

**RADIO STATION WPRL
A PUBLIC TELECOMMUNICATION
ENTITY OPERATED BY
ALCORN STATE UNIVERSITY**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2013

(With Summarized Financial Information for 2012)

UNOFFICIAL WORKING DRAFT

RADIO STATION WPRL
June 30, 2013

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UNOFFICIAL WORKING DRAFT

RADIO STATION WPRL
of
ALCORN STATE UNIVERSITY
Management's Discussion and Analysis
For the Years Ended June 30, 2013 and 2012

Overview of the Financial Statements and Financial Analysis

Alcorn State University presents the financial statements for Radio Station WPRL-FM (the Station) for the fiscal years ended June 30, 2013 and 2012. There are three financial statements presented: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows.

This discussion and analysis of the Station's financial statements provides an overview of its financial activities for the year.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the Station as of the end of the fiscal year. The Statement of Net Assets is a point of time financial statement. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of WPRL-FM. The Statement of Net Assets presents end of year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (Assets minus Liabilities).

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the Station. They are also able to determine how much the Station owes vendors. Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the Station.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the Station's equity in property, plant and equipment. The next asset category is restricted net assets. Expendable restricted net assets are available for expenditures by the Station but must be spent for purposes as determined by the donors and/or external entities that have placed item or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted assets are available to the Station for any lawful purpose of the Station.

The total assets of the Station increased by \$13,157 from \$298,729 at June 30, 2012 to \$311,886 at June 30, 2013. The increase in total assets is primarily due to receipts in grant revenues during the year. Net assets at June 30, 2013 totaled \$50,320 and included \$243 unrestricted net assets and \$50,077 invested in capital assets. Net assets at June 30, 2012 totaled \$54,547 and was invested in capital assets. The decrease in total net assets of \$4,227 is primarily due to depreciation against capital assets.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the Station, both operating and nonoperating, and the expenses paid by the Station, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the Station.

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Total operating revenues for the year ended June 30, 2013 were \$182,335, a decrease of \$(41,014) from operating revenues of \$223,349 for the year ended June 30, 2012, mainly due to decreases in Public Broadcasting grants. Operating expenses decreased \$(53,911) due to decreases in Public Broadcasting funding. WPRL experienced a net operating loss in FY 2013 and FY 2012 of \$159,050 and \$171,947 respectively. The Station had a decrease in net assets of \$4,227 and \$14,089 in FY 2013 and FY 2012 respectively.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the Station during the year. The statement is divided into three parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the Station. The second section deals with cash flows from capital and related financing activities. The third section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets. The cash of the Station increased \$16,100 from \$237,392 at June 30, 2012 to \$253,492 at June 30, 2013.

Economic Outlook

WPRL-FM is not aware of any currently known facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

INDEPENDENT AUDITOR'S REPORT

To Alcorn State University
WPRL Radio Station
Lorman, Mississippi

We have audited the accompanying statement of net assets of WPRL, (a public non-commercial educational FM radio station operated by Alcorn State University) as of June 30, 2013, and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits. The prior year summarized comparative information has been derived from the Organization's 2012 financial statements and, in our report dated December 13, 2012, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of WPRL, as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 3, 2014, on our consideration of WPRL'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 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 2 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of WPR, taken as a whole. The schedules on pages 14 through 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Ridgeland, Mississippi
January 3, 2014

UNOFFICIAL WORKING DRAFT

RADIO STATION WPRL
of
ALCORN STATE UNIVERSITY
Statement of Net Assets
June 30, 2013
(With Summarized Financial Information for 2012)

Assets	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 253,492	\$ 237,392
Beneficial interest in assets held by ASU Development Foundation	240	-
Due from University	8,077	5,945
Total Current Assets	261,809	243,337
Fixed Assets:		
Furniture and equipment	130,336	130,336
Less: accumulated depreciation	(80,259)	(74,944)
Net Fixed Assets	50,077	55,392
Total Assets	\$ 311,886	\$ 298,729
Liabilities and Net Assets		
Current Liabilities:		
Due to University	\$ 8,625	\$ 25,767
Refundable advances	252,941	218,415
Total Current Liabilities	261,566	244,182
Total liabilities	261,566	244,182
Net Assets		
Invested in Capital Assets	50,077	55,392
Unrestricted	243	(845)
Total Net Assets	50,320	54,547
Total Liabilities and Net Assets	\$ 311,886	\$ 298,729

The Accompanying Notes are an integral part of these Financial Statements

RADIO STATION WPRL
of
ALCORN STATE UNIVERSITY
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2013
(With Summarized Financial Information for 2012)

OPERATING REVENUES:	<u>Unrestricted</u>	<u>Capital Assets</u>	<u>2013</u>	<u>2012</u>
CPB Community Service Grants	\$ 124,909	-	\$ 124,909	\$ 170,891
Indirect administrative support	54,207	-	54,207	51,662
Other income	2,132	-	2,132	-
Contributions	<u>1,087</u>	<u>-</u>	<u>1,087</u>	<u>796</u>
 TOTAL OPERATING REVENUES	 <u>182,335</u>	 <u>-</u>	 <u>182,335</u>	 <u>223,349</u>
 OPERATING EXPENSES:				
Program Services:				
Local Programming & production	163,494	-	163,494	195,124
Broadcasting	<u>77,563</u>	<u>-</u>	<u>77,563</u>	<u>93,799</u>
	241,057	-	241,057	288,923
Supporting Services:				
Management & General	<u>95,013</u>	<u>5,315</u>	<u>100,328</u>	<u>106,373</u>
 TOTAL OPERATING EXPENSES	 <u>336,070</u>	 <u>5,315</u>	 <u>341,385</u>	 <u>395,296</u>
 OPERATING INCOME (LOSS)	 <u>(153,735)</u>	 <u>(5,315)</u>	 <u>(159,050)</u>	 <u>(171,947)</u>
 NONOPERATING REVENUES:				
University Appropriation	<u>154,823</u>	<u>-</u>	<u>154,823</u>	<u>157,858</u>
 TOTAL NONOPERATING REVENUES	 <u>154,823</u>	 <u>-</u>	 <u>154,823</u>	 <u>157,858</u>
 INCREASE (DECREASE) IN NET ASSETS	 1,088	 (5,315)	 (4,227)	 (14,089)
 NET ASSETS, BEGINNING OF YEAR	 <u>(845)</u>	 <u>55,392</u>	 <u>54,547</u>	 <u>68,636</u>
 NET ASSETS, END OF YEAR	 <u>\$ 243</u>	 <u>50,077</u>	 <u>\$ 50,320</u>	 <u>\$ 54,547</u>

The Accompanying Notes are an integral part of these Financial Statements

RADIO STATION WPRL
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ALCORN STATE UNIVERSITY
Statement of Cash Flows
For the Year Ended June 30, 2013
(With Summarized Financial Information for 2012)

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, grants, underwriting and miscellaneous receipts	\$ 160,520	\$ 205,164
Cash paid to vendors and suppliers	(99,084)	(136,798)
Cash paid to employees	<u>(200,161)</u>	<u>(220,455)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(138,725)	(152,089)
CASH FLOWS FROM NONCAPITAL FINANCING AND OTHER ACTIVITIES		
Allocations from the University	<u>154,823</u>	<u>157,858</u>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING AND OTHER ACTIVITIES	154,823	157,858
INCREASE (DECREASE) IN CASH	16,098	5,769
CASH, beginning of year	<u>237,394</u>	<u>231,625</u>
CASH, end of year	<u>\$ 253,492</u>	<u>\$ 237,394</u>
<u>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)</u>		
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>		
Operating Income (Loss)	\$ (159,050)	\$ (171,947)
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	5,315	11,125
Change in Assets and Liabilities:		
Beneficial interest in assets held by ASU Dev Fdtn	(1,087)	2,966
Other receivable	(2,135)	(5,020)
Accounts payable	(16,294)	(24,741)
Refundable advances	<u>34,526</u>	<u>35,528</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (138,725)</u>	<u>\$ (152,089)</u>

The Accompanying Notes are an integral part of these Financial Statements

RADIO STATION WPRL
of
ALCORN STATE UNIVERSITY
Notes to the Financial Statements
June 30, 2013

NOTE 1 - ORGANIZATION'S HISTORY AND OPERATING STRUCTURE

The Alcorn State University Radio Station (WPRL is a public, non-commercial, educational FM radio station). The station began full-time operations in October 1987. WPRL is owned by the Board of Trustees, Institutions of Higher Learning of Mississippi.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting - The financial statements of Alcorn State University Radio Station (WPRL), are presented on the accrual basis of accounting. The financial statements have been prepared in accordance with the regulations of the Corporation for Public Broadcasting (CPB) and the Governmental Accounting Standards Board (GASB).
- B. Financial Statement Presentation - The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets, and permanently restricted net assets.
- C. Cash and Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less that are not restricted for specific purposes.
- D. Donated Property and Equipment - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.
- E. Donated Services - Donated services are recognized as contributions if they create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.
- F. Expense Allocation - The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

RADIO STATION WPRL
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ALCORN STATE UNIVERSITY
Notes to the Financial Statements
June 30, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. Fund Accounting - The accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.
- H. Property and Equipment - Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Acquisitions in excess of \$5000 are capitalized. Property, furniture, equipment and buildings are depreciated over their useful lives ranging from 5 to 40 years.
- Acquisition of non-expendable property are treated as expenditures of the program in the period the costs are incurred, and assets values are reported in the fixed assets account group. Property acquired is considered owned by the Organization while used in the program for which it was purchased or in future authorized programs. However, the Federal Government has a reversionary interest in property purchased or acquired with federal funds; its disposition as well as the ownership of any proceeds therefrom is subjected to the regulations of the funding source.
- I. Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.
- J. Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- K. Station License - The operating license for WPRL was granted in October 1987 at no cost to the University; therefore, no purchase amount is being amortized and no amortization expense is included in the financial statements.

RADIO STATION WPRL
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Notes to the Financial Statements
June 30, 2013

NOTE 3 - FINANCIAL INSTRUMENTS

The following methods and assumptions were used by WPRL in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: the carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The estimated fair values of WPRL's financial instruments, none of which are held for trading purposes, are as follows:

Financial assets:	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$253,492	\$253,492

NOTE 4 - PROPERTY AND EQUIPMENT

At June 30, 2013, property and equipment consisted of the following:

	<u>Cost</u>	Less: <u>Accum. Depreciation</u>	<u>Net</u>
Furniture and Equipment	\$ 130,336	(80,259)	\$ 50,077

NOTE 5 - COMPARATIVE FINANCIAL STATEMENT INFORMATION

The financial statements include certain prior-year summarized information in total but not by net asset class. Prior-year information is not provided for the notes to the financial statements. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

NOTE 6 - FUNDING RECEIVED FROM CORPORATION FOR PUBLIC BROADCASTING COMMUNITY SERVICE GRANTS

During the year, Radio Station WPRL received approximately 37.05% of its revenues from the Corporation for Public Broadcasting (CPB). Below is a description of the Corporation for Public Broadcasting organization and its funding policy.

RADIO STATION WPRL
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ALCORN STATE UNIVERSITY
Notes to the Financial Statements
June 30, 2013

NOTE 6 - FUNDING RECEIVED FROM CORPORATION FOR PUBLIC BROADCASTING COMMUNITY
SERVICE GRANTS (Continued)

CPB is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Services Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one (1) or two (2) fiscal years (10/1 - 9/30) as described in the Communications Act, 47 United States Code Annotated, Section 396 (k) (7). In any event, each grant must be expended within two (2) years of the initial grant authorization. According to the Communication Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

NOTE 7 - RELATED PARTY TRANSACTIONS

Alcorn State University Development Foundation

Nature of Relationship: The Foundation was formed to promote and foster the educational and cultural interest of every kind and description of the University, a public institution of higher education and a public educational corporation of the State and to create a fund to be used for any program, project or enterprise undertaken in the interest of the University, and to promote and foster educational and cultural interests in the State.

Description of Operations: The Foundation acts largely as a fund-raising organization: soliciting, receiving, managing and disbursing contributions on behalf of the University. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit, making the funds available as needed.

Amounts reflected as beneficial interest in assets held by the Foundation represent contributions held for the sole benefit of WPRL.

RADIO STATION WPRL
of
ALCORN STATE UNIVERSITY
Notes to the Financial Statements
June 30, 2013

NOTE 7 - RELATED PARTY TRANSACTIONS (Continued)

Description of Operations: Continued: Related party transactions, summary financial information and funds held by the Foundation on behalf of WPRL are as follows for the fiscal year ended June 30:

		<u>2013</u>
Contributions and underwriting revenue received	\$	1,087
Funds expended on behalf of WPRL		-
Net Increase(Decrease)		<u>1,087</u>
Net assets held for WPRL, beginning of year		<u>(847)</u>
Net Assets held for WPRL, end of year	\$	<u>240</u>

NOTE 8 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 3, 2014, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

UNOFFICIAL WORKING DRAFT

WPRL RADIO STATION

SUPPLEMENTARY INFORMATION

June 30, 2013

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SCHEDULE A

RADIO STATION WPRL
of
ALCORN STATE UNIVERSITY
Schedule of Functional Expenses
For the Year Ended June 30, 2013 and 2012

	PROGRAM SERVICES			SUPPORTING SERVICES		2013	2012
	Local Programming and Production	Broadcasting	Total Program Services	Management and General			
Salaries	\$ 85,615	40,448	126,063	25,120	\$ 151,183	\$ 168,581	
Fringe benefits	27,648	13,062	40,710	8,268	48,978	51,871	
Supplies	7,036	3,494	10,530	299	10,829	18,188	
Travel	854	426	1,280	716	1,996	4,656	
Postage	2	1	3	1	4	19	
Contractual	12,624	6,302	18,926	6,210	25,136	25,951	
Advertising	7	3	10	3	13	-	
Equipment	6,290	2,136	8,426	166	8,592	6,822	
Telephone	489	244	733	-	733	1,079	
Printing	-	-	-	-	-	1,045	
Dues & subscriptions	22,929	11,447	34,376	23	34,399	54,297	
Physical plant support	-	-	-	4,711	4,711	4,708	
Institutional support	-	-	-	49,496	49,496	46,954	
Total expenses before depreciation	163,494	77,563	241,057	95,013	336,070	384,171	
Depreciation	-	-	-	5,315	5,315	11,125	
Total Expenses	\$ <u>163,494</u>	<u>77,563</u>	<u>241,057</u>	<u>100,328</u>	\$ <u>341,385</u>	\$ <u>395,296</u>	

RADIO STATION WPRL
Schedule of Grant Expenses
For the Year Ended June 30, 2013

	2011 Community Service Grant 370019	2012 Community Service Grant 370003	2011 CPB Rural Bonus Grant 370009	2012 CPB Rural Support Grant 370024	TOTAL
Salaries and wages	\$ -	13,723	-	28,243	\$ 41,966
Fringe benefits	-	4,457	-	8,574	13,031
Supplies	3,495	2,434	-	3,739	9,668
Travel and meetings	-	-	-	1,140	1,140
Dues and fees	2,779	350	-	31,170	34,299
Contract services	2,904	4,572	-	11,450	18,926
Equipment	<u>3,574</u>	<u>-</u>	<u>2,305</u>	<u>-</u>	<u>5,879</u>
TOTAL EXPENSES	<u>\$ 12,752</u>	<u>25,536</u>	<u>2,305</u>	<u>84,316</u>	<u>\$ 124,909</u>