

Boise State Public Radio Network

(A Public Telecommunications Entity Operated by Boise State University)

Report of Independent Auditors
and Financial Statements
June 30, 2013 and June 30, 2012

BOISE STATE PUBLIC RADIO NETWORK
(A Public Telecommunications Entity Operated by Boise State University)

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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 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, 2013 and 2012, 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 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 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

MOSS ADAMS_{LLP}***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Network as of June 30, 2013 and 2012 and the respective changes in its financial position and cash flows 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 November 12, 2013 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
November 12, 2013

BOISE STATE PUBLIC RADIO NETWORK

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2013

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, 2013 and June 30, 2012 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 revenue, 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, deferred inflows, liabilities, 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, deferred inflows, liabilities (current and non-current) and net position (assets plus deferred outflows minus deferred inflows minus liabilities). 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. Restricted expendable is available for expenditure by the Network but 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.

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Summary Statements of Net Position			
Fiscal Years Ended June 30,			
	2013	2012	2011
ASSETS:			
Current assets	\$ 1,237,371	\$ 1,618,342	\$1,746,808
Capital assets, net	636,834	637,383	725,970
Total assets	<u>\$ 1,874,205</u>	<u>\$ 2,255,725</u>	<u>\$2,472,778</u>
LIABILITIES:			
Current liabilities	\$ 491,343	\$ 604,137	\$ 686,165
Non-current liabilities	28,163	31,731	33,891
Total liabilities	<u>519,506</u>	<u>635,868</u>	<u>720,056</u>
NET POSITION:			
Net investment in capital assets	636,834	637,383	725,970
Restricted expendable	-	-	66,345
Unrestricted	717,865	982,474	960,407
Total net position	<u>1,354,699</u>	<u>1,619,857</u>	<u>1,752,722</u>
Total liabilities and net position	<u>\$ 1,874,205</u>	<u>\$ 2,255,725</u>	<u>\$2,472,778</u>

The Network's total assets decreased during fiscal year 2013 by \$381,520 to \$1,874,205. This decrease is the result of cash used for operating expenses related to repairs and maintenance as well as cash used for capital activities for the expansion and remodel of the radio station.

Liabilities decreased by \$116,362 to \$519,506 during fiscal year 2013. This is mainly due to a decrease in unearned revenue related to fixed fee grants.

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 are 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.

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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,			
	2013	2012	2011
Operating revenues	\$ 1,313,432	\$ 1,190,509	\$ 859,019
Operating expenses	4,071,268	3,915,470	3,501,519
Operating loss	(2,757,836)	(2,724,961)	(2,642,500)
Non-operating revenues	2,492,678	2,537,890	2,510,878
Income before other revenues	(265,158)	(187,071)	(131,622)
Other revenues	-	54,206	12,425
Decrease in net position	(265,158)	(132,865)	(119,197)
Net position - Beginning of year	1,619,857	1,752,722	1,871,919
Net position - End of year	<u>\$ 1,354,699</u>	<u>\$ 1,619,857</u>	<u>\$ 1,752,722</u>

Operating revenues increased by \$122,923 from \$1,190,509 to \$1,313,432 during fiscal year 2013. The increase was primarily due to an increase in revenues earned from private sponsored grants as well as an increase in revenue from other sources reflecting the support provided by the University.

Operating expenses increased by \$155,798 from \$3,915,470 to \$4,071,268 during fiscal year 2013. Costs related to repairs and maintenance associated with the relocation to the Yanke Family Research Park represents the majority of the increase in operating expense.

Non-operating revenues decreased by \$45,212 during fiscal year 2013. This decrease is primarily the result of the gains related to the sale of assets recognized in fiscal year 2012, partially offset by an increase in gift revenue in fiscal year 2013.

The impact of these changes resulted in a decrease in net position in fiscal year 2013 of \$265,158 as compared to the decrease in net position in fiscal year 2012 of \$132,865.

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Statements of Cash Flows

The final statement presented by the Network is 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,			
	2013	2012	2011
Cash provided (used) by:			
Operating activities	\$ (2,155,722)	\$ (1,646,479)	\$ (1,860,969)
Non-capital financing activities	2,029,588	1,995,426	2,022,889
Capital and related financing activities	(96,559)	129,396	(5,040)
Net change in cash	(222,693)	478,343	156,880
Cash - Beginning of year	808,347	330,004	173,124
Cash - End of year	\$ 585,654	\$ 808,347	\$ 330,004

The statements of cash flows in fiscal year 2013 showed an increase in the cash used for operating activities and Capital and related financing activities, offset by an increase in cash received for non-capital financing activities resulting in a net decrease in cash compared to fiscal year 2012.

Cash used in operating activities increased by \$509,243 from \$1,646,479 during fiscal year 2012 to \$2,155,722 during fiscal year 2013. The increase in cash used for operating activities resulted from a decrease in other operating receipts.

Cash provided by non-capital financing activities increased by \$34,162 from \$1,995,426 during fiscal year 2012 to \$2,029,588 during fiscal year 2013. The increase in non-capital financing was the result of higher receipts of donations and underwriting.

Cash used by capital and related financing activities changed by \$225,955 from cash provided of \$129,396 during fiscal year 2012 to cash used of (\$96,559) during fiscal year 2013. The cash used by capital activities consisted primarily of the costs associated with the radio station expansion and remodel project for \$114,859, offset by proceeds of \$18,300 for the sale of assets.

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Economic Outlook

Federal and the State of Idaho funding continues to be a challenge for the Network. State Appropriations represented 12% of the Networks total revenue in fiscal year 2013, down from 13% in 2012. The future of Corporation for Public Broadcasting funding is uncertain at this time; looming budget cuts continue to threaten long-term Network funding. In fiscal year 13, the Corporation for Public Broadcasting experienced a 5% decrease in federal aid. In addition, the Impact of Government grant will be ending in July of 2013. The Network continues to increase fundraising efforts through Capital Campaigns and Membership pledge drives. Gift revenue increased \$72,364, from \$1,934,495, in fiscal year 12. Membership contributions represent 69% of gift revenue; contributions increased 4% in fiscal year 13. Underwriting revenue represents 21% of gift revenue, a slight decrease of \$6,438 from \$419,942, in fiscal year 12. The Network has hired an additional Underwriter to support and establish community partnerships and increase Underwriting revenue. In fiscal year 13, the Network established station experience events to engage community members, partners, and Network donors.

BOISE STATE PUBLIC RADIO NETWORK
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STATEMENTS OF NET POSITION
June 30, 2013, and June 30, 2012

	2013	2012
ASSETS		
CURRENT ASSETS:		
Cash with Treasurer	\$ 25,452	\$ 33,746
Cash and cash equivalents	560,202	774,601
Accounts receivable, net	75,687	68,426
Prepaid expense	19,507	24,785
Inventories	4,040	8,388
Due from Boise State University Foundation	552,483	708,396
Total current assets	<u>1,237,371</u>	<u>1,618,342</u>
NON-CURRENT ASSETS:		
Capital assets, net	636,834	637,383
Total non-current assets	<u>636,834</u>	<u>637,383</u>
TOTAL ASSETS	<u>\$ 1,874,205</u>	<u>\$ 2,255,725</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 16,668	\$ 18,203
Due to State Agencies	3,212	-
Accrued salaries and benefits payable	89,210	102,394
Compensated absences payable	104,270	87,757
Unearned revenue	254,768	395,783
Due to Boise State University	23,215	-
Total current liabilities	<u>491,343</u>	<u>604,137</u>
NON-CURRENT LIABILITIES:		
Other liabilities	28,163	31,731
Total non-current liabilities	<u>28,163</u>	<u>31,731</u>
TOTAL LIABILITIES	<u>519,506</u>	<u>635,868</u>
NET POSITION:		
Net investment in capital assets	636,834	637,383
Unrestricted	717,865	982,474
TOTAL NET POSITION	<u>1,354,699</u>	<u>1,619,857</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,874,205</u>	<u>\$ 2,255,725</u>

See notes to financial statements.

BOISE STATE PUBLIC RADIO NETWORK
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STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
June 30, 2013, and June 30, 2012

	2013	2012
OPERATING REVENUES:		
Federal grants and contracts	\$ 15,391	\$ 26,915
Private grants and contracts	613,770	480,332
Donated services and administrative support	680,866	666,838
Other	3,405	16,424
Total operating revenues	<u>1,313,432</u>	<u>1,190,509</u>
OPERATING EXPENSES:		
Personnel	1,739,515	1,742,568
Services	1,313,812	1,059,431
Supplies	182,549	314,726
Insurance, utilities and rent	151,456	164,137
Depreciation and amortization	138,017	143,305
Miscellaneous	545,919	491,303
Total operating expenses	<u>4,071,268</u>	<u>3,915,470</u>
OPERATING LOSS:	<u>(2,757,836)</u>	<u>(2,724,961)</u>
NON-OPERATING REVENUES:		
State appropriations	470,274	471,439
Gifts	2,006,859	1,934,495
Net investment income	1,062	2,047
Gain on sale of assets	14,483	129,909
Net non-operating revenues	<u>2,492,678</u>	<u>2,537,890</u>
OTHER REVENUES:		
Capital grants and gifts	-	54,206
Net other revenues	<u>-</u>	<u>54,206</u>
DECREASE IN NET POSITION	(265,158)	(132,865)
NET POSITION — Beginning of year	<u>1,619,857</u>	<u>1,752,722</u>
NET POSITION — End of year	<u>\$ 1,354,699</u>	<u>\$ 1,619,857</u>

See notes to financial statements.

BOISE STATE PUBLIC RADIO NETWORK
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STATEMENTS OF CASH FLOWS
June 30, 2013, and June 30, 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 507,183	\$ 549,429
Other operating receipts	1,220,130	2,038,534
Payments for personnel costs	(1,739,754)	(2,030,241)
Payments to suppliers	(181,259)	(315,370)
Payments for services	(1,284,034)	(1,173,789)
Payments for insurance, utilities and rent	(134,622)	(236,483)
Other operating payments	<u>(543,366)</u>	<u>(478,559)</u>
Net cash used in operating activities	<u>(2,155,722)</u>	<u>(1,646,479)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State appropriations	470,274	471,439
Gifts	<u>1,559,314</u>	<u>1,523,987</u>
Net cash provided by non-capital financing activities	<u>2,029,588</u>	<u>1,995,426</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of furniture and equipment	(114,859)	(44,009)
Proceeds from sale of furniture and equipment	18,300	165,000
Capital grants and gifts	<u>-</u>	<u>8,405</u>
Net cash provided (used) in capital and related financing activities	<u>(96,559)</u>	<u>129,396</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND CASH WITH TREASURER	<u>(222,693)</u>	<u>478,343</u>
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - BEGINNING OF THE YEAR	<u>808,347</u>	<u>330,004</u>
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - END OF THE YEAR	<u><u>\$ 585,654</u></u>	<u><u>\$ 808,347</u></u>

See notes to financial statements.

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STATEMENTS OF CASH FLOWS (CONTINUED)
June 30, 2013, and June 30, 2012

	2013	2012
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Operating loss	(2,757,836)	(2,724,961)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation expense/amortization of intangible	138,017	143,305
CHANGES IN ASSETS AND LIABILITIES:		
Receivables - operating - net	6,237	(1,046)
Due from BSU Foundation	585,204	955,725
Other assets	5,279	57,162
Accounts payable & accrued liabilities	(1,515)	(14,889)
Accrued salaries & benefits payable	(13,184)	12,443
Compensated absences	12,945	10,104
Unearned revenue	(130,869)	50,734
Due to Boise State University	-	(135,056)
	<u> </u>	<u> </u>
Net cash used in operating activities	<u>\$ (2,155,722)</u>	<u>\$ (1,646,479)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Indirect administrative support from Boise State University	\$ 680,866	\$ 666,838
Donated services, trade and sponsorships	<u>\$ 201,786</u>	<u>\$ 160,388</u>

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2013 AND JUNE 30, 2012

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements for fiscal years ended June 30, 2013 and June 30, 2012 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 are amounts that have been remitted to the State of Idaho as a result of the student fee collection process and, once remitted; these balances are under the control of the State Treasurer.

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. Cash balances that are restricted and not expected to be expended within subsequent fiscal year are classified as non-current assets.

Accounts Receivable, Net - Accounts receivable consists of underwriting, membership and restricted grant expenditures that have been incurred but not yet reimbursed by the granting agency. 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.

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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 5 to 13 years for equipment.

Intangible assets are tower transmission rights purchased in October 2001 from Boise State University Foundation, Inc., which are being amortized over a period of 13 years. Tower transmission rights included in the statements of net position as of June 30, 2013 and 2012 are \$45,116 and \$81,208, respectively. Related amortization expense was \$36,092 for the years ended June 30, 2013 and 2012.

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 student fees, 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, dedicated student fees, 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.

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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 consist of direct services provided to the Network and an allocation of costs and certain other indirect expenses incurred by the University on behalf of the Network.

Support provided by the University consists of payroll and other operating expenditures funded through state appropriations.

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 (1) student fees, and (2) 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 and disclosures of contingent liabilities at the date of the financial statements, and revenues and expenses during the year. Actual results could differ from those estimates.

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2. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following at June 30:

	2013	2012
Underwriting	\$ 62,118	\$ 59,185
Pledges receivable	22,769	14,349
Federal, state, and private grants and contracts	-	8,892
Total accounts receivable	84,887	82,426
Less: Allowance for doubtful receivables	(9,200)	(14,000)
Total accounts receivable, net	\$ 75,687	\$ 68,426

3. UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

	2013	2012
Underwriting	\$ 21,953	\$ 32,098
Federal, state, and private grants and contracts	232,815	363,685
Total unearned revenue	\$ 254,768	\$ 395,783

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4. CAPITAL ASSETS, NET

Following are the changes in capital assets for the years 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:					
Furniture and equipment	\$ 2,215,527	\$ 31,694	\$ -	\$ (18,828)	\$ 2,228,393
Intangibles	469,199	-	-	-	469,199
Total other capital assets	2,684,726	31,694	-	(18,828)	2,697,592
Less accumulated depreciation:					
Furniture and equipment	(1,659,352)	(101,925)	-	15,010	(1,746,267)
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

BOISE STATE PUBLIC RADIO NETWORK
(A Public Telecommunications entity Operated by Boise State University)

Following are the changes in capital assets for the years ended June 30, 2012:

	2012				Balance June 30, 2012
	Balance July 1, 2011	Additions	Transfers	Retirements	
Capital assets not being depreciated:					
Construction in Progress	\$ -	\$ -	\$ -	\$ -	\$ -
Total assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets:					
Furniture and equipment	\$ 2,828,624	\$ 89,809	\$ -	\$ (702,906)	\$ 2,215,527
Intangible Assets	469,199	-	-	-	469,199
Total capital assets	3,297,823	89,809	-	(702,906)	2,684,726
Less accumulated depreciation:					
Furniture and equipment	(2,219,954)	(107,213)	-	667,815	(1,659,352)
Intangible Assets	(351,899)	(36,092)	-	-	(387,991)
Total accumulated depreciation	(2,571,853)	(143,305)	-	667,815	(2,047,343)
Other capital assets, net	\$ 725,970	\$ (53,496)	\$ -	\$ (35,091)	\$ 637,383
Capital assets summary:					
Capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets at cost	3,297,823	89,809	-	(702,906)	2,684,726
Total cost of capital assets	\$ 3,297,823	\$ 89,809	\$ -	\$ (702,906)	\$ 2,684,726
Less accumulated depreciation	(2,571,853)	(143,305)	-	667,815	(2,047,343)
Capital assets, net	\$ 725,970	\$ (53,496)	\$ -	\$ (35,091)	\$ 637,383

Depreciation and amortization expense for the Network was \$138,017 and \$143,305 for the years ended June 30, 2013 and 2012, respectively.

5. 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 2013, the Network paid approximately \$49,745 to the Foundation. In fiscal year 2012, the Network paid approximately \$33,777 to the Foundation. These amounts are included in operating expenses. The Foundation owed the Network \$552,483 and \$708,396 for Network underwriting revenues collected by the Foundation as of June 30, 2013 and 2012 respectively.

BOISE  STATE
PUBLIC RADIO

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, 2013, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements, and have issued our report thereon dated November 12, 2013.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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
November 12, 2013