

Southern Illinois University Carbondale

SIU Broadcasting Service

(WSIU Public Broadcasting)

Financial Statements
for the Year Ended June 30, 2011

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Independent Auditors' Report

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, a/k/a WSIU Public Broadcasting) as of June 30, 2011, 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's 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 2010 financial statements and, in our report dated December 20, 2010, 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.

As discussed in Note 1, the financial statements of SIU Broadcasting Service are intended to present the financial position, the changes in financial position, and cash flows of only SIU Broadcasting Service's portion of Southern Illinois University's financial position, the changes in financial position, and cash flows attributable to the transactions of the SIU Broadcasting Service. They do not purport to, and do not, present fairly the financial position of Southern Illinois University, as of June 30, 2011, the changes in its financial position, or its cash flows 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, 2011, and the respective changes in financial position, and cash flows thereof 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 a report dated January 19, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedules of Functional Expenses for the year ended June 30, 2011, are presented for purposes of additional analysis and are not a required part of the basic 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.

Kuhn, Eck & Brueckel LLP

Springfield, Illinois
January 19, 2012

Southern Illinois University Broadcasting Service Management's Discussion and Analysis June 30, 2011

The following discussion and analysis of the financial statements of WSIU Public Broadcasting Service which includes WSIU/WUSI TV & WSIU/WUSI/WVSI FM STATIONS provides an overview of the SIU Broadcasting Service financial activities for the year ended June 30, 2011 with comparative information for the year ended June 30, 2010. 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 Southern Illinois University 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 WSIU Public 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 is the difference between assets and liabilities and is one way to measure the financial health of WSIU Public Broadcasting.

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 WSIU Public Broadcasting assets and liabilities and are divided into three major categories. The first category, invested in capital assets, represents WSIU Broadcasting's equity in property, plant and equipment. The next asset category is restricted net assets, which is divided into two categories, non-expendable and expendable. Non-expendable restricted net assets consist of endowments with specific restrictions on spending the principal given. Expendable restricted net assets are available for expenditure by WSIU 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 WSIU Public Broadcasting.

**Southern Illinois University Broadcasting Service
Management's Discussion and Analysis - Continued
June 30, 2011**

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

	2011	2010
Assets		
Current assets	\$ 824,406	\$ 762,795
Capital assets, net	3,892,366	4,445,047
Restricted assets	113,982	101,352
Total Assets	\$ 4,830,754	\$ 5,309,194
Liabilities		
Current liabilities	\$ 202,863	\$ 53,982
Net assets		
Invested in capital assets	3,892,366	4,445,047
Non-expendable restricted	104,357	101,352
Expendable restricted	206,304	183,104
Unrestricted	424,864	525,709
Total Net Assets	4,627,891	5,255,212
Total Net Assets and Liabilities	\$ 4,830,754	\$ 5,309,194

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 WSIU Public Broadcasting, 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.

**Southern Illinois University Broadcasting Service
Management's Discussion and Analysis - Continued
June 30, 2011**

The following summarizes the WSIU Public Broadcasting's financial activity for fiscal years ended June 30, 2011 and 2010:

	Year Ended June 30, 2011	Year Ended June 30, 2010
Operating Revenues		
Operating grants	\$ 1,519,341	\$ 1,413,898
Local support	797,567	881,071
Special events	-	9,474
Project grants	69,299	152,436
Production and uplink	32,019	47,184
Indirect / in kind support	2,412,604	2,617,724
Other	163,213	155,765
Total Operating Revenues	4,994,043	5,277,552
Operating Expenses	(6,903,010)	(7,338,976)
Operating Loss	(1,908,967)	(2,061,424)
Non-operating revenues - net	1,281,646	2,054,925
Decrease in Net Assets	(627,321)	(6,499)
Net Assets, Beginning of Year	5,255,212	5,261,711
Net Assets, End of Year	\$ 4,627,891	\$ 5,255,212

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. The most significant change is the decrease in non-operating revenues - net. In fiscal year 2010, WSIU Public Broadcasting received a \$960,703 Digital Distribution Grant from CPB to renovate WSIU Public Broadcasting's master control. No such grant was received in fiscal year 2011.

Southern Illinois University Broadcasting Service **Management's Discussion and Analysis - Continued** **June 30, 2011**

Operating Expenses (by functional classification)

A summary of WSIU Public Broadcasting's operating expenses by functional classification for fiscal years ended June 30, 2011 and 2010 is as follows:

	Year Ended June 30, 2011	Year Ended June 30, 2010
Operating Expenses		
Local programming and production	\$ 2,955,006	\$ 2,869,720
Broadcasting	1,326,998	1,812,147
Program information	431,701	412,939
Fund raising	527,608	531,047
Management and general administration	948,223	1,050,608
Depreciation	713,474	662,515
Total Operating Expenses	\$ 6,903,010	\$ 7,338,976

The decrease in broadcasting operating expenses is due to an effort by WSIU Public Broadcasting to decrease overall operating expenses. WSIU has been negatively affected by a decrease in State appropriations.

Statement of Cash Flows

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

The WSIU Public Broadcasting'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 WSIU Public Broadcasting's cash flow for fiscal years ended June 30, 2011 and 2010 is as follows:

	Year Ended June 30, 2011	Year Ended June 30, 2010
Cash Provided By (Used In)		
Operating activities	\$ (1,208,727)	\$ (1,489,797)
Non-capital financing activities	1,014,793	1,039,794
Capital financing and related financing activities	88,237	(920,627)
Investing activities	6,175	4,326
Net decrease in cash and cash equivalents	(99,522)	(1,366,304)
Cash and cash equivalents, beginning of year	352,294	1,718,598
Cash and Cash Equivalents, End of Year	\$ 252,772	\$ 352,294

In 2010, WSIU received a \$960,703 Digital Distribution Grant from CPB which allowed WSIU to purchase the necessary equipment to renovate their master control which explains the change in capital financing activities.

Southern Illinois University Broadcasting Service Management's Discussion and Analysis - Continued June 30, 2011

Capital Asset and Debt Administration

The WSIU Public Broadcasting has no long-term debt activity.

Economic Outlook

Fiscal year 2011 appropriations for higher education operations were approved by the State of Illinois a small percentage less than the funding level of fiscal year 2010 appropriations. The University mandated furlough days for all staff to balance the budget and made across the board cuts to state appropriations for most departments at the University. WSIU state appropriations were reduced by a staff reassignment and related state appropriations were removed from WSIU funding allocations. The State continues to work on plans to cut state appropriations for 2012 and 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), make changes to retirement plans, and trim their administrative budgets.

WSIU Public Broadcasting's 2011 state appropriated funds have not been held as a contingency by the University and consist of salary dollars allocated to pay WSIU staff wages. For fiscal years 2003 through 2011, each unit has been asked to streamline operations, reallocating funds, reviewing priorities and utilizing other efficiency measures. The economic downturn impacted the ability to raise funds for the years 2009, 2010 and 2011 for both the state and university. The outlook for 2012 is unknown but does not look favorable for current funding levels.

The administrative staff continues to develop a long-term strategy to increase net fundraising revenues from all external funding sources to support the mission and goals of the WSIU Public Broadcasting.

Southern Illinois University Broadcasting Service
Statement of Net Assets
June 30, 2011 (with Comparative Totals for 2010)

	2011			2010 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Assets						
Current Assets						
Interest in pooled cash	\$ -	\$ 319,879	\$ 319,879	\$ 179,346	\$ 172,948	\$ 352,294
Accounts receivable	53,765	30,634	84,399	44,895	28,146	73,041
Grants receivable	376,666	43,462	420,128	302,550	34,910	337,460
Total Current Assets	430,431	393,975	824,406	526,791	236,004	762,795
Non-current Assets						
Restricted Assets						
Investments	113,982	-	113,982	101,352	-	101,352
Total Restricted Assets	113,982	-	113,982	101,352	-	101,352
Capital Assets						
Land	21,194	2,193	23,387	21,194	2,193	23,387
Building	7,697,505	508,820	8,206,325	7,654,206	508,819	8,163,025
Equipment	4,358,844	813,373	5,172,217	4,534,307	798,736	5,333,043
Construction in progress	-	-	-	43,300	-	43,300
Less: accumulated depreciation	(8,271,725)	(1,237,838)	(9,509,563)	(7,909,664)	(1,208,044)	(9,117,708)
Total Capital Assets, net	3,805,818	86,548	3,892,366	4,343,343	101,704	4,445,047
Total Non-current Assets	3,919,800	86,548	4,006,348	4,444,695	101,704	4,546,399
Total Assets	\$ 4,350,231	\$ 480,523	\$ 4,830,754	\$ 4,971,486	\$ 337,708	\$ 5,309,194
Liabilities and Net Assets						
Current Liabilities						
Overdraft in pooled cash	\$ 67,107	\$ -	\$ 67,107	\$ -	\$ -	\$ -
Accounts payable	67,307	8,807	76,114	6,382	2,432	8,814
Accrued salaries	24,111	7,076	31,187	26,349	2,086	28,435
Deferred revenues	11,078	17,377	28,455	9,794	6,939	16,733
Total Current Liabilities	169,603	33,260	202,863	42,525	11,457	53,982
Net Assets						
Invested in capital assets	3,805,818	86,548	3,892,366	4,343,343	101,704	4,445,047
Restricted						
Non-expendable	104,357	-	104,357	101,352	-	101,352
Expendable	131,677	74,627	206,304	131,538	51,566	183,104
Unrestricted	138,776	286,088	424,864	352,728	172,981	525,709
Total Net Assets	4,180,628	447,263	4,627,891	4,928,961	326,251	5,255,212
Total Liabilities and Net Assets	\$ 4,350,231	\$ 480,523	\$ 4,830,754	\$ 4,971,486	\$ 337,708	\$ 5,309,194

The accompanying notes are an integral part of this statement.

Southern Illinois University Broadcasting Service
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2011 (With Comparative Totals for 2010)

	2011			2010 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Operating Revenues						
Operating grants	\$ 1,266,707	\$ 252,634	\$ 1,519,341	\$ 1,184,642	\$ 229,256	\$ 1,413,898
Local support						
Membership income	298,358	176,255	474,613	343,660	199,783	543,443
Contributions	13,351	1,866	15,217	52,426	534	52,960
Underwriting	120,654	182,274	302,928	107,037	163,528	270,565
Other local support	-	4,809	4,809	-	14,103	14,103
Special events	-	-	-	9,474	-	9,474
Project grants	47,947	21,352	69,299	131,084	21,352	152,436
Production and uplink activities	32,019	-	32,019	47,184	-	47,184
Other						
Federal work study	29,506	2,730	32,236	26,987	3,000	29,987
Tower rental income	7,560	66,223	73,783	7,560	63,753	71,313
Miscellaneous income	22,750	34,444	57,194	54,442	23	54,465
Indirect / in-kind support						
Personnel related support	640,239	222,588	862,827	631,932	259,182	891,114
Other indirect/in-kind services and materials	1,213,325	336,452	1,549,777	1,341,866	384,744	1,726,610
Total Operating Revenues	3,692,416	1,301,627	4,994,043	3,938,294	1,339,258	5,277,552
Operating Expenses						
Program services						
Local programming and production	2,274,229	680,777	2,955,006	2,073,018	796,702	2,869,720
Broadcasting	1,046,412	280,586	1,326,998	1,492,187	319,960	1,812,147
Program information	356,420	75,281	431,701	362,655	50,284	412,939
Supporting services						
Fund raising	296,861	230,747	527,608	300,767	230,280	531,047
Management and general administration	757,089	191,134	948,223	858,404	192,204	1,050,608
Depreciation	683,047	30,427	713,474	647,359	15,156	662,515
Total Operating Expenses	5,414,058	1,488,952	6,903,010	5,734,390	1,604,586	7,338,976
Operating Loss	(1,721,642)	(187,325)	(1,908,967)	(1,796,096)	(265,328)	(2,061,424)
Non-Operating Revenues (Expenses)						
State of Illinois-University direct appropriations	707,955	303,060	1,011,015	733,235	309,924	1,043,159
US Department of Education	199,029	20,982	220,011	-	-	-
Investment income	18,805	-	18,805	16,395	(253)	16,142
Corporation for Public Broadcasting - Digital Distribution grants	-	-	-	960,703	-	960,703
Equipment donation	31,815	-	31,815	-	-	-
Equipment transferred from University	-	-	-	34,921	-	34,921
Total Non-Operating Revenues	957,604	324,042	1,281,646	1,745,254	309,671	2,054,925
Change in Net Assets	(764,038)	136,717	(627,321)	(50,842)	44,343	(6,499)
Net Assets, Beginning of Year	4,928,961	326,251	5,255,212	4,680,917	580,794	5,261,711
Reallocation of Net Assets	15,705	(15,705)	-	298,886	(298,886)	-
Net Assets, End of Year	\$ 4,180,628	\$ 447,263	\$ 4,627,891	\$ 4,928,961	\$ 326,251	\$ 5,255,212

The accompanying notes are an integral part of this statement.

Southern Illinois University Broadcasting Service
Statement of Cash Flows
For the Year Ended June 30, 2011 (With Comparative Totals for 2010)

	2011			2010 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Cash Flows From Operating Activities						
Cash received from customers	\$ 470,675	\$ 466,804	\$ 937,479	\$ 602,777	\$ 442,658	\$ 1,045,435
Cash operating grants	1,240,538	265,434	1,505,972	1,163,941	247,851	1,411,792
Gifts and contributions	42,157	9,745	51,902	81,523	18,616	100,139
Payments to employees	(1,431,662)	(499,412)	(1,931,074)	(1,443,686)	(588,170)	(2,031,856)
Payments for goods and services	(1,384,299)	(388,707)	(1,773,006)	(1,653,792)	(361,515)	(2,015,307)
Net Cash Used In Operating Activities	(1,062,591)	(146,136)	(1,208,727)	(1,249,237)	(240,560)	(1,489,797)
Cash Flows From Noncapital Financing Activities						
State appropriations	711,733	303,060	1,014,793	729,870	309,924	1,039,794
Net Cash Provided By Noncapital Financing Activities	711,733	303,060	1,014,793	729,870	309,924	1,039,794
Cash Flows From Capital and Related Financing Activities						
Reallocation of net assets for capital	15,705	(15,705)	-	298,886	(298,886)	-
Capital grants received	199,029	20,982	220,011	204,225	-	204,225
Payments for capital acquisitions	(116,504)	(15,270)	(131,774)	(1,124,852)	-	(1,124,852)
Net Cash Provided By (Used In) Capital and Related Financing Activities	98,230	(9,993)	88,237	(621,741)	(298,886)	(920,627)
Cash Flows from Investing Activities						
Interest payments received	18,805	-	18,805	16,395	(253)	16,142
Purchase of investments	(12,630)	-	(12,630)	(11,816)	-	(11,816)
Net Cash Provided By (Used In) Investing Activities	6,175	-	6,175	4,579	(253)	4,326
Net Increase (Decrease) in Cash and Cash Equivalents	(246,453)	146,931	(99,522)	(1,136,529)	(229,775)	(1,366,304)
Cash and Cash Equivalents, Beginning of Year	179,346	172,948	352,294	1,315,875	402,723	1,718,598
Cash and Cash Equivalents, (Overdraft) End of Year	\$ (67,107)	\$ 319,879	\$ 252,772	\$ 179,346	\$ 172,948	\$ 352,294

Southern Illinois University Broadcasting Service
Statement of Cash Flows - Continued
For the Year Ended June 30, 2011 (With Comparative Totals for 2010)

	2011			2010 (Comparative Totals Only)		
	TV	FM	TOTAL	TV	FM	TOTAL
Reconciliation of Operating Loss to Net Cash Used In Operating Activities						
Operating Loss	\$(1,721,642)	\$ (187,325)	\$(1,908,967)	\$(1,796,096)	\$ (265,328)	\$(2,061,424)
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities						
Depreciation expense	683,047	30,427	713,474	647,359	15,156	662,515
Change in assets and liabilities:						
Accounts receivable	(12,649)	(2,490)	(15,139)	34,815	15,316	50,131
Grants receivable	(74,116)	(8,552)	(82,668)	(151,786)	(2,757)	(154,543)
Other Assets	2,798	-	2,798	20,423	-	20,423
Accounts payable	60,925	6,375	67,300	(11,385)	2,060	(9,325)
Accrued salaries	(2,238)	4,990	2,752	6,719	(6,241)	478
Deferred revenues	1,284	10,439	11,723	714	1,234	1,948
Total adjustments	659,051	41,189	700,240	546,859	24,768	571,627
Net Cash Used In Operating Activities	<u>\$(1,062,591)</u>	<u>\$ (146,136)</u>	<u>\$(1,208,727)</u>	<u>\$(1,249,237)</u>	<u>\$ (240,560)</u>	<u>\$(1,489,797)</u>

The accompanying notes are an integral part of this statement.

Southern Illinois University Broadcasting Service

Notes to Financial Statements

For the Year Ended June 30, 2011

1. Organization Description

WSIU Public Broadcasting 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. WSIU Public Broadcasting consists of WSIU-TV and WSIU-FM of Carbondale, IL; WUSI-TV and WUSI-FM of Olney, IL; and WWSI-FM of Mount Vernon, IL. The financial statements of WSIU Public Broadcasting 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 WSIU Public Broadcasting. Funds are distributed by the Friends of WSIU/WUSI in amounts determined and approved by the Director of WSIU Public Broadcasting.

WSIU Public Broadcasting 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, 2011, 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 follows the business-type activity reporting requirements of GASB Statement No. 35 that provides a comprehensive, entity-wide perspective of WSIU Public Broadcasting's financial activities and replaces the fund group presentation previously required.

For financial reporting purposes, WSIU Public Broadcasting is considered a part of the University, and thus, like the University is a special-purpose government engaged only in business-type activities. Accordingly, WSIU Public Broadcasting'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. WSIU Public Broadcasting has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. WSIU Public Broadcasting has elected not to apply FASB pronouncements issued after the applicable date.

The accounts of WSIU Public Broadcasting 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.

Southern Illinois University Broadcasting Service

Notes to Financial Statements - Continued

For the Year Ended June 30, 2011

2. Summary of Significant Accounting Principles - Continued

Prior Year Information

The basic financial statements include certain prior year partial comparative information, which has been derived from WSIU Public Broadcasting's 2010 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 WSIU Public Broadcasting's financial statements for the year ended June 30, 2010.

Cash and Cash Equivalents

To provide for efficiencies and economies in their management, 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, 2011 represents WSIU Public Broadcasting's share of this pooled cash account.

Cash deposits and cash equivalents of the University include bank accounts and investments with original maturities of ninety days or less at the time of purchase, primarily U.S. Treasury Bills and money market funds. The University classifies its investment in The Illinois Funds as a deposit for financial statement purposes.

The University's investments are reported at fair value. 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. It is University policy to invest funds in a manner which will provide investment returns and security consistent with good business practices, while meeting the daily cash flow demands of the University and conforming to all statutes governing the investment of funds.

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.

Additional information regarding the University's deposits and investments may be obtained from the financial statements of Southern Illinois University, a copy of which may be obtained by writing Southern Illinois University, Board Treasurer, 1400 Douglas Drive, Mailcode 6801, Carbondale, Illinois 62901.

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. WSIU Public Broadcasting considers receivables to be fully collectible. If they become uncollectible, they will be charged to operations when that determination is made.

Southern Illinois University Broadcasting Service
Notes to Financial Statements - Continued
For the Year Ended June 30, 2011

2. Summary of Significant Accounting Principles - Continued

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 prorated 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:

Category	Threshold	Useful Life
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
Intangible assets	100,000	7-20 years

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

Net Assets

WSIU Public Broadcasting's net assets are classified as follows:

- Invested in capital assets: This represents the total investment in capital assets, net of accumulated depreciation
- Restricted net assets, non-expendable: Restricted non-expendable net assets consist of endowments with specific restrictions requiring that the principal be invested and only the earnings be used.
- Restricted net assets, expendable: Restricted expendable net assets include resources in which WSIU Public Broadcasting is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.
- Unrestricted net assets: Unrestricted net assets represent resources that have not been restricted by external parties and are available for use by WSIU Public Broadcasting.

It is WSIU Public Broadcasting's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for the purposes for which both restricted and unrestricted net assets are available.

Southern Illinois University Broadcasting Service

Notes to Financial Statements - Continued

For the Year Ended June 30, 2011

2. Summary of Significant Accounting Principles - Continued

Donor-restricted Endowments

Donor-restricted endowments are held and administered by the Southern Illinois University Foundation. The Foundation holds the funds as agency funds based upon and consistent with the desire of the donor.

The State of Illinois adopted the Uniform Prudent Managements of Institutional Funds Act (UPMIFA), effective June 30, 2009. UPMIFA added certain prudent spending measures to the Uniform Management of Institutional Funds Act. In accordance with UPMIFA, the Board of Directors of Southern Illinois University Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the institution; and the investment policies of the Foundation.

Revenue Recognition

WSIU Public Broadcasting 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.

Indirect/In kind Contributions of Services, Materials and Supplies

During the year ended June 30, 2011, 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 WSIU Public Broadcasting.

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.

Southern Illinois University Broadcasting Service
Notes to Financial Statements - Continued
For the Year Ended June 30, 2011

2. Summary of Significant Accounting Principles - Continued

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.

Subsequent Events

Management has evaluated subsequent events for recognition and disclosure in the financial statements through January 19, 2012, which is the date the financial statements were prepared. Through January 19, 2012, no subsequent events required recognition or disclosure in the financial statements.

3. Accounts and Grants Receivable

Accounts and grants receivable consisted of the following at June 30, 2011:

Accounts and grants receivable	TV	FM	TOTAL
Accounts receivable			
State of Illinois appropriations	\$ 5,015	\$ -	\$ 5,015
Miscellaneous activities	16,563	45	16,608
Memberships	9,386	15,106	24,492
Contributions	15,650	-	15,650
Tower rental	-	1,613	1,613
Underwriting	7,151	13,870	21,021
Total accounts receivable	\$ 53,765	\$ 30,634	\$ 84,399
Grants receivable			
State of Illinois	\$ 376,666	\$ 43,462	\$ 420,128
Total grants receivable	\$ 376,666	\$ 43,462	\$ 420,128

Southern Illinois University Broadcasting Service
Notes to Financial Statements - Continued
For the Year Ended June 30, 2011

4. Restricted Assets

Restricted assets consist of life insurance policies and shares of an investment pool, both of which are held and administered by the Southern Illinois University Foundation. The shares of the investment pool are stated at fair value. During fiscal year 2011, WSIU Public Broadcasting's share of realized gains on investments totaled \$ 6,660 and unrealized gains on investments totaled \$ 10,645, resulting in a balance of \$ 95,084 held by the Foundation for WSIU Public Broadcasting at June 30, 2011. The Foundation distributes earnings to the University on a quarterly basis. Payments during fiscal year 2011 for WSIU Public Broadcasting totaled \$ 3,619.

The life insurance policies are stated at net cash surrender value.

Fair values and unrealized appreciation at June 30, 2011 are summarized as follows:

Restricted assets	Cost	Fair value
Investments		
Life insurance policies	\$ 18,898	\$ 18,898
Shares of Foundation investment pool	85,189	95,084
Total restricted assets	\$ 104,087	\$ 113,982

Further information regarding the investments held by the Foundation may be obtained from the financial statements of Southern Illinois University Foundation.

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, 2011:

Investment returns	Restricted
Interest and dividends	\$ 1,500
Net realized/unrealized losses	17,305
Total investment return	\$ 18,805

6. Non-expendable Restricted Net Assets

Non-expendable restricted net assets are available for the following purposes at June 30, 2011:

Non-expendable restricted net assets	TV	FM	Total
Donor-restricted endowments			
WSIU/WUSI Future Excellence	\$ 89,353	\$ -	\$ 89,353
O'Brien Student of Year	15,004	-	15,004
Total non-expendable restricted net assets	\$ 104,357	\$ -	\$ 104,357

Southern Illinois University Broadcasting Service
Notes to Financial Statements - Continued
For the Year Ended June 30, 2011

7. Expendable Restricted Net Assets

Expendable restricted net assets are available for the following purposes at June 30, 2011:

Expendable restricted net assets	TV	FM	Total
Education Innovation Fund	\$ 2,742	\$ -	\$ 2,742
PBS Teacherline	4,728	-	4,728
Trail of Tears	1,409	-	1,409
Raising Readers	12,910	-	12,910
Angelina Ballerina	2,434	-	2,434
SIRIS	-	35,721	35,721
Super Why	684	-	684
Biz Kids	891	-	891
WSIU FM Underwriting	-	73	73
WSIU Friends Board Campaign	26,261	40	26,301
Early Childhood Services	11,851	-	11,851
O'Brien Student of the Year	959	-	959
WSIU/WUSI Future Excellence	9,010	-	9,010
TV Local Production	9,634	-	9,634
WSIU/WUSI TV Miscellaneous Income	8,655	-	8,655
TV Equipment Support Fund	6,597	-	6,597
TV News Excellence Fund	4,289	-	4,289
WSIU/WUSI Development	2,624	-	2,624
Digital Conversion	1,552	-	1,552
K-12 Education Support	1,190	-	1,190
WSIU Facilities/Tech	1,033	258	1,291
WSIU Community Outreach	6,601	-	6,601
SIRIS Outreach Fund	-	29,836	29,836
WSIU-FM Mt. Vernon Clear Signal	-	542	542
Electoral Coverage Support	360	-	360
FM Equipment Support Fund	-	337	337
FM Local Production Fund	-	4,108	4,108
FM News Excellence Fund	-	1,816	1,816
WSIU/WUSI FM Miscellaneous Income	-	696	696
Saluki Sports Broadcasting	-	784	784
SIRIS Equipment Support	-	416	416
Cargill Foundation	15,263	-	15,263
	<u>\$ 131,677</u>	<u>\$ 74,627</u>	<u>\$ 206,304</u>

Southern Illinois University Broadcasting Service
Notes to Financial Statements - Continued
For the Year Ended June 30, 2011

8. Grants

WSIU Public Broadcasting is the recipient of several grant awards. During the fiscal year ended June 30, 2011, WSIU Public Broadcasting was awarded the following grant funds:

Granting Agency	Grant Funds Awarded
Corporation for Public Broadcasting	\$ 1,130,395
State of Illinois Public Broadcasting/IAC	420,128
Illinois State Library	21,352
Public Broadcasting Service (PBS)	11,765
Other	<u>5,000</u>
	<u><u>\$ 1,588,640</u></u>

The Corporation for Public Broadcasting (CPB) provides a major source of funding for SIU Broadcasting Service. The operating grant for fiscal year 2011 was \$ 1,099,213. The grant period is October 1, 2010 through September 30, 2012. 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. During fiscal year 2011, CPB provided \$ 31,182 for the Raising Readers grant. The grant period is May 1, 2007 through September 14, 2010.

The Illinois Arts Council (IAC) grants are operating grants. The grant period was from March 1, 2011 through August 31, 2011.

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, 2010 through June 30, 2011.

PBS provided \$ 6,765 for the Teacherline grant, for the grant period August 1, 2010 through July 31, 2011. It also provided \$ 5,000 for the Angelina Ballerina event with the grant period of February 4, 2011 through June 30, 2011.

The above grants are recorded as revenue when the grant was 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 are received on a cost-reimbursement basis.

Southern Illinois University Broadcasting Service
Notes to Financial Statements - Continued
For the Year Ended June 30, 2011

9. Capital Assets

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

	Balance as of June 30, 2010	Additions	Deductions	Transfers	Balance as of June 30, 2011
Land	\$ 23,387	\$ -	\$ -	\$ -	\$ 23,387
Building	8,163,025	43,300	-	-	8,206,325
Equipment	5,333,043	180,442	-	(341,268)	5,172,217
Construction-in-progress	43,300	-	(43,300)	-	-
Less: accumulated depreciation	(9,117,708)	(730,325)	-	338,470	(9,509,563)
Total Capital Assets	\$ 4,445,047	\$ (506,583)	\$ (43,300)	\$ (2,798)	\$ 3,892,366

10. Lease Commitments

WSIU Public Broadcasting currently has an operating lease agreement with Wabash Independent Networks Incorporated to lease space on the tower located at the 300 block of Old US-50 West, Flora, IL 62839 to transmit the digital television signal. The term of the lease is three years commencing on July 1, 2009 through June 30, 2012. Lease payments are \$ 8,000 annually.

WSIU Public Broadcasting currently has an operating lease agreement with Allied Wireless 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 two years beginning July 1, 2011 through June 30, 2013. Lease payments are \$ 4,800 annually.

Future minimum lease payments are:

<u>Year ending June 30</u>	<u>Rental payments</u>
2012	\$ 12,800
2013	4,800

Southern Illinois University Broadcasting Service
Notes to Financial Statements - Continued
For the Year Ended June 30, 2011

11. State University Retirement System

Plan Description

The University, and therefore WSIU Public Broadcasting, 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 21.27% of annually covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. WSIU Public Broadcasting's contribution to SURS for the year ended June 30, 2011 was approximately \$ 346,592, an amount equal to the required contributions for the year.

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

Southern Illinois University Broadcasting Service
Notes to Financial Statements - Continued
For the Year Ended June 30, 2011

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, 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 WSIU Public Broadcasting'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 the WSIU Public Broadcasting, 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. WSIU Public Broadcasting's management believes that any disallowances or adjustments would not have a material effect on WSIU Public Broadcasting's financial position.

Southern Illinois University Broadcasting Service
Notes to Financial Statements - Continued
For the Year Ended June 30, 2011

14. Allocation of Net Assets for Television Master Control Capital Project

WSIU Public Broadcasting is a Joint University licensee that maintains and administers both television and radio stations. WSIU has a fundraising process that solicits funds for the overall benefit of both television and radio. WSIU Public Broadcasting's revenue allocation policy for funds not specifically designated for Television or Radio is allocated 80% to television and 20% to radio. The pooled Capital Campaign funds and Friends Auction funds are an example of pooled funds for the benefit of both television and radio.

In 2003, WSIU applied for and received a grant from the Corporation for Public Broadcasting Digital Distribution Fund. Also in 2003, WSIU Public Broadcasting's budget decision to reserve the Capital Campaign and Auction funds to be used in a future year. Both television and radio have had capital project since 2003, but the master control project was not completed until 2010. Therefore, for the prior seven years pooled funds had not been spent but reserved in the SIUC Foundation accounts for known future capital projects for both television and radio.

However, the allocation annually of revenue continued based on the policy instituted for revenue recognition between television and radio. During the June 30, 2010 fiscal year, the television master control project was completed and the funds were released from the SIU Foundation accounts to complete the television project. The effect of the adjustment and release of funds impacted the cash flow and the net assets for years ending June 30, 2011 and 2010 between television and radio in the amounts of \$ 15,705 and \$ 298,886, respectively. The amounts are presented as an adjustment to net assets increasing television and decreasing radio in the Statement of Cash Flows and the Statement of Revenues, Expenses and Changes in Net Assets.

Schedule of Functional Expenses – Combined

SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Fiscal Year Ended June 30, 2011

	Local Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 719,256	\$ 526,377	\$ 145,054	\$ 184,811	\$ 408,828	\$ 1,984,326
Payroll taxes and employee benefits	290,933	239,649	56,132	89,021	197,770	873,505
Professional services, excluding in-kind contributions	17,376	24,264	13,500	23,179	41,910	120,229
Professional services and support, in-kind contributions	407,135	181,430	54,865	79,850	140,382	863,662
Office supplies	3,944	1,621	8,517	1,623	5,282	20,987
Telephone	13,441	13,258	14,063	4,646	8,736	54,144
Postage	900	3,714	4,976	18,003	1,563	29,156
Advertising	-	240	48,538	-	1,244	50,022
Occupancy	232,566	226,532	31,948	16,535	84,550	592,131
Rental and maintenance of equipment	10,237	55,948	63	34	6,976	73,258
Printing and publications	1,161	400	22,443	11,311	6,615	41,930
Travel	33,585	13,738	7,492	1,372	13,943	70,130
Operating taxes and licenses	162,441	-	-	-	-	162,441
Program acquisition	872,338	18,925	-	-	-	891,263
Miscellaneous, excluding in-kind contributions	189,693	19,679	21,781	93,622	29,625	354,400
Miscellaneous, in-kind contributions	-	1,223	2,329	3,601	799	7,952
	<u>\$ 2,955,006</u>	<u>\$ 1,326,998</u>	<u>\$ 431,701</u>	<u>\$ 527,608</u>	<u>\$ 948,223</u>	<u>\$ 6,189,536</u>

Schedule of Functional Expenses – TV

SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Fiscal Year Ended June 30, 2011

	Local Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 504,713	\$ 425,625	\$ 128,888	\$ 93,533	\$ 327,165	\$ 1,479,924
Payroll taxes and employee benefits	199,703	192,854	49,572	44,597	158,312	645,038
Professional services, excluding in-kind contributions	15,707	22,702	7,984	15,661	33,148	95,202
Professional services and support, in-kind contributions	308,905	144,594	46,007	46,887	111,732	658,125
Office supplies	2,987	1,342	7,788	1,077	3,871	17,065
Telephone	7,946	7,033	11,382	2,277	6,928	35,566
Postage	792	3,472	4,755	8,675	1,252	18,946
Advertising	-	-	36,702	-	-	36,702
Occupancy	197,773	164,403	26,336	13,168	70,598	472,278
Rental and maintenance of equipment	10,237	54,413	63	27	5,581	70,321
Printing and publications	1,057	277	21,343	7,011	5,306	34,994
Travel	31,502	11,819	4,886	817	9,826	58,850
Operating taxes and licenses	150,441	-	-	-	-	150,441
Program acquisition	653,782	-	-	-	-	653,782
Miscellaneous, excluding in-kind contributions	188,684	17,878	8,485	63,131	22,731	300,909
Miscellaneous, in-kind contributions	-	-	2,229	-	639	2,868
	<u>\$ 2,274,229</u>	<u>\$ 1,046,412</u>	<u>\$ 356,420</u>	<u>\$ 296,861</u>	<u>\$ 757,089</u>	<u>\$ 4,731,011</u>

Schedule of Functional Expenses – FM

SOUTHERN ILLINOIS UNIVERSITY - SIU BROADCASTING SERVICES

Fiscal Year Ended June 30, 2011

	Programming and Production	Broadcasting	Program Information	Fund Raising	Management and General	Total (Memorandum Only)
Salaries and wages	\$ 214,543	\$ 100,752	\$ 16,166	\$ 91,278	\$ 81,663	\$ 504,402
Payroll taxes and employee benefits	91,230	46,795	6,560	44,424	39,458	228,467
Professional services, excluding in-kind contributions	1,669	1,562	5,516	7,518	8,762	25,027
Professional services and support, in-kind contributions	98,230	36,836	8,858	32,963	28,650	205,537
Office supplies	957	279	729	546	1,411	3,922
Telephone	5,495	6,225	2,681	2,369	1,808	18,578
Postage	108	242	221	9,328	311	10,210
Advertising	-	240	11,836	-	1,244	13,320
Occupancy	34,793	62,129	5,612	3,367	13,952	119,853
Rental and maintenance of equipment	-	1,535	-	7	1,395	2,937
Printing and publications	104	123	1,100	4,300	1,309	6,936
Travel	2,083	1,919	2,606	555	4,117	11,280
Operating taxes and licenses	12,000	-	-	-	-	12,000
Program acquisition	218,556	18,925	-	-	-	237,481
Miscellaneous, excluding in-kind contributions	1,009	1,801	13,296	30,491	6,894	53,491
Miscellaneous, in-kind contributions	-	1,223	100	3,601	160	5,084
	<u>\$ 680,777</u>	<u>\$ 280,586</u>	<u>\$ 75,281</u>	<u>\$ 230,747</u>	<u>\$ 191,134</u>	<u>\$ 1,458,525</u>

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

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, 2011, and have issued our report thereon dated January 19, 2012. 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

Management of SIU Broadcasting Service is responsible for establishing and maintaining effective 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SIU Broadcasting Service's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SIU Broadcasting Service's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

We noted certain matters that we reported to management of SIU Broadcasting Service in a letter dated January 19, 2012.

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

Kuhn, Eck & Brueckel LLP

Springfield, Illinois
January 19, 2012