

R E P O R T

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY

JUNE 30, 2014 AND 2013

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY

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## INDEPENDENT AUDITOR'S REPORT

December 10, 2014

Peter J. Fos, President  
University of New Orleans  
New Orleans, Louisiana

We have audited the accompanying financial statements of WWNO-FM Radio Station (the Station), as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Station's basic financial statements 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 audit. 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 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 Station'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 Station'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 June 30, 2014 and 2013, and the respective changes in financial position, and cash flows 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 4 - 7 be presented to supplement the basic financial statements. Such information, although not 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 Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole that collectively comprise the Station's basic financial statements. The schedule of functional expenses on page 20 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of functional expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The schedule of functional expenses has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of the Station's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Station's internal control over financial reporting and compliance.

*Duplaster, Hupmann, Hogan & McKeel LLP*

**WWNO-FM RADIO STATION**  
**A PUBLIC TELECOMMUNICATIONS ENTITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

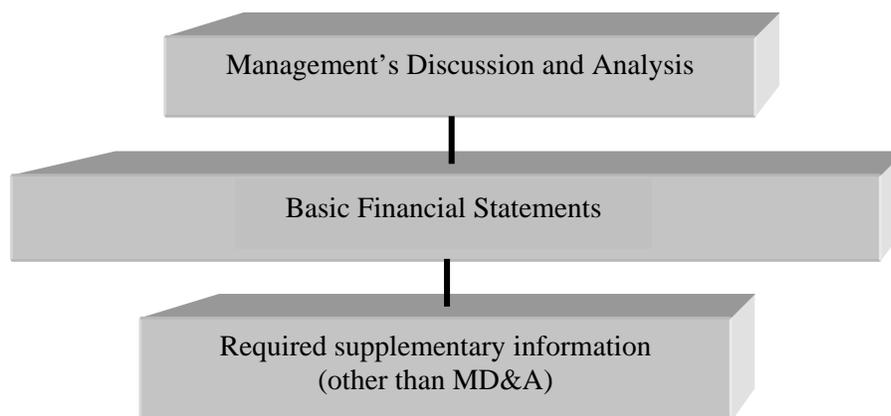
The Management's Discussion and Analysis of WWNO-FM Radio Station's financial performance presents a narrative overview and analysis of WWNO-FM Radio Station's financial activities for the year ended June 30, 2014. This document focuses on the current year's activities, resulting changes and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the WWNO-FM Radio Station financial statements, which begin on page 8.

### **FINANCIAL HIGHLIGHTS**

- ★ WWNO-FM Radio Station's assets exceeded liabilities at the close of fiscal year 2014 by \$964,051, which represents a decrease from the last fiscal year. The net position decreased by \$9,381 or (0.96) %.
- ★ WWNO-FM Radio Station's operating revenue increased \$333,328 or 22.14% while operating expenses increased \$392,203 or 20.26%. Non-operating revenues increased \$95,555 or 24.88%.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The following graphic illustrates the minimum requirements for the Station established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*:



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information, if applicable.

**WWNO-FM RADIO STATION**  
**A PUBLIC TELECOMMUNICATIONS ENTITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

The financial statements also include notes that explain some of the information in the financial statements and provide more detail data. The graph shows how the required parts of this annual report are arranged and relate to one another.

### **BASIC FINANCIAL STATEMENTS**

The basic financial statements present information for WWNO-FM Radio Station as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows.

The Statement of Net Position (page 8) presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net position and may provide a useful indicator of whether the financial position of WWNO-FM Radio Station is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Fund Net Position (page 9) presents information showing how WWNO-FM Radio Station's position changed as a result of current year operations. Regardless of when cash is affected, all changes in fund net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 10-11) presents information showing how WWNO-FM Radio Station's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

### **FINANCIAL ANALYSIS OF THE ENTITY**

Statement of Fund Net Position  
 as of June 30, 2014 and 2013  
 (in thousands)

	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 1,062	\$ 1,015
Capital assets	<u>27</u>	<u>46</u>
Total assets	<u>1,089</u>	<u>1,061</u>
Current liabilities	55	20
Noncurrent liabilities	<u>70</u>	<u>67</u>
Total liabilities	<u>125</u>	<u>87</u>
Net position:		
Invested in capital assets	27	46
Unrestricted	<u>937</u>	<u>928</u>
Total net position	<u>\$ 964</u>	<u>\$ 974</u>

**WWNO-FM RADIO STATION**  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2014**

Restricted net positions represent those assets that are available for spending on restricted purposes only as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net positions are those that do not have any limitations on what these amounts may be used for.

**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**as of June 30, 2014 and 2013**  
**(in thousands)**

	<u>2014</u>	<u>2013</u>
<b>REVENUES:</b>		
Operating revenues:		
Operating grants and contributions	\$ 1,839	\$ 1,506
Nonoperating revenues:		
University support	478	382
Interest income	<u>2</u>	<u>2</u>
Total revenues	<u>2,319</u>	<u>1,890</u>
<b>OPERATING EXPENSES:</b>		
Public broadcasting	<u>2,328</u>	<u>1,936</u>
Total expenses	<u>2,328</u>	<u>1,936</u>
<b>DECREASE IN NET POSITION</b>	<u>\$ (9)</u>	<u>\$ (46)</u>

WWNO-FM Radio Station's total revenues increased approximately \$428,883 or 22.69%. The total cost of all programs and services increased by approximately \$392,203 or 20.26%.

### **CAPITAL ASSET ADMINISTRATION**

At June 30, 2014, WWNO-FM Radio Station had \$26,840 (net of accumulated depreciation of \$614,803) invested in capital assets, all of which is equipment.

### **ECONOMIC FACTORS AND NEXT YEAR'S OPERATIONS**

WWNO-FM Radio Station management considered the following factors and indicators when planning next year's operations:

- ★ Industry factors
- ★ Cost of living adjustments for salaries and other expenses

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2014

**CONTACTING THE WWNO-FM RADIO STATION MANAGEMENT**

This financial report is designed to provide our supporters, benefactors, listeners and creditors with a general overview of WWNO-FM Radio Station's finances and to show WWNO-FM Radio Station's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Paul Maassen, General Manager of WWNO-FM, University of New Orleans, New Orleans, Louisiana 70148.

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
STATEMENTS OF NET POSITION  
JUNE 30, 2014 AND 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current Assets		
Cash	\$ -	\$ 60,130
Grants receivable	11,872	-
Pledges receivable, net of allowance of \$-0- and \$-0-, respectively	80,789	105,633
Due from UNO Foundation	297,405	151,261
Deferred charges and prepaid expenses	6,148	11,765
Total current assets	<u>396,214</u>	<u>328,789</u>
Noncurrent Assets		
Cash - board designated reserve	533,404	650,000
Cash - private grant funds	132,842	36,468
Capital assets, net	26,840	45,648
Total noncurrent assets	<u>693,086</u>	<u>732,116</u>
Total Assets	<u>\$ 1,089,300</u>	<u>\$ 1,060,905</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 55,139	\$ 19,988
Total current liabilities	<u>55,139</u>	<u>19,988</u>
Noncurrent Liabilities		
Compensated absences	70,110	67,485
Total noncurrent liabilities	<u>70,110</u>	<u>67,485</u>
Total liabilities	<u>125,249</u>	<u>87,473</u>
<u>NET POSITION</u>		
Invested in capital assets	26,840	45,648
Unrestricted	937,211	927,784
Total net position	<u>964,051</u>	<u>973,432</u>
Total Liabilities and Net Position	<u>\$ 1,089,300</u>	<u>\$ 1,060,905</u>

See accompanying notes.

WWNO-FM RADIO STATION  
 A PUBLIC TELECOMMUNICATIONS ENTITY  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>		
Corporation for Public Broadcasting	\$ 149,286	\$ 131,473
Donated services income	170,732	173,048
Grants	214,099	42,000
Other operating revenues	<u>1,304,941</u>	<u>1,159,209</u>
Total operating revenues	<u>1,839,058</u>	<u>1,505,730</u>
<b>OPERATING EXPENSES</b>		
Program services:		
Programming and production	1,010,283	799,947
Broadcasting	589,904	459,159
Program information and promotion	199,719	178,688
Support services:		
Management and general	295,145	280,181
Fund raising and membership development	156,730	139,034
Underwriting and grant solicitation	<u>76,279</u>	<u>78,848</u>
Total operating expenses	<u>2,328,060</u>	<u>1,935,857</u>
Operating loss	<u>(489,002)</u>	<u>(430,127)</u>
<b>NONOPERATING REVENUES</b>		
University support	477,800	382,160
Interest income	<u>1,821</u>	<u>1,906</u>
Total nonoperating revenues	<u>479,621</u>	<u>384,066</u>
Decrease in net position	(9,381)	(46,061)
Net position at beginning of year	<u>973,432</u>	<u>1,019,493</u>
Net position at end of year	<u>\$ 964,051</u>	<u>\$ 973,432</u>

See accompanying notes.

WWNO-FM RADIO STATION  
 A PUBLIC TELECOMMUNICATIONS ENTITY  
 STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Corporation for Public Broadcasting	\$ 149,286	\$ 131,473
Payments for employee compensation	(573,563)	(537,445)
Payments for benefits	(218,863)	(189,837)
Payments for supplies and services	(819,202)	(620,701)
Grants	202,227	42,000
Other receipts	1,183,641	1,106,405
Net cash used by operating activities	<u>(76,474)</u>	<u>(68,105)</u>
Cash flows from capital financing activities		
Purchase of capital assets	<u>(5,699)</u>	<u>-</u>
Net cash used by capital financing activities	<u>(5,699)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received on investments	<u>1,821</u>	<u>1,906</u>
Net cash provided by investing activities	<u>1,821</u>	<u>1,906</u>
Net decrease in cash	(80,352)	(66,199)
Cash at beginning of the year	<u>746,598</u>	<u>812,797</u>
Cash at the end of the year	\$ <u><u>666,246</u></u>	\$ <u><u>746,598</u></u>
Non-Cash Financing Activities:		
University support	\$ 477,800	\$ 382,160
In-kind contributions	<u>170,732</u>	<u>173,048</u>
	\$ <u><u>648,532</u></u>	\$ <u><u>555,208</u></u>

See accompanying notes.

WWNO-FM RADIO STATION  
 A PUBLIC TELECOMMUNICATIONS ENTITY  
 STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

(Continued)

	<u>2014</u>	<u>2013</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$ (489,002)	\$ (430,127)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	24,507	23,558
University support	477,800	382,160
Changes in assets and liabilities:		
Increase in receivables, net	(133,172)	(52,804)
Decrease in deferred charges and prepaid expenses	5,617	156
Increase in accounts payable and accrued liabilities	35,151	6,573
Increase in compensated absences	<u>2,625</u>	<u>2,379</u>
Net cash used by operating activities	<u>\$ (76,474)</u>	<u>\$ (68,105)</u>
Reconciliation of Cash to the Statements of Net Position:		
Cash classified as current assets	\$ -	\$ 60,130
Cash classified as noncurrent assets	<u>666,246</u>	<u>686,468</u>
	<u>\$ 666,246</u>	<u>\$ 746,598</u>

See accompanying notes.

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

Nature of Operations

The Louisiana State University Board of Supervisors (the Board), the governing body over all campuses under the organizational structure of the LSU System, approved establishment of a public radio station (network) to be housed at, and operated by, the University of New Orleans (UNO). In February 1972, the Federal Communication Commission (FCC) assigned the radio station the call letters WWNO-FM. The Corporation for Public Broadcasting (CPB) was contacted in an effort to gain an understanding of the requirements to becoming a CPB "supported" station. In 1973, the radio station attained this status. UNO has since been transferred to the University of Louisiana System.

In December 1994, WWNO received permission to establish a second radio station to serve the Thibodaux and Houma areas. In February 1995, the FCC assigned this second radio station the call letters, KTLN. KTLN received its license and began operating as a simulcast station of WWNO-FM in August 1995.

WWNO-FM Radio Station (the Station) is a departmental budget unit of UNO and is reported in the university's annual financial statements in the same respect as a public service department.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and reporting standards.

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Classification of Revenues and Expenses:

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

Operating Revenues

Operating revenues include activities that have the characteristics of exchange transactions, such as most federal, state and local grants, contracts and federal appropriations. Operating revenues also include contributions of cash and services donated by outside parties.

Nonoperating Revenues

Nonoperating revenues include other activities, such as University support and investment income.

Operating Expenses

Operating expenses are those expenses that are essential to the primary operations of the Station.

Nonoperating Expenses

All other expenses are reported as nonoperating expenses.

Reporting Entity:

The Station is a public telecommunications entity operated by the University of New Orleans. The accompanying financial statements of the Station contain sub-account information of the University of New Orleans. As such, the accompanying financial statements present information only as to the transactions of the Station as authorized by Louisiana statutes and administrative regulations. Annually, the University of New Orleans issues both comprehensive and general-purpose financial statements, which include the activity contained in the accompanying financial statements.

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

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Board Designated Reserve and Private Grant Funds:

Certain assets are segregated and classified as noncurrent assets and may not be used except for specific board-designated or grant expenditure purposes.

Restricted Resources:

When both restricted and unrestricted resources are available for use, it is the Station's policy to use unrestricted resources first, then restricted resources as they are needed.

Capital Assets:

Capital assets are reported at cost at the date of acquisition or their estimated fair value on the date of donation. The Station follows Louisiana Property Assistance Agency (LPAA) policy for capitalizing and reporting equipment. For movable property, the Station's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Routine expenditures for maintenance and repairs which do not materially extend the useful life of the asset are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 5 to 12 years for movable property. In accordance with University policies, a full year of depreciation is taken in the year of acquisition.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, cash and cash equivalents includes all highly liquid investments (including restricted assets) with maturity of three months or less when purchased.

Revenue Recognition:

Pledged contributions are recorded as revenue when the promise to give is made. Other contributions are recorded as revenue when received. Contributions collected by the UNO Foundation on behalf of the Station and used to pay expenses on behalf of the Station are not recognized as revenue in the financial statements. The related expenses are also not recognized in these financial statements.

In-Kind Contributions:

University support provided by UNO is recorded in revenue and expense when received.

Donated services from various private businesses and organizations are recorded in both revenue and expense at the fair value of the services received.

WWNO-FM RADIO STATION  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position:

The Station's net position is classified as follows:

Invested in Capital Assets

This represents the Station's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction or improvement of those capital assets, if any.

Unrestricted Net Position

Unrestricted net position represents resources used for transactions relating to the general operations of the Station and may be used at the discretion of the Station's management and board to meet current expenses and for any purpose.

Risk Management:

The Station is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; and natural disasters. UNO's insurance coverage insures the Station against these types of losses.

2. CASH AND CASH EQUIVALENTS:

At June 30, 2014 and 2013, cash consisted of interest-bearing demand deposits totaling \$666,246 and \$710,130, respectively. \$533,404 and \$650,000 of the cash was designated by the Board as a reserve as of June 30, 2014 and 2013, respectively. \$132,842 and \$36,468 of the cash was designated for future grant expenditures as of June 30, 2014 and 2013, respectively. These deposits are part of pooled cash held and controlled by UNO and are secured from risk by the university through a custodial agreement.

Custodial credit risk is the risk that in the event of a bank failure, the Station's deposits may not be recovered. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

3. OTHER POSTEMPLOYMENT BENEFITS:

The University of New Orleans provides certain continuing health care and life insurance benefits for its retired employees. All of the University's employees become eligible for these benefits once they reach normal retirement age while working for the University. These benefits are paid by the University on behalf of the Station. GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* establishes standards for the accounting and financial reporting for other postemployment benefits, including disclosing funding for the plan.

WWNO-FM RADIO STATION  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

3. OTHER POSTEMPLOYMENT BENEFITS: (Continued)

The amount of the Station's liability is not readily determinable by the University as the calculation is based on the combined salaries of all University employees as a whole and shown on the University's financial statements as such.

4. CAPITAL ASSETS:

Capital assets consists only of equipment at June 30, 2014 and 2013. Depreciation taken on equipment for the years ended June 30, 2014 and 2013 was \$24,507 and \$23,558, respectively.

A summary of changes in equipment follows:

	June 30	
	2014	2013
Balance at beginning of year	\$ 635,944	\$ 635,944
Accumulated depreciation	<u>(590,296)</u>	<u>(566,738)</u>
Balance at beginning of year, net	45,648	69,206
Additions during current year	5,699	-
Depreciation expense	<u>(24,507)</u>	<u>(23,558)</u>
Balance at end of year, net	<u>\$ 26,840</u>	<u>\$ 45,648</u>

5. COMPENSATED ABSENCES:

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. Upon separation of employment, both classified and non-classified personnel and their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, unclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. The method for computing the liability for unused annual and sick leave conforms to Governmental Accounting Standards Board (GASB) Statement No. 16, *Accounting for Compensated Absences*. The liability for compensated absences has thus been calculated on a maximum of 300 hours of accumulated annual leave and on a maximum of 200 hours of accumulated sick leave for unclassified employees having at least 5 years of retirement system credit. The employer's portion of the Medicare tax and/or social security tax expected to be paid on the calculated liability for annual and sick leave has been included in the estimated liability for compensated absences.

The liability for unused annual leave and unused sick leave at June 30, 2014 and 2013 is estimated to be \$70,110 and \$67,485, respectively. Following is a summary of changes in compensated absences payable:

	2014	2013
Beginning Balance, July 1	\$ 67,485	\$ 65,106
Additions	2,625	2,379
Reductions	<u>-</u>	<u>-</u>
Ending Balance, June 30	<u>\$ 70,110</u>	<u>\$ 67,485</u>
Due within one year	<u>\$ -</u>	<u>\$ -</u>

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

6. LEASES:

The Station is obligated under two operating leases for the rental of tower space for the operation of WWNO-FM/KTLN.

The first lease extends through June 30, 2017 with quarterly lease payments of \$900. The second lease renewed on April 1, 2014. In April of 2014, the monthly lease payments of \$6,471 increased by 5% to \$6,794 and will continue to increase by 5% each April until the end of the lease. This lease is automatically renewed for 5 years at the end of the term. Combined lease payments for tower rental were \$82,220 and \$78,476 for the years ended June 30, 2014 and 2013, respectively.

The future lease payments due under the noncancelable lease agreements at June 30, 2014, are as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2015	\$ 82,220
2016	86,151
2017	90,278
2018	91,012
2019	95,563
Thereafter	<u>100,341</u>
Total	<u>\$ 545,565</u>

7. PENSION PLANS:

Substantially all employees of the Station are members of the Louisiana State Employees Retirement System (LASERS) or the Louisiana Teachers Retirement System (TRS). Both plans are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. TRS and LASERS provide retirement, disability, and survivors' benefits to plan members and beneficiaries. Benefits granted by the retirement system are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 5 years of service. Article 10, Section 29 of the Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the Teachers Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (877) 275-8775 and the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (800) 256-3000.

WWNO-FM RADIO STATION  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

7. PENSION PLANS: (Continued)

The contribution requirements of plan members and the Station are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in Louisiana Revised Statute (LSA- R.S.) 11:102. For the years ended June 30, 2014 and 2013, employees contributed between 7.5 and 8.00 percent (percentage contributed is based on employees' date of hire) of their covered salaries to LASERS. For the years ended June 30, 2014 and 2013, the Station was required to contribute 31.3 percent and 29.1 percent, respectively, of covered salaries to LASERS. For the years ended June 30, 2014 and 2013, employees contributed 8.00 percent of their covered salaries to TRS. For the years ended June 30, 2014 and 2013, the Station was required to contribute 26.5 percent and 24.4 percent, respectively, of covered salaries to TRS.

The radio station's employer contribution is funded by the State of Louisiana through the annual appropriation to the radio station.

The radio station's employer contributions to LASERS for the years ended June 30, 2014, 2013 and 2012 were \$12,507, \$11,628 and \$10,229, respectively, equal to the required contributions for each year. The radio station's employer contributions to TRS for the years ended June 30, 2014, 2013 and 2012 were \$50,059, \$38,733 and \$37,622, respectively, equal to the required contributions for each year.

8. OPTIONAL RETIREMENT SYSTEM:

LSA-R.S. 11:921 created an optional retirement plan for academic and administrative employees of public institutions of higher education. This program was designed to aid employers in recruiting employees who may not be expected to remain in the Teachers Retirement System (TRS) for 5 or more years. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants.

The optional retirement plan is a defined contribution plan that provides for full and immediate vesting of all contributions remitted to the participating companies on behalf of the participants. Eligible employees make an irrevocable election to participate in the optional retirement plan rather than the TRS and purchase retirement and death benefits through contracts provided by designated companies.

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014 AND 2013

8. OPTIONAL RETIREMENT SYSTEM: (Continued)

Contributions by the Station were 26.5 percent and 24.4 percent of the covered payroll for the years ended June 30, 2014 and 2013, respectively. The participant's contribution (8%), less any monthly fee required to cover the cost of administration and maintenance of the optional retirement plan, is remitted to the designated company or companies. Upon receipt of the employer's contribution, the TRS pays the appropriate company or companies, on behalf of the participant, an amount equal to the employer's portion of the normal cost contribution, determined actuarially. The TRS retains the balance of the employer contribution for application to the unfunded accrued liability of the system. Employer contributions to the optional retirement plan for the years ended June 30, 2014, 2013 and 2012 were \$61,332, \$56,147 and \$54,536, respectively.

9. IN-KIND CONTRIBUTIONS AND DONATED SERVICES:

University support includes donated facilities provided by UNO consisting of office and studio space together with related occupancy costs. The building was fully depreciated in 2012, therefore the Station can no longer claim the value of the donated portion of the building.

In addition to donated facilities, University support provides other services including, but not limited to, accounting, human resources and payroll. UNO also shares services with the Station, such as utilities and pays the Station's portion of these expenses. These other support services totaled \$477,800 and \$382,160 for the years ended June 30, 2014 and 2013, respectively.

During the years ended June 30, 2014 and 2013, the Station received the following donated services from private businesses and organizations:

	<u>2014</u>	<u>2013</u>
Radio programming	\$ 101,779	\$ 124,566
Advertising	<u>68,953</u>	<u>48,482</u>
	<u>\$ 170,732</u>	<u>\$ 173,048</u>

The Station would normally have purchased these services with operating revenues. Management is unable to determine how long the services will continue to be donated.

10. DUE FROM UNO FOUNDATION:

During the years ended June 30, 2014 and 2013, the UNO Foundation collected \$524,777 and \$520,131, respectively, in contributions on behalf of the Station that were used by the Foundation to pay expenses on behalf of the Station. These contributions and the related expenses are not recorded in these financial statements. At June 30, 2014 and 2013, the UNO Foundation held \$297,405 and \$151,261, respectively, on behalf of the Station.

**WWNO-FM RADIO STATION**  
**A PUBLIC TELECOMMUNICATIONS ENTITY**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	PROGRAM SERVICES				SUPPORTING SERVICES				TOTAL EXPENSES	
	Programming and Production	Broadcasting	Program	Total Program Services	Management and General	Fund Raising	Underwriting and Grant Solicitation	Total Supporting Services	2014	2013
			Information and Promotion			and Membership Development				
Employee salaries and wages	\$ 113,779	\$ 178,132	\$ 71,447	\$ 363,358	\$ 138,407	\$ 35,540	\$ 34,484	\$ 208,431	\$ 571,789	\$ 537,687
Employee benefits	40,274	67,666	26,813	134,753	56,747	14,571	12,792	84,110	218,863	189,837
Travel	380	565	410	1,355	527	227	39	793	2,148	2,271
Tower rent and utilities	-	92,243	-	92,243	-	-	-	-	92,243	87,390
Utilities	-	1,547	-	1,547	-	-	-	-	1,547	2,647
Program costs	425,644	88,644	27	514,315	-	-	-	-	514,315	328,623
Repairs and maintenance	2,536	9,717	1,430	13,683	847	1,127	252	2,226	15,909	15,124
Advertising	68,993	-	-	68,993	-	-	-	-	68,993	48,482
Subscriptions and memberships	187,419	-	2,090	189,509	21,648	861	9,491	32,000	221,509	171,099
Printing, publications and graphics	-	-	-	-	244	10	107	361	361	10,203
Telephones and postage	8,645	5,119	4,858	18,622	7,917	4,042	3,108	15,067	33,689	50,552
Supplies	3,594	22,954	3,285	29,833	6,490	1,892	152	8,534	38,367	36,536
Bank fees	-	-	-	-	-	11,946	-	11,946	11,946	12,597
Audit fees	-	-	-	-	9,900	-	-	9,900	9,900	9,900
Sick and annual leave	869	515	488	1,872	281	386	86	753	2,625	2,379
Indirect administrative support	158,150	93,649	88,871	340,670	51,125	70,237	15,768	137,130	477,800	382,160
Depreciation on equipment	-	24,507	-	24,507	-	-	-	-	24,507	23,558
Software	-	1,895	-	1,895	-	15,877	-	15,877	17,772	19,280
Miscellaneous	-	2,751	-	2,751	1,012	14	-	1,026	3,777	5,532
<b>Total</b>	<b>\$ 1,010,283</b>	<b>\$ 589,904</b>	<b>\$ 199,719</b>	<b>\$ 1,799,906</b>	<b>\$ 295,145</b>	<b>\$ 156,730</b>	<b>\$ 76,279</b>	<b>\$ 528,154</b>	<b>\$ 2,328,060</b>	<b>\$ 1,935,857</b>



DUPLANTIER, HRAPMANN,  
HOGAN & MAHER, L.L.P.

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A.J. DUPLANTIER JR., C.P.A. (1919-1985)  
FELIX J. HRAPMANN, JR., C.P.A. (1919-1990)  
WILLIAM R. HOGAN, JR., CPA (1920-1996)  
JAMES MAHER, JR., C.P.A. (1921-1999)

INDEPENDENT AUDITOR'S 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

December 10, 2014

Peter J. Fos, President  
University of New Orleans  
New Orleans, Louisiana

We have audited, in accordance with the 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, the financial statements of WWNO-FM Radio Station, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the WWNO-FM Radio Station's basic financial statements, and have issued our report thereon dated December 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WWNO-FM Radio Station's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WWNO-FM Radio Station's internal control. Accordingly, we do not express an opinion on the effectiveness of WWNO-FM Radio Station's internal control.

*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 Station's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether WWNO-FM Radio Station'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*.

#### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the WWNO-FM Radio Station's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Dupluster, Hapner, Hogan & Maki LLP*

WWNO-FM RADIO STATION  
A PUBLIC TELECOMMUNICATIONS ENTITY  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of WWNO-FM Radio Station for the year ended June 30, 2014 was unmodified.
2. Internal Control  
Material weaknesses: none noted  
Significant deficiencies: none noted
3. Compliance  
Noncompliance with State laws and regulations: none noted

FINDINGS REQUIRED TO BE REPORTED UNDER AUDITING STANDARDS  
GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND  
GOVERNMENT AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None