

**BOARD OF REGENTS**  
EASTERN MICHIGAN UNIVERSITY

**SECTION: 18**

**DATE:**

February 15, 2011

**RECOMMENDATION**

**WEMU-FM FINANCIAL STATEMENTS AS OF JUNE 30, 2010**

**ACTION REQUESTED**

It is recommended that the Board of Regents receive and place on file the WEMU-FM Financial Report and Statements as of June 30, 2010.

**STAFF SUMMARY**

WEMU-FM, Eastern Michigan University's public radio station, is required as a condition of participation in the program to file an annual audited statement of financial operations. Plante & Moran, PLLC prepares this audit annually as part of its financial audit contract with the University.

The financial report, statements and opinion are attached. Plante & Moran has indicated that, in their opinion, the financial statements present fairly the financial position of the station as well as the changes in financial position and cash flows for the fiscal years 2009 and 2010. It should be noted that Net Assets as of June 30, 2009 have been restated by (\$107,625) to reflect rental income that will be recognized between 2010 and 2016 based on a 10-year agreement with Washtenaw County.

WEMU's operating expenditures, including allocated overhead charges from the University, were \$2.05 million in fiscal year 2010, down slightly from the previous year. The majority (60%) of the funding support for WEMU is provided by the University with contributions, rental income and grants from the Corporation for Public Broadcasting accounting for the balance (40%).

**FISCAL IMPLICATIONS**

None.

**ADMINISTRATIVE RECOMMENDATION**

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

2/15/11  
Date

**Eastern Michigan University  
WEMU-FM**

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**Financial Report  
with Additional Information  
June 30, 2010**

# **Eastern Michigan University WEMU-FM**

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## Independent Auditors' Report

To the Board of Regents  
Eastern Michigan University  
WEMU-FM

We have audited the accompanying basic financial statements of Eastern Michigan University WEMU-FM (the "Station") as of and for the years ended June 30, 2010 and 2009 as listed in the table of contents. These financial statements are the responsibility of the Station's management. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2010 and 2009 and the changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis presented on pages 2 through 7 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

*Plante & Moran, PLLC*

November 22, 2010

# **Eastern Michigan University WEMU-FM**

## **Management's Discussion and Analysis (Unaudited)**

This section of Eastern Michigan University WEMU-FM's (the "Station") annual financial report presents management's discussion and analysis of the financial performance of the Station during the fiscal years ended June 30, 2010, 2009, and 2008. This discussion should be read in conjunction with the accompanying financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of the Station's management.

### **Using the Annual Financial Report**

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

The financial statements prescribed by GASB Statement No. 35 (the statement of net assets, the statement of revenue, expenses, and changes in net assets, and the statement of cash flows) present financial information in a form similar to that used by corporations. They are prepared under the accrual basis of accounting, whereby revenue 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 net assets includes all assets and liabilities. Over time, increases or decreases in net assets (the difference between assets and liabilities) are one indicator of the improvement or erosion of the Station's financial health when considered with nonfinancial facts such as the condition of facilities.

The statement of revenue, expenses, and changes in net assets presents the revenue earned and expenses incurred during the year. Activities are reported as either operating or nonoperating. A public radio station's dependency upon gifts could result in operating deficits because the financial reporting model classifies gifts as nonoperating revenue. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

The statement of cash flows presents information related to cash inflows and outflows summarized by operating, noncapital financing, capital financing, and related investing activities, and helps measure the ability to meet financial obligations as they mature.

# **Eastern Michigan University WEMU-FM**

## **Management's Discussion and Analysis (Unaudited) (Continued)**

### **Noteworthy Financial Activity**

Significant components of the Station's financial condition include the following:

- The Station's total assets as of June 30, 2010 increased versus the prior year by approximately \$68,000 as a result of income from continuing operations. Over \$177,000 is invested in capital assets as of June 30, 2010. As of June 30, 2009, total assets increased versus the prior year by approximately \$182,000 primarily due to increased contributions and rental income.
- Net assets as of June 30, 2009 were restated by (\$107,625) and unearned revenue liabilities were increased by \$107,625 to reflect rental income that will be recognized between 2010 and 2016 based on a 10-year agreement with Washtenaw County.
- In 2010, operating revenue increased by approximately \$19,000 primarily due to increased support from the Corporation for Public Broadcasting. In 2009, operating revenue increased by approximately \$21,000 primarily due to increased rental income.
- In 2010, nonoperating revenue decreased by approximately \$3,000 primarily due to a combination of decrease in administrative support from the University (\$25,000) and increase in contributions (\$22,000). In 2009, nonoperating revenue increased by over \$57,000 primarily due to increased contributions (\$12,000) and increased support (\$45,000) from the University.
- In 2010, operating expenses decreased by approximately \$42,000 primarily due to decreases in program services. In 2009, operating expenses decreased by approximately \$43,000 primarily due to planned decreases in support services.

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Condensed Statement of Net Assets (in thousands)

|  |               | June 30       |               |
|--|---------------|---------------|---------------|
|  | 2010          | 2009          | 2008          |
|  |               | (restated)    |               |
| <b>Assets</b>                                    |               |               |               |
| Current assets                                   | \$ 707        | \$ 607        | \$ 394        |
| Noncurrent assets                                | 177           | 209           | 240           |
| Total assets                                     | <u>\$ 884</u> | <u>\$ 816</u> | <u>\$ 634</u> |
| <b>Liabilities</b>                               |               |               |               |
| Current liabilities                              | \$ 15         | \$ 15         | \$ -          |
| Noncurrent liabilities                           | 271           | 303           | 178           |
| Total liabilities                                | 286           | 318           | 178           |
| <b>Net Assets</b>                                |               |               |               |
| Invested in capital assets - Net of related debt | 177           | 209           | 240           |
| Restricted expendable                            | 62            | 46            | 22            |
| Unrestricted, as restated (Note 5)               | 359           | 243           | 194           |
| Total net assets                                 | <u>598</u>    | <u>498</u>    | <u>456</u>    |
| Total liabilities and net assets                 | <u>\$ 884</u> | <u>\$ 816</u> | <u>\$ 634</u> |

# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Statement of Revenue, Expenses, and Changes in Net Assets (in thousands)

|   | Year Ended June 30   |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | 2010                 | 2009                 | 2008                 |
|   | (restated)           |                      |                      |
| <b>Operating Revenue</b>                                    |                      |                      |                      |
| Grants from Corporation for Public Broadcasting             | \$ 185               | \$ 164               | \$ 161               |
| Rental income   | <u>57</u>            | <u>59</u>            | <u>41</u>            |
| Total operating revenue                                     | 242                  | 223                  | 202                  |
| <b>Operating Expenses</b>                                   |                      |                      |                      |
| Program services:   |                      |                      |                      |
| Programming and production                                  | 1,190                | 1,244                | 1,210                |
| Broadcasting  | 180                  | 190                  | 200                  |
| Program information   | 236                  | 231                  | 243                  |
| Support services:   |                      |                      |                      |
| Fundraising   | 157                  | 151                  | 178                  |
| Management  | <u>289</u>           | <u>278</u>           | <u>306</u>           |
| Total operating expenses                                    | <u>2,052</u>         | <u>2,094</u>         | <u>2,137</u>         |
| <b>Operating Loss</b>                                       | (1,810)              | (1,871)              | (1,935)              |
| <b>Nonoperating Revenue</b>                                 |                      |                      |                      |
| General appropriations from the University                  | 713                  | 713                  | 680                  |
| Administrative support from the University                  | 605                  | 631                  | 619                  |
| Contributions   | <u>592</u>           | <u>569</u>           | <u>557</u>           |
| Net nonoperating revenue                                    | <u>1,910</u>         | <u>1,913</u>         | <u>1,856</u>         |
| <b>Changes in Net Assets</b>                                | 100                  | 42                   | (79)                 |
| <b>Net Assets - Beginning of year, as restated (Note 5)</b> | <u>498</u>           | <u>456</u>           | <u>535</u>           |
| <b>Net Assets - End of year</b>                             | <u><u>\$ 598</u></u> | <u><u>\$ 498</u></u> | <u><u>\$ 456</u></u> |



# Eastern Michigan University WEMU-FM

## Management's Discussion and Analysis (Unaudited) (Continued)

### Condensed Statement of Cash Flows (in thousands)

|  | Year Ended June 30   |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2010                 | 2009                 | 2008                 |
| <b>Cash Provided by (Used in)</b>        |                      |                      |                      |
| Operating activities                     | \$ (1,794)           | \$ (1,732)           | \$ (1,892)           |
| Noncapital financing activities          | 1,910                | 1,913                | 1,856                |
| Capital and related financing activities | <u>-</u>             | <u>-</u>             | <u>(13)</u>          |
| <b>Net Increase (Decrease) in Cash</b>   | 116                  | 181                  | (49)                 |
| <b>Cash - Beginning of year</b>          | <u>397</u>           | <u>216</u>           | <u>265</u>           |
| <b>Cash - End of year</b>                | <u><b>\$ 513</b></u> | <u><b>\$ 397</b></u> | <u><b>\$ 216</b></u> |

### Looking Ahead

Changes orchestrated during FY10 positioned WEMU to better perform in FY11.

The voluntary departure of the Web Communications staff member provided an opportunity for station management to re-evaluate its allocation of human resources. This review resulted in establishing a sales and grant associate position, hired to secure underwriting donations. The position is a .75 FTE salaried position with .25 FTE being a commission program. This is the only functioning position of this type (salary/commission hybrid) in the University human resources structure. For the past several years WEMU's underwriting receipts have varied between \$30,000 and \$50,000. In order for the person in this position to achieve the equivalent of a full-time salary, the incumbent must attract \$70,000 of underwriting donations. Hopefully, WEMU will exceed this figure. Even though WEMU achieved its highest level of fundraising in history in FY10 (\$587,000), building a broader future income base is critical.

The second part of this human resources allocation was hiring a .5 FTE to attend to the Station's web and new media needs. In order to afford this total overall increase of .5 FTE, the Station's music announcer and librarian position will be reduced to .5 FTE. This reduction will occur in FY11 when the incumbent returns from medical leave.

In FY11, WEMU will need to address the challenge of increasing media dependency on Internet-based products to communicate with listeners and clients. The explosive increase in the use of websites, Facebook, Twitter, cell phone applications, and other forms of electronic communication will require more than .5 FTE attention. Hopefully, increased revenue from underwriting can help address this challenge.

# **Eastern Michigan University WEMU-FM**

## **Management's Discussion and Analysis (Unaudited) (Continued)**

The constant challenge of increased listenership and donations is being addressed in FY11 with a concerted and coordinated effort to promote the Station's programming on-air, while concurrently advertising the Station's program offerings to new potential listeners. Funds received (\$15,000) as part of the nation's stimulus efforts will be used to advertise the Station in FY11's third quarter and beyond. This two-pronged effort will hopefully increase the regular listenership and income stream from individual and corporate donations.

For years, WEMU has utilized one-time money of tower leases to provide equipment replacement and modernization, e.g., HD radio. In FY11, WEMU will undertake its first facility renovation since moving into King Hall in 1974. It is commonly agreed among visitors and administrators that WEMU's physical environment does not reflect positively on the image of the University. In order to address this challenge, while also planning for a future move to the proposed arts village at some future point, WEMU has proposed to pay (from tower revenue sources) for furniture and equipment that could be moved to another location. Concurrently, those items that improve the station's infrastructure, i.e., carpeting, paint, asbestos removal, window repair, and access to windows, et. al., would be provided through the resources of the University. Plans are being developed with implementation in the second half of FY11.

In FY11, WEMU will experience its third staff retirement. Previously, persons in the positions of development director and music announcer have retired from EMU while working at WEMU. In December 2010, the executive director will leave after over 39 years of full-time employment at WEMU, 29 of those years as its chief executive officer. The change in leadership will change the dynamic of the Station, trading experience for the infusion of new ideas and leadership style, regardless of who succeeds the current director. This is seen as a positive development and an opportunity for growth and movement to another level of prosperity and service.

# Eastern Michigan University WEMU-FM

## Statement of Net Assets

|   | June 30           |                   |
|---|-------------------|-------------------|
|   | 2010              | 2009              |
|   |                   | (restated)        |
| <b>Assets</b>                                       |                   |                   |
| Current assets:                                     |                   |                   |
| Cash  | \$ 512,952        | \$ 396,675        |
| Accounts receivable from the University             | 193,793           | 210,360           |
| Total current assets                                | 706,745           | 607,035           |
| Noncurrent assets - Property and equipment (Note 3) | 177,443           | 208,725           |
| Total assets  | <u>\$ 884,188</u> | <u>\$ 815,760</u> |
| <b>Liabilities</b>                                  |                   |                   |
| Current liabilities - Deferred revenue              | \$ 15,375         | \$ 15,375         |
| Noncurrent liabilities:                             |                   |                   |
| Compensated absences                                | 193,793           | 210,360           |
| Deferred revenue                                    | 76,875            | 92,250            |
| Total noncurrent liabilities                        | 270,668           | 302,610           |
| Total liabilities                                   | 286,043           | 317,985           |
| <b>Net Assets</b>                                   |                   |                   |
| Invested in capital assets - Net of related debt    | 177,443           | 208,725           |
| Restricted - Expendable                             | 61,657            | 45,765            |
| Unrestricted, as restated (Note 5)                  | 359,045           | 243,285           |
| Total net assets                                    | 598,145           | 497,775           |
| Total liabilities and net assets                    | <u>\$ 884,188</u> | <u>\$ 815,760</u> |

# Eastern Michigan University WEMU-FM

## Statement of Revenue, Expenses, and Changes in Net Assets

|   | Year Ended June 30 |                   |
|---|--------------------|-------------------|
|   | 2010               | 2009              |
|   |                    | (restated)        |
| <b>Operating Revenue</b>                                    |                    |                   |
| Grants from Corporation for Public Broadcasting             | \$ 184,597         | \$ 163,959        |
| Rental income   | 57,122             | 58,715            |
| Total operating revenue                                     | 241,719            | 222,674           |
| <b>Operating Expenses</b>                                   |                    |                   |
| Program services:   |                    |                   |
| Programming and production                                  | 1,189,731          | 1,244,224         |
| Broadcasting  | 180,185            | 190,017           |
| Program information   | 235,401            | 230,791           |
| Support services:   |                    |                   |
| Fundraising   | 156,716            | 150,626           |
| Management  | 289,228            | 278,026           |
| Total operating expenses                                    | 2,051,261          | 2,093,684         |
| <b>Operating Loss</b>                                       | (1,809,542)        | (1,871,010)       |
| <b>Nonoperating Revenue</b>                                 |                    |                   |
| General appropriations from the University                  | 712,804            | 712,960           |
| Administrative support from the University                  | 604,612            | 630,440           |
| Contributions   | 592,496            | 569,499           |
| Total nonoperating revenue                                  | 1,909,912          | 1,912,899         |
| <b>Changes in Net Assets</b>                                | 100,370            | 41,889            |
| <b>Net Assets - Beginning of year, as restated (Note 5)</b> | 497,775            | 455,886           |
| <b>Net Assets - End of year</b>                             | <b>\$ 598,145</b>  | <b>\$ 497,775</b> |

# Eastern Michigan University WEMU-FM

## Statement of Cash Flows

|  | Year Ended June 30           |                              |
|--|------------------------------|------------------------------|
|  | 2010                         | 2009                         |
|  |                              | (restated)                   |
| <b>Cash Flows from Operating Activities</b>                                    |                              |                              |
| Cash received from Corporation for Public Broadcasting                         | \$ 184,597                   | \$ 163,959                   |
| Cash received from tower leases  | 57,122                       | 166,340                      |
| Cash paid for programming services   | (1,596,211)                  | (1,640,155)                  |
| Cash paid for management and fundraising                                       | <u>(439,143)</u>             | <u>(422,247)</u>             |
| Net cash used in operating activities  | (1,793,635)                  | (1,732,103)                  |
| <b>Cash Flows from Noncapital Financing Activities</b>                         |                              |                              |
| Cash received from University appropriations                                   | 712,804                      | 712,960                      |
| Cash received from administrative support                                      | 604,612                      | 630,440                      |
| Contributions received   | <u>592,496</u>               | <u>569,499</u>               |
| Net cash provided by noncapital financing activities                           | <u>1,909,912</u>             | <u>1,912,899</u>             |
| <b>Net Increase in Cash</b>  | 116,277                      | 180,796                      |
| <b>Cash - Beginning of year</b>  | <u>396,675</u>               | <u>215,879</u>               |
| <b>Cash - End of year</b>  | <u><b>\$ 512,952</b></u>     | <u><b>\$ 396,675</b></u>     |
| <b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>  |                              |                              |
| Operating loss   | \$ (1,809,542)               | \$ (1,871,010)               |
| Adjustments to reconcile operating loss to net cash from operating activities: |                              |                              |
| Depreciation expense   | 31,282                       | 31,282                       |
| Changes in assets and liabilities:   |                              |                              |
| Accounts receivable - Net  | (16,567)                     | 32,186                       |
| Accrued compensated absences   | 16,567                       | (32,186)                     |
| Deferred revenue   | <u>(15,375)</u>              | <u>107,625</u>               |
| Total changes in assets and liabilities  | <u>(15,375)</u>              | <u>107,625</u>               |
| Net cash used in operating activities  | <u><b>\$ (1,793,635)</b></u> | <u><b>\$ (1,732,103)</b></u> |

# Eastern Michigan University WEMU-FM

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## Notes to Financial Statements June 30, 2010 and 2009

### Note 1 - Organization

Eastern Michigan University WEMU-FM (the "Station" or WEMU-FM) is a public telecommunications radio station licensed to Eastern Michigan University (the "University"). WEMU-FM serves the Washtenaw County radio market, with a mission to participate in the educational and public service purposes of the University by providing programming which addresses the needs and the interests of the Station's coverage area.

WEMU-FM is owned and operated by the University and does not have separate legal status or existence. The financial position, support, revenue, and expenditures of WEMU-FM are included in the University's financial statements.

### Note 2 - Basis of Presentation and Significant Accounting Policies

**Basis of Presentation** - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The GASB established standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a consolidated basis to focus on the University as a whole, with resources classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions.

The three net asset categories are as follows:

- **Invested in Capital Assets - Net of Related Debt** - Includes capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted - Expendable** - Includes net assets whose whole use is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted** - Includes net assets not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for capital projects and other initiatives.

**Property and Equipment** - Property and equipment are recorded at cost, or if acquired by gift, at the fair value as of the date of donation. Depreciation is computed on the straight-line method over the estimated service lives (5 to 15 years) of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

# Eastern Michigan University WEMU-FM

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## Notes to Financial Statements June 30, 2010 and 2009

### **Note 2 - Basis of Presentation and Significant Accounting Policies (Continued)**

**Deferred Revenue** - WEMU-FM receives advance payments of rent related to a tower lease agreement. These payments are reported as deferred revenue and recognized when earned.

**General Appropriations from the University** - General appropriations from the University consist of certain payroll and other direct expenses paid by the University on behalf of WEMU-FM. Because the University pays for WEMU-FM's compensated absences, a receivable from the University has been established in the statement of net assets in the amount of accrued compensated absences.

**Indirect Administrative Support** - A portion of the University's general overhead costs relates to and benefits WEMU-FM. Such items include administration, utilities, maintenance, repairs, and other institutional support expenditures of the University. These services were provided without cost and have been allocated to WEMU-FM. The fair value of these services is reported as revenue (administrative support from the University) and expenditures in the accompanying statement of revenue, expenses, and changes in net assets.

**Contributions and Grants** - Unrestricted gifts are recognized as revenue when received.

WEMU-FM receives an annual community service grant from the Corporation for Public Broadcasting. These funds may be used at the discretion of WEMU-FM and are reported as restricted grant revenue in the accompanying financial statements.

**Allocation of Expenditures** - Expenditures are reported by their functional classification. Accordingly, certain expenditures for facility operations, institutional support, interest, and depreciation have been allocated to functional classifications based on the time devoted to these activities.

**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 sources and application of net assets during the reporting period. Actual results could differ from those estimates.

# Eastern Michigan University WEMU-FM

## Notes to Financial Statements June 30, 2010 and 2009

### Note 3 - Property and Equipment

Property and equipment at June 30, 2010 and 2009 consist of the following:

|                                   | 2009              | Additions          | Retirement  | 2010              |
|-----------------------------------|-------------------|--------------------|-------------|-------------------|
| Land                              | \$ 100,000        | \$ -               | \$ -        | \$ 100,000        |
| Transmitter and tower             | 306,121           | -                  | -           | 306,121           |
| Studio and technical equipment    | 101,407           |                    |             | 101,407           |
| Furniture, fixture, and equipment | 270,953           | -                  | -           | 270,953           |
| Subtotal                          | 778,481           | -                  | -           | 778,481           |
| Less accumulated depreciation     | (569,756)         | (31,282)           | -           | (601,038)         |
| Net property and equipment        | <u>\$ 208,725</u> | <u>\$ (31,282)</u> | <u>\$ -</u> | <u>\$ 177,443</u> |

|                                   | 2008              | Additions          | Retirement  | 2009              |
|-----------------------------------|-------------------|--------------------|-------------|-------------------|
| Land                              | \$ 100,000        | \$ -               | \$ -        | \$ 100,000        |
| Transmitter and tower             | 306,121           | -                  | -           | 306,121           |
| Studio and technical equipment    | 101,407           |                    |             | 101,407           |
| Furniture, fixture, and equipment | 270,953           | -                  | -           | 270,953           |
| Subtotal                          | 778,481           | -                  | -           | 778,481           |
| Less accumulated depreciation     | (538,474)         | (31,282)           | -           | (569,756)         |
| Net property and equipment        | <u>\$ 240,007</u> | <u>\$ (31,282)</u> | <u>\$ -</u> | <u>\$ 208,725</u> |

### Note 4 - Retirement Benefits

The University has a Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF) defined contribution retirement plan, which covers certain employees of WEMU-FM. The University contributes a specified percentage of employee wages, as defined by the appropriate labor contract. For the years ended June 30, 2010, 2009, and 2008, WEMU-FM contributed approximately \$47,000, \$51,000, and \$46,000, respectively, to the TIAA-CREF plan. The University has no liability beyond its own contributions under the TIAA-CREF plan.



# **Eastern Michigan University WEMU-FM**

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## **Notes to Financial Statements June 30, 2010 and 2009**

### **Note 4 - Retirement Benefits (Continued)**

The University also participates in the Michigan Public School Employees' Retirement System (MPERS), a cost-sharing multiemployer noncontributory defined benefit retirement plan, which covers certain employees of WEMU-FM. The cost of the MPERS plan allocated to WEMU-FM, all of which was contributed, totaled approximately \$32,000, \$31,000, and \$45,000 for the years ended June 30, 2010, 2009, and 2008, respectively. The costs of the MPERS plan include contributions based on member payroll to fund normal pension costs, contributions to fund a portion of the plan's unfunded actuarial accrued liability, and contributions for retiree health insurance, at a fixed dollar amount determined annually by MPERS.

### **Note 5 - Prior Period Adjustment**

In 2009, WEMU-FM received a lump-sum payment of \$123,000 as part of a 10-year rental lease agreement with Washtenaw County. Net assets and revenue as of June 30, 2009 were decreased by (\$107,625) and unearned revenue liabilities were increased by \$107,625 to reflect the revenue that will be recognized between 2010 and 2016.

## **Additional Information**

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To the Board of Regents  
Eastern Michigan University  
WEMU-FM

Our report on the financial statements of Eastern Michigan University WEMU-FM as of June 30, 2010 and 2009 and for the years then ended appears on page I of this document. These audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules accompanying the financial statements are not necessary for a fair presentation of the statement of net assets and the related statements of revenue, expenses, and changes in net assets and cash flows, in conformity with accounting principles generally accepted in the United States of America. The supplemental schedules are presented only for the purpose of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Plante & Moran, PLLC*

November 22, 2010

# Eastern Michigan University WEMU-FM

## Schedule of Net Assets by Fund

|  | June 30, 2010     |                   |                   | June 30, 2009     |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | Operating Funds   |                   | Total             | Operating Funds   |                   | Total             |
|  | Unrestricted      | Property Fund     |                   | Unrestricted      | Property Fund     |                   |
| (restated)                                       |                   |                   |                   |                   |                   |                   |
| <b>Assets</b>                                    |                   |                   |                   |                   |                   |                   |
| Current assets:                                  |                   |                   |                   |                   |                   |                   |
| Cash   | \$ 512,952        | \$ -              | \$ 512,952        | \$ 396,675        | \$ -              | \$ 396,675        |
| Accounts receivable from the University          | 193,793           | -                 | 193,793           | 210,360           | -                 | 210,360           |
| Total current assets                             | 706,745           | -                 | 706,745           | 607,035           | -                 | 607,035           |
| Noncurrent assets - Property and equipment       | -                 | 177,443           | 177,443           | -                 | 208,725           | 208,725           |
| Total assets                                     | <u>\$ 706,745</u> | <u>\$ 177,443</u> | <u>\$ 884,188</u> | <u>\$ 607,035</u> | <u>\$ 208,725</u> | <u>\$ 815,760</u> |
| <b>Liabilities</b>                               |                   |                   |                   |                   |                   |                   |
| Current liabilities - Deferred revenue           | \$ 15,375         | \$ -              | \$ 15,375         | \$ 15,375         | \$ -              | \$ 15,375         |
| Noncurrent liabilities:                          |                   |                   |                   |                   |                   |                   |
| Compensated absences                             | 193,793           | -                 | 193,793           | 210,360           | -                 | 210,360           |
| Deferred revenue                                 | 76,875            | -                 | 76,875            | 92,250            | -                 | 92,250            |
| Total noncurrent liabilities                     | 270,668           | -                 | 270,668           | 302,610           | -                 | 302,610           |
| Total liabilities                                | 286,043           | -                 | 286,043           | 317,985           | -                 | 317,985           |
| <b>Net Assets</b>                                |                   |                   |                   |                   |                   |                   |
| Invested in capital assets - Net of related debt | -                 | 177,443           | 177,443           | -                 | 208,725           | 208,725           |
| Restricted - Expendable                          | 61,657            | -                 | 61,657            | 45,765            | -                 | 45,765            |
| Unrestricted                                     | 359,045           | -                 | 359,045           | 243,285           | -                 | 243,285           |
| Total net assets                                 | 420,702           | 177,443           | 598,145           | 289,050           | 208,725           | 497,775           |
| Total liabilities and net assets                 | <u>\$ 706,745</u> | <u>\$ 177,443</u> | <u>\$ 884,188</u> | <u>\$ 607,035</u> | <u>\$ 208,725</u> | <u>\$ 815,760</u> |

# Eastern Michigan University WEMU-FM

## Schedule of Revenue, Expenses, and Changes in Net Assets by Fund

|  | Year Ended June 30, 2010 |                   |                   | Year Ended June 30, 2009 |                   |                   |
|--|--------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|
|  | Operating Funds          |                   | Total             | Operating Funds          |                   | Total             |
|  | Unrestricted             | Property Fund     |                   | Unrestricted             | Property Fund     |                   |
|  | (restated)               |                   |                   |                          |                   |                   |
| <b>Operating Revenue</b>                           |                          |                   |                   |                          |                   |                   |
| Grants from Corporation for Public Broadcasting    | \$ 184,597               | \$ -              | \$ 184,597        | \$ 163,959               | \$ -              | \$ 163,959        |
| Rental income                                      | 57,122                   | -                 | 57,122            | 58,715                   | -                 | 58,715            |
| Total operating revenue                            | 241,719                  | -                 | 241,719           | 222,674                  | -                 | 222,674           |
| <b>Operating Expenses</b>                          |                          |                   |                   |                          |                   |                   |
| Program services:                                  |                          |                   |                   |                          |                   |                   |
| Programming and production                         | 1,171,588                | 18,143            | 1,189,731         | 1,225,634                | 18,590            | 1,244,224         |
| Broadcasting                                       | 177,864                  | 2,321             | 180,185           | 187,767                  | 2,250             | 190,017           |
| Program information                                | 231,384                  | 4,017             | 235,401           | 226,754                  | 4,037             | 230,791           |
| Support services:                                  |                          |                   |                   |                          |                   |                   |
| Fundraising  | 154,326                  | 2,390             | 156,716           | 148,375                  | 2,251             | 150,626           |
| Management   | 284,817                  | 4,411             | 289,228           | 273,872                  | 4,154             | 278,026           |
| Total operating expenses                           | 2,019,979                | 31,282            | 2,051,261         | 2,062,402                | 31,282            | 2,093,684         |
| <b>Operating Loss</b>                              | (1,778,260)              | (31,282)          | (1,809,542)       | (1,839,728)              | (31,282)          | (1,871,010)       |
| <b>Nonoperating Revenue</b>                        |                          |                   |                   |                          |                   |                   |
| General appropriations from the University         | 712,804                  | -                 | 712,804           | 712,960                  | -                 | 712,960           |
| Administrative support from the University         | 604,612                  | -                 | 604,612           | 630,440                  | -                 | 630,440           |
| Contributions                                      | 592,496                  | -                 | 592,496           | 569,499                  | -                 | 569,499           |
| Net nonoperating revenue                           | 1,909,912                | -                 | 1,909,912         | 1,912,899                | -                 | 1,912,899         |
| <b>Changes in Net Assets</b>                       | 131,652                  | (31,282)          | 100,370           | 73,171                   | (31,282)          | 41,889            |
| <b>Net Assets - Beginning of year, as restated</b> | 289,050                  | 208,725           | 497,775           | 215,879                  | 240,007           | 455,886           |
| <b>Net Assets - End of year</b>                    | <b>\$ 420,702</b>        | <b>\$ 177,443</b> | <b>\$ 598,145</b> | <b>\$ 289,050</b>        | <b>\$ 208,725</b> | <b>\$ 497,775</b> |

## Master Document

| FIELD                   | VALUES                              |
|-------------------------|-------------------------------------|
| Company Name (Headings) | Eastern Michigan University WEMU-FM |
| Company Name (Text)     | Eastern Michigan University WEMU-FM |
| D/B/A                   | d/b/a                               |
| Year End                | June 30, 2010                       |
| Prior Year              | June 30, 2009                       |
| 2 Year Prior            | June 30, 2008                       |
| Opinion Date            | November 12, 2010                   |
| Comparative Date        | June 30, 2010 and 2009              |
| a2001                   | 2010                                |
| a2000                   | 2009                                |
| a1999                   | 2008                                |
| a1998                   | 2007                                |
| a2001 and 2000          | 2010 and 2009                       |
|                         |                                     |
|                         |                                     |
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