

Boise State Public Radio Network

(A Public Telecommunications Entity Operated by Boise State University)



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
JUNE 30, 2015 AND JUNE 30, 2014



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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, 2015 and 2014, 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, 2015 and 2014, 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 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 January 7, 2016 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.

Moss Adams LLP

Eugene, Oregon
January 7, 2016

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

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, 2015 and June 30, 2014 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 (not applicable in the current year comparative statements), liabilities, deferred inflows (not applicable in the current year comparative statements), 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. 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,			
	2015	2014	2013
ASSETS:			
Current assets	\$ 1,144,369	\$ 903,207	\$ 1,237,371
Capital assets, net	1,319,241	1,376,311	636,834
Total assets	<u>\$ 2,463,610</u>	<u>\$ 2,279,518</u>	<u>\$ 1,874,205</u>
LIABILITIES:			
Current liabilities	\$ 493,353	\$ 489,539	\$ 491,343
Non-current liabilities	512,434	560,477	28,163
Total liabilities	<u>1,005,787</u>	<u>1,050,016</u>	<u>519,506</u>
NET POSITION:			
Net investment in capital assets	764,944	776,311	636,834
Restricted, expendable	23,552	-	-
Unrestricted	669,327	453,191	717,865
Total net position	<u>1,457,823</u>	<u>1,229,502</u>	<u>1,354,699</u>
Total liabilities and net position	<u>\$ 2,463,610</u>	<u>\$ 2,279,518</u>	<u>\$ 1,874,205</u>

The Network's total assets increased during fiscal year 2015 by \$184,092 to \$2,463,610. This increase is primarily the result of an increase in amount owed to the Network for underwriting revenues collected and held by the Foundation, offset by decreases in cash and cash equivalents and capital assets, net.

Liabilities decreased by \$44,229 to \$1,005,787 during fiscal year 2015. This is primarily related to debt service payments associated with the note payable entered into with Boise State University to fund the capital project to renovate the studios.

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,			
	2015	2014	2013
Operating revenues	\$ 1,102,407	\$ 1,227,632	\$ 1,313,432
Operating expenses	3,789,861	4,052,336	4,071,268
Operating loss	(2,687,454)	(2,824,704)	(2,757,836)
Net non-operating revenues	2,915,775	2,699,507	2,492,678
Increase (decrease) in net position	228,321	(125,197)	(265,158)
Net position - Beginning of year	1,229,502	1,354,699	1,619,857
Net position - End of year	<u>\$ 1,457,823</u>	<u>\$ 1,229,502</u>	<u>\$ 1,354,699</u>

Operating revenues decreased by \$125,225 from \$1,227,632 to \$1,102,407 during fiscal year 2015. The decrease was directly related to a decrease in indirect administrative support provided by Boise State University.

Operating expenses decreased by \$262,475 from \$4,052,336 to \$3,789,861 during fiscal year 2015. This decrease is associated with a reduction in noncapital related supplies purchased for the remodel of the radio station in fiscal year 2014, and indirect administrative support provided by Boise State University.

Net non-operating revenues increased by \$216,268 during fiscal year 2015. 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 and longer pledge drives; while the increase in underwriting revenues are attributed to the addition of a second underwriting representative resulting in increased underwriting contracts.

The combined impact of these changes resulted in a increase in net position in fiscal year 2015 of \$228,321 as compared to a decrease in net position in fiscal year 2014 of \$125,197.

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			
	2015	2014	2013
Cash provided (used) by:			
Operating activities	\$(2,164,454)	\$(2,200,785)	\$(2,155,722)
Non-capital financing activities	2,279,807	2,152,106	2,029,588
Capital and related financing activities	<u>(153,223)</u>	<u>(310,874)</u>	<u>(96,559)</u>
Net change in cash	(37,870)	(359,553)	(222,693)
Cash—Beginning of year	226,101	585,654	808,347
Cash—End of year	<u>\$ 188,231</u>	<u>\$ 226,101</u>	<u>\$ 585,654</u>

Cash used in operating activities decreased by \$36,331 from \$2,200,785 during fiscal year 2014 to \$2,164,454 during fiscal year 2015. Payments for operating activities showed a decrease in payments for supplies, services, and personnel costs offset by an increase in grants and contracts receipts, payments for rent and other operating costs combined with a decline in operating receipts.

Cash provided by non-capital financing activities increased by \$127,701 from \$2,152,106 during fiscal year 2014 to \$2,279,807 during fiscal year 2015. The increase is the result of higher receipts for donations and underwriting along with an increase for state appropriations.

Cash used by capital and related financing activities decreased by \$157,651 from cash used of \$310,874 during fiscal year 2014 to cash used of \$153,223 during fiscal year 2015. The decline in cash used by capital activities in fiscal year 2015 was driven by the completion of the radio station expansion and remodel project in the prior year.

Economic Outlook

State Appropriations represented approximately 13% of the Networks total revenue in fiscal year 2015. The Network continues to see growth in fundraising efforts through Capital Campaigns and Membership pledge drives. Membership contributions represent approximately 68% of gift revenue and membership contributions increased approximately 12.5% in fiscal year 2015 to \$1,614,318. Combined underwriting represents approximately 31% of gift revenue (including trades and sponsorships), reflecting a 6% increase over fiscal year 2014. The Network continues to establish station events to engage community members, partners, and Network donors. The Network has completed the Yanke capital project studio build out and has begun repayment of the loan. The studios will provide an efficient workplace, production capabilities, and improve overall sound quality.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND JUNE 30, 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash with Treasurer	\$ 36,651	\$ 17,480
Cash and cash equivalents	151,580	208,621
Accounts receivable, net	98,583	79,436
Prepaid expense	26,743	25,730
Inventories	6,613	1,206
Due from Boise State University Foundation	824,199	570,734
Total current assets	<u>1,144,369</u>	<u>903,207</u>
NON-CURRENT ASSETS:		
Capital assets, net	<u>1,319,241</u>	<u>1,376,311</u>
Total non-current assets	<u>1,319,241</u>	<u>1,376,311</u>
TOTAL ASSETS	<u>\$ 2,463,610</u>	<u>\$ 2,279,518</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 7,346	\$ 16,630
Due to State Agencies	-	305
Accrued salaries and benefits payable	101,651	91,356
Compensated absences payable	102,972	119,471
Unearned revenue	200,283	216,073
Notes payable - current portion	48,407	45,704
Due to Boise State University	32,694	-
Total current liabilities	<u>493,353</u>	<u>489,539</u>
NON-CURRENT LIABILITIES:		
Notes payable	505,889	554,296
Other liabilities	6,545	6,181
Total non-current liabilities	<u>512,434</u>	<u>560,477</u>
TOTAL LIABILITIES	<u>1,005,787</u>	<u>1,050,016</u>
NET POSITION:		
Net investment in capital assets	764,944	776,311
Restricted, expendable	23,552	-
Unrestricted	669,327	453,191
TOTAL NET POSITION	<u>1,457,823</u>	<u>1,229,502</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,463,610</u>	<u>\$ 2,279,518</u>

See notes to financial statements.

**BOISE STATE PUBLIC RADIO
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2014**

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES:		
Federal grants and contracts	\$ 20,478	\$ 16,906
Private grants and contracts	437,750	442,232
Indirect administrative support	642,233	761,116
Other	1,946	7,378
Total operating revenues	<u>1,102,407</u>	<u>1,227,632</u>
OPERATING EXPENSES:		
Personnel	1,771,243	1,763,437
Services	784,437	843,646
Supplies	309,544	539,447
Insurance, utilities and rent	161,010	163,628
Depreciation and amortization	130,919	144,476
Miscellaneous	632,708	597,702
Total operating expenses	<u>3,789,861</u>	<u>4,052,336</u>
OPERATING LOSS:	<u>(2,687,454)</u>	<u>(2,824,704)</u>
NON-OPERATING REVENUES (EXPENSES):		
State appropriations	514,567	502,033
Gifts	2,426,082	2,197,767
Net investment income	581	507
Interest expense	(33,366)	-
Loss on sale of assets	-	(800)
Other	7,911	-
Net non-operating revenues	<u>2,915,775</u>	<u>2,699,507</u>
INCREASE (DECREASE) IN NET POSITION	228,321	(125,197)
NET POSITION — Beginning of year	<u>1,229,502</u>	<u>1,354,699</u>
NET POSITION — End of year	<u><u>\$ 1,457,823</u></u>	<u><u>\$ 1,229,502</u></u>

**BOISE STATE PUBLIC RADIO
STATEMENTS OF CASH FLOWS
FISCAL YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2014**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	\$ 449,976	\$ 427,857
Other operating receipts	986,134	1,262,240
Payments for personnel costs	(1,757,128)	(1,768,732)
Payments for services	(738,507)	(834,231)
Payments for supplies	(307,139)	(537,050)
Payments for insurance, utilities and rent	(156,066)	(144,700)
Other operating payments	(641,724)	(606,169)
Net cash used in operating activities	(2,164,454)	(2,200,785)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State appropriations	514,567	502,033
Gifts	1,757,291	1,650,073
Other	7,949	-
Net cash provided by non-capital financing activities	2,279,807	2,152,106
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	(74,153)	(916,674)
Principal paid on notes payable	(45,704)	-
Interest paid on notes payable	(33,366)	-
Proceeds from sale of capital assets	-	5,800
Proceeds from notes payable	-	600,000
Net cash used in capital and related financing activities	(153,223)	(310,874)
NET CHANGE IN CASH, CASH EQUIVALENTS AND CASH WITH TREASURER	(37,870)	(359,553)
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - BEGINNING OF THE YEAR	226,101	585,654
CASH, CASH EQUIVALENTS AND CASH WITH TREASURER - END OF THE YEAR	\$ 188,231	\$ 226,101

See notes to financial statements.

BOISE STATE PUBLIC RADIO
STATEMENTS OF CASH FLOWS (continued)
FISCAL YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (2,687,454)	\$ (2,824,704)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Depreciation expense/amortization of intangible	130,919	144,476
CHANGES IN ASSETS AND LIABILITIES:		
Receivables - operating - net	3,350	(4,284)
Due from BSU Foundation	380,427	525,907
Prepaid Expense	(1,013)	(6,226)
Accounts payable & accrued liabilities	(9,285)	(37)
Accrued salaries & benefits payable	10,295	2,146
Compensated absences	(16,135)	(6,782)
Unearned revenue	(8,252)	(31,281)
Due to Boise State University	32,694	-
Net cash used in operating activities	<u>\$ (2,164,454)</u>	<u>\$ (2,200,785)</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:		
Indirect administrative support from Boise State University	\$ 642,233	\$ 761,116
Gifts, donated services, trade and sponsorships	139,626	170,088
Total non-cash transactions	<u>\$ 781,859</u>	<u>\$ 931,204</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2014**

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, 2015 and June 30, 2014 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 were amortized over the life of the tower; a period of 13 years. The final related amortization expense of \$9,024 was recognized in fiscal year 2015.

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.

Non-current Liabilities – Non-current liabilities include the principal amount of notes payable and compensated absences payable.

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.

2. ACCOUNTS RECEIVABLE, NET

Accounts receivable consisted of the following at June 30:

	2015	2014
Underwriting	\$ 87,067	\$ 75,949
Pledges receivable	21,666	10,287
Total accounts receivable	108,733	86,236
Less: Allowance for doubtful receivables	(10,150)	(6,800)
Total accounts receivable, net	\$ 98,583	\$ 79,436

3. UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

	2015	2014
Underwriting	\$ 7,001	\$ 14,540
Federal, state, and private grants and contracts	193,282	201,533
Total unearned revenue	\$ 200,283	\$ 216,073

4. CAPITAL ASSETS, NET

Following are the changes in capital assets for the year ended June 30, 2015:

	2015				Balance June 30, 2015
	Balance June 30, 2014	Additions	Transfers	Retirements	
Capital assets not being depreciated:					
Construction in Progress	\$ -	\$ 43,666	\$ (43,666)	\$ -	\$ -
Total assets not being depreciated	\$ -	\$ 43,666	\$ (43,666)	\$ -	\$ -
Other capital assets:					
Buildings & Improvements	\$ 1,031,729	\$ -	\$ 43,666	\$ -	\$ 1,075,395
Furniture and equipment	2,139,429	41,119	-	-	2,180,548
Intangibles	469,199	-	-	-	469,199
Total other capital assets	3,640,357	41,119	43,666	-	3,725,142
Less accumulated depreciation:					
Buildings & Improvements	(23,475)	(26,280)	-	-	(49,755)
Furniture and equipment	(1,780,396)	(95,615)	(10,936)	-	(1,886,947)
Intangibles	(460,175)	(9,024)	-	-	(469,199)
Total accumulated depreciation	(2,264,046)	(130,919)	(10,936)	-	(2,405,901)
Other capital assets, net	\$ 1,376,311	\$ (89,800)	\$ 32,730	\$ -	\$ 1,319,241
Capital assets summary:					
Capital assets not being depreciated	\$ -	\$ 43,666	\$ (43,666)	\$ -	\$ -
Other capital assets at cost	3,640,357	41,119	43,666	-	3,725,142
Total cost of capital assets	3,640,357	84,785	-	-	3,725,142
Less accumulated depreciation	(2,264,046)	(130,919)	(10,936)	-	(2,405,901)
Capital assets, net	\$ 1,376,311	\$ (46,134)	\$ (10,936)	\$ -	\$ 1,319,241

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

	2014				
	Balance June 30, 2013	Additions	Transfers	Retirements	Balance June 30, 2014
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

Depreciation and amortization expense for the Network was \$130,919 and \$144,476 for the years ended June 30, 2015 and 2014, respectively.

5. NOTES PAYABLE

In June 2014, 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.

Notes Payable – Outstanding:

Notes Payable	June 30, 2015					
	Original Face Value	Terms	Interest Rate	Maturity Date	Outstanding Balance 2015	Outstanding Balance 2014
Boise State University note payable	\$ 600,000	10 year monthly amortization	5.76%	2024	\$ 554,296	\$ 600,000
Total Notes Payable					<u>\$ 554,296</u>	<u>\$ 600,000</u>

Notes Payable – Principal and interest maturities as of June 30, 2015:

	Note Payable 2015		
	Principal	Interest	Total
2016	\$ 48,407	\$ 30,663	79,070
2017	51,270	27,800	79,070
2018	54,302	24,768	79,070
2019	57,514	21,556	79,070
2020	60,916	18,154	79,070
Thereafter	<u>281,887</u>	<u>34,391</u>	<u>316,278</u>
Total	<u>\$ 554,296</u>	<u>\$ 157,332</u>	<u>\$ 711,628</u>

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 2015, the Network paid approximately \$38,471 to the Foundation. In fiscal year 2014, the Network paid approximately \$31,160 to the Foundation. These amounts are included in operating expenses. The Foundation owed the Network \$824,199 and \$570,734 for Network underwriting revenues collected and held by the Foundation as of June 30, 2015 and 2014, 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 University Public Radio Network (the "Network"), a public telecommunications entity operated by Boise State University, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements, and have issued our report thereon dated January 7, 2016.

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 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.

MOSS ADAMS_{LLP}**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*.

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.

Moss Adams LLP

Eugene, Oregon
January 7, 2016