

**WKAR Public Media**  
**(A Public Telecommunications Entity**  
**Operated by Michigan State University)**

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**Financial Report**  
**June 30, 2016**

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## Independent Auditor's Report

To the Board of Trustees  
WKAR Public Media  
c/o Michigan State University

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

We have audited the accompanying financial statements of WKAR Public Media (WKAR), a department of Michigan State University (the "University"), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise WKAR Public Media'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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WKAR Public Media, a department of Michigan State University, as of June 30, 2016 and 2015, and the respective changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees  
WKAR Public Media  
c/o Michigan State University

***Emphasis of Matter***

We draw attention to Note I, which explains that these financial statements of WKAR Public Media are intended to present the financial position, the changes in its financial position, and the changes in its cash flows of only that portion of Michigan State University's business-type activities that are attributable to the transactions of the department. They do not purport to, and do not, present fairly the financial position of Michigan State University as of June 30, 2016 and 2015, the changes in its financial position, or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**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 1-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WKAR Public Media's basic financial statements. The additional information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

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

*Plantz & Moran, PLLC*

November 21, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Michigan State University – WKAR Public Media**

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#### **Introduction**

The following discussion provides an overview of the financial position and activities of Michigan State University's (MSU) WKAR-TV public television and WKAR-AM-FM public radio stations (the "Stations"), collectively known as WKAR Public Media, for the years ended June 30, 2016 and 2015.

Included in this discussion is an analysis of the Stations' Statement of Net Position, which presents the assets, liabilities, and net position of the Stations, and when applicable, deferred outflows of resources and deferred inflows of resources. All are measured as of the end of the fiscal year. Further, the Statement of Revenues, Expenses, and Changes in Net Position reflects revenues and expenses recognized during the fiscal year. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles.

Michigan State University's Board of Trustees holds the license for its noncommercial education television station, WKAR-TV, and two noncommercial education public radio stations, WKAR-AM and WKAR-FM. WKAR-TV is the Lansing/East Lansing area's Public Broadcasting Station (PBS), providing local and national public affairs, performing arts, and youth and lifelong education programming. WKAR-AM is a news and information station featuring local and national news, sports, and Spanish-language programming. WKAR-FM provides classical, folk, and jazz music and news and information programming, including National Public Radio's (NPR's) highly acclaimed news programs, "Morning Edition" and "All Things Considered".

The Stations' financial statements, related footnote disclosures, and discussion and analysis have been prepared by management. The discussion and analysis, which is required supplemental information as required by GASB, is not audited and should be read in conjunction with the financial statements and footnotes.

#### **Statement of Net Position**

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when services are provided and expenses and liabilities are recognized when others provide the services, regardless of when cash is exchanged. Deferred outflows and deferred inflows of resources are recognized through the consumption or acquisition of resources by WKAR that is applicable to a future reporting period. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)****Michigan State University – WKAR Public Media**

A summarized comparison of the Stations' assets, liabilities and net position at June 30, 2016, 2015, and 2014 follows (the Stations have no deferred outflows or inflows of resources):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets	\$ 5,813,791	\$ 4,882,023	\$ 4,294,418
Noncurrent assets:			
Capital assets, net	1,922,193	2,249,102	2,331,589
Other	<u>2,700,182</u>	<u>2,408,228</u>	<u>2,380,495</u>
Total assets	<u>10,436,166</u>	<u>9,539,353</u>	<u>9,006,502</u>
Current liabilities	1,138,333	912,444	831,746
Noncurrent liabilities	<u>2,908,655</u>	<u>2,483,613</u>	<u>2,189,798</u>
Total liabilities	<u>4,046,988</u>	<u>3,396,057</u>	<u>3,021,544</u>
Net position	<u>\$ 6,389,178</u>	<u>\$ 6,143,296</u>	<u>\$ 5,984,958</u>

**Current assets:**

Current assets consist of cash, net accounts and pledges receivable, and prepaid expenses. The net increase in current assets is due primarily to a net increase in cash of \$822,867 and \$548,668 in 2016 and 2015, respectively, primarily a function of the Stations' operating, financing, and investing activities as reported in the Statement of Cash Flows.

**Noncurrent assets:****Long-term investments**

At June 30, 2016 and 2015, the Stations' long-term investments totaled \$2,619,561 and \$2,374,498, an increase of \$245,063 and \$37,653, respectively. Endowment gifts and University-designated additions to endowment investments totaled \$489,312 in 2016 and \$69,705 in 2015, while investment gains and fair value changes (realized and unrealized) within the investment portfolio accounted for a net decrease of \$244,249 in 2016 and \$32,052 in 2015.

**Capital assets**

At June 30, 2016, 2015, and 2014, the Stations' investment in capital assets was as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Building improvements	\$ 2,864,627	\$ 2,864,627	\$ 2,864,627
Equipment	4,818,667	6,806,510	6,656,567
Vehicles	79,665	79,665	43,517
Furniture and other	124,370	124,370	124,370
Less: accumulated depreciation	<u>(5,965,136)</u>	<u>(7,626,070)</u>	<u>(7,357,492)</u>
	<u>\$ 1,922,193</u>	<u>\$ 2,249,102</u>	<u>\$ 2,331,589</u>

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Michigan State University – WKAR Public Media**

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Net capital assets decreased \$326,909 and \$82,487 in 2016 and 2015, respectively. Capital asset additions totaled \$22,795 and \$298,593, while depreciation expense totaled \$344,800 and \$379,152 in 2016 and 2015, respectively.

#### **Current liabilities:**

Current liabilities consist of accounts payable, accrued payroll, and unearned support and revenues. The net increase in current liabilities is due primarily to a net increase in unearned support and revenues of \$156,084 and \$30,873 in 2016 and 2015, respectively, which generally represents sponsor funding received but not yet expended. Fluctuations in sponsored program unearned amounts are primarily due to timing differences of cash draws from the grantor.

#### **Noncurrent liabilities:**

Noncurrent liabilities consist entirely of the net other postemployment benefit obligation. In conjunction with the University, the Stations adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*, that required the University to estimate the cost (annual expense) of providing retiree health and dental care benefits through an actuarial valuation as of January 1, 2016. As allowed by GASB Statement No. 45, the valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover current year costs and amortize any unfunded actuarial liabilities over a period of thirty years. MSU's total unfunded OPEB obligation attributable to the Stations is estimated to be \$7,705,425 and has recorded a noncurrent liability of \$2,908,655 representing the net OPEB obligation (the cumulative difference between the annual required contribution less actual retiree health and dental payments made during the respective fiscal years).

In June 2015, the Governmental Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which changes the financial reporting requirements for OPEB. Effective for fiscal year 2018 (with the option of early implementation), MSU will no longer be allowed to amortize the unfunded OPEB obligation over a thirty year period. The University will be required to report the full unfunded actuarial liability in its entirety in the financial statements. In addition, GASB 75 limits the use of certain actuarial assumptions previously allowed under current OPEB accounting guidance. These changes will result in a recomputed total unfunded OPEB obligation that will be attributed to the Stations, of which the full impact has not yet been determined. Although the financial reporting of the liability will be changing, MSU's approach on funding the retirement benefit on a pay-as-you-go basis will continue.

#### **Net position:**

Net position represents residual WKAR Public Media assets after liabilities are deducted. Many factors affect the increase or decrease of net position in a given year, including obtaining new endowments and gifts and the performance of the Stations' investments. The Stations' net position at June 30, 2016, 2015, and 2014 is summarized as follows:

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Michigan State University – WKAR Public Media

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net investment in capital assets	\$ 1,922,193	\$ 2,249,102	\$ 2,331,589
Restricted:			
Nonexpendable	1,882,410	1,792,928	1,723,262
Expendable	<u>766,293</u>	<u>824,512</u>	<u>831,659</u>
Total restricted	2,648,703	2,617,440	2,554,921
Unrestricted	<u>1,818,282</u>	<u>1,276,754</u>	<u>1,098,448</u>
Total net position	<u>\$ 6,389,178</u>	<u>\$ 6,143,296</u>	<u>\$ 5,984,958</u>

Net investment in capital assets represents the Stations' equipment and infrastructure net of accumulated depreciation.

Restricted nonexpendable net position is subject to externally imposed stipulations that they be maintained permanently. Such net position includes the corpus portion (historical value) of gifts to the Stations' permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.

Restricted expendable net position is subject to externally imposed restrictions governing their use. Such net position includes the net appreciation of the Stations' permanent endowment funds that have not been stipulated by the donor to be reinvested permanently, restricted gifts, and federal and state sponsored programs.

Unrestricted net position is not subject to externally imposed restrictions, but may be subject to internal designation to meet various specific commitments.

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

The Statement of Revenues, Expenses, and Changes in Net Position present the operating results of the Stations, as well as the nonoperating revenues and expenses. In conformity with the Corporation for Public Broadcasting's *Financial Reporting Guidelines*, operating revenues include all major sources of revenue that constitute the principal ongoing operations of the Stations, which primarily include contributions, general appropriations from MSU, and grants from Corporation for Public Broadcasting (CPB). Although nonoperating revenues and expenses are not part of the principal ongoing operations of the Stations, they are an integral component in determining the increase or decrease in net position.

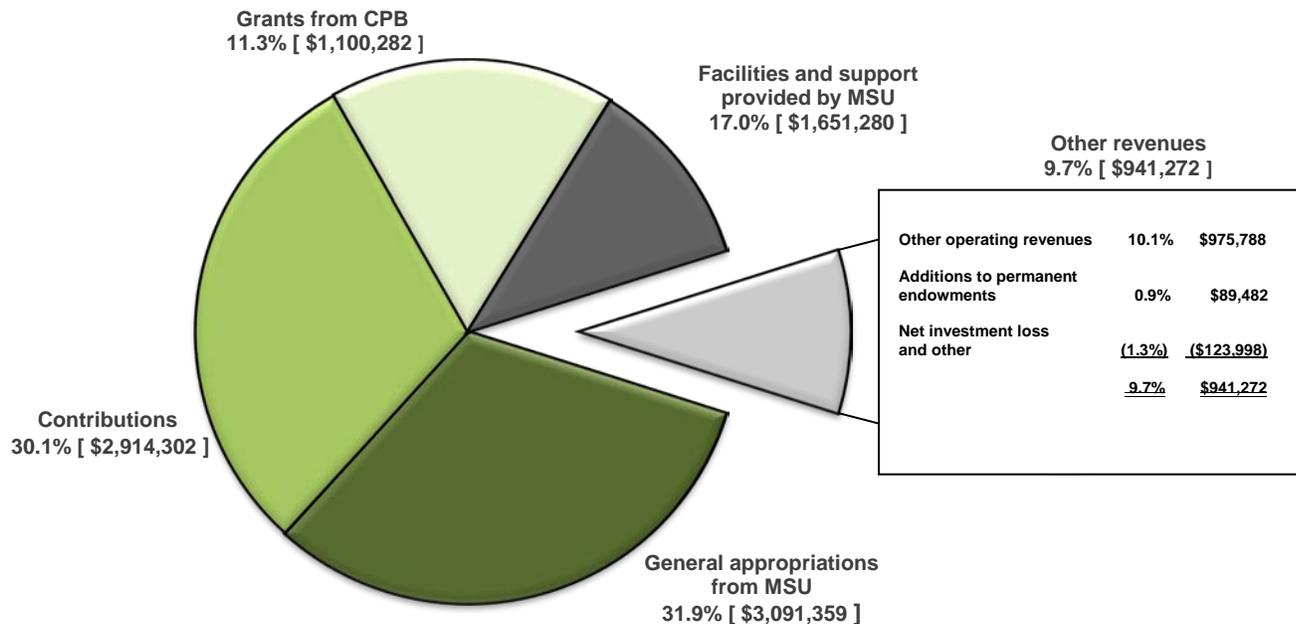
## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Michigan State University – WKAR Public Media

A summarized comparison of the Stations' revenues, expenses, and changes in net position for the years ended June 30, 2016, 2015, and 2014 follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 9,733,011	\$ 9,289,576	\$ 8,952,436
Operating expenses	<u>9,452,613</u>	<u>9,288,536</u>	<u>9,364,934</u>
Operating income (loss)	280,398	1,040	(412,498)
Nonoperating (expenses) revenues:			
Investment (loss) income	(119,094)	75,417	323,505
Other nonoperating (expenses) revenues, net	<u>(4,904)</u>	<u>(1,928)</u>	<u>-</u>
Net nonoperating (expenses) revenues	<u>(123,998)</u>	<u>73,489</u>	<u>323,505</u>
Income (loss) before other	156,400	74,529	(88,993)
Capital grants and gifts	-	14,143	-
Additions to permanent endowments	<u>89,482</u>	<u>69,666</u>	<u>115,142</u>
Increase in net position	245,882	158,338	26,149
Net position, beginning of year	<u>6,143,296</u>	<u>5,984,958</u>	<u>5,958,809</u>
Net position, end of year	<u><u>\$ 6,389,178</u></u>	<u><u>\$ 6,143,296</u></u>	<u><u>\$ 5,984,958</u></u>

Total net revenue by source for the year ended June 30, 2016 is presented as follows:



**TOTAL REVENUE \$9.7 MILLION**

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

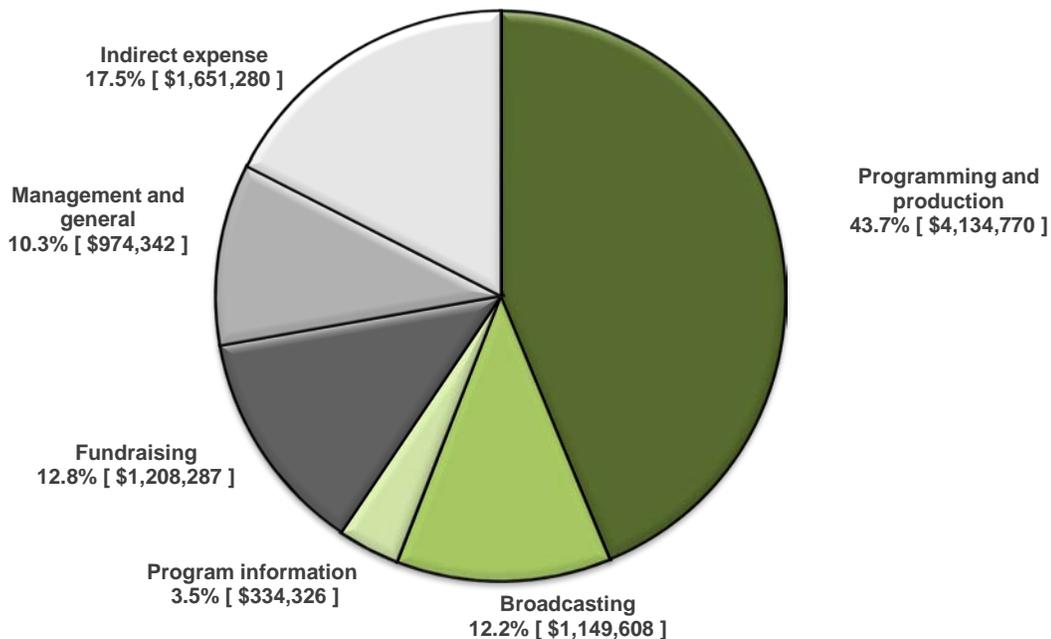
### Michigan State University – WKAR Public Media

The Stations are limited in the number of sources of revenue from which they have to draw. The Stations continue the development of a variety of plans to increase revenue-raising activities including more aggressive program underwriting activities and major giving initiatives. In addition, the Stations continue to evaluate expenses and streamline services to insure funds are used in the most efficient way possible.

**Operating revenues:** The most significant sources of operating revenue for the Stations are general appropriations from Michigan State University (MSU) and contributions, which totaled \$3,091,359 (an increase of \$10,456) and \$2,914,302 (an increase of \$566,867), respectively. General appropriations from MSU are approved by the University's Board of Trustees annually. The University also provides indirect administrative support to the Stations, which consists of an allocation of costs of certain central University units that provide services or support to WKAR.

**Net nonoperating and other revenues:** Net nonoperating and other revenues consist primarily of additions to permanent endowments and net investment income (loss). Net nonoperating and other revenues decreased \$191,814 due primarily to decreases in investment income of \$194,511.

Operating expenses by source for the year ended June 30, 2016 are presented as follows:



#### TOTAL EXPENSES \$9.5 MILLION

During 2016, \$5,618,704 was expended for the core missions of the Stations – programming and production, broadcasting, and program information, a decrease of \$245,808 from 2015. Programming and production decreased \$209,118 primarily due to decreases in salary expense from 2015. In addition, broadcasting decreased \$49,815 primarily due to a decrease in non-capital technology equipment and maintenance expenses from 2015.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Michigan State University – WKAR Public Media**

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#### **Economic Outlook**

It was another successful year for WKAR-AM-FM and TV. WKAR-FM was awarded the prestigious National Association of Broadcasters Marconi Award for “Noncommercial Station of the Year” and WKAR-TV was recognized as “Michigan Public Television Station of the Year”, for the fifth consecutive year, by the Michigan Association of Broadcasters.

These awards are wonderful, but the true test of WKAR’s relevancy and worth became apparent in January when hundreds of viewers and listeners turned out to voice their support for the stations and share their personal connection to WKAR’s long history of serving the people of this community.

This outpouring of community support was in reaction to the news of the FCC mandated Spectrum Auction that was announced in the fall. Like every other station in the country, WKAR received an opening bid for the relinquishment of the assigned spectrum from the FCC. Because of the significant dollar figure, MSU’s administration and the Board of Trustees had a responsibility to investigate the available options provided by the FCC in terms of relinquishment. After consulting with national experts and legal counsel, they ultimately made the decision not to participate in the spectrum auction, much to the relief of our loyal and dedicated audiences. The auction began as planned in March and is currently in Stage 2 with the timeline unclear.

WKAR remains interested in the auction because all stations will need to be “repacked” to new channel assignments at the conclusion of the process. This repacking will require significant and costly changes to the transmission facility and tower. WKAR-TV engineers have been planning our approach since March, but many details cannot be determined until the channel assignments have been given. The FCC has agreed to forward fund 90% of the cost, but WKAR will need to cover the remaining 10% up front which is estimated to be approximately \$150,000. These estimates could change depending on the outcome of the engineering studies that will be performed in preparation for the repack upon a new channel assignment.

With a renewed commitment to WKAR, President Simon presented a clear vision for WKAR to fully embrace the University’s academic foundation and become a national leader in content development, creation and distribution, while expanding our role in providing experiential learning opportunities for students. Dean Prabu David is supportive and committed to helping WKAR meet these goals in conjunction with the College of Communication Arts and Sciences. Likewise, our staff and students are energized and motivated to make this vision a reality. Much has been done to immediately bolster WKAR’s connection to the College of Communication Arts and Sciences and other departments on campus in meaningful ways.

On the radio side, a substantial investment was made to support increased local news and classical programming. We refreshed the radio studios by updating the green room area, pledge studios and various office spaces. This work completes a series of updates that began in previous years to bring Studio S up to par for producing our daily news magazine, *Current State*. We will soon have a public open house to share the results and celebrate our increased commitment to local community content.

Additionally, in 2016 WKAR acquired an FM translator. The translator will allow us to simulcast the FM signal on an FM frequency (94.5FM), which will result in increased audience and ability to raise funds around 24/7 news/talk programming. We will continue to offer a “global to local” stream of content featuring programming from the BBC and our own local news programming.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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### **Michigan State University – WKAR Public Media**

On the financial front, WKAR saw modest growth in underwriting revenue, realized 14 planned gifts and created four new funds functioning as endowments. With a focus on donor retention this past year, both radio and TV now exceed the national average. We will continue to focus on retention next year and roll out Passport as an added donor benefit.

This growth is a good trend considering the challenges stations face at the national level. WKAR has had a balanced budget for the past five years, while more than half of the stations in the system are operating at a loss. PBS is investing in research to develop new funding models and WKAR will continue to innovate in these areas as well.

In addition to donor retention, in the coming year, we will also focus on increased functionality and ease of giving through mobile platforms and development of a comprehensive digital marketing plan.

The overall outlook is very good for WKAR and we are proud of the financial and audience gains made. The national and local awards that the stations received in 2016 solidify the validity and effectiveness of the content and operational strategy that we've employed over the past year.

**STATEMENTS OF NET POSITION****Michigan State University - WKAR Public Media**

	<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
Current assets:		
Cash	\$ 5,533,863	\$ 4,710,996
Accounts receivable, net	131,515	25,445
Pledges receivable, net of allowance of \$28,246 and \$27,031 for 2016 and 2015, respectively	67,908	63,072
Prepaid expenses	80,505	82,510
Total current assets	<u>5,813,791</u>	<u>4,882,023</u>
Noncurrent assets:		
Pledges receivable, net of allowance of \$32,264 and \$14,455 for 2016 and 2015, respectively	80,621	33,730
Long-term investments	2,619,561	2,374,498
Capital assets, net	1,922,193	2,249,102
Total noncurrent assets	<u>4,622,375</u>	<u>4,657,330</u>
<b>Total assets</b>	<b><u>10,436,166</u></b>	<b><u>9,539,353</u></b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	141,471	80,697
Accrued payroll	277,762	268,731
Unearned support and revenues	719,100	563,016
Total current liabilities	<u>1,138,333</u>	<u>912,444</u>
Noncurrent liabilities:		
Net other postemployment benefit obligation	2,908,655	2,483,613
Total noncurrent liabilities	<u>2,908,655</u>	<u>2,483,613</u>
<b>Total liabilities</b>	<b><u>4,046,988</u></b>	<b><u>3,396,057</u></b>
<b>NET POSITION</b>		
Net investment in capital assets	1,922,193	2,249,102
Restricted		
Nonexpendable	1,882,410	1,792,928
Expendable - operations	766,293	824,512
Unrestricted	1,818,282	1,276,754
<b>TOTAL NET POSITION</b>	<b><u>\$ 6,389,178</u></b>	<b><u>\$ 6,143,296</u></b>

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION****Michigan State University - WKAR Public Media**

	<b>Year ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>OPERATING REVENUES</b>		
General appropriations from Michigan State University	\$ 3,091,359	\$ 3,080,903
Contributions	2,914,302	2,347,435
Grants from Corporation for Public Broadcasting	1,100,282	1,394,230
Program underwriting	703,994	509,094
Contract services	159,573	186,381
Facilities and support provided by Michigan State University	1,651,280	1,642,520
Donated services	15,333	22,696
Other grants and revenue	96,888	106,317
<b>TOTAL OPERATING REVENUES</b>	<b>9,733,011</b>	<b>9,289,576</b>
<b>OPERATING EXPENSES</b>		
Program services:		
Programming and production	4,134,770	4,343,888
Broadcasting	1,149,608	1,199,423
Program information	334,326	321,201
Support services:		
Fundraising	1,208,287	1,062,071
Management and general	974,342	719,433
Indirect expense	1,651,280	1,642,520
<b>TOTAL OPERATING EXPENSES</b>	<b>9,452,613</b>	<b>9,288,536</b>
Operating income	280,398	1,040
<b>NONOPERATING (EXPENSES) REVENUES</b>		
Investment (loss) income	(119,094)	75,417
Other	(4,904)	(1,928)
Net nonoperating (expenses) revenues	(123,998)	73,489
<b>INCOME BEFORE OTHER</b>	<b>156,400</b>	<b>74,529</b>
Capital grants and gifts	-	14,143
Additions to permanent endowments	89,482	69,666
Increase in net position	245,882	158,338
Net position, beginning of year	6,143,296	5,984,958
<b>NET POSITION, END OF YEAR</b>	<b>\$ 6,389,178</b>	<b>\$ 6,143,296</b>

**STATEMENTS OF CASH FLOW****Michigan State University - WKAR Public Media**

	<b>Year ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
General appropriations from Michigan State University	\$ 2,231,499	\$ 2,246,073
Contributions	2,862,575	2,378,113
Corporation for Public Broadcasting grants	1,356,962	1,390,377
Program underwriting	530,001	516,951
Contract services	159,409	188,687
Other revenue and grants	64,379	123,594
Payments to employees	(3,341,083)	(3,308,074)
Payments to suppliers	(2,622,917)	(2,671,486)
Other payments	(120,488)	(138,547)
<b>Net cash provided by operating activities</b>	<b>1,120,337</b>	<b>725,688</b>
<b>Cash flows from noncapital financing activities</b>		
Endowment contributions	89,482	69,666
<b>Net cash provided by noncapital financing activities</b>	<b>89,482</b>	<b>69,666</b>
<b>Cash flows from capital and related financing activities</b>		
Purchase of buildings and equipment	(22,795)	(284,450)
<b>Net cash used in capital and related financing activities</b>	<b>(22,795)</b>	<b>(284,450)</b>
<b>Cash flows from investing activities</b>		
Purchase of investments	(489,312)	(69,705)
Investment income	125,155	107,469
<b>Net cash (used in) provided by investing activities</b>	<b>(364,157)</b>	<b>37,764</b>
<b>Net increase in cash</b>	<b>822,867</b>	<b>548,668</b>
<b>Cash, beginning of year</b>	<b>4,710,996</b>	<b>4,162,328</b>
<b>Cash, end of year</b>	<b>5,533,863</b>	<b>4,710,996</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 280,398	\$ 1,040
<i>Adjustment to reconcile operating income to net cash provided in operating activities:</i>		
Depreciation expense	344,800	379,152
<i>Changes in assets and liabilities:</i>		
Accounts receivable	(106,070)	(7,286)
Pledges receivable	(51,727)	30,678
Prepaid expense	2,005	(52,409)
Accounts payable	60,774	21,987
Accrued payroll	9,031	27,838
Unearned support and revenues	156,084	30,873
Net postemployment benefit obligation	425,042	293,815
<b>Net cash provided in operating activities</b>	<b>\$ 1,120,337</b>	<b>\$ 725,688</b>

## NOTES TO THE FINANCIAL STATEMENTS

### Michigan State University – WKAR Public Media

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#### 1. Organization, basis of presentation, reporting entity, and summary of significant accounting policies

##### Basis of presentation:

WKAR-Television and WKAR-Radio (“WKAR”) are public telecommunications entities owned and operated by Michigan State University. They do not have separate legal status or existence. The financial position and the revenues and expenses of WKAR are included in the financial statements of Michigan State University.

WKAR follows all applicable Governmental Accounting Standards Board (GASB) pronouncements. The accompanying financial statements have been prepared using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for publicly owned colleges and universities and is presented in accordance with the reporting model as prescribed in Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements-and Management’s Discussion and Analysis-for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements-and Management’s Discussion and Analysis-for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 63. WKAR follows the “business-type” activities requirements of GASB Statement No. 34. This approach requires the following components of WKAR’s financial statements:

- Management’s Discussion and Analysis
- Basic Financial Statements including a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; and Notes to the Financial Statements

GASB Statement No. 34, as amended by No. 63 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net position categories:

- Net investment in capital assets: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted:
  - Nonexpendable – Net position subject to externally imposed constraints that they be maintained permanently by WKAR. Nonexpendable net position includes the corpus portion (historical value) of gifts to WKAR’s permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.
  - Expendable – Net position whose use by WKAR is subject to externally imposed constraints that can be fulfilled by actions of WKAR pursuant to those constraints or that expire by the passage of time. Expendable net position includes net appreciation of WKAR’s permanent endowment funds that have not been stipulated by the donor to be reinvested permanently.
- Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of management or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and research programs and initiatives, postemployment benefits, and capital asset renewals and replacements.

##### Summary of significant accounting policies:

**Cash and investments** – Cash and Investments are held in Michigan State University Funds. The amounts reflected in the accompanying balance sheet represent the net amounts due to the Station from the University’s pooled cash and investment system. Investments are stated at fair value, which represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The University values its investments using a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the University, while unobservable inputs reflect the University’s own assumptions about how market participants would value an asset or a liability based on the best information available.

**Accounts Receivable** – Accounts receivable consist primarily of underwriting revenues. All accounts receivable are deemed fully collectible.

**Pledges receivable** – Financial support in the form of pledges is received from business enterprises, foundations and individuals. Revenue from gift pledges are recorded only when there is an unconditional promise to pay and all eligibility requirements, including time requirements, have been met. Contributions to permanent and term endowments are not recognized as assets until actually received.

**Capital assets** – Capital assets and equipment are recorded at cost, or, in the case of donated property, at estimated acquisition value at date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets of 4 to 20 years, with a full-year expense in the year of acquisition and none in the year of disposal. When assets are retired or

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

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otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. The cost of maintenance and repairs are expensed as incurred; significant renewals and improvements are capitalized.

**Unearned Revenue** – Unearned revenue consists primarily of contract and sponsored program advances that will be recognized in the period in which it is earned.

**Operating and Nonoperating Revenues** – Operating activities as reported on the Statements of Revenue, Expenses, and Changes in Net Position are those activities that generally result from principal ongoing operations, such as payments received from general appropriations, contributions, grants, and underwriting activities. Certain grants restricted for use for capital asset acquisitions and additions of permanent endowments are reported as nonoperating revenue. Restricted and unrestricted resources are spent and tracked within the guidelines of the donor restrictions, if any.

**Donated services** – Donated contributions of professional services are recorded at fair value as revenues and expenses in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. Donated facilities and administrative support from the University consist of an allocation of occupancy cost, operation and maintenance, utilities and other institutional support expenses of the University.

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

**Donor restricted endowments** – Under Michigan law set forth in the Uniform Prudent Management of Institutional Funds Act, as adopted in Michigan in 2009 (“UPMIFA”), the University’s Board acts in a fiduciary capacity as trustee of its endowment funds. UPMIFA requires that the University Board exercise its fiduciary duties prudently and consider both the charitable purposes and needs of the University and the purpose of the specific endowment regarding current expenditures and preservation of the purchasing power of the funds. Under the University’s programmatic spending policy established by the University’s Board, 5% of the average market value of endowment investments for the twenty quarters of the five calendar years prior to the beginning of the fiscal year has been authorized for expenditure.

## 2. Investments

WKAR has received certain contributions that are restricted to use as endowments. Such endowment assets are held within the University’s Endowment Fund, and are held in a common investment pool that invests in high-grade equities, bonds or other marketable securities. The fair value of WKAR’s endowment investments was \$2,619,561 and \$2,374,498 at June 30, 2016 and 2015, respectively. The historical value of WKAR’s endowment investments was \$2,532,812 and \$2,043,499 at June 30, 2016 and 2015, respectively.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

#### 3. Capital assets

Capital asset activity for the years ended June 30, 2016 and 2015 is as follows:

	2015	Additions (Deductions)	Disposals	2016
Depreciated capital assets:				
Buildings improvements	\$ 2,864,627	\$ -	\$ -	\$ 2,864,627
Equipment	6,806,510	22,795	(2,010,638)	4,818,667
Vehicles	79,665	-	-	79,665
Furniture and other	124,370	-	-	124,370
Less: accumulated depreciation				
Building improvements	(1,298,223)	(118,401)	-	(1,416,624)
Equipment	(6,161,599)	(212,022)	2,005,734	(4,367,887)
Vehicles	(41,878)	(14,377)	-	(56,255)
Furniture and other	(124,370)	-	-	(124,370)
Total depreciated capital assets	<u>2,249,102</u>	<u>(322,005)</u>	<u>(4,904)</u>	<u>1,922,193</u>
Total capital assets	<u>\$ 2,249,102</u>	<u>\$ (322,005)</u>	<u>\$ (4,904)</u>	<u>\$ 1,922,193</u>

	2014	Additions (Deductions)	Disposals	2015
Depreciated capital assets:				
Building improvements	\$ 2,864,627	\$ -	\$ -	\$ 2,864,627
Equipment	6,656,567	262,445	(112,502)	6,806,510
Vehicles	43,517	36,148	-	79,665
Furniture and other	124,370	-	-	124,370
Less: accumulated depreciation				
Building improvements	(1,181,508)	(116,715)	-	(1,298,223)
Equipment	(6,024,113)	(248,060)	110,574	(6,161,599)
Vehicles	(27,501)	(14,377)	-	(41,878)
Furniture and other	(124,370)	-	-	(124,370)
Total depreciated capital assets	<u>2,331,589</u>	<u>(80,559)</u>	<u>(1,928)</u>	<u>2,249,102</u>
Total capital assets	<u>\$ 2,331,589</u>	<u>\$ (80,559)</u>	<u>\$ (1,928)</u>	<u>\$ 2,249,102</u>

For the years ended June 30, 2016 and 2015, depreciation expense for WKAR totaled \$344,800 and \$379,152, respectively. In conformity with the Corporation of Public Broadcasting's *Financial Reporting Guidelines*, depreciation expense is allocated to the various operating functional expense categories in the Statement of Revenues, Expenses and Changes in Net Position based on the operational function of each individual piece of property or equipment.

#### 4. Donated services

In conformity with the Supplemental Guide section of the Corporation for Public Broadcasting's *Financial Reporting Guidelines*, donated professional services are reported in the appropriate expense category for the years ended June 30, 2016 and 2015 as follows:

	Year ended June 30,	
	2016	2015
Program Services:		
Program Information	<u>15,333</u>	<u>22,696</u>
Total	<u>15,333</u>	<u>22,696</u>

Also included in revenue and expenditures are donated facilities and administrative support from Michigan State University, amounting to \$1,651,280 and \$1,642,520 for the years ended June 30, 2016 and 2015, respectively. They are reported as indirect expenses in the Statement of Revenues, Expenses and Changes in Net Position. Calculations are based on instructions provided by the Corporation for Public Broadcasting.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

#### 5. Retirement benefits

The University has a defined contribution retirement plan covering all qualified employees. This contributory plan consists of employee owned annuity contracts funded on a current basis.

In addition, the University has a defined benefit plan covering certain employees hired prior to January 1, 1973. This plan is funded in the University's Retirement Fund. The benefits are based on years of service and the employee's compensation during the last three years of employment. The University did not have any prepaid or accrued pension cost at June 30, 2016 or 2015. The University also funds and provides from the Retirement Fund termination benefits upon retirement resulting from unused sick days along with certain other separation benefits.

The total contributions of the University necessary to fund the above mentioned retirement benefits attributable to WKAR are estimated to be \$215,000 for the years ended June 30, 2016 and 2015.

#### 6. Other postemployment benefits (OPEB)

**Plan Description:** The University provides retiree health and dental care benefits, including prescription drug coverage, to eligible retired employees and qualified spouses/beneficiaries. This is a single closed employer defined benefit plan administered by the University. Benefits are provided to all faculty, academic staff and support staff who meet normal retirement requirements while still working for the University. Currently, the plan has approximately 106 members attributable to WKAR. The plan does not issue a separate stand-alone financial statement.

**Funding Policy:** The University's medical plans are self-funded and each plan's premiums are updated annually based on actual claims. The University contributes to the lowest cost health plan's single rate cost for which retirees are eligible. No payment is required by retirees who select the lowest cost health plan for coverage. In the event a retiree selects an alternative health plan, the retiree is responsible for payment of the difference in premium costs. Retirees are responsible for various co-payments. The University funds OPEB on a pay-as-you-go basis, and there is no obligation to make contributions in advance of when the insurance premiums or claims are due for payment.

**Funding Progress:** For the year ended June 30, 2016, the University has estimated the cost (annual expense) of providing retiree health and dental care benefits through an actuarial valuation as of January 1, 2016. In accordance with GASB Statement No. 45, the valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation's computed contribution and actual funding attributable to WKAR are summarized as follows:

	2016	2015	2014
Annual required contribution	\$ 676,238	\$ 503,465	\$ 539,732
Interest on the prior year's net OPEB obligation	183,600	142,630	141,796
Less adjustment to the annual required contribution	<u>(163,560)</u>	<u>(123,094)</u>	<u>(118,773)</u>
Annual OPEB cost	696,278	523,001	562,755
Amounts contributed:			
Payments of current premiums and claims	<u>(271,236)</u>	<u>(229,186)</u>	<u>(228,384)</u>
Increase in net OPEB obligation	425,042	293,815	334,371
OPEB obligation - beginning of year	<u>2,483,613</u>	<u>2,189,798</u>	<u>1,855,427</u>
OPEB obligation - end of year	<u><u>\$ 2,908,655</u></u>	<u><u>\$ 2,483,613</u></u>	<u><u>\$ 2,189,798</u></u>

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation attributable to WKAR for the current and two preceding years are as follows:

	Fiscal Year Ended June 30,		
	2016	2015	2014
Annual OPEB cost	\$ 696,278	\$ 523,001	\$ 562,755
Percentage contributed	39.0%	43.9%	40.6%
Net OPEB obligation	\$ 2,908,655	\$ 2,483,613	\$ 2,189,798

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

The funding progress attributable to WKAR as of the most recent and two preceding valuation dates are as follows:

	Valuation as of January 1,		
	2016	2015	2014
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	7,705,425	5,888,800	6,337,100
Unfunded AAL (UAAL)	<u>\$ 7,705,425</u>	<u>\$ 5,888,800</u>	<u>\$ 6,337,100</u>
Funded ratio	0.0%	0.0%	0.0%
Annual covered payroll (annual payroll of active employees covered by the plan)	\$ 3,342,199	\$ 3,308,673	\$ 3,393,986
UAAL as a percentage of covered payroll	230.5%	178.0%	186.7%

Actuarial methods and assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts are determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the University's January 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 7% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term and short-term investment returns on the University's own assets to be used for funding the current liability, and an annual health care cost trend rate of 5% which includes a 4% inflation assumption. As part of the January 1, 2016 valuation, the University adopted updated mortality assumptions based on the RP-2014 Generational Healthy Mortality Tables, projected back to 2007 using scale MP-2014 and then projected forward using MP-2015. The UAAL is being amortized over 30 years as a level percentage of projected payroll on a closed basis, with 21 years remaining.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Michigan State University – WKAR Public Media

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#### 7. Nonfederal Financial Support (NFFS)

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV Community Service Grant program precipitated by extraordinary infusions of new capital investments in DTV, all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating NFFS. This change excludes all revenues received for any capital purchases.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

The assets, liabilities and net assets of the Commission are accounted for using the following funds for CPB purposes:

*Television Fund* - This fund includes the resources that are available for support of WKAR’s television transmission operations.

*Radio Fund* - This fund includes the resources that are available for support of WKAR-FM and WKAR-AM.

Reported NFFS for WKAR was \$5,104,357 and \$4,660,322 for the television fund and \$3,615,958 and \$3,201,233 for the radio fund for the years ended June 30, 2016 and 2015, respectively.

#### 8. New Accounting Pronouncement

The University will be required to implement the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective with the fiscal year ending June 30, 2018. This GASB Statement aims to improve accounting and financial reporting of postemployment benefits other than pensions (other postemployment benefits, or OPEB). The University is in the process of determining the full impact of this standard on its financial statements, as well as the Stations’ financial statements.

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# **Additional Information**

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**Michigan State University – WKAR Public Media**

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## CONSOLIDATING STATEMENTS OF NET POSITION

### Michigan State University - WKAR Public Media

	June 30, 2016			June 30, 2015		
	Television	Radio	Total	Television	Radio	Total
<b>ASSETS</b>						
Current assets:						
Cash	\$ 2,468,704	\$ 3,065,159	\$ 5,533,863	\$ 1,878,035	\$ 2,832,961	\$ 4,710,996
Accounts receivable, net	63,976	67,539	131,515	15,973	9,472	25,445
Pledges receivable, net of allowance of \$28,246 and \$27,031 for 2016 and 2015, respectively	28,793	39,115	67,908	21,789	41,283	63,072
Prepaid expenses	5,375	75,130	80,505	7,648	74,862	82,510
Total current assets	<u>2,566,848</u>	<u>3,246,943</u>	<u>5,813,791</u>	<u>1,923,445</u>	<u>2,958,578</u>	<u>4,882,023</u>
Noncurrent assets:						
Pledges receivable, net of allowance of \$32,264 and \$14,455 for 2016 and 2015, respectively	37,660	42,961	80,621	14,604	19,126	33,730
Long-term investments	1,204,664	1,414,897	2,619,561	1,038,201	1,336,297	2,374,498
Capital assets, net	1,803,289	118,904	1,922,193	2,082,850	166,252	2,249,102
Total noncurrent assets	<u>3,045,613</u>	<u>1,576,762</u>	<u>4,622,375</u>	<u>3,135,655</u>	<u>1,521,675</u>	<u>4,657,330</u>
<b>Total assets</b>	<b>5,612,461</b>	<b>4,823,705</b>	<b>10,436,166</b>	<b>5,059,100</b>	<b>4,480,253</b>	<b>9,539,353</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	52,437	89,034	141,471	52,753	27,944	80,697
Accrued payroll	166,272	111,490	277,762	167,329	101,402	268,731
Unearned support and revenues	623,875	95,225	719,100	489,062	73,954	563,016
Total current liabilities	<u>842,584</u>	<u>295,749</u>	<u>1,138,333</u>	<u>709,144</u>	<u>203,300</u>	<u>912,444</u>
Noncurrent liabilities:						
Net other postemployment benefit obligation	1,718,885	1,189,770	2,908,655	1,478,311	1,005,302	2,483,613
Total noncurrent liabilities	<u>1,718,885</u>	<u>1,189,770</u>	<u>2,908,655</u>	<u>1,478,311</u>	<u>1,005,302</u>	<u>2,483,613</u>
<b>Total liabilities</b>	<b>2,561,469</b>	<b>1,485,519</b>	<b>4,046,988</b>	<b>2,187,455</b>	<b>1,208,602</b>	<b>3,396,057</b>
<b>NET POSITION</b>						
Net investment in capital assets	1,803,289	118,904	1,922,193	2,082,850	166,252	2,249,102
Restricted						
Nonexpendable	910,696	971,714	1,882,410	865,031	927,897	1,792,928
Expendable - operations	275,730	490,563	766,293	306,095	518,417	824,512
Unrestricted	61,277	1,757,005	1,818,282	(382,331)	1,659,085	1,276,754
<b>TOTAL NET POSITION</b>	<b>\$ 3,050,992</b>	<b>\$ 3,338,186</b>	<b>\$ 6,389,178</b>	<b>\$ 2,871,645</b>	<b>\$ 3,271,651</b>	<b>\$ 6,143,296</b>

**CONSOLIDATING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Michigan State University - WKAR Public Media**

	Year ended June 30, 2016			Year ended June 30, 2015		
	Television	Radio	Total	Television	Radio	Total
<b>OPERATING REVENUES</b>						
General appropriations from Michigan State University	\$ 1,822,813	\$ 1,268,546	\$ 3,091,359	\$ 1,813,955	\$ 1,266,948	\$ 3,080,903
Contributions	1,618,701	1,295,601	2,914,302	1,288,857	1,058,578	2,347,435
Grants from Corporation for Public Broadcasting	915,189	185,093	1,100,282	1,112,502	281,728	1,394,230
Program underwriting	319,267	384,727	703,994	228,497	280,597	509,094
Contract services	147,693	11,880	159,573	173,773	12,608	186,381
Facilities and support provided by Michigan State University	1,145,616	505,664	1,651,280	1,153,116	489,404	1,642,520
Donated services	879	14,454	15,333	11,055	11,641	22,696
Other grants and revenue	80,594	16,294	96,888	100,617	5,700	106,317
<b>TOTAL OPERATING REVENUES</b>	<b>6,050,752</b>	<b>3,682,259</b>	<b>9,733,011</b>	<b>5,882,372</b>	<b>3,407,204</b>	<b>9,289,576</b>
<b>OPERATING EXPENSES</b>						
Program services:						
Programming and production	2,710,716	1,424,054	4,134,770	2,836,449	1,507,439	4,343,888
Broadcasting	675,292	474,316	1,149,608	824,855	374,568	1,199,423
Program information	174,286	160,040	334,326	160,703	160,498	321,201
Support services:						
Fundraising	679,180	529,107	1,208,287	616,610	445,461	1,062,071
Management and general	459,366	514,976	974,342	366,058	353,375	719,433
Indirect expense	1,145,616	505,664	1,651,280	1,153,116	489,404	1,642,520
<b>TOTAL OPERATING EXPENSES</b>	<b>5,844,456</b>	<b>3,608,157</b>	<b>9,452,613</b>	<b>5,957,791</b>	<b>3,330,745</b>	<b>9,288,536</b>
Operating income (loss)	206,296	74,102	280,398	(75,419)	76,459	1,040
<b>NONOPERATING (EXPENSES) REVENUES</b>						
Investment (loss) income	(67,710)	(51,384)	(119,094)	22,303	53,114	75,417
Other	(4,904)	-	(4,904)	(1,928)	-	(1,928)
Net nonoperating (expenses) revenues	(72,614)	(51,384)	(123,998)	20,375	53,114	73,489
<b>INCOME (LOSS) BEFORE OTHER</b>	<b>133,682</b>	<b>22,718</b>	<b>156,400</b>	<b>(55,044)</b>	<b>129,573</b>	<b>74,529</b>
Capital grants and gifts	-	-	-	-	14,143	14,143
Additions to permanent endowments	45,665	43,817	89,482	36,947	32,719	69,666
Increase (decrease) in net position	179,347	66,535	245,882	(18,097)	176,435	158,338
Net position, beginning of year	2,871,645	3,271,651	6,143,296	2,889,742	3,095,216	5,984,958
<b>NET POSITION, END OF YEAR</b>	<b>\$ 3,050,992</b>	<b>\$ 3,338,186</b>	<b>\$ 6,389,178</b>	<b>\$ 2,871,645</b>	<b>\$ 3,271,651</b>	<b>\$ 6,143,296</b>