



**WSSB Radio Station
A Department of South Carolina
State University**

Financial Statements
Years Ended June 30, 2014 and 2013

WSSB Radio Station
A Department of South Carolina State University

Financial Statements
Years Ended June 30, 2014 and 2013

WSSB Radio Station
A Department of South Carolina State University

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Independent Auditor's Report

Members of the Board of Trustees
WSSB Radio Station, a Department of South Carolina State University
Orangeburg, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of WSSB Radio Station, a department of South Carolina State University ("WSSB"), as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of WSSB as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of WSSB as of June 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2015 on our consideration of WSSB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WSSB's internal control over financial reporting and compliance.

BDO USA, LLP

February 26, 2015

WSSB Radio Station
A Department of South Carolina State University
Management's Discussion and Analysis (unaudited)

Introduction

We are pleased to submit the annual financial statements for WSSB Radio Station ("WSSB"), a department of South Carolina State University, for the years ended June 30, 2014 and 2013. The following discussion and analysis has been prepared by the management of South Carolina State University (the "University") to provide an overview of the financial activities of WSSB for the fiscal years ended June 30, 2014 and 2013. Please read it in conjunction with the financial statements and the accompanying notes to the financial statements. The financial presentation for WSSB has been prepared to meet the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Management's Discussion and Analysis addresses the activity of WSSB. Information presented in the financial statements is designed to aid a wide variety of readers in assessing the effectiveness of WSSB's management in using its resources to meet its primary public service mission to provide a picture of WSSB's financial activities and soundness.

Using this Audit Report

This annual report consists of a series of financial statements as follows: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows. These financial statements emphasize the financial condition of WSSB, the results of operations, and the cash flows (sources and uses of funds) of WSSB as a whole. As a result of the implementation of GASB Statement 34, public colleges and universities of South Carolina elected to report as business type activities ("BTAs"). Therefore, these statements are intended to provide a view of WSSB's financial position similar to that presented by most private sector companies. The financial statements are presented using the accrual basis of accounting. The accrual basis of accounting takes into consideration all of WSSB's revenue and expenses regardless of when cash is received or payments are made. Significant revenues of WSSB such as state appropriation and gifts are considered non-operating.

Statements of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of WSSB as of the end of the fiscal year. This statement is a point-of-time financial statement that provides the reader with a fiscal snapshot of WSSB Radio Station. The Statement of Net Position consists of current assets, noncurrent assets, current liabilities, and net position (assets minus liabilities). Current assets consist entirely of cash, receivables and prepaid expenses. Noncurrent assets consist of capital assets, depreciated over estimated useful lives, as determined by management. The current portion of the assets will be converted to cash within one year to be used to pay for the current portion of the liabilities. Current liabilities consist principally of accounts payables and unearned revenues. These liabilities will be settled within one year. Net position represents amounts invested in capital assets and accumulated earnings available for the future operations.

WSSB Radio Station
A Department of South Carolina State University
Management's Discussion and Analysis (unaudited)

The "Condensed Statements of Net Position" as shown below, present a comparison of assets, liabilities and net position as of June 30, 2014, 2013 and 2012:

| Condensed Statements of Net Position | | | |
|--------------------------------------|-------------------|-------------------|-------------------|
| <i>June 30,</i> | 2014 | 2013 | 2012 |
| Assets | | | |
| Current assets | \$ 215,867 | \$ 211,799 | \$ 164,245 |
| Capital assets, net | 46,774 | 66,671 | 86,568 |
| Total Assets | \$ 262,641 | \$ 278,470 | \$ 250,813 |
| Liabilities | | | |
| Current liabilities | \$ 205,864 | \$ 204,161 | \$ 159,803 |
| Total Liabilities | \$ 205,864 | \$ 204,161 | \$ 159,803 |
| Net Position | | | |
| Invested in capital assets | \$ 46,774 | \$ 66,671 | \$ 86,568 |
| Unrestricted | 10,003 | 7,638 | 4,442 |
| Total Net Position | \$ 56,777 | \$ 74,309 | \$ 91,010 |

The increase in current assets from 2013 to 2014 by \$4,068 (2%) is attributable to a decrease in cash and cash equivalents by \$918, an increase in receivable from SC State University Foundation of \$2,366 and an increase in prepaid expenses of \$2,620. The decrease from 2013 to 2014 in capital assets of \$19,897 is attributable to depreciation expense for the year ended June 30, 2014.

Current liabilities increased from 2013 to 2014 by \$1,703 (1%). This increase consists of an increase in accounts payable of \$28,103, partially off-set by a decrease in unearned revenues of \$26,400. The decrease from 2013 to 2014 of \$17,532 in net position is attributed to depreciation expense of \$19,897 in the current year and net income of \$2,365 generated by WSSB.

WSSB Radio Station
A Department of South Carolina State University
Management's Discussion and Analysis (unaudited)

Statements of Revenues, Expenses, and Changes in Net Position

Generally speaking, operating revenues are earned for providing goods and services to the various customers and constituencies of WSSB. Operating expenses are those expenses incurred to acquire or produce the services provided. Operating revenues and expenses are a result of carrying out the mission of WSSB. Nonoperating revenues are those revenues received for which there is not a reciprocal agreement - no goods and services are provided.

| Condensed Statements of Revenues, Expenses, and Changes in Net Position | | | |
|--|------------------|------------------|------------------|
| <i>Year ended June 30,</i> | 2014 | 2013 | 2012 |
| Operating Revenues | | | |
| Grants and contracts | \$ 199,897 | \$ 152,334 | \$ 126,223 |
| Membership dues | 14,410 | 12,687 | 16,072 |
| Total Operating Revenues | 214,307 | 165,021 | 142,295 |
| Operating Expenses | | | |
| Salaries and wages | 128,498 | 120,246 | 101,354 |
| Employee benefits | 37,655 | 30,952 | 26,528 |
| Services and supplies | 144,951 | 65,570 | 75,098 |
| Depreciation | 19,897 | 19,897 | 19,897 |
| Total Operating Expenses | 331,001 | 236,665 | 222,877 |
| Net Operating Loss | (116,694) | (71,644) | (80,582) |
| Nonoperating Revenues | | | |
| State appropriations | 46,293 | 52,443 | 49,771 |
| In-kind contributions | 19,489 | 2,500 | 2,500 |
| Indirect support | 33,380 | - | - |
| Total Nonoperating Revenues | 99,162 | 54,943 | 52,271 |
| Change in Net Position | (17,532) | (16,701) | (28,311) |
| Net Position, beginning of year | 74,309 | 91,010 | 119,321 |
| Net Position, end of year | \$ 56,777 | \$ 74,309 | \$ 91,010 |

Operating revenues mainly consist of grants and contracts and membership dues. The increase in grants and contracts revenues from 2013 to 2014 by \$47,563 (31%) is primarily due to the increase in reimbursable grants and contracts expenditures.

Operating expenses increased from 2013 to 2014 by \$94,336 (40%). This increase is primarily due to an increase services and supplies expense of \$79,381 and an increase in salaries and employee benefits expenses of \$14,955.

WSSB Radio Station
A Department of South Carolina State University
Management's Discussion and Analysis (unaudited)

Statements of Cash Flows

The "Condensed Statements of Cash Flows" as shown below, present the sources and uses of cash for fiscal years ended June 30, 2014, 2013 and 2012:

| Condensed Statements of Cash Flows | | | |
|---|-------------------|-------------------|-------------------|
| <i>Year ended June 30,</i> | 2014 | 2013 | 2012 |
| Cash (used in) provided by operating activities | \$ (47,211) | \$ (13,851) | \$ 4,048 |
| Cash provided by noncapital financing activities | 46,293 | 54,943 | 52,271 |
| Net change in cash and cash equivalents | (918) | 41,092 | 56,319 |
| Cash and cash equivalents, beginning of the year | 203,116 | 162,024 | 105,705 |
| Cash and cash equivalents, end of the year | \$ 202,198 | \$ 203,116 | \$ 162,024 |

Capital Assets

WSSB's investment in capital assets consists of furniture and fixtures with a net carrying value of \$46,774 and \$66,671 as of June 30, 2014 and 2013, respectively. All other capital assets used by WSSB are the property of South Carolina State University.

Economic Outlook

There are no known conditions that will significantly affect the economic outlook for WSSB.

More Information

This financial report is designed to provide a general overview of WSSB's finances and to demonstrate WSSB's accountability for the funds it receives. Any questions regarding this report or requests for information may be addressed to the Vice President of Fiscal Affairs, James Openshaw; 300 College Street, N.E. PO Box 7007; Orangeburg, South Carolina 29117-0001.

Financial Statements

WSSB Radio Station
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Statements of Net Position

| <i>June 30,</i> | 2014 | 2013 |
|---|-------------------|-------------------|
| Assets | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 202,198 | \$ 203,116 |
| Receivable from SC State University Foundation | 7,783 | 5,417 |
| Prepaid expenses | 5,886 | 3,266 |
| Total Current Assets | 215,867 | 211,799 |
| Noncurrent Assets | | |
| Capital assets, net of accumulated depreciation | 46,774 | 66,671 |
| Total Noncurrent Assets | 46,774 | 66,671 |
| Total Assets | \$ 262,641 | \$ 278,470 |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable | \$ 28,123 | \$ 20 |
| Unearned revenues | 177,741 | 204,141 |
| Total Current Liabilities | \$ 205,864 | \$ 204,161 |
| Net Position | | |
| Invested in capital assets | \$ 46,774 | \$ 66,671 |
| Unrestricted | 10,003 | 7,638 |
| Total Net Position | \$ 56,777 | \$ 74,309 |

See accompanying notes to financial statements.

WSSB Radio Station
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Statements of Revenues, Expenses, and Changes in Net Position

| <i>Year ended June 30,</i> | 2014 | 2013 |
|--|------------------|------------------|
| Operating Revenues | | |
| Federal grants and contracts | \$ 69,714 | \$ 62,038 |
| Nongovernmental grants and contracts | 130,183 | 90,296 |
| Membership dues | 14,410 | 12,687 |
| Total Operating Revenues | 214,307 | 165,021 |
| Operating Expenses | | |
| Salaries and wages | 128,498 | 120,246 |
| Employee benefits | 37,655 | 30,952 |
| Services and supplies | 144,951 | 65,570 |
| Depreciation | 19,897 | 19,897 |
| Total Operating Expenses | 331,001 | 236,665 |
| Net Operating Loss | (116,694) | (71,644) |
| Nonoperating Revenues | | |
| State appropriations | 46,293 | 52,443 |
| In-kind contributions | 19,489 | 2,500 |
| Indirect support | 33,380 | - |
| Total Nonoperating Revenues | 99,162 | 54,943 |
| Change in Net Position | (17,532) | (16,701) |
| Net Position, beginning of year | 74,309 | 91,010 |
| Net Position, end of year | \$ 56,777 | \$ 74,309 |

See accompanying notes to financial statements.

WSSB Radio Station
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Statements of Cash Flows

| <i>Year ended June 30,</i> | 2014 | 2013 |
|---|--------------------|--------------------|
| Operating Activities | | |
| Received from federal grants and contracts | \$ 69,714 | \$ 62,038 |
| Received from nongovernmental grants and contracts | 103,783 | 134,634 |
| Received from individual donors | 6,627 | 7,270 |
| Received from SC State University Foundation | 5,417 | 1,221 |
| Received from employees for payment of travel advance | - | 1,000 |
| Payments to employees for services | (166,153) | (151,198) |
| Payments to suppliers | (66,599) | (68,816) |
| Net Cash Used in Operating Activities | (47,211) | (13,851) |
| Noncapital Financing Activities | | |
| State appropriations | 46,293 | 52,443 |
| In-kind contributions | - | 2,500 |
| Net Cash Provided by Noncapital Financing Activities | 46,293 | 54,943 |
| Net Change in Cash and Cash Equivalents | (918) | 41,092 |
| Cash and Cash Equivalents, beginning of year | 203,116 | 162,024 |
| Cash and Cash Equivalents, end of year | \$ 202,198 | \$ 203,116 |
| Reconciliation of Net Operating Loss to Net Cash | | |
| Used by Operating Activities | | |
| Net operating loss | \$ (116,694) | \$ (71,644) |
| Adjustments to reconcile net operating loss to net cash provided by (used in) operating activities: | | |
| Depreciation expense | 19,897 | 19,897 |
| Noncash operating expenses | 52,869 | - |
| Changes in assets and liabilities: | | |
| Receivable from SC State University Foundation | (2,366) | (4,196) |
| Advances to employees | - | 1,000 |
| Prepaid expenses | (2,620) | (3,266) |
| Accounts payable | 28,103 | 20 |
| Unearned revenues | (26,400) | 44,338 |
| Net Cash Provided by (Used in) Operating Activities | \$ (47,211) | \$ (13,851) |

See accompanying notes to financial statements.

WSSB Radio Station
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Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

WSSB Radio Station ("WSSB") is a department of South Carolina State University (the "University") which operates a noncommercial public radio station in Orangeburg, South Carolina. WSSB broadcasts at 90.3 MHz with 80,000 watts of power and is the most powerful noncommercial college radio station in the State of South Carolina.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board ("GASB") Certification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, consists of the primary government and its component units. Component units are legally separate organizations from which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. The accompanying financial statements present only the portion of South Carolina State University's funds that is attributable to the transactions of WSSB.

Basis of Accounting

For financial reporting purposes, WSSB is considered a special-purpose government engaged only in business-type activities. Accordingly, WSSB's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the financial statements, WSSB considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Receivables

Accounts receivable consists of amounts due from South Carolina State University Foundation, Inc. ("SC State University Foundation"), a tax exempt component unit of the University.

WSSB Radio Station
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Notes to Financial Statements

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. WSSB follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. WSSB capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years. Furniture and fixtures are depreciated over an estimated useful life of 8 years using the straight-line method. Routine repairs and maintenance expenses, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense is incurred.

Unearned Revenues

Unearned revenues include amounts received from grant and contract sponsors that have not yet been earned.

Net Position

WSSB's net position is classified as follows:

Invested in Capital Assets: This represents WSSB's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. At June 30, 2014 and 2013, WSSB did not have any debt obligation related to its capital assets.

Unrestricted Net Position: Unrestricted Net Position represents resources derived from the limited operations of WSSB. These resources may be used at the discretion of the governing board to meet current expenses. General practice is to first apply the expense to restricted resources then to unrestricted resources.

Income Taxes

WSSB, as a political subdivision of the State of South Carolina, is excluded from federal income taxes under Section 115(a) of the Internal Revenue Code, as amended.

Classification of Revenues and Expenses

WSSB has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating Revenues and Expenses: Operating revenues generally result from exchange transactions to provide services related to WSSB's principal on-going operations. These revenues include (1) fees received from organizations and individuals in exchange for radio program services provided by WSSB; and (2) grants and contracts that are essentially the same as contracts for services that finance programs WSSB would not otherwise undertake. Operating expenses include all expense transactions incurred other than those related to investing capital or noncapital financing activities.

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Notes to Financial Statements

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues consisted of state appropriations and in-kind contributions for the years ended June 30, 2014 and 2013. The in-kind contributions received were in exchange for on-air radio promotion of the University football season.

2. Deposits

All deposits of WSSB are under the control of the State Treasurer who, by law, has sole authority of investing State funds. WSSB's deposits with the State Treasurer totaled \$205,220 and \$203,116 as of June 30, 2014 and 2013, respectively.

Custodial credit risk for deposits is the risk that in the event of a bank failure, WSSB's deposits may not be returned to it. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

3. Capital Assets

Capital assets activity was as follows:

| <i>Year ended June 30, 2014</i> | Beginning Balance | Increases | Decreases | Ending Balance |
|---------------------------------|----------------------|--------------------|-------------|-------------------|
| Furniture and fixtures | \$ 159,178 | \$ - | \$ - | \$ 159,178 |
| Accumulated depreciation | (92,507) | (19,897) | - | (112,404) |
| Capital assets, net | \$ 66,671 | \$ (19,897) | \$ - | \$ 46,774 |

| <i>Year ended June 30, 2013</i> | Beginning Balance | Increases | Decreases | Ending Balance |
|---------------------------------|----------------------|--------------------|-------------|-------------------|
| Furniture and fixtures | \$ 159,178 | \$ - | \$ - | \$ 159,178 |
| Accumulated depreciation | (72,610) | (19,897) | - | (92,507) |
| Capital assets, net | \$ 86,568 | \$ (19,897) | \$ - | \$ 66,671 |

WSSB Radio Station
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Notes to Financial Statements

4. Pension Plan

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report ("CAFR") which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16 of the South Carolina Constitution requires that all State operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

The majority of employees of the University are covered by a retirement plan through the South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally, all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Since July 1, 2006, employees participating in the SCRS have been required to contribute 6.5% of all compensation. Effective July 1, 2013, the employer contribution rate is 15.0% which included a 4.6% surcharge to fund retiree health and dental insurance coverage.

Certain State employees may elect to participate in the Optional Retirement Program ("ORP"), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.45% plus the retiree surcharge of 4.55% from the employer in fiscal year 2013.

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans.

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Notes to Financial Statements

Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the University are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally, those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits.

5. Related Parties

Certain separately chartered legal entities, whose activities are related to those of WSSB, exist primarily to provide financial assistance and other support to WSSB and its objectives. They include the SC State University Foundation, South Carolina State University Advancement Foundation Incorporated ("Advancement Foundation"), South Carolina University Real Estate Foundation ("Real Estate Foundation") and the employees of WSSB.

The following table summarizes WSSB's related party transactions:

| <i>June 30,</i> | | 2014 | | 2013 |
|---|----|-------|----|-------|
| Due from SC State University Foundation | \$ | 7,783 | \$ | 5,417 |

| <i>Year ended June 30,</i> | | 2014 | | 2013 |
|---|----|--------|----|--------|
| Membership dues - Processed by SC State University Foundation | \$ | 14,410 | \$ | 12,687 |
| Expenses - Processed by SC State University Foundation | \$ | 6,627 | \$ | 9,492 |

6. Risk Management

The University, including WSSB, is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees: Unemployment compensation benefits; Worker's compensation benefits for job-related illnesses or injuries; Health and dental insurance benefit; Long-term disability and group-life insurance benefits. Employees can elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

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Notes to Financial Statements

The University and other entities pay premiums to the state's Insurance Reserve Fund ("IRF"), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities: Theft, damage to, or destruction of assets; Real property, its contents, and other equipment; Motor vehicles and watercraft; Torts; Business interruptions; Natural disaster; and Medical malpractice claims against covered employees. The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for health insurance for its student-athletes.

7. Operating Expenses by Function

Operating expenses by functional classification were as follows:

| <i>Year ended June 30, 2014</i> | Compensation and Employee | | Service and | |
|---|------------------------------|-------------------|------------------|-------------------|
| | Benefits | Supplies | Depreciation | Total |
| Programming and production | \$ 161,806 | \$ - | \$ - | \$ 161,806 |
| Management and general | - | 139,182 | - | 139,182 |
| Fund raising and membership development | 4,347 | 5,769 | - | 10,116 |
| Depreciation | - | - | 19,897 | 19,897 |
| Total Operating Expenses | \$ 166,153 | \$ 144,951 | \$ 19,897 | \$ 331,001 |

| <i>Year ended June 30, 2013</i> | Compensation and Employee | | Service and | |
|---|------------------------------|------------------|------------------|-------------------|
| | Benefits | Supplies | Depreciation | Total |
| Programming and production | \$ 151,198 | \$ - | \$ - | \$ 151,198 |
| Management and general | - | 56,078 | - | 56,078 |
| Fund raising and membership development | - | 9,492 | - | 9,492 |
| Depreciation | - | - | 19,897 | 19,897 |
| Total Operating Expenses | \$ 151,198 | \$ 65,570 | \$ 19,897 | \$ 236,665 |

8. Subsequent Events

WSSB has evaluated subsequent events from July 1, 2014 through February 26, 2015 (the date of the audit report and the date the financial statements were ready to be issued). During this period, no material recognizable events were identified.