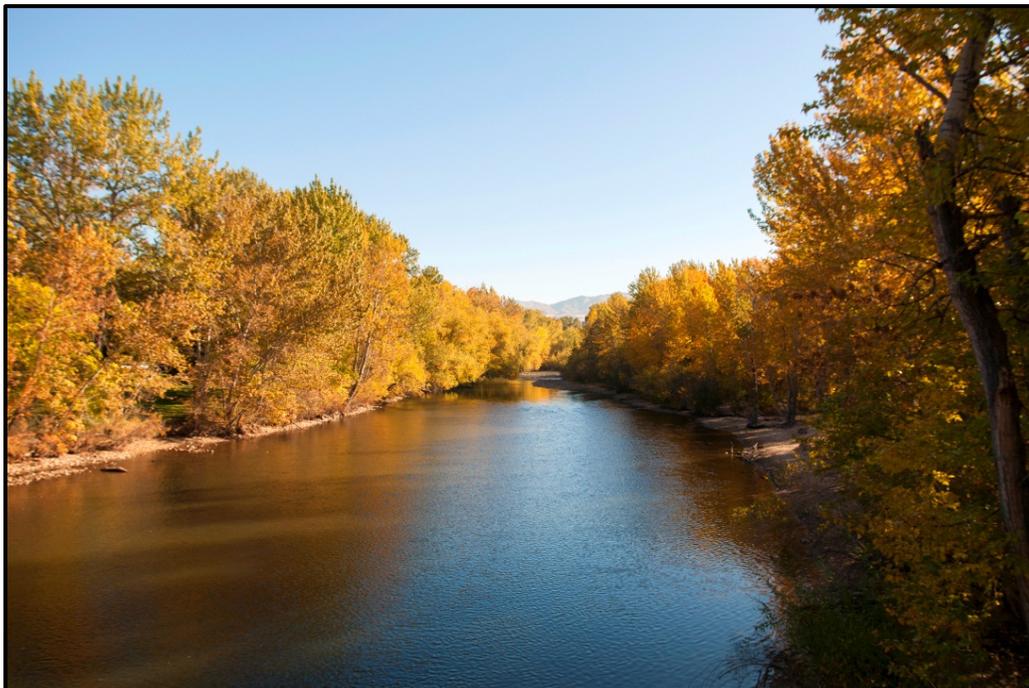
Accounts receivable consisted of the following at June 30:

	2014	2013
Underwriting	\$ 75,949	\$ 62,118
Pledges receivable	10,287	22,769
Total accounts receivable	86,236	84,887
Less: Allowance for doubtful receivables	(6,800)	(9,200)
Total accounts receivable, net	\$ 79,436	\$ 75,687

3. UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

	2014	2013
Underwriting	\$ 14,540	\$ 21,953
Federal, state, and private grants and contracts	201,533	232,815
Total unearned revenue	\$ 216,073	\$ 254,768



4. CAPITAL ASSETS, NET

Following are the changes in capital assets for the year ended June 30, 2014:

	2014				Balance June 30, 2014
	Balance July 1, 2013	Additions	Transfers	Retirements	
Capital assets not being depreciated:					
Construction in Progress	\$ 109,592	\$ 864,805	\$ (974,397)	\$ -	\$ -
Total assets not being depreciated	\$ 109,592	\$ 864,805	\$ (974,397)	\$ -	\$ -
Other capital assets:					
Buildings & Improvements	\$ 57,332	\$ -	\$ 974,397	\$ -	\$ 1,031,729
Furniture and equipment	2,171,061	25,748	-	(57,380)	2,139,429
Intangibles	469,199	-	-	-	469,199
Total other capital assets	2,697,592	25,748	974,397	(57,380)	3,640,357
Less accumulated depreciation:					
Buildings & Improvements	(13,168)	(10,307)	-	-	(23,475)
Furniture and equipment	(1,733,099)	(98,077)	-	50,780	(1,780,396)
Intangibles	(424,083)	(36,092)	-	-	(460,175)
Total accumulated depreciation	(2,170,350)	(144,476)	-	50,780	(2,264,046)
Other capital assets, net	\$ 527,242	\$ (118,728)	\$ 974,397	\$ (6,600)	\$ 1,376,311
Capital assets summary:					
Capital assets not being depreciated	\$ 109,592	\$ 864,805	\$ (974,397)	\$ -	\$ -
Other capital assets at cost	2,697,592	25,748	974,397	(57,380)	3,640,357
Total cost of capital assets	2,807,184	890,553	-	(57,380)	3,640,357
Less accumulated depreciation	(2,170,350)	(144,476)	-	50,780	(2,264,046)
Capital assets, net	\$ 636,834	\$ 746,077	\$ -	\$ (6,600)	\$ 1,376,311

Following are the changes in capital assets for the year ended June 30, 2013:

	2013				Balance June 30, 2013
	Balance July 1, 2012	Additions	Transfers	Retirements	
Capital assets not being depreciated:					
Construction in Progress	\$ -	\$ 109,592	\$ -	\$ -	\$ 109,592
Total assets not being depreciated	\$ -	\$ 109,592	\$ -	\$ -	\$ 109,592
Other capital assets:					
Buildings & Improvements	\$ 57,332	\$ -	\$ -	\$ -	\$ 57,332
Furniture and equipment	2,158,195	31,694	-	(18,828)	2,171,061
Intangibles	469,199	-	-	-	469,199
Total other capital assets	2,684,726	31,694	-	(18,828)	2,697,592
Less accumulated depreciation:					
Buildings & Improvements	(11,189)	(1,979)	-	-	(13,168)
Furniture and equipment	(1,648,163)	(99,946)	-	15,010	(1,733,099)
Intangibles	(387,991)	(36,092)	-	-	(424,083)
Total accumulated depreciation	(2,047,343)	(138,017)	-	15,010	(2,170,350)
Other capital assets, net	\$ 637,383	\$ (106,323)	\$ -	\$ (3,818)	\$ 527,242
Capital assets summary:					
Capital assets not being depreciated	\$ -	\$ 109,592	\$ -	\$ -	\$ 109,592
Other capital assets at cost	2,684,726	31,694	-	(18,828)	2,697,592
Total cost of capital assets	2,684,726	141,286	-	(18,828)	2,807,184
Less accumulated depreciation	(2,047,343)	(138,017)	-	15,010	(2,170,350)
Capital assets, net	\$ 637,383	\$ 3,269	\$ -	\$ (3,818)	\$ 636,834

Depreciation and amortization expense for the Network was \$144,476 and \$138,017 for the years ended June 30, 2014 and 2013, respectively.

5. NOTES PAYABLE

Notes Payable	June 30, 2014 (Dollars in Thousands)					
	Original Face Value	Terms	Interest Rate	Maturity Date	Outstanding Balance 2014	Outstanding Balance 2013
2014 Boise State University note payable	\$ 600,000	10 year monthly amortization	5.76%	2024	\$ 600,000	\$ -
Total Notes Payable					<u>\$ 600,000</u>	<u>\$ -</u>

	Notes Payable 2014		
	Principal	Interest	Total
2015	\$ 46,000	\$ 33,000	\$ 79,000
2016	48,000	31,000	79,000
2017	51,000	28,000	79,000
2018	54,000	25,000	79,000
2019	58,000	21,000	79,000
Thereafter	343,000	52,000	395,000
Total	<u>\$ 600,000</u>	<u>\$ 190,000</u>	<u>\$ 790,000</u>

The Network entered into a \$600,000, ten-year note payable with Boise State University to finance the remodel and upgrades needed for the radio station studios.

6. RELATED PARTY

The Boise State University Foundation, Inc. (the "Foundation") was established for the purpose of soliciting donations and to hold and manage invested donations for the exclusive benefit of Boise State University, which includes the Network. In fiscal year 2014, the Network paid approximately \$31,160 to the Foundation. In fiscal year 2013, the Network paid approximately \$49,745 to the Foundation. These amounts are included in operating expenses. The Foundation owed the Network \$570,734 and \$552,483 for Network underwriting revenues collected and held by the Foundation as of June 30, 2014 and 2013, respectively.

**REPORT OF INDEPENDENT AUDITORS 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***

Idaho State Board of Education
 Boise State Public Radio Network
 Boise, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Boise State Public Radio Network (the "Network"), a public telecommunications entity operated by Boise State University, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements, and have issued our report thereon dated December 17, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

MOSS ADAMS_{LLP}

Purpose of this Report

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

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Eugene, Oregon
December 17, 2014