

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2014 AND 2013**

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
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SEPTEMBER 30, 2014 AND 2013**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Alabama State University

We have audited the accompanying basic financial statements of the WVAS-FM Radio Station of Alabama State University (the Station), as of and for the years ended September 30, 2014 and 2013, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Station as of September 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by accounting principles generally accepted in the United States of America 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 audits 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.

Warren Averett, LLC

Montgomery, Alabama
April 9, 2015

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
Management's Discussion and Analysis
Fiscal Years Ended September 30, 2014 and 2013**

Management's Discussion and Analysis

This section of the WVAS-FM Radio Station's (the Station) annual financial report presents a discussion and analysis of the financial performance of the Station during the fiscal years ended September 30, 2014 and 2013. This discussion has been prepared by management along with the financial statements and related footnote disclosures. This report should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes. The discussion and analysis is designed to focus on current activities, resulting change, and current known facts. The financial statements, footnotes, and this discussion are the responsibility of management.

Using the Annual Report

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*.

One of the most important questions asked about the Station's finances is whether the Station is better off or worse off as a result of the year's activities. The key to understanding this question is the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows. These statements present financial information in a form similar to that used by corporations. The Station's Net Position is one indicator of the Station's financial health. Over time, increases or decreases in Net Position is one indicator of the improvement or erosion of the Station's financial health.

The Statement of Net Position includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the year. Activities are reported as either operating or nonoperating. The utilization of long-lived assets, referred to as Capital Assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

Another important factor to consider when evaluating viability is the Station's ability to meet financial obligations as they mature. The Statement of Cash Flows presents the information related to cash inflows and outflows summarized by operating, capital, and noncapital financing and investing activities.

**WVAS-FM RADIO STATION
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Management's Discussion and Analysis
Fiscal Years Ended September 30, 2014 and 2013**

The Station has a basic financial structure that is summarized as follows:

Condensed Financial Information

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets	\$ 129,863	\$ 116,405
Capital assets, net	<u>67,565</u>	<u>79,585</u>
Total assets	<u>\$ 197,428</u>	<u>\$ 195,990</u>
LIABILITIES		
Current liabilities	<u>\$ 6,029</u>	<u>\$ 1,289</u>
Total liabilities	<u>6,029</u>	<u>1,289</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	<u>98,030</u>	<u>77,988</u>
NET POSITION		
Invested in capital assets	67,565	79,585
Restricted:		
Corporation for Public Broadcasting grant activity	<u>25,804</u>	<u>37,128</u>
TOTAL NET POSITION	<u>\$ 93,369</u>	<u>\$ 116,713</u>

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in the Station's bank accounts.

Capital Assets

Capital assets consist of Kilby Hall building space occupied by the Station, the radio tower and equipment used by the Station.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
Management's Discussion and Analysis
Fiscal Years Ended September 30, 2014 and 2013**

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities

Accounts payable represents amounts due at September 30, 2014 and 2013, for goods and services received prior to the end of the fiscal year.

DEFERRED INFLOWS OF RESOURCES

Deferred revenue includes amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement. The amounts, which are deferred, are recognized as revenue in the following fiscal year.

NET POSITION

Net Position represents the Station's assets plus deferred outflows of resources, less deferred inflows of resources and liabilities. Total Net Position at September 30, 2014, is \$93,369.

Analysis of Net Position

Restricted expendable Net Position consists of income from grants from the Corporation for Public Broadcasting ("the CPB") with expenditure restrictions.

	<u>2014</u>	<u>2013</u>
Operating Revenues		
Corporation for Public Broadcasting Grants	\$ 154,044	\$ 166,288
National Center for Media Engagement – American Graduate Community Engagement Grant	-	20,000
Corporation for Public Broadcasting – Veterans Coming Home	11,250	-
Alabama Public Television	-	8,332
Contributions	46,988	65,461
Contributed support – Alabama State University	<u>755,280</u>	<u>815,890</u>
Total Operating Revenues	967,562	1,075,971
Total Operating Expenses	<u>990,906</u>	<u>1,097,206</u>
Total Operating Loss	<u>(23,344)</u>	<u>(21,235)</u>
Decrease in Net Position	(23,344)	(21,235)
Net Position		
Net Position, beginning of year	<u>116,713</u>	<u>137,948</u>
Net Position, end of year	<u>\$ 93,369</u>	<u>\$ 116,713</u>

**WVAS-FM RADIO STATION
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Total operating revenues for fiscal year 2014 were \$967,562. Grants from the CPB were \$165,294. Private contributions were \$46,988 and contributed support from Alabama State University was \$755,280. Operating expenses, including depreciation of \$12,020 totaled \$990,906. Of this total, \$839,024 or 85% was for management and general expenses.

OPERATING REVENUES

Corporation for Public Broadcasting Grants

This includes all restricted revenues made available by the CPB. Grant revenues are recorded when awarded and received. Unexpended grant funds that are returned to the CPB are expenses.

Contributed Support – Alabama State University

Contributed support includes donated facilities from Alabama State University, such as office and studio space on the University's main campus. Administrative support from the University is also included and consists of allocated institutional support and operation and maintenance of plant costs, estimated as incurred, by the University on behalf of the Station. This support is shown as operating revenue and operating expense on the Statement of Revenues, Expenses, and Changes in Net Position. The expense is allocated to the management and general functional category.

OPERATING EXPENSES

Operating expenses totaling \$990,906 include salaries and benefits of \$554,900, materials and services of \$423,986, and depreciation of \$12,020 (depreciation was charged to management and general expenses).

NONOPERATING REVENUES (EXPENSES)

Contributed Support – Alabama State University

This amount consists of capital asset purchased by Alabama State University.

Expenses by Function

	<u>2014</u>	<u>2013</u>
Program Services:		
Programming and production	\$ 32,442	\$ 101,721
Broadcasting, transmission, and distribution	65,414	21,053
Program information and promotion	39,099	61,310
Supporting Services:		
Underwriting and Grant Solicitation	5,400	13,483
Fundraising and membership development	9,527	6,207
Management and general	<u>839,024</u>	<u>893,432</u>
Total operating expenses	<u>\$ 990,906</u>	<u>\$ 1,097,206</u>

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
Management's Discussion and Analysis
Fiscal Years Ended September 30, 2014 and 2013**

STATEMENT OF CASH FLOWS

Another way to assess the financial health of the Station is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about the cash receipts and cash payments of the Station during a period. The Statement of Cash Flows also helps users assess:

- The ability to generate future net cash flows
- The ability to meet obligations as they come due, and
- A need for external financing

	2014	2013
Cash and cash equivalents provided (used) by:		
Operating activities	\$ 13,458	\$ (18,128)
Net increase (decrease) in cash and cash equivalents	\$ 13,458	\$ (18,128)
Cash and cash equivalents – beginning of year	116,405	134,533
Cash and cash equivalents – end of year	\$ 129,863	\$ 116,405

Direct sources of cash to the Station include grants from the CPB, as well as cash received from private gifts. The Station does not receive cash directly from the University thus the donated facilities and administration support from the University is reported as a noncash transaction on the Statement of Cash Flows.

Factors Impacting Future Periods

The CPB contributes approximately 22% of general operations. This level of support is one of the key factors influencing the Station's financial condition. The Station does not expect this level of support to change significantly in future years.

CONTACTING THE STATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Board of Trustees, the CPB, and management of the Station with a general overview of the Station's finances and to show the Station's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mrs. Wanda L. P. Smith, Vice President for Business and Finance, 915 South Jackson, Montgomery, Alabama 36104, or call 334-229-4223 during regular office hours, Monday through Friday, from 8:00 a.m. to 5:00 p.m., Central Standard Time.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2014 AND 2013**

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 129,863	\$ 116,405
NONCURRENT ASSETS		
Capital assets, net	67,565	79,585
TOTAL ASSETS	\$ 197,428	\$ 195,990
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 6,029	\$ 1,289
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	98,030	77,988
NET POSITION		
Invested in capital assets	67,565	79,585
Restricted for:		
Corporation for Public Broadcasting grant activity	25,804	37,128
TOTAL NET POSITION	\$ 93,369	\$ 116,713

See notes to the financial statements.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Community Service Grant from the Corporation for Public Broadcasting	\$ 154,044	\$ 166,288
American Graduate Community Engagement Grant from the National Center for Media Engagement	-	20,000
Veterans Coming Home Grant from the Corporation for Public Broadcasting	11,250	-
Alabama Public Television	-	8,332
Contributions	46,988	65,461
Contributed support – Alabama State University	<u>755,280</u>	<u>815,890</u>
Total operating revenues	<u>967,562</u>	<u>1,075,971</u>
OPERATING EXPENSES		
Program Services:		
Programming and production	32,442	101,721
Broadcasting, transmission, and distribution	65,414	21,053
Program information and promotion	39,099	61,310
Supporting Services:		
Underwriting and grant solicitation	5,400	13,483
Fundraising and membership development	9,527	6,207
Management and general	<u>839,024</u>	<u>893,432</u>
Total operating expenses	<u>990,906</u>	<u>1,097,206</u>
Total operating loss before other changes in net position	<u>(23,344)</u>	<u>(21,235)</u>
CHANGE IN NET POSITION		
Decrease in net position	(23,344)	(21,235)
Net position, beginning of year	<u>116,713</u>	<u>137,948</u>
Net position, end of year	<u>\$ 93,369</u>	<u>\$ 116,713</u>

See notes to the financial statements.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	2014	2013
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from Corporation for Public Broadcasting Grants	\$ 174,086	\$ 163,721
Cash received from contributions	46,988	59,761
Cash received from Alabama Public Television	-	8,332
CPB – Veterans Coming Home	11,250	-
Cash received from National Center for Media Engagement	-	20,000
Cash paid to suppliers and employees	<u>(218,866)</u>	<u>(269,942)</u>
Net cash provided by (used in) operating activities	<u>13,458</u>	<u>(18,128)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,458	(18,128)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>116,405</u>	<u>134,533</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 129,863</u></u>	<u><u>\$ 116,405</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating loss	\$ (23,344)	\$ (21,235)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	12,020	13,458
Change in accounts payable	4,740	(2,084)
Change in deferred revenue	<u>20,042</u>	<u>(8,267)</u>
Net cash provided by (used in) operating activities	<u><u>\$ 13,458</u></u>	<u><u>\$ (18,128)</u></u>
NONCASH TRANSACTIONS		
Contributed support – Alabama State University – donated materials, facilities, and administrative support	\$ 755,280	\$ 815,890
Operating expenses	(755,280)	(815,890)

See notes to the financial statements.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by WVAS-FM Radio Station of Alabama State University (the Station) are described below to enhance the usefulness of the financial statements to the reader.

Reporting Entity

The Station is a Public Telecommunications Entity operated by Alabama State University (the University) and is licensed under the provisions of the Communications Act of 1934. The accompanying financial statements were prepared based on the combination of various accounts associated with the Station and its related operations and do not present the financial position or changes in financial position of Alabama State University. The Station is dependent upon support from the Corporation for Public Broadcasting, Alabama State University, and the public.

Basis of Accounting

The financial statements of the Station are presented using the economic resources measurement focus and the accrual basis of accounting.

The Station has adopted GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. This statement establishes standards for external financial reporting for public colleges and universities. The financial statement presentation provides a comprehensive entity-wide perspective of the Station's net position, revenues, expenses, and changes in net position and cash flows.

Revenue Recognition

Operating revenues include grants received from the Corporation for Public Broadcasting. Corporation for Public Broadcasting grants are recognized when awarded and received and all applicable eligibility requirements are met. Eligibility requirements are established by the provider of the funds and may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies. Grant funds that are not used during the stated award period are returned to the Corporation for Public Broadcasting and expensed.

Operating revenues from other grants and contracts that do not have eligibility requirements are recognized when WVAS-FM Radio is entitled to the funds.

Operating revenues also include contributed support from Alabama State University. This amount represents the value of donated services, facilities, and the administrative support provided by the University. Contributions in the form of private gifts from individuals are also included in operating revenues.

Nonoperating revenues represent contributed support from Alabama State University in the form of capital assets purchased for the Station and is recognized upon purchase of the assets.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Station considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash on hand and demand deposits.

Deferred Revenue

Deferred revenue includes amounts received in advance from grant and contract sponsors that have not yet been earned under the terms of the agreement. The amounts, which are deferred, are recognized as revenue in the following fiscal year.

Accounts Receivable

Accounts receivable are presented at their net amounts.

Capital Assets

Property, plant, and equipment are valued at cost. Donated fixed assets are valued at their estimated value on the date donated. Depreciation has been provided over the estimated useful lives using the straight-line method.

Estimated useful lives by asset category are as follows:

Building	35 years
Tower facility	20 years
Equipment	5–15 years

When property and equipment are disposed of, the related cost and accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in current operations. The Station capitalizes all property and equipment in excess of \$5,000. Maintenance and repairs are expended as incurred.

Net Position

The Station's net position is classified for financial reporting in the following net position categories:

- **Invested in Capital Assets:** Capital assets, net of accumulated depreciation.
- **Restricted:** Net positions that are subject to externally imposed stipulations.

Donated Facilities and Administrative Support

Donated facilities from the University consist of office and studio space on the University's main campus. Administrative support from the University consists of allocated institutional support and operation and maintenance of plant costs estimated as incurred by the University on behalf of the Station. This support is shown as revenue and expense on the statements of revenues, expenses, and changes in net position.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates in the Preparation of Financial Statements

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 reported amounts of assets and liabilities at the date of the financial statements. They also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Company has evaluated subsequent events through April 9, 2015, the date which the financial statements were available to be issued.

2. CASH AND CASH EQUIVALENTS

The Station's cash and cash equivalents are subject to custodial credit risk, which is examined in more detail below:

Custodial Credit Risk of Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits (in excess of FDIC insurance) may not be returned to it. At September 30, 2014, the Station's depositories had a carrying balance of \$116,405 and the bank balance was \$129,863.

The Station maintains cash deposits in an Alabama State University (the University) bank account. The University's deposit policy for custodial credit risk limits deposits to financial institutions that are members of the Alabama State Treasury's Security for Alabama Funds Enhancement (SAFE) Program. Under the SAFE program, the University's funds are protected through a collateral pool administered by the Alabama State Treasury. Certain banks holding deposits belonging to the state, counties, cities, or agencies of any of these entities must pledge securities as collateral against these deposits. In the event of the failure of a bank, securities pledged by that bank would be liquidated by the State Treasurer to replace the public deposits. If the securities pledged failed to produce adequate funds for that purpose, every bank participating in the pool would share the liability for the remaining balance.

**WVAS-FM RADIO STATION
ALABAMA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

3. CHANGE IN CAPITAL ASSETS

Capital assets are stated at cost at date of acquisition or fair market value at date of donation in the case of gifts. A summary of the changes in capital assets for the years ended September 30, 2014 and 2013 is as follows:

	<u>Balance 10/1/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 9/30/14</u>
Building	\$ 285,764	\$ -	\$ -	\$ 285,764
Tower facility	139,610	-	-	139,610
Equipment	<u>508,035</u>	<u>-</u>	<u>-</u>	<u>508,035</u>
Total	<u>933,409</u>	<u>-</u>	<u>-</u>	<u>933,409</u>
Less accumulated depreciation:				
Building	(236,776)	(8,165)	-	(244,941)
Tower facility	(139,610)	-	-	(139,610)
Equipment	<u>(477,438)</u>	<u>(3,855)</u>	<u>-</u>	<u>(481,293)</u>
Total	<u>(853,824)</u>	<u>(12,020)</u>	<u>-</u>	<u>(865,844)</u>
Capital assets, net	<u>\$ 79,585</u>	<u>\$ (12,020)</u>	<u>\$ -</u>	<u>\$ 67,565</u>
	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
	<u>10/1/12</u>			<u>9/30/13</u>
Building	\$ 285,764	\$ -	\$ -	\$ 285,764
Tower facility	139,610	-	-	139,610
Equipment	<u>508,035</u>	<u>-</u>	<u>-</u>	<u>508,035</u>
Total	<u>933,409</u>	<u>-</u>	<u>-</u>	<u>933,409</u>
Less accumulated depreciation:				
Building	(228,612)	(8,164)	-	(236,776)
Tower facility	(139,610)	-	-	(139,610)
Equipment	<u>(472,144)</u>	<u>(5,294)</u>	<u>-</u>	<u>(477,438)</u>
Total	<u>(840,366)</u>	<u>(13,458)</u>	<u>-</u>	<u>(853,824)</u>
Capital assets, net	<u>\$ 93,043</u>	<u>\$ (13,458)</u>	<u>\$ -</u>	<u>\$ 79,585</u>

**WVAS-FM RADIO STATION
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3. CHANGE IN CAPITAL ASSETS – CONTINUED

Total depreciation expense amounted to \$12,020 and \$13,458 for 2014 and 2013, respectively.

The U.S. Department of Commerce has a reversionary interest in equipment with an original cost of \$34,582 that was purchased in part with a Public Telecommunications Facilities Program (PTFP) grant received from the National Telecommunications and Information Administration. The reversionary interest in the equipment is pursuant to the terms of federal priority liens which extend for a period of ten years after equipment is placed in service. Current liens on equipment extend through fiscal year 2019.

4. COMMUNITY SERVICE GRANTS

The Station receives a Community Service Grant from the Corporation for Public Broadcasting annually. The Community Service Grants received and expended during the most recent fiscal years were as follows:

<u>Year of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted</u>
		<u>2012</u>	<u>2013</u>	<u>2014</u>	
2012	\$ 166,358	\$ 88,435	\$ 77,197	\$ -	\$ 726
2013	166,353	-	89,091	69,211	8,051
2014	174,951	-	-	85,699	89,252

5. INCOME TAX STATUS

The Station is part of the University which is considered a political subdivision of the State of Alabama. Accordingly, the Station is exempt from federal income taxes under Section 115 of the Internal Revenue Code.

6. RETIREMENT PLANS

WVAS-FM Radio Station participates in the University's retirement plan, the Teachers' Retirement System of Alabama (TRS), a cost sharing, multiple-employer public retirement system. In addition, certain WVAS-FM Radio Station employees meeting eligibility requirements participate in the University's optional programs with the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). TRS is a defined benefit plan while the TIAA-CREF programs are defined contribution plans.

**WVAS-FM RADIO STATION
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NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2014 AND 2013**

6. RETIREMENT PLANS – CONTINUED

The TRS was established as of September 1939, under the provision of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility of the general administration and operation of TRS is vested in its Board of Control.

Participants in TRS who retire at age sixty with 10 years of credited service, or after completing twenty-five years of credited service, regardless of age, are entitled to an annual benefit, payable monthly for life. Service retirement benefits are calculated by three methods with the participants receiving payments under the method which yields the highest monthly benefit. These methods include (1) minimum guaranteed, (2) money purchase, or (3) formula. Under the formula method, participants are allowed 2.0125% of their final average salary (average of the three highest years of annual compensation during the last 10 years of service) for each year of service. A participant terminating before reaching retirement age, but after completing 10 years of credited service, is eligible for a vested allowance at age sixty provided accumulated employee contributions are not withdrawn. TRS also provides death and disability benefits.

Covered employees are required by statute to contribute to TRS. All regular employees of the University are members of TRS with the exception of temporary and part-time employees who, by definition, are those employees hired for a predetermined period of employment of less than one year and employees working less than one half of a regular schedule.

Historical trend information and funding status information is designed to provide information about the plan's progress made in accumulating sufficient assets to pay benefits and to disclose "actuarial accrued liability" and the funding of excess unfunded liability. This information is presented in the University's financial statements which can be obtained from Alabama State University, 915 South Jackson, Montgomery, Alabama 36104.

7. OTHER POST-EMPLOYEMENT BENEFITS

The University and WVAS-FM Radio Station offer post-employment health care benefits to all employees who officially retire from the University and WVAS-FM Radio Station. Health care benefits are offered through the Alabama Public Education Employees' Health Insurance Plan (PEEHIP) with TRS. Retirees who elect to participate in PEEHIP pay a portion of the PEEHIP premium, with the University paying an allocation toward the cost of retiree coverage.

Certain retirees may also elect to continue their basic term life insurance coverage and accidental death and dismemberment insurance up to certain maximum amounts. The retirees pay the full amount of the premiums in such cases. Retirees are eligible for tuition assistance benefits for themselves as well as for their spouse and unmarried dependent children.

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7. OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions* (GASB 45), was adopted as of October 1, 2007. This statement requires governmental entities to recognize and match other post-retirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The adoption of GASB 45 did not have a material impact on the financial statements, principally because most retirees elect to participate in the State-sponsored PEEHIP.

PEEHIP is a cost-sharing multi-employer defined benefit health care plan administered by the Public Education Employee Health Insurance Board. PEEHIP offers a basic hospital/medical plan that provides basic medical coverage for up to 365 days of care during each hospital confinement. The basic hospital/medical plan also provides for physicians' benefits, outpatient care, prescription drugs, and mental health benefits. Major medical benefits under the basic hospital/medical plan are subject to a lifetime contract maximum of \$1,000,000 for each covered individual. The *Code of Alabama 1975*, Section 16-25A-8 provides the authority to set the contribution requirements for retirees and employers.

This information is presented in the University's financial statements which can be obtained from Alabama State University, 915 South Jackson, Montgomery, Alabama 36104.

8. CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although WVAS-FM Radio Station expects such amounts, if any, to be immaterial.