

**Southern Illinois University
Carbondale**

**SIU Broadcasting Service
(WSIU Public Broadcasting)**

Financial Statements
for the Year Ended June 30, 2009

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BRONNER

Professional Services

Independent Auditors' Report

January 22, 2010

The Board of Trustees
Southern Illinois University

We have audited the accompanying Statement of Net Assets of Southern Illinois University Broadcasting Service (SIU Broadcasting Service) as of June 30, 2009, and the related Statement of Revenues, Expenses, and Changes in Net Assets, and Statement of Cash Flows for the year then ended. These financial statements are the responsibility of SIU Broadcasting Service management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from SIU Broadcasting Service's 2008 financial statements and, in our report dated December 18, 2008, we expressed an unqualified opinion on those 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 provides a reasonable basis for our opinion.

The financial statements referred to in the first paragraph present only the SIU Broadcasting Service, and do not purport to, and do not, present fairly the financial position of Southern Illinois University as of June 30, 2009, and changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SIU Broadcasting Service as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended, in conformity with the accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 22, 2010 on our consideration of SIU Broadcasting Service's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement 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 the 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Functional Expenses for the year ended June 30, 2009 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

BRONNER PROFESSIONAL SERVICES, LLC

A handwritten signature in black ink, appearing to read "Gila J. Bronner", followed by a long horizontal flourish line.

Gila J. Bronner
President & CEO

Management's Discussion and Analysis

June 30, 2009

The following discussion and analysis of the financial statements of SIU Broadcasting Service which includes WSIU/WUSI TV & FM STATIONS provides an overview of the SIU Broadcasting Service financial activities for the year ended June 30, 2009 with comparative information for the year ended June 30, 2008. This discussion and analysis focuses on the financial activities of the Broadcasting Service, a public service unit housed within Academic Affairs in the College of Mass Communication and Media Arts at Southern Illinois University Carbondale (University). Complete financial statements for SIU Broadcasting Service may be obtained from the University directly. This discussion has been prepared by management and should be read in conjunction with the financial statements and related footnotes.

Introduction

The financial statements are prepared in accordance with guidance found in the statements issued by the Governmental Accounting Standards Board (GASB), including the financial reporting format and underlying concepts for public higher education reporting of GASB Statement No. 35, *"Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities."*

As required by accounting principles, the annual report consists of three basic financial statements that provide information on the SIU Broadcasting Service as a whole: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. Each of these statements will be discussed.

Financial Highlights

Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged. Net assets, the difference between assets and liabilities, is one way to measure the financial health of the SIU Broadcasting Service.

The Statement of Net Assets presents end-of-year data concerning assets (current and non-current), liabilities (current and non-current), and net assets. In general, current assets are those that are available to satisfy current liabilities. Current liabilities are usually those that will be paid within one year of the date of the Statement of Net Assets.

Net Assets represent the difference between SIU Broadcasting Service assets and liabilities and are divided into three major categories. The first category, invested in capital assets, represents SIU Broadcasting Service's equity in property, plant and equipment. The next asset category is restricted net assets, which is divided into two categories, permanent and temporary. Permanent restricted net assets consist of endowments with specific restrictions on spending the principal given. Temporary restricted net assets are available for expenditure by SIU Broadcasting Service but must be spent for purposes as determined by donors or other external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets, which represent balances from operational activities that have not been restricted by external parties external and are available for use by SIU Broadcasting Service.

Management's Discussion and Analysis

June 30, 2009

The following summarizes the SIU Broadcasting Service's assets, liabilities, and net assets at June 30:

	2009	2008
Assets		
Current assets	\$ 1,901,313	\$ 2,088,458
Capital assets, net	4,078,276	4,500,989
Restricted assets	262,803	401,976
Total Assets	<u>\$ 6,242,392</u>	<u>\$ 6,991,423</u>
Liabilities		
Current liabilities	\$ 980,681	\$ 1,020,652
Net assets		
Invested in capital assets	4,078,276	4,500,989
Temporarily restricted	(12,281)	33,565
Permanently restricted	281,903	398,685
Unrestricted	913,813	1,037,532
Total Net Assets	<u>5,261,711</u>	<u>5,970,771</u>
Total Net Assets and Liabilities	<u>\$ 6,242,392</u>	<u>\$ 6,991,423</u>

Statement of Revenues, Expenses and Changes in Net Assets

The changes in total net assets as presented on the Statement of Net Assets are based on the activities presented in the Statement of Revenues, Expenses and Changes in Net Assets. The statement presents the operating results of SIU Broadcasting Service, as well as the non-operating revenues and expenses.

In general, operating revenues are received for providing educational programs, goods and production services to agencies outside of the University to the public and private sector. Operating revenues from grants and contracts are from activities that have the characteristics of exchange transactions. In an exchange transaction, both parties receive a material benefit from the transaction. Operating expenses are those expenses paid to acquire goods or services provided in return for the operating revenues, and to carry out the mission of SIU Broadcasting Service. Non-operating revenues and expenses include state capital appropriations, investment income and capital grants. State appropriations are mandated as non-operating because they are provided by the legislature to the University without the legislature directly receiving commensurate goods and services for those revenues. Therefore, an operating loss will always result.

Management's Discussion and Analysis

June 30, 2009

The following summarizes the SIU Broadcasting Service's financial activity for fiscal years ended June 30, 2009 and 2008:

	Year Ended June 30, 2009	Year Ended June 30, 2008
Operating Revenues		
Operating grants	\$ 1,427,003	\$ 1,324,387
Local support	793,460	814,442
Special events	67,758	73,755
Project grants	101,467	112,852
Production and uplink	101,915	73,495
Indirect / in kind support	2,749,491	2,764,956
Other	171,885	159,090
Total Operating Revenues	5,412,979	5,322,977
Operating Expenses	(7,376,689)	(7,350,778)
Operating Loss	(1,963,710)	(2,027,801)
Non-operating revenues - net	1,254,650	1,144,994
Decrease in Net Assets	(709,060)	(882,807)
Net Assets, Beginning of Year	5,970,771	6,853,578
Net Assets, End of Year	\$ 5,261,711	\$ 5,970,771

The Statement of Revenues, Expenses and Changes in Net Assets reflects a loss resulting in a decrease in the net assets at the end of the year.

Management's Discussion and Analysis

June 30, 2009

Operating Expenses (by functional classification)

A summary of SIU Broadcasting Service's operating expenses by functional classification for fiscal years ended June 30, 2009 and 2008 is as follows:

	Year Ended June 30, 2009	Year Ended June 30, 2008
Operating Expenses		
Local programming and production	\$ 3,059,344	\$ 2,977,569
Broadcasting	1,725,633	1,645,437
Program information	441,336	438,155
Fund raising	636,196	670,799
Management and general administration	832,441	958,051
Depreciation	681,739	660,767
Total Operating Expenses	\$ 7,376,689	\$ 7,350,778

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activities of the SIU Broadcasting Service during the fiscal year. This statement helps users assess the SIU Broadcasting Service's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

The SIU Broadcasting Service's statement uses the direct method presentation, which indicates the cash effects categorized by operations, non-capital financing activities, capital and related financing activities, and investing activities.

A summary of the SIU Broadcasting Service's cash flow for fiscal years ended June 30, 2009 and 2008 is as follows:

	Year Ended June 30, 2009	Year Ended June 30, 2008
Cash Provided By (Used In)		
Operating activities	\$ (1,516,163)	\$ (1,316,515)
Non-capital financing activities	1,026,060	975,720
Capital financing and related financing activities	(796)	320,642
Investing activities	1,176	(3,634)
Net decrease in cash and cash equivalents	(489,723)	(23,787)
Cash and cash equivalents, beginning of year	2,208,321	2,232,108
Cash and Cash Equivalents, End of Year	\$ 1,718,558	\$ 2,208,321

Management's Discussion and Analysis

June 30, 2009

Capital Asset and Debt Administration

The SIU Broadcasting Service has no long-term debt activity.

Economic Outlook

Fiscal year 2009 appropriations for higher education operations were approved at relatively the same funding level as the fiscal year 2008 appropriations. The State continues to request that public universities contribute toward the cost of group health insurance premiums, a cost previously paid in full by the State on behalf of the universities, and trim their administrative budgets.

As part of the SIU's normal budgetary process, a percentage of the SIU Broadcasting Service's state appropriated funds is held as a contingency by the University. For fiscal years 2003 through 2009, each unit has been asked to streamline operations, reallocating funds, reviewing priorities and utilizing other efficiency measures.

The administrative staff has developed a long-term strategy to increase net fundraising revenues from all external funding sources to support the mission and goals of the SIU Broadcasting Service.

Statement of Net Assets**June 30, 2009** (with Comparative Totals for 2008)

	2009			2008 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Assets						
Current Assets						
Interest in pooled cash	\$ 1,176,935	\$ 374,115	\$ 1,551,050	\$ 1,591,235	\$ 324,746	\$ 1,915,981
Accounts receivable	71,947	42,140	114,087	79,292	33,520	112,812
Grants receivable	204,023	32,153	236,176	14,000	45,665	59,665
Total Current Assets	1,452,905	448,408	1,901,313	1,684,527	403,931	2,088,458
Non-current Assets						
Restricted Assets						
Cash	138,940	28,608	167,548	267,526	24,814	292,340
Investments	89,536	-	89,536	109,636	-	109,636
Accounts receivable	4,400	1,319	5,719	-	-	-
Total Restricted Assets	232,876	29,927	262,803	377,162	24,814	401,976
Capital Assets						
Land	21,194	2,193	23,387	21,194	2,193	23,387
Building	7,654,206	508,819	8,163,025	7,654,206	508,819	8,163,025
Equipment	3,378,740	798,736	4,177,476	3,119,712	798,736	3,918,448
Less: accumulated depreciation	(7,092,725)	(1,192,887)	(8,285,612)	(6,481,183)	(1,122,688)	(7,603,871)
Total Capital Assets, net	3,961,415	116,861	4,078,276	4,313,929	187,060	4,500,989
Total Non-current Assets	4,194,291	146,788	4,341,079	4,691,091	211,874	4,902,965
Total Assets	\$ 5,647,196	\$ 595,196	\$ 6,242,392	\$ 6,375,618	\$ 615,805	\$ 6,991,423
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	\$ 127,832	\$ 371	\$ 128,203	\$ 53,301	\$ 19,197	\$ 72,498
Accrued salaries	19,630	8,327	27,957	21,661	2,189	23,850
Deferred revenues	818,817	5,704	824,521	915,268	9,036	924,304
Total Current Liabilities	966,279	14,402	980,681	990,230	30,422	1,020,652
Net Assets						
Invested in capital assets	3,961,415	116,861	4,078,276	4,313,929	187,060	4,500,989
Restricted:						
Temporarily restricted	1,163	(13,444)	(12,281)	28,739	4,826	33,565
Permanently restricted	251,976	29,927	281,903	373,871	24,814	398,685
Unrestricted	466,363	447,450	913,813	668,849	368,683	1,037,532
Total Net Assets	4,680,917	580,794	5,261,711	5,385,388	585,383	5,970,771
Total Liabilities and Net	\$ 5,647,196	\$ 595,196	\$ 6,242,392	\$ 6,375,618	\$ 615,805	\$ 6,991,423

Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2009 (With Comparative Totals for 2008)

	2009			2008 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Operating Revenues						
Operating grants						
State of Illinois	\$ 317,384	\$ 55,535	\$ 372,919	\$ 293,948	\$ 47,248	\$ 341,196
Corporation for Public Broadcasting	826,933	227,151	1,054,084	791,719	191,472	983,191
Local support						
Membership income	284,939	175,707	460,646	375,869	170,918	546,787
Contributions	49,744	1,500	51,244	44,060	7,116	51,176
Underwriting	122,077	148,819	270,896	92,601	116,700	209,301
K-12 membership support	-	-	-	1,260	-	1,260
Local SIRIS Support	-	10,674	10,674	-	5,918	5,918
Special events						
Auction income	67,758	-	67,758	59,004	14,751	73,755
Project grants						
Illinois State Library SIRIS grant	-	21,352	21,352	-	21,352	21,352
Public Broadcasting Service:						
The War	-	-	-	3,000	-	3,000
We Shall Remain	1,000	-	1,000	4,000	-	4,000
Teacherline	12,615	-	12,615	8,500	-	8,500
Corporation for Public Broadcasting:						
Ready to Lead Service	1,500	-	1,500	16,000	-	16,000
Raising Readers	50,000	-	50,000	50,000	-	50,000
My Source Community Impact	8,000	-	8,000	-	-	-
Super Why Summer Reading	5,000	-	5,000	-	-	-
Outreach Extension-Biz Kids	2,000	-	2,000	-	-	-
SoundVision DNA Files grant	-	-	-	-	8,000	8,000
Twin Cities Public Television						
Dragonfly Scigirls grant	-	-	-	1,800	-	1,800
Carbondale Community Arts	-	-	-	-	200	200
Production and uplink activities						
Contract production	100,715	-	100,715	66,406	-	66,406
Uplink	1,200	-	1,200	7,089	-	7,089
Other						
Federal work study	30,295	4,961	35,256	36,612	2,938	39,550
Tower rental income	7,560	63,683	71,243	7,200	63,683	70,883
Miscellaneous income	64,431	955	65,386	47,949	708	48,657
Indirect state support						
Indirect / In-kind support						
Personnel related support	619,571	236,347	855,918	602,079	231,710	833,789
Other indirect/in-kind services and materials	1,515,169	378,404	1,893,573	1,516,137	415,030	1,931,167
Total Operating Revenues	4,087,891	1,325,088	5,412,979	4,025,233	1,297,744	5,322,977
Operating Expenses						
Program services						
Local programming and production	2,275,427	783,917	3,059,344	2,182,692	794,877	2,977,569
Broadcasting	1,355,222	370,411	1,725,633	1,226,881	418,556	1,645,437
Program information	386,215	55,121	441,336	379,605	58,550	438,155
Supporting services						

	2009			2008 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Fund raising	431,421	204,775	636,196	448,970	221,829	670,799
Management and general administration	669,437	163,004	832,441	772,103	185,948	958,051
Depreciation	611,540	70,199	681,739	588,940	71,827	660,767
Total Operating Expenses	5,729,262	1,647,427	7,376,689	5,599,191	1,751,587	7,350,778
Operating Loss	(1,641,371)	(322,339)	(1,963,710)	(1,573,958)	(453,843)	(2,027,801)
Non Operating Revenues (Expenses)						
State of Illinois University direct appropriations	719,702	290,327	1,010,029	619,858	371,275	991,133
Capital Grants – Public Telecommunications Facilities Program	-	27,423	27,423	-	38,589	38,589
Investment income	(18,924)	-	(18,924)	(7,735)	7	(7,728)
SIU matching funds for capital grant	23,241	-	23,241	-	20,205	20,205
Corporation for Public Broadcasting - Digital Distribution grants	122,906	-	122,906	23,795	42,500	66,295
Equipment transferred from the University	89,975	-	89,975	36,500	-	36,500
Total Non Operating Revenues	936,900	317,750	1,254,650	672,418	472,576	1,144,994
Change in Net Assets	(704,471)	(4,589)	(709,060)	(901,540)	18,733	(882,807)
Net Assets, Beginning of Year	5,385,388	585,383	5,970,771	6,286,928	566,650	6,853,578
Net Assets, End of Year	\$ 4,680,917	\$ 580,794	\$5,261,711	\$5,385,388	\$ 585,383	\$5,970,771

Statement of Cash Flows
For the Year Ended June 30, 2009 (With Comparative Totals for 2008)

	2009			2008 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Cash Flows From Operating Activities						
Cash received from customers	\$ 582,657	\$ 362,314	\$ 944,971	\$ 603,999	\$ 366,131	\$ 970,130
Cash operating grants	1,087,668	271,885	1,359,553	1,159,467	272,272	1,431,739
Gifts and contributions	144,311	15,816	160,127	139,989	31,510	171,499
Payments to employees	(1,424,459)	(529,062)	(1,953,521)	(1,392,837)	(526,564)	(1,919,401)
Payments for goods and services	(1,596,088)	(431,205)	(2,027,292)	(1,460,690)	(509,792)	(1,970,482)
Net Cash Used In Operating Activities	(1,205,911)	(310,252)	(1,516,162)	(950,072)	(366,443)	(1,316,515)
Cash Flows From Noncapital Financing Activities						
State appropriations	720,836	305,224	1,026,060	618,237	357,483	975,720
Net Cash Provided By Noncapital Financing Activities	720,836	305,224	1,026,060	618,237	357,483	975,720
Cash Flows From Capital and Related Financing Activities						
Capital appropriations	-	-	-	-	20,205	20,205
Capital grants received	-	73,088	73,088	506,354	35,424	541,778
Payments for capital acquisitions	(58,987)	(14,897)	(73,884)	(82,286)	(159,055)	(241,341)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(58,987)	58,191	(796)	424,068	(103,426)	320,642
Cash Flows from Investing Activities						
Interest payments received	(18,924)	-	(18,924)	(7,735)	7	(7,728)
Sale (Purchase) of investments	20,100	-	20,100	4,094	-	4,094
Net Cash Provided By (Used In) Investing Activities	1,176	-	1,176	(3,641)	7	(3,634)
Net Increase (Decrease) in Cash and Cash Equivalents	(542,886)	53,163	(489,723)	88,592	(112,379)	(23,787)
Cash and Cash Equivalents, Beginning of Year	1,858,761	349,560	2,208,321	1,770,169	461,939	2,232,108
Cash and Cash Equivalents, End of Year	\$ 1,315,875	\$ 402,723	\$ 1,718,598	\$ 1,858,761	\$ 349,560	\$ 2,208,321

Statement of Cash Flows

For the Year Ended June 30, 2009 (With Comparative Totals for 2008)

	2009			2008 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Reconciliation of Operating Loss to Net Cash Used In Operating Activities						
Operating Loss	\$ (1,641,371)	\$ (322,339)	\$ (1,963,710)	\$ (1,573,958)	\$ (453,843)	\$ (2,027,801)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities						
Depreciation expense	611,540	70,199	681,739	588,940	71,827	660,767
Change in assets and liabilities:						
Accounts receivable	1,811	(24,837)	(23,026)	(5,122)	6,263	1,141
Grants receivable	(136,764)	(32,153)	(168,917)	(9,500)	4,000	(5,500)
Accounts payable	(35,534)	(3,928)	(39,462)	30,607	(4,320)	26,287
Accrued salaries	(2,031)	6,138	4,107	7,900	984	8,884
Deferred revenues	(3,562)	(3,332)	(6,894)	11,061	8,646	19,707
Total adjustments	435,460	12,087	447,547	623,886	87,400	711,286
Net cash used in operating activities	<u>\$ (1,205,911)</u>	<u>\$ (310,252)</u>	<u>\$ (1,516,163)</u>	<u>\$ (950,072)</u>	<u>\$ (366,443)</u>	<u>\$ (1,316,515)</u>

Notes to Financial Statements For the Year Ended June 30, 2009

1. Organization Description

SIU Broadcasting Service is a public telecommunications service operated by Southern Illinois University (University) as part of the Academic Affairs department within the College of Mass Communication and Media Arts located at the University's campus in Carbondale, Illinois. SIU Broadcasting Service consists of WSIU-TV and WSIU-FM of Carbondale, IL; WUSI-TV and WUSI-FM of Olney, IL; and WVSI-FM of Mount Vernon, IL. The financial statements of SIU Broadcasting Service also include the accounts for the Friends of WSIU/WUSI. The Friends of WSIU/WUSI solicit funds in the name of and with the approval of SIU Broadcasting Service. Funds are distributed by the Friends of WSIU/WUSI in amounts determined and approved by the Director of SIU Broadcasting Service.

SIU Broadcasting Service is a part of the University as a whole, and thus, for financial reporting purposes the financial balances and activities included in these financial statements are also included in the University's financial statements. These financial statements present only the SIU Broadcasting Services, and do not purport to, and do not, present fairly the financial position of Southern Illinois University as of June 30, 2009, and changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

2. Summary of Significant Accounting Principles

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. SIU Broadcasting Service now follows the business-type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of SIU Broadcasting Service's financial activities and replaces the fund group presentation previously required.

For financial reporting purposes, SIU Broadcasting Service is considered a part of the University, and thus, like the University is a special-purpose government engaged only in business-type activities. Accordingly, SIU Broadcasting Service's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting applicable to public colleges and universities. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation to pay has been incurred. All significant intra-agency transactions have been eliminated. SIU Broadcasting Service has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB.

The accounts of SIU Broadcasting Service are still maintained internally in accordance with the principles of fund accounting. Under fund accounting, resources are classified for accounting and reporting purposes into funds according to specified activities or objectives.

Notes to Financial Statements For the Year Ended June 30, 2009

Prior Year Information

The basic financial statements include certain prior year partial comparative information, which has been derived from the SIU Broadcasting Service's 2008 financial statements. Such information does not include all disclosures required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the SIU Broadcasting Service's financial statements for the year ended June 30, 2008.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or at the fair market value at the date of donation in the case of gifts. In accordance with accounting principles generally accepted in the United States of America for public colleges and universities, depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following month prorate convention is being used, in which no depreciation is recorded in the month of acquisition and an entire month of depreciation is recorded in the month of disposition. Capitalization thresholds and useful lives are as follows:

<u>Category</u>	<u>Threshold</u>	<u>Useful Life</u>
Land	\$ ---	Not depreciated
Improvements	25,000	15 years
Infrastructure	1,000,000	20 years
Buildings	100,000	40 years
Building improvements	25,000	15 years
Equipment	5,000	5-7 years

Electronic data processing equipment is depreciated over 5 years. Other equipment is depreciated over 7 years.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets.

Cash and Cash Equivalents

The University has pooled its cash and investments, except for certain funds that are required by bond resolution to be in separate accounts. Interest in pooled cash at June 30, 2009 represents SIU Broadcasting Service's share of this pooled cash account.

For purposes of the Statement of Cash Flows, all short-term investments that are highly liquid are considered cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than 90 days.

Notes to Financial Statements For the Year Ended June 30, 2009

Investments

Investments are reported at fair value. The investments held by SIU Broadcasting Service include only those that are insured or registered, or for which the securities are held by the University or its related organizations, or an agent in their name.

Investment income, including gains and losses resulting from the sale or other disposition of investments, is distributed on a monthly basis to the pooled participants based upon their respective average balances over the prior three-month period. The fair value is determined to be the amount at which financial instruments could be exchanged in current transactions between willing partners, usually quoted at market prices. Also, certain money market investments having a remaining maturity of one year or less at time of purchase and nonnegotiable certificates of deposit with redemption terms that do not consider market rates are carried at amortized cost.

Indirect/In kind Contributions of Services, Materials and Supplies

During the year ended June 30, 2009, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Facilities allocated from the University consist of office and studio space together with related occupancy costs and are recorded in revenue and expense on a prorated basis. Administrative support from the University consists of adjusted allocated financial and physical plant charges incurred by the University on behalf of SIU Broadcasting Service.

Promises-to-Give

At various times during the year, the Friends of WSIU/WUSI sponsor fundraising events to solicit promises-to-give on behalf of SIU Broadcasting Service. If these promises-to-give are not collected in a reasonable period of time, they are written off as uncollectible. Contributions and collected promises-to-give are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of SIU Broadcasting Service.

Accounts Receivable

Accounts receivable represent uncollected underwriting revenue, uncollected promises-to-give, and monthly rental payments due under lease agreements for the right to utilize space on transmission towers.

Notes to Financial Statements For the Year Ended June 30, 2009

Revenue Recognition

SIU Broadcasting Service has classified its revenues as either operating or non-operating revenues as follows:

Operating revenues include activities that have the characteristics of exchange transactions, such as providing educational programs, goods and production services to the public and private sector, and include most grants and contracts.

Non-operating revenues include activities that have the characteristics of non-exchange transactions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities that Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, such as state appropriations, investment income, and capital grants. Appropriations made to the University from the State of Illinois General Revenue Fund are recognized as non-operating revenues in the year appropriated to the extent expended. Other non-operating revenues include transactions relating to capital and financial activities, non-capital financing activities, and investing activities.

Restricted Support

SIU Broadcasting Service reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 restriction. Advances are classified as deferred revenue.

Contributions

SIU Broadcasting Service adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, whereby contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Gifts or Long-Lived Assets

SIU Broadcasting Service reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, SIU Broadcasting Service reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Notes to Financial Statements For the Year Ended June 30, 2009

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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Revenues, Expenses, and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited, using estimates if necessary.

3. Accounts and Grants Receivable

Accounts and grants receivable consisted of the following at June 30, 2009:

Accounts and grants receivable	TV	FM	TOTAL
Accounts receivable			
State of Illinois appropriations	\$ 7,236	\$ -	\$ 7,236
Miscellaneous activities	31,297	1,502	32,799
Memberships	13,432	12,872	26,304
Tower rental	-	1,797	1,797
Underwriting	19,982	25,969	45,951
Total accounts receivable	\$ 71,947	\$ 42,140	\$ 114,087
Grants receivable			
We Shall Remain	\$ 1,000	\$ -	\$ 1,000
Raising Readers	35,000	-	35,000
State of Illinois	114,764	32,153	146,917
TV Digital Conversion – Digital Distribution Fund	53,259	-	53,259
Total grants receivable	\$ 204,023	\$ 32,153	\$ 236,176

Notes to Financial Statements For the Year Ended June 30, 2009

4. Restricted Assets

Restricted assets are stated at fair value and consist of cash, life insurance, and accounts receivable. Fair values and unrealized appreciation (depreciation) at June 30, 2009 is summarized as follows:

Restricted assets	Cost	Fair value
Cash	\$ 167,548	\$ 167,548
Investments		
Life insurance policies	16,067	16,067
Endowment funds	73,469	57,402
Total investments	89,536	73,469
Accounts receivable	5,719	5,719
Total restricted assets	\$ 262,803	\$ 246,736

5. Investment Income

The following schedule summarizes the investment return and its classification in the Statement of Revenues, Expenses and Changes in Net Assets for the year ended June 30, 2009:

Investment returns	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net realized/unrealized losses	\$ 2,070	\$ -	\$ (20,994)	\$ (18,924)
Total investment return	\$ 2,070	\$ -	\$ (20,994)	\$ (18,924)

6. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30, 2009:

Temporarily restricted net assets	TV	FM	Total
Ready to Learn Grants	\$ (5,931)	\$ -	\$ (5,931)
My Source Community Impact Grant	2,148	-	2,148
PBS Teacherline	(218)	-	(218)
Biz Kids	1,231	-	1,231
We Shall Remain	948	-	948
Raising Readers	1,301	-	1,301
WSIU - TV Activities	-	(21,352)	(21,352)
SIRIS	-	7,835	7,835
WSIU-TV Digital Conversion	10,000	-	10,000
WSIU-FM Underwriting Activities	-	73	73
Trail of Tears	(71)	-	(71)
Super Why Reading Camp	684	-	684

Notes to Financial Statements For the Year Ended June 30, 2009

Temporarily restricted net assets	TV	FM	Total
Digital Master Control	(8,929)	-	(8,929)
Total temporarily restricted assets	\$ 1,163	\$ (13,444)	\$ (12,281)

7. Permanently Restricted Net Assets

Permanently restricted net assets are available for the following purposes at June 30, 2009:

Permanently restricted net assets	TV	FM	Total
Cash:			
WSIU-TV Community Service	\$ 23,114	\$ -	\$ 23,114
WSIU Friends Board Campaign	17,448	40	17,488
Early Childhood Services	30,415	-	30,415
O'Brien Student of the Year	107	-	107
WSIU Community Outreach	40,109	-	40,109
TV Local Production	12,194	-	12,194
WSIU/WUSI TV Miscellaneous Income	8,655	-	8,655
TV Equipment Support Fund	6,441	-	6,441
TV News Excellence Fund	4,289	-	4,289
WSIU/WUSI Development	2,482	-	2,482
Digital Conversion	1,548	-	1,548
K-12 Education Support	1,190	-	1,190
WSIU Facilities/Tech	4,018	1,005	5,023
SIRIS Outreach Fund	-	21,215	21,215
WSIU-FM Mt. Vernon Clear Signal	-	543	543
Electoral Coverage Support	360	-	360
FM Equipment Support Fund	-	181	181
FM Local Production Fund	-	3,596	3,596
FM News Excellence Fund	-	1,609	1,609
WSIU/WUSI FM Miscellaneous Income	-	696	696
Saluki Sports Broadcasting	-	784	784
SIRIS Equipment Support	-	258	258
Cargill Foundation	10,070	-	10,070
Investments: Endowments			
WSIU/WUSI Future Excellence	76,872	-	76,872
O'Brien Student of Year	12,664	-	12,664
Total permanently restricted net assets	\$ 251,976	\$ 29,927	\$ 281,903

Endowment funds represent funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and only the earnings be used.

Notes to Financial Statements

For the Year Ended June 30, 2009

8. Grants

SIU Broadcasting Service is the recipient of several grant awards. During the fiscal year ended June 30, 2009, SIU Broadcasting Service was awarded the following grant funds:

Granting Agency	Grant Funds Awarded
Corporation for Public Broadcasting	\$ 1,241,482
State of Illinois Public Broadcasting/IAC	372,917
Illinois State Library	21,352
Public Broadcasting Service	13,615
Public Telecommunication Facilities Program	27,423
Outreach Extensions	2,000

The Corporation for Public Broadcasting (CPB) provides a major source of funding for SIU Broadcasting Service. The grant period is October 1, 2009 through September 30, 2011. The purpose of the grant is to augment the capability of CPB-qualified public broadcasting stations to expand the quality and scope of their services to the community. CPB also provided a \$1,500 grant for the Ready to Lead Service program, for the grant period September 1, 2007 through September 30, 2008. CPB provided \$50,000 for the Raising Readers grant, for the grant period May 1, 2007 through September 14, 2010. Finally, CPB provided two Digital Distribution capital grants. Both grants provided \$122,906 for the Digital Master Control project, for the grant period July 1, 2004 through December 31, 2009.

The Illinois Arts Council grants are operating grants. The grant period was from July 1, 2008 through August 31, 2009.

The Illinois State Library grant funds were used to provide library services and augment media services to blind and physically handicapped residents within the coverage area of WSIU-FM/WUSI-FM. The grant period was from July 1, 2008 through June 30, 2009.

The above grants were recorded as revenue when the grants were received or pledged and the related costs were incurred. In some instances, these are multi-year grants, and therefore, current year's revenue includes amounts which will not be expended in the current year. In other instances, funds were received on a cost-reimbursement basis.

Notes to Financial Statements For the Year Ended June 30, 2009

9. Capital Assets

A summary of the changes in capital assets is as follows:

	Balance as of July 1, 2008	Additions	Deductions	Transfers	Balance as of June 30, 2009
Land	\$ 23,387	\$ -	\$ -	\$ -	\$ 23,387
Building	8,163,025	-	-	-	8,163,025
Equipment	3,918,448	169,053	-	89,975	4,177,476
Less: accumulated depreciation	(7,603,871)	(681,741)	-	-	(8,285,612)
Total Capital Assets	\$ 4,500,989	\$ (512,688)	\$ -	\$ 89,975	\$ 4,078,276

The Federal Communications Commission has determined that all television stations in the United States of America must cease analog transmission by 2009. All noncommercial stations must begin digital transmission on new channel assignments not later than 2003. These changes will make current transmission equipment obsolete and will require SIU Broadcasting Service to recapitalize its physical plant assets. Management estimates that analog equipment will be in service in this country long after its depreciable life has been exhausted. Both the simulcast requirements and the 85% penetration rule recently adopted virtually ensure this will be the case. The impairment of asset value of existing equipment cannot be determined at this time because equipment manufacturers are currently working on conversion equipment to extend the useful life of analog production equipment. Management will continue to assess the impact of this issue as more information becomes available.

10. Lease Commitments

SIU Broadcasting Service currently has an operating lease agreement with Wabash Independent Networks Incorporated to lease space on the tower located at 300 block of Old US-50 West, Flora, IL 62839 to transmit the digital television signal. The term of the lease is five years commencing on June 9, 2003 and may automatically be renewed for up to one separate and successive period of five years each. Lease payments are \$666.67 monthly.

SIU Broadcasting Service currently has an operating lease agreement with Southern Illinois RSA Partnership (First Cellular of Southern Illinois) to lease land and space on the tower located at 15621 North 42nd Street, Mount Vernon, IL to transmit an FM radio signal. The term of the lease is ten years beginning April 1, 2001. Lessee may, at its option renew the lease for one additional year under the same terms and conditions. Lease payments are \$400 monthly.

Notes to Financial Statements

For the Year Ended June 30, 2009

Future minimum lease payments are:

<u>Year ending June 30</u>	<u>Rental payments</u>
2010	12,800
2011	11,600
2012	8,000
2013	8,000

11. State University Retirement System

Plan Description

The University, and therefore SIU Broadcasting Service, contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents and other beneficiaries of state employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing SURS, 1901 Fox Drive, Champaign, IL 61820 or by calling 1-800-275-7877.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary, and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate is 18.61 % of annually covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. SIU Broadcasting Service's contribution to SURS for the year ended June 30, 2009 was approximately \$193,406, an amount equal to the required contributions for the year.

Like all employees of Southern Illinois University, employees of SIU Broadcasting Service are covered in the pension plan of the University.

12. Post-Employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement,

Notes to Financial Statements For the Year Ended June 30, 2009

years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The State pays the SIU Broadcasting Service's portion of employer costs for the benefits provided. The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

13. Commitments and Contingencies

The University, and therefore SIU Broadcasting Service, received monies from federal and state government agencies under grants and contracts for research and other activities, including medical service reimbursements. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and disallowance by the granting agency. SIU Broadcasting Service's management believes that any disallowances or adjustments would not have a material effect on SIU Broadcasting Service's financial position.

Statement of Functional Expenses – Combined

SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Fiscal Year Ended June 30, 2009

	Local Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 845,352	\$ 550,211	\$ 139,288	\$ 193,996	\$ 335,565	\$ 2,064,412
Payroll taxes and employee benefits	313,741	250,335	60,416	89,840	161,584	875,916
Professional services, excluding in-kind contributions	19,588	40,879	9,708	30,791	34,796	135,762
Professional services and support, in-kind contributions	473,593	254,200	69,111	93,267	124,685	1,014,856
Office supplies	13,994	1,840	6,951	4,531	8,159	35,475
Telephone	16,955	12,127	2,083	4,268	8,681	44,114
Postage	1,136	2,383	8,145	15,369	3,266	30,299
Advertising	-	34	14,083	-	-	14,117
Occupancy	272,063	393,415	37,477	21,452	91,360	815,767
Rental and maintenance of equipment	19,880	56,766	55	-	8,377	85,078
Printing and publications	3,556	2,259	24,074	14,887	7,441	52,217
Travel	16,170	19,570	10,813	5,367	7,990	59,910
Operating taxes and licenses	154,868	-	104	-	-	154,972
Program acquisition	876,762	24,057	19,199	-	950	920,968
Miscellaneous, excluding in-kind contributions	31,686	117,557	7,148	88,958	36,953	282,302
Miscellaneous, in-kind contributions	-	-	32,681	73,470	2,634	108,785
	<u>\$ 3,059,344</u>	<u>\$ 1,725,633</u>	<u>\$ 441,336</u>	<u>\$ 636,196</u>	<u>\$ 832,441</u>	<u>\$ 6,694,950</u>

Statement of Functional Expenses – TV

SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Fiscal Year Ended June 30, 2009

	Local Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 565,226	\$ 448,026	\$ 121,567	\$ 125,947	\$ 268,446	\$ 1,529,212
Payroll taxes and employee benefits	194,072	199,018	52,793	58,159	129,264	633,306
Professional services, excluding in-kind contributions	17,709	36,208	7,325	21,893	27,837	110,972
Professional services and support, in-kind contributions	347,983	201,057	61,864	61,864	100,529	773,297
Office supplies	13,467	1,452	6,585	4,105	6,527	32,136
Telephone	8,189	5,874	1,791	2,517	6,903	25,274
Postage	724	2,142	7,768	11,302	2,712	24,648
Advertising	-	-	12,523	-	-	12,523
Occupancy	237,534	267,668	31,893	18,062	77,338	632,495
Rental and maintenance of equipment	19,880	56,547	44	-	7,147	83,618
Printing and publications	3,556	2,018	23,590	9,879	6,283	45,326
Travel	12,275	18,383	10,420	3,092	6,539	50,709
Operating taxes and licenses	144,893	-	-	-	-	144,893
Program acquisition	682,800	1,462	19,177	-	900	704,339
Miscellaneous, excluding in-kind contributions	27,119	115,367	6,671	54,011	28,482	231,650
Miscellaneous, in-kind contributions	-	-	22,204	60,590	530	83,324
	<u>\$ 2,275,427</u>	<u>\$ 1,355,222</u>	<u>\$ 386,215</u>	<u>\$ 431,421</u>	<u>\$ 669,437</u>	<u>\$ 5,117,722</u>

Statement of Functional Expenses – FM

SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Fiscal Year Ended June 30, 2009

	Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 280,126	\$ 102,185	\$ 17,721	\$ 68,049	\$ 67,119	\$ 535,200
Payroll taxes and employee benefits	119,669	51,317	7,623	31,681	32,320	242,610
Professional services, excluding in-kind contributions	1,879	4,671	2,383	8,898	6,959	24,790
Professional services and support, in-kind contributions	125,610	53,143	7,247	31,403	24,156	241,559
Office supplies	527	388	366	426	1,632	3,339
Telephone	8,766	6,253	292	1,751	1,778	18,840
Postage	412	241	377	4,067	554	5,651
Advertising	-	34	1,560	-	-	1,594
Occupancy	34,529	125,747	5,584	3,390	14,022	183,272
Rental and maintenance of equipment	-	219	11	-	1,230	1,460
Printing and publications	-	241	484	5,008	1,158	6,891
Travel	3,895	1,187	393	2,275	1,451	9,201
Operating taxes and licenses	9,975	-	104	-	-	10,079
Program acquisition	193,962	22,595	22	-	50	216,629
Miscellaneous, excluding in-kind contributions	4,567	2,190	477	34,947	8,471	50,652
Miscellaneous, in-kind contributions	-	-	10,477	12,880	2,104	25,461
	<u>\$ 783,917</u>	<u>\$ 370,411</u>	<u>\$ 55,121</u>	<u>\$ 204,775</u>	<u>\$ 163,004</u>	<u>\$ 1,577,228</u>

BRONNER

Professional Services

Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of General Purpose Financial Statements Performed in Accordance with *Government Auditing Standards*

January 22, 2010

The Board of Trustees
Southern Illinois University

We have audited the financial statements of Southern Illinois University Broadcasting Service (SIU Broadcasting Service) as of and for the year ended June 30, 2009 and have issued our report thereon dated January 22, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered SIU Broadcasting Service's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the SIU Broadcasting Service's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the SIU Broadcasting Service's internal control over financial reporting.

A *deficiency* in an entity's internal control over compliance 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 noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance with the requirements listed in the first paragraph of this report was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SIU Broadcasting Service's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees, management, and the appropriate granting agencies and is not intended to be and should not be used by anyone other than these specified parties.

BRONNER PROFESSIONAL SERVICES, LLC



Gila J. Bronner
President & CEO