

# Financial Statements

## 2015-2016



WNMU-TV & WNMU-FM  
Northern Michigan University

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WNMU-TV AND WNMU-FM

June 30, 2016

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## **Board of Trustees**

Terms ending December 31 in year shown

H. Sook Wilkinson

*Chair*

Bloomfield Hills

2016

Thomas H. Zurbuchen

*Vice Chair*

Ann Arbor

2020

Scott Holman

Freeland

2018

L. Garnet Lewis

Saugatuck

2016

Robert E. Mahaney

Marquette

2022

Steven M. Mitchell

West Bloomfield

2020

Richard M. Popp

Northville Township

2018

Tami M. Seavoy

Marquette

2022

Fritz J Erickson

President of the University

*Ex Officio*

## **Executive Officers**

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Fritz J Erickson

President

Kerri Schuiling

Provost and

Vice President for Academic Affairs

R. Gavin Leach

Vice President for Finance & Administration and  
Treasurer of the Board of Trustees

Steven P. VandenAvond

Vice President for Extended Learning and  
Community Engagement

## **Station Management**

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Eric Smith

General Manager

Evelyn J. Massaro

WNMU-FM Station Manager

Bruce S. Turner

WNMU-TV Station Manager

Curt Noel

Business Manager

## MANAGEMENT'S DISCUSSION AND ANALYSIS WNMU-TV

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This section of WNMU-TV's (the "television station") financial report presents our discussion and analysis of the financial performance of the television station during the fiscal year ended June 30, 2016. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

### Reporting Entity

Northern Michigan University (the "University") operates a public television station, WNMU-TV, and a public radio station, WNMU-FM. The assets, liabilities and fund balances for WNMU-TV and WNMU-FM include accounts extracted from the principal financial statements of the University and accounts of the Northern Michigan University Foundation (the "Foundation") specifically designated for WNMU-TV and WNMU-FM. The Foundation is an independent corporation formed for the purpose of receiving funds for the sole benefit of the University. Included in the operation of the Foundation are fund raising activities specifically designated for WNMU-TV and WNMU-FM. All accounts and transactions between the University and the Foundation have been eliminated.

### Using the Financial Report

This financial report consists of a series of financial statements, prepared in accordance with the 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 presented focus on the financial condition of the television station, the results of operations, and cash flows of the television station as a whole.

The Statement of Net Position includes all assets and liabilities. 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 expenses incurred during the year. Activities are reported as either operating or nonoperating. Under the reporting model, general appropriations from the University and gifts are reported as nonoperating revenues and results in the television station showing an operating loss of \$1,133,519 for the year ended June 30, 2016, and \$1,462,570 for the year ended June 30, 2015. 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.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, capital, financing, and investing activities.

### Financial Highlights

Net position for the year ended June 30, 2016 of \$1,946,100 decreased \$21,200 from the prior year balance of \$1,967,300. Invested in capital assets of \$1,145,800 decreased by \$268,200 and included depreciation of \$188,100 and disposal of assets. Unrestricted and restricted net position of \$800,300 increase by \$247,000 from the prior year total of \$553,300.

For the year ending June 30, 2016, operating revenues of \$728,000 decreased \$19,400 from the prior year total of \$747,400. The decrease of \$19,400 included a \$23,500 decrease Community Service grants from the Corporation for Public Broadcasting Operating and an increase in other operating revenues of \$4,100. Nonoperating revenues of \$1,184,200 decreased by \$11,500 from the prior year of \$1,195,700 (excluding capital items of \$177,100). The decrease included \$100,700 in general appropriations and a \$19,400 decrease in facilities and support provided by Northern Michigan University, \$101,200 increase in contributions, and a \$7,400 increase in all other non-operating revenues.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**WNMU-TV**  
**(continued)**

**Financial Highlights (continued)**

For the year ending June 30, 2015, operating revenues of \$747,400 decreased \$11,300 from the prior year total of \$758,700. The decrease of \$11,300 included a \$14,400 increase in Community Service grants from the Corporation for Public Broadcasting Operating and a decrease in other grants and operating revenues of \$25,700 which is attributed to a large one-time royalty payment of \$23,900 received in the prior year. Nonoperating revenues of \$1,195,700 (excluding capital items of \$177,100) increased by \$81,600 from the prior year of \$1,114,100 after excluding capital items of \$29,900. The increase included \$92,600 in general appropriations and a \$22,900 increase in facilities and support provided by Northern Michigan University, \$36,400 decrease in contributions, and a \$2,500 increase in all other non-operating revenues.

For the year ending June 30, 2016 operating expenses of \$1,861,500 decreased by \$348,500 from the prior year total of \$2,210,000. The net decrease of \$348,500 resulted from decreases in salaries, wages, and benefits costs of \$107,100, program acquisition of \$13,900, depreciation expense of \$20,800, indirect costs of \$19,400, rental and maintenance of equipment of \$213,300, and an increase of \$18,000 in professional serves and \$8,000 in all other expenses.

For the year ending June 30, 2015 operating expenses of \$2,210,000 increased by \$181,200 from the prior year total of \$2,028,800. The net increase of \$181,200 resulted from increases in rental and maintenance of equipment of \$223,600, program acquisition of \$14,400, and indirect costs of \$22,900, and decreases in salaries, wages, and benefits costs of \$10,500, depreciation expense of \$66,600 and a decrease of \$2,600 in all other expenses.

**CONDENSED FINANCIAL INFORMATION**

**Condensed Statement of Net Position**

	June 30		
	2016	2015	2014
<b>Assets</b>			
Current assets	\$1,358,349	\$1,076,645	\$958,739
Noncurrent assets:			
Capital	1,145,789	1,414,027	1,983,798
Other	29,058	30,159	12,296
Total noncurrent assets	1,174,847	1,444,186	1,996,094
Total assets	2,533,196	2,520,831	2,954,833
Deferred outflows of resources			
Deferred pension amounts	48,550	50,802	-
Total deferred outflows of resources	48,550	50,802	-
Liabilities			
Current liabilities	41,268	39,176	38,366
Noncurrent liabilities	590,480	515,596	-
Total liabilities	631,748	554,772	38,366
Deferred inflows of resources			
Deferred pension amounts	3,851	49,524	-
Total deferred inflows of resources	3,851	49,524	-
Net Position			
Invested in capital assets, net of related debt	1,145,789	1,414,027	1,983,798
Restricted-expendable	29,223	31,703	12,701
Unrestricted	771,135	521,607	919,968
Total net position	\$1,946,147	\$1,967,337	\$2,916,467

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**WNMU-TV**  
**(continued)**

**Condensed Financial Information (continued)**

**Condensed Statement of Net Position (continued)**

Cash and cash equivalents and investments of \$1,353,700 for fiscal year 2016 increased by \$280,700 from the prior year total of \$1,073,000. At June 30, 2014, cash and cash equivalents and investments were \$948,800. Investment in physical plant of \$1,145,800 for fiscal year 2016, \$1,414,000 for fiscal year 2015, and \$1,983,800 for fiscal year 2014 was the largest noncurrent asset of WNMU-TV. Accrued payroll and benefits of \$17,000 for fiscal year 2016, \$36,800 for fiscal year 2015, and \$33,300 for fiscal year 2014 was the largest current liability. Net pension liability of \$590,500 for fiscal year 2016 and \$515,600 for fiscal year 2015 is the only noncurrent liability and results from the station recording its proportional share of the MPSERS new pension liability recorded by the University

Current assets at June 30, 2016, of \$1,358,300 were sufficient to cover current liabilities of \$41,300 as the current ratio is 32.9 dollars in current assets to every 1 dollar in current liabilities. Current assets of \$1,076,600 at June 30, 2015, and \$958,700 at June 30, 2014 were sufficient to cover current liabilities of \$39,200 and \$38,400 respectively. The current ratio was 27.5 at June 30, 2015 and 25.0 at June 30, 2014.

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	June 30		
	2016	2015	2014
Operating revenues			
Grants and contracts	\$702,074	\$725,627	\$713,211
Other operating revenue	25,953	21,811	45,486
Total operating revenues	728,027	747,438	758,697
Operating expenses	(1,861,546)	(2,210,008)	(2,028,752)
Operating loss	(1,133,519)	(1,462,570)	(1,270,055)
Non-operating revenues (expenses)			
Appropriations, facilities, and support from NMU	363,582	464,227	617,513
Contributions	451,406	350,256	386,638
Other non-operating income and expenses	297,361	204,120	139,851
Net non-operating revenues and expenses	1,112,329	1,018,603	1,144,002
Total (decrease) increase in net position	(21,190)	(443,967)	(126,053)
Net position			
Net position – beginning of year	1,967,337	2,916,467	3,042,520
Cumulative effect of change in accounting principle	-	(505,163)	-
Adjusted net position – beginning of year	1,967,337	2,411,304	3,042,520
Net position – end of year	\$1,946,147	\$1,967,337	\$2,916,467

Total operating revenues for fiscal year 2016 were \$728,000, \$747,400 for fiscal year 2015 and \$758,700 for 2014. The most significant source of operating revenue was Community Service grants from the Corporation for Public Broadcasting of \$702,100 for fiscal year 2016, \$725,600 for fiscal year 2015 and \$711,200 for fiscal year 2014.

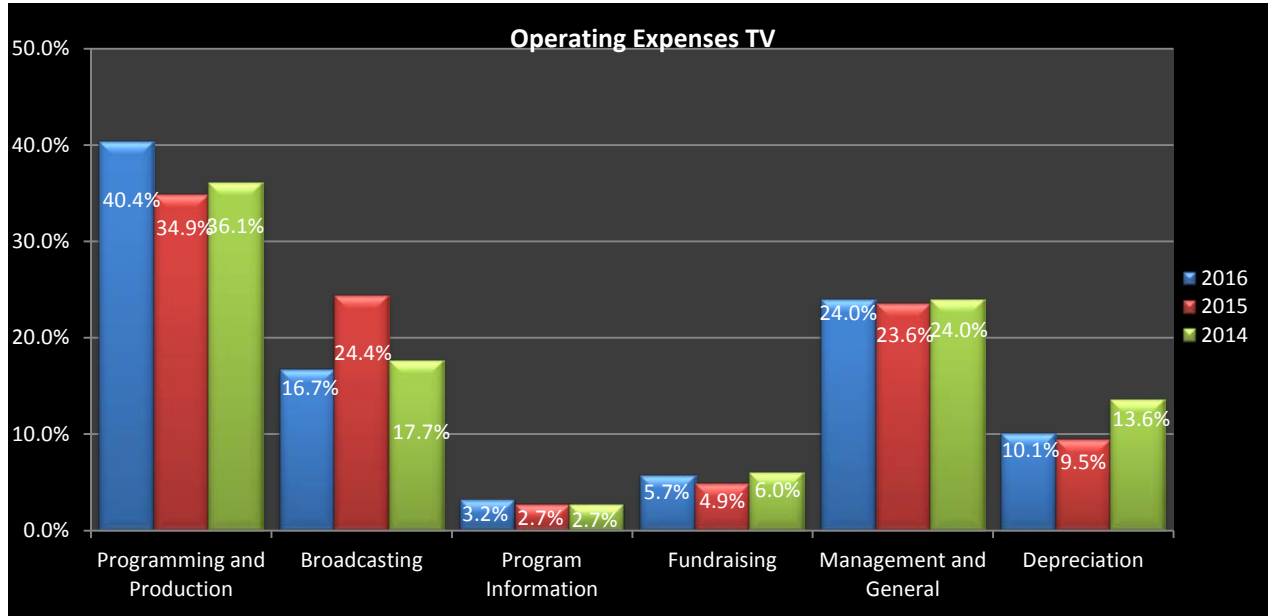
Operating expenses were \$1,861,500 for fiscal year 2016, \$2,210,000 for fiscal year 2015 and \$2,028,800 for fiscal year 2014. Salaries, wages, and benefits are the most significant expense at \$719,300 for fiscal year 2016, \$826,400 for fiscal year 2015, and \$839,000 for fiscal year 2014. Program acquisition costs were \$384,700 for fiscal year 2016, \$398,600 for fiscal year 2015, and \$384,200 for fiscal year 2014.

The cumulative effect of implementing GASB 68, a change in accounting principle, is recorded to the beginning balance of fiscal year 2015. Information from MPSERS is not available for fiscal 2014.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**WNMU-TV**  
**(continued)**

**Condensed Financial Information (continued)**

**Condensed Statement of Net Position (continued)**



**Other**

General appropriations from Northern Michigan University, the largest source of nonoperating revenue totaled \$363,600 for fiscal year 2016, \$464,200 for fiscal year 2015, and \$371,600 for fiscal year 2014. Contributions from viewers and businesses totaled \$451,400 for fiscal year 2016, \$350,300 for fiscal year 2015, and \$386,600 for fiscal year 2014. The increase for fiscal year 2016 was mainly attributed to a large contribution of \$96,000. The coverage area for WNMU-TV consists primarily of the Upper Peninsula of Michigan and northeastern Wisconsin.

**Condensed Statement of Cash Flows**

	June 30		
	2016	2015	2014
Cash (used) provided by:			
Operating activities	(\$547,645)	(\$870,022)	(\$652,149)
Non-capital financing activities	818,782	808,372	754,572
Capital activities	8,265	183,778	-
Investing activities	2,407	(15,778)	2,222
Net increase in cash and cash equivalents	281,809	106,350	104,645
Cash and cash equivalents – beginning of year	1,042,836	936,486	831,841
Cash and cash equivalents – end of year	\$1,324,645	\$1,042,836	\$936,486

**Capital Plan**

WNMU-TV has realized significant economic and operational benefits from its master control renovation completed in the 4<sup>th</sup> quarter of 2015. Comprised of new automation, server and control equipment, this facility upgrade positions the station to launch new programming initiatives and provides significant state-of-the-art training opportunities for students involved in new media and broadcast technical careers.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**WNMU-TV**  
**(concluded)**

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**Capital Plan (continued)**

At the heart of WNMU-TV's broadcast operations is its programming. Station management has worked to ensure that technical upgrades allow for a diverse set of programs designed to meet the needs of early childhood education as well as the cultural and information needs of its viewers. During the first quarter of 2017, WNMU-TV plans to launch a new channel designed specifically to meet the needs of pre-school children within its viewing audience. Program content will come from PBS and WNMU staff will promote this new channel to families interested in helping children become better prepared to begin their K-12 educational experience.

WNMU-TV's new technical core has also provided more reliable local production operations as the station continues its mission of producing local content to meet the needs of its audiences. Examples of these programs include veteran related interstitials designed to inform former service members of programs and benefits that can improve their daily lives.

Finally, WNMU-TV continues to serve audiences with emergency alert services that originate at the national, state and local levels. Station engineering personnel recently upgraded local DASDEC equipment and remain compliant with all FCC-mandated alert and alert-testing requirements.

**Factors Impacting Future Periods**

Annual giving to WNMU-TV saw an increase from the previous year. Contributing to the increase in revenue was a more reliable signal and increased activity in the area of major giving. Underwriting revenue continues to be an important component of the station's fundraising activities and WNMU-TV continues to promote its annual giving through four, on-air fundraising campaigns as well as direct mail activities. In an effort to match financial resources to station operational needs, staffing assignments will be made to net the station modest financial savings.

The station is also continuing its work with academic units on the campus of Northern Michigan University to provide value-added instruction for enrolled students. Station activities that specifically enhance instruction are designed to offer students hands-on experience while generating Corporation for Public Broadcasting (CPB) qualified programs of interest to the public served by Public TV 13. These efforts provide graduating students with essential employment skills following graduation while serving the programming needs of the station's region. In addition, through its close alignment with NMU's core teaching and learning mission, WNMU is better positioned to take advantage of facility investments and upgrades made by the University. In 2015, WNMU was selected as one of 15 departments for targeted recruitment and promotion. The results of these efforts are starting to yield new multi-media students that will begin cycling through experiential learning opportunities at the station.

WNMU closely monitors its federal grants and the status of legislative appropriations. The station also takes a conservative approach when factoring CPB grants into its budget and looks for ways to increase local fundraising and underwriting.

WNMU-TV continues to closely monitor the FCC reverse spectrum auction and will continue to evaluate options and alternatives that could secure new revenue for station activities. Station managers will be working closely with NMU's Board of Trustees with regards to the station's participation in the auction process.



## MANAGEMENT'S DISCUSSION AND ANALYSIS WNMU-FM

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This section of WNMU-FM's (the "radio station") financial report presents our discussion and analysis of the financial performance of the radio station during the fiscal year ended June 30, 2016. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with and is qualified in its entirety by the financial statements and footnotes. The financial statements, footnotes, and this discussion are the responsibility of management.

### Reporting Entity

Northern Michigan University (the "University") operates a public television station, WNMU-TV, and a public radio station, WNMU-FM. The assets, liabilities and fund balances for WNMU-TV and WNMU-FM include accounts extracted from the principal financial statements of the University and accounts of the Northern Michigan University Foundation (the "Foundation") specifically designated for WNMU-TV and WNMU-FM. The Foundation is an independent corporation formed for the purpose of receiving funds for the sole benefit of the University. Included in the operation of the Foundation are fund raising activities specifically designated for WNMU-TV and WNMU-FM. All accounts and transactions between the University and the Foundation have been eliminated.

### Using the Financial Report

This financial report consists of a series of financial statements, prepared in accordance with the 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 presented focus on the financial condition of the radio station, the results of operations, and cash flows of the radio station as a whole.

The Statement of Net Position includes all assets and liabilities. 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 expenses incurred during the year. Activities are reported as either operating or nonoperating. Under the reporting model general appropriations from Northern Michigan University and gifts are reported as nonoperating revenues and results in the radio station showing an operating loss of \$788,466 for the year ended June 30, 2016, and \$763,014 for the year ended June 30, 2015. 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.

The Statement of Cash Flows presents information related to cash inflows and outflows summarized by operating, capital, financing, and investing activities.

### Financial Highlights

Net position for the year ended June 30, 2016 of \$180,072 decreased by \$25,400 over the prior year balance of \$205,500. Invested in capital assets increased \$9,900 from the prior year total of \$132,000. Unrestricted and restricted net position of \$38,200 decreased by \$35,300 from the prior year total of \$73,500.

For the year ending June 30, 2016, operating revenues of \$166,500 increased \$3,000 from the prior year total of \$163,500. The Community service grants from the Corporation for Public Broadcasting of \$151,600 decreased by \$800 from the prior year total of \$152,400 and other operating revenues of \$14,900 increased by \$3,700 from the prior year total of \$11,200. Nonoperating revenues of \$741,000 after excluding capital items of \$22,753, increased by \$43,200 from the prior year total of \$697,800. Contributions from listeners of \$389,500 increased by \$16,100 over the prior year total of \$373,400. General appropriations from Northern Michigan University of \$216,700 increased by \$24,800 from the prior year total of \$191,900, and other revenues increase by \$2,300.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**WNMU-FM**  
**(continued)**

**Financial Highlights (continued)**

For the year ending June 30, 2015, operating revenues of \$163,500 decreased \$8,600 from the prior year total of \$172,100. While the Community service grants from the Corporation for Public Broadcasting of \$152,400 remained relatively flat from the prior year total of \$153,500, other grants and operating revenues of \$11,200 decreased by \$7,500 from the prior year total of \$18,700. Nonoperating revenues of \$697,800 decreased by \$46,800 from the prior year total of \$744,600 after excluding capital items of \$42,100. Contributions from listeners of \$373,400 had the largest decrease of \$36,000 from the prior year total of \$409,400. General appropriations from Northern Michigan University of \$191,900 decreased by \$9,000 from the prior year total of \$200,900, and other revenues increase by \$2,900.

For the year ending June 30, 2016, operating expenses of \$955,000 increased \$28,500 from the prior year total of \$926,500. The net increase of \$28,500 resulted from increases in salaries, wages, and benefits of \$41,500, professional services of \$12,400, facilities and support of \$6,400, and decreases in printing and postage of \$10,000, travel of \$9,300, program acquisition costs of \$9,200 and decreases in all other expenses of \$3,300.

For the year ending June 30, 2015, operating expenses of \$926,500 increased \$5,000 from the prior year total of \$921,500. The net increase of \$5,000 resulted from decreases in program acquisition costs of \$12,600 and indirect costs of \$6,500, and increases in salaries, wages, and benefits of \$8,800, travel of \$12,200 and increases in all other expenses of \$3,100.

**CONDENSED FINANCIAL INFORMATION**

**Condensed Statement of Net Position**

	June 30		
	2016	2015	2014
Assets			
Current assets	\$370,497	\$315,019	\$367,361
Noncurrent assets:			
Capital	141,872	132,045	143,537
Other	25,210	26,402	25,969
Total noncurrent assets	<u>167,082</u>	<u>158,447</u>	<u>169,506</u>
Total assets	537,579	473,466	536,867
Deferred outflows of resources			
Deferred pension amounts	27,858	22,884	-
Total deferred outflows of resources	<u>27,858</u>	<u>22,884</u>	<u>-</u>
Liabilities			
Current liabilities	44,337	40,581	42,443
Noncurrent liabilities	338,819	228,286	-
Total liabilities	<u>383,156</u>	<u>268,867</u>	<u>42,443</u>
Deferred inflows of resources			
Deferred pension amounts	2,209	21,993	-
Total deferred inflows of resources	<u>2,209</u>	<u>21,993</u>	<u>-</u>
Net position			
Invested in capital assets, net of related debt	141,872	132,045	143,537
Restricted-expendable	25,353	27,753	26,824
Unrestricted	12,847	45,692	324,063
Total net position	<u>\$180,072</u>	<u>\$205,490</u>	<u>\$494,424</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**WNMU-FM**  
**(continued)**

**Condensed Financial Information (continued)**

**Condensed Statement of Net Position (continued)**

Cash and cash equivalents and investments of \$363,100 for fiscal year 2016 increased by \$54,400 from the prior year total of \$308,700. Cash and investments at June 30, 2014 was \$351,700. Investment in physical plant of \$141,900 for fiscal year 2016, 132,000 for fiscal year 2015, and \$143,500 for fiscal year 2014 was the largest noncurrent asset of WNMU-FM. Accrued payroll and benefits of \$11,800 for fiscal year 2016, \$21,100 for fiscal year 2015, and \$18,800 for fiscal year 2014 is the largest current liability. Net pension liability of \$338,800 for fiscal year 2016 and \$228,300 for fiscal year 2015 is the only noncurrent liability and results from the station recording its proportional share of the MPSERS new pension liability recorded by the University

Current assets at June 30, 2016, of \$370,500 were sufficient to cover current liabilities of \$44,300 as the current ratio is 8.4 dollars in current assets to every 1 dollar in current liabilities. Current assets of \$315,000 at June 30, 2015, and \$367,400 at June 30, 2014 were sufficient to cover current liabilities of \$40,600, and \$42,400 respectively. The current ratio was 7.8 at June 30, 2015 and 8.7 at June 30, 2014.

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	June 30		
	2016	2015	2014
Operating revenues			
Grants and contracts	\$151,614	\$152,380	\$153,466
Other operating revenue	14,883	11,150	18,666
Total operating revenues	<u>166,497</u>	<u>163,530</u>	<u>172,132</u>
Operating expenses	954,963	926,544	921,525
Operating (loss) income	<u>(788,466)</u>	<u>(763,014)</u>	<u>(749,393)</u>
Nonoperating revenues (expenses)			
Appropriations, facilities, and support from NMU	216,667	191,862	324,946
Contributions	389,477	373,416	409,388
Other nonoperating income and expenses	156,904	132,545	52,398
Net nonoperating revenues and expenses	<u>763,048</u>	<u>697,823</u>	<u>786,732</u>
Total (decrease) increase in net position	<u>(25,418)</u>	<u>(65,191)</u>	<u>37,339</u>
Net position			
Net position—beginning of year	205,490	494,424	457,085
Cumulative effect of change in accounting principle	-	(223,743)	-
Adjusted net position—beginning of year	<u>205,490</u>	<u>270,681</u>	<u>457,085</u>
Net position—end of year	<u>\$180,072</u>	<u>\$205,490</u>	<u>\$494,424</u>

Total operating revenues for fiscal year 2016 were \$166,500, \$163,500 for fiscal year 2015 and \$172,100 for 2014. The most significant source of operating revenue was Community Service grants from the Corporation for Public Broadcasting of \$151,600 for fiscal year 2016, \$152,400 for fiscal year 2015 and \$153,500 for fiscal year 2014.

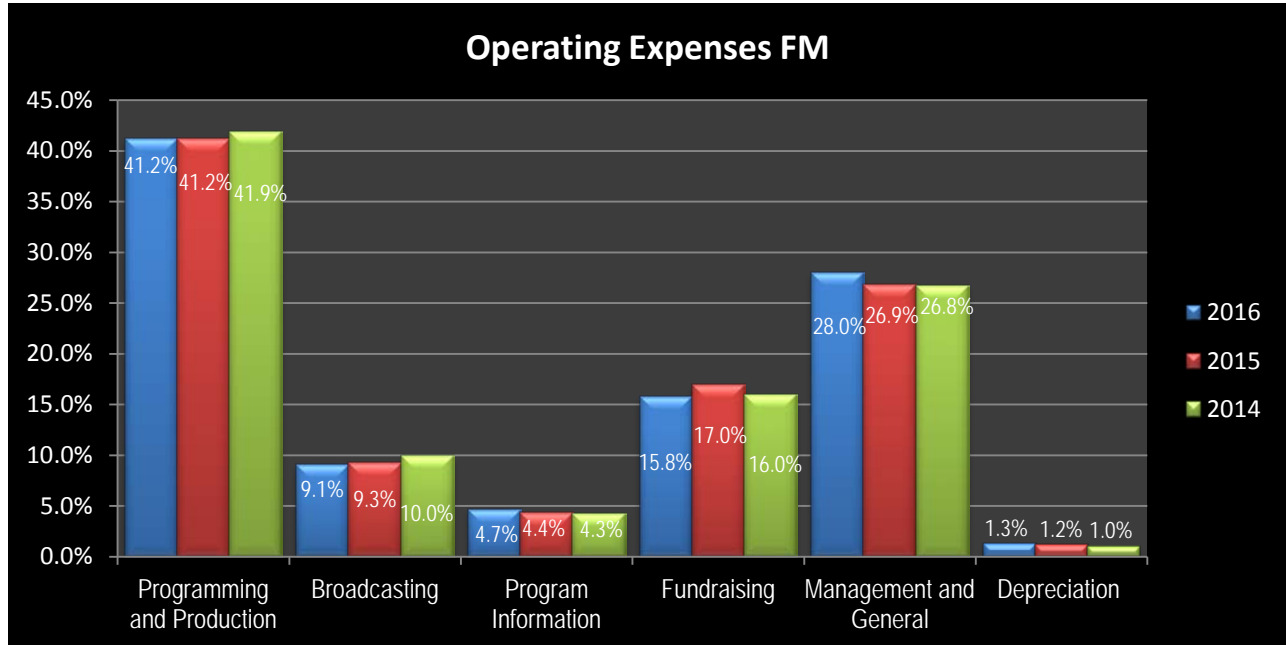
The cumulative effect of implementing GASB 68, a change in accounting principle, is recorded to the beginning balance of fiscal year 2015. Information from MPSERS is not available for fiscal 2014.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**WNMU-FM**  
**(continued)**

**Condensed Financial Information (continued)**

**Condensed Statement of Revenues, Expenses and Changes in Net Position (continued)**

Operating expenses were \$955,000 for fiscal year 2016, \$926,500 for fiscal year 2015 and \$921,500 for fiscal year 2014. Salaries, wages, and benefits are the most significant expense at \$548,417 for fiscal year 2016, \$506,900 for fiscal year 2015, and \$498,200 for fiscal year 2014. Program acquisition costs were \$126,500 for fiscal year 2016, \$135,700 for fiscal year 2015, and \$148,200 for fiscal year 2014.



**Other**

Contributions from listeners and businesses are the largest source of non-operating revenues. Contributions totaled \$389,500 for fiscal year 2016, \$373,400 for fiscal year 2015, and \$409,400 for fiscal year 2014. The coverage area for WNMU-FM consists primarily of the Upper Peninsula of Michigan, a sparsely populated region.

**Statement of Cash Flows**

**Condensed Statement of Cash Flows**

	June 30		
	2016	2015	2014
Cash (used) provided by:			
Operating activities	(\$549,874)	(\$603,245)	(\$635,847)
Non-capital financing activities	604,520	559,569	616,050
Investing activities	943	213	3,951
Net increase (decrease) in cash and cash equivalents	55,589	(43,463)	(15,846)
Cash and cash equivalents – beginning of year	282,203	325,766	341,612
Cash and cash equivalents – end of year	<u>\$337,892</u>	<u>\$282,303</u>	<u>\$325,766</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**WNMU-FM**  
**(concluded)**

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**Capital Plan**

Production facilities continue to be a focus for WNMU-FM and while new automation and mixing equipment have improved sound quality for the station, managers successfully added a new, modular sound recording room that provides stations personnel with new audio production space. This modular recording room solved a long-standing problem that had previously plagued station staff. This new "room within a room" provides an acoustical barrier that filters mechanical HVAC noise from audio recordings. Funding for this facility was secured through a gift from the NMU Foundation and allows staff, as well as student interns to record programming that meets current audio production requirements.

Public Radio 90 continues with efforts to build listener loyalty and increase contributions. Based on its fundraising success with Collette Tours, WNMU-FM is offering station supporters the opportunity to tour Tuscany with a Public Radio staff member in 2017. The station continued this year to capitalize on hours of recorded local content generated through a recent visit by NPR's *Story Corp* unit and is now airing individual programs that were not used as part of the national *Story Corp* series. All of these value-added experiences are designed to attract new Public Radio listeners and strengthen area resident's interest in station programming. Station managers continue to believe that local content is important to the community served by WNMU-FM and recognize that maintaining a connection to listeners is critical in generating revenue needed to support the station and its programming.

WNMU-FM also made staffing changes in 2016 that lowered costs while at the same time offering new opportunities for changes in locally produced programming. These changes represent on-going savings to the station and provide Public Radio 90 with the ability to freshen its on-air content as it responds to audience driven suggestions for better programming. It is expected that these changes will have a positive impact on fundraising during the coming year.

**Factors Impacting Future Periods**

Annual giving showed a modest increase for the year as fundraising efforts continue. NMU's Foundation is now benefiting from new leadership and during the coming year, WNMU-FM will be exploring a renewed effort to build revenue based on major gifts. While annual giving remains constant, station management has been pleased to see that automotive donations continue to grow as part of the station's fundraising portfolio. WNMU-FM expects its federal funding to remain level during the coming year primarily to the 2-year forward funding provided by Congress and the CPB. Station programming costs are expected to increase slightly and station management will reduce expenses in other areas to match expected revenues.

WNMU-FM continues to promote student internships and directed studies that provide NMU students with practical learning experiences without direct cost to the station. Station managers expect to continue to see a slight increase in fundraising revenue to continue into the new fiscal year as a direct result of the larger than expected increase in sustaining members who agree to give annually and only have to notify the station when they no longer wish to contribute. This increase in regular, planned income will assist WNMU-FM with its budgeting process and should also help grow station revenues.



## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
WNMU TV and WNMU FM  
1401 Presque Isle Avenue  
Marquette, Michigan 49855

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the WNMU TV and WNMU FM, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the WNMU TV and WNMU FM'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 opinions 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 of material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the WNMU TV and WNMU FM, as of June 30, 2016 and 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As described in Note G to the financial statements, in 2015, WNMU TV and WNMU FM adopted the following new accounting guidance: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (an Amendment of GASB No. 27)* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an Amendment of GASB No. 68)*. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the WNMU TV and WNMU FM's basic financial statements as a whole. The Statements of Functional Expenses are presented for purposes of additional analysis and are not a required part of the financial statements.

The Statements of Functional Expenses are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statements of Functional Expenses are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016 on our consideration of the WNMU TV and WNMU FM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WNMU TV and WNMU FM's internal control over financial reporting and compliance.

*Anderson, Jackman & Company, PLLC*  
Certified Public Accountants

December 5, 2016



**WNMU-TV**  
**Statements of Net Position**

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$1,324,645	\$1,042,836
Accounts receivable (less allowance 2016--\$0; 2015--\$0)	9,613	9,277
Other assets	24,091	24,532
<b>Total current assets</b>	1,358,349	1,076,645
<b>Noncurrent assets</b>		
Long-term investments	29,058	30,159
Capital assets, net	1,145,789	1,414,027
<b>Total noncurrent assets</b>	1,174,847	1,444,186
<b>Total assets</b>	2,533,196	2,520,831
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension amounts	48,550	50,802
<b>Total deferred outflows of resources</b>	48,550	50,802
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	18,080	495
Accrued payroll and benefits	16,998	36,810
Unearned revenue	6,190	1,871
<b>Total current liabilities</b>	41,268	39,176
<b>Noncurrent liabilities</b>		
Net pension liability	590,480	515,596
<b>Total noncurrent liabilities</b>	590,480	515,596
<b>Total liabilities</b>	631,748	554,772
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension amounts	3,851	49,524
<b>Total deferred inflows of resources</b>	3,851	49,524
<b>NET POSITION</b>		
Net investment in capital assets	1,145,789	1,414,027
Restricted	29,223	31,703
Unrestricted	771,135	521,607
<b>Total net position</b>	\$1,946,147	\$1,967,337

*See notes to financial statements.*

**WNMU-FM**  
**Statements of Net Position**

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$337,892	\$282,303
Accounts receivable (less allowance 2016--\$0; 2015--\$0)	1,777	2,011
Other assets	30,828	30,705
<b>Total current assets</b>	370,497	315,019
<b>Noncurrent assets</b>		
Long-term investments	25,210	26,402
Capital assets, net	141,872	132,045
<b>Total noncurrent assets</b>	167,082	158,447
<b>Total assets</b>	537,579	473,466
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension amounts	27,858	22,884
<b>Total deferred outflows of resources</b>	27,858	22,884
 <b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	23,420	8,423
Accrued payroll and benefits	11,753	21,136
Unearned revenue	9,164	11,022
<b>Total current liabilities</b>	44,337	40,581
<b>Noncurrent liabilities</b>		
Net pension liability	338,819	228,286
<b>Total noncurrent liabilities</b>	338,819	228,286
<b>Total liabilities</b>	383,156	268,867
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension amounts	2,209	21,993
<b>Total deferred inflows of resources</b>	2,209	21,993
 <b>NET POSITION</b>		
Net investment in capital assets	141,872	132,045
Restricted	25,353	27,753
Unrestricted	12,847	45,692
<b>Total net position</b>	\$180,072	\$205,490

*See notes to financial statements.*

**WNMU-TV**  
**Statements of Revenues, Expenses, and Changes in Net Position**

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
<b>Operating revenues</b>		
Community service grants from Corporation for Public Broadcasting	\$702,074	\$725,627
Other operating revenues	25,953	21,811
<b>Total operating revenues</b>	728,027	747,438
<b>EXPENSES</b>		
<b>Operating expenses</b>		
Program services:		
Programming and production	752,233	771,556
Broadcasting	310,201	539,098
Program information	59,227	60,189
Support services:		
Fundraising and membership development	105,519	108,403
Management and general	446,307	521,887
Depreciation	188,059	208,875
<b>Total operating expenses</b>	1,861,546	2,210,008
<b>Operating loss</b>	(1,133,519)	(1,462,570)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
General appropriations from Northern Michigan University	363,562	464,227
Contributions	451,406	350,256
Other donated services and in-kind contributions	118,499	110,319
Investment income	1,306	2,085
Facilities and support provided by Northern Michigan University	249,470	268,834
Capital grants	-	75,281
Capital contributions from Northern Michigan University	-	96,248
Loss on asset disposal	(71,914)	(348,647)
<b>Net non-operating revenues (expenses)</b>	1,112,329	1,018,603
<b>Decrease in net position</b>	(21,190)	(443,967)
<b>NET POSITION</b>		
<b>Net position--beginning of year</b>	1,967,337	2,916,467
Cumulative effect of change in accounting principle	-	(505,163)
<b>Adjusted net position--beginning of year</b>	1,967,337	2,411,304
<b>Net position--end of year</b>	\$1,946,147	\$1,967,337

*See notes to financial statements.*

**WNMU-FM**  
**Statements of Revenues, Expenses, and Changes in Net Position**

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>		
<b>Operating revenues</b>		
Community service grants from Corporation for Public Broadcasting	\$151,614	\$152,380
Other operating revenues	14,883	11,150
<b>Total operating revenues</b>	<b>166,497</b>	<b>163,530</b>
<b>EXPENSES</b>		
<b>Operating expenses</b>		
Program services:		
Programming and production	393,030	381,446
Broadcasting	86,819	86,076
Program information	45,156	41,183
Support services:		
Fundraising and membership development	150,340	156,711
Management and general	267,445	249,636
Depreciation	12,173	11,492
<b>Total operating expenses</b>	<b>954,963</b>	<b>926,544</b>
<b>Operating loss</b>	<b>(788,466)</b>	<b>(763,014)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
General appropriations from Northern Michigan University	216,667	191,862
Contributions	389,477	373,416
Other donated services and in-kind contributions	7,468	10,609
Investment (loss) income	(249)	646
Facilities and support provided by Northern Michigan University	127,685	121,290
Capital gifts	18,000	-
Capital contributions from Northern Michigan University	4,753	-
Loss on asset disposal	(753)	-
<b>Net nonoperating revenues and (expenses)</b>	<b>763,048</b>	<b>697,823</b>
<b>Increase (decrease) in net position</b>	<b>(25,418)</b>	<b>(65,191)</b>
<b>NET POSITION</b>		
<b>Net position</b> --beginning of year	205,490	494,424
Cumulative effect of change in accounting principle	-	(223,743)
<b>Adjusted net position</b> --beginning of year	<b>205,490</b>	<b>270,681</b>
<b>Net position</b> --end of year	<b>\$180,072</b>	<b>\$205,490</b>

See notes to financial statements.

**WNMU-TV**  
**Statements of Cash Flows**

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Grants and contracts	\$702,074	\$725,627
Payments to suppliers	(568,216)	(804,742)
Payments to employees	(707,625)	(813,771)
Other receipts	26,122	22,864
Net cash used by operating activities	(547,645)	(870,022)
<b>Cash flows from noncapital financing activities</b>		
General appropriation from Northern Michigan University	363,562	464,227
Gifts and grants received for other than capital purpose	455,220	344,145
Net cash provided by noncapital financing activities	818,782	808,372
<b>Cash flows from capital and related financing activities</b>		
Insurance proceeds for damaged equipment	8,265	183,778
Capital appropriations from Northern Michigan University	-	75,281
Capital grants	-	96,248
Purchase of capital assets	-	(171,529)
Net cash provided by capital and related financing activities	8,265	183,778
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	2,302	2,558
Investment income (loss)	1,306	2,085
Purchase of investments	(1,201)	(20,421)
Net cash provided by investing activities	2,407	(15,778)
Net increase in cash and cash equivalents	281,809	106,350
Cash and cash equivalents - beginning of the year	1,042,836	936,486
Cash and cash equivalents - end of year	\$1,324,645	\$1,042,836
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	(1,133,519)	(1,462,570)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	188,059	208,875
Facilities and support provided by Northern Michigan University	249,470	268,834
Other donated services	118,499	110,319
Change in assets and liabilities:		
Vendor receivable	169	1,053
Other assets	441	(5,641)
Accounts payable	17,585	(3,532)
Compensated absences/accrued payroll/net pension	11,651	12,640
Net cash used by operating activities	(\$547,645)	(\$870,022)

See notes to financial statements.

**WNMU-FM**  
**Statements of Cash Flows**

	<b>June 30</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>		
Grants and contracts	\$151,614	\$152,380
Payments to suppliers	(244,346)	(268,745)
Payments to employees	(472,025)	(499,252)
Other receipts	14,883	12,372
Net cash used by operating activities	(549,874)	(603,245)
<b>Cash flows from noncapital financing activities</b>		
General appropriation from Northern Michigan University	216,667	191,862
Gifts and grants received for other than capital purpose	387,853	367,707
Net cash provided by noncapital financing activities	604,520	559,569
<b>Cash Flows from Capital and Related Financing Activities</b>		
Capital gifts	18,000	-
Capital grants	4,753	-
Purchase of capital assets	(22,753)	-
Net cash provided (used) by capital and related financing activities	-	-
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	2,234	2,621
Investment income (loss)	(249)	646
Purchase of investments	(1,042)	(3,054)
Net cash provided by investing activities	943	213
Net decrease in cash and cash equivalents	55,589	(43,463)
Cash and cash equivalents - beginning of the year	282,303	325,766
Cash and cash equivalents - end of year	\$337,892	\$282,303
<b>Reconciliation of operating loss to net cash used by operating activities</b>		
Operating loss	(788,466)	(763,014)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	12,173	11,492
Facilities and support provided by Northern Michigan University	127,685	121,290
Other donated services	7,468	10,609
Change in assets and liabilities:		
Other assets	(123)	7,343
Vendor receivable	-	1,222
Accounts payable	14,997	1,809
Compensated absences/accrued payroll/net pension	76,392	6,004
Net cash used by operating activities	(\$549,874)	(\$603,245)

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS  
WNMU-TV AND WNMU-FM**

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**NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*BASIS OF PRESENTATION*

The 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). WNMU-TV and WNMU-FM as part of the University will follow the “business-type” activities requirements of GASB Statement No. 35 rather than issuing “fund-type” financial statements and has the following components of the financial statements:

- Management’s discussion and analysis
- Basic financial statements including statements of net assets, statements of revenues, expenses and changes in net assets, and statements of cash flows for the stations as a whole
- Notes to the financial statements

*CHANGES IN ACCOUNTING PRINCIPALS*

*GASB 68 Accounting and Financial Reporting for Pensions*

WNMU TV and WNMU FM, as part of the University, participates in the MPSERS. GASB 68 is effective for the University’s fiscal year 2015 and establishes new requirements for universities to report a “net pension liability” for the unfunded portion of the pension plan benefits provided to University employees. Universities that maintain their own pension plans (either single employer or agent multiple-employer) will report a liability for the difference between the total pension liability calculated in accordance with GASB 67 and the amount held in the pension trust fund. Universities that participate in a cost sharing plan will report a liability for their “proportionate share” of the “net pension liability” of the entire system.

Historically, universities have only been required to report a net pension obligation to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of GASB 68, universities are required to report a net pension liability based on the current funded status of their pension plans. This liability is limited to the university-wide financial statements and proprietary funds. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods. As a result of this change, the University recognized a net pension liability of \$38,481,086 and deferred outflows of resources of \$2,535,993, which resulted in a decrease in net position of \$35,945,093 as of July 1, 2014. The funds needed to pay the net pension liability on an annual basis are charged to the stations as a percentage of payroll incurred. More detailed information can be found in Note G.

GASB 68 is only applicable to pension plans; however, the GASB has issued GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, a similar standard for other postemployment benefits (e.g., retiree healthcare) with an implementation date for fiscal years beginning after June 15, 2017 (the Universities 2018 fiscal year).

*REPORTING ENTITY*

Northern Michigan University operates a public television station, WNMU-TV, and a public radio station, WNMU-FM. The assets, liabilities and fund balances for WNMU-TV and WNMU-FM include accounts extracted from the principal financial statements of the University and accounts of the Foundation specifically designated for WNMU-TV and WNMU-FM. The Foundation is an independent corporation formed for the purpose of receiving funds for the sole benefit of the University. Included in the operation of the Foundation are fund raising activities specifically designated for WNMU-TV and WNMU-FM. All accounts and transactions between the University and the Foundation have been eliminated.

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

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**NOTE A – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(continued)**

*SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

Basis of Accounting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. In accordance with GASB Statement No. 20, WNMU-TV and WNMU-FM are required to follow all applicable GASB pronouncements.

Revenue is recognized when earned and expenses are recognized when the service is provided. Restricted grant revenue is recognized only to the extent expended. Operating revenues of WNMU-TV and WNMU-FM consist of community service grants from the Corporation of Public Broadcasting, other grants and sales of services. Non-operating revenues consist of general appropriations from the University, contributions, investing activities, and capital and financing activities. Restricted resources are spent and tracked at WNMU-TV and WNMU-FM level within the guidelines of donor restrictions.

Cash Equivalents

Cash equivalents are all investments with original maturity dates of 90 days or less.

Investments

All investments are stated at fair value. Investments in publicly traded securities are stated at fair value as established by major securities markets. Non-publicly traded investments are valued based on estimates considering market prices of similar investments. Investment income includes realized and unrealized gains and losses on investments, interest, and dividends.

Institutional Physical Properties

Institutional physical properties are stated at cost when purchased and at appraised value for other acquisitions.

Depreciation is provided for physical properties on a straight line basis over the estimated useful life of the property, as follows:

<u>Classification</u>	<u>Life</u>
Building, transmitter, antenna and tower	12 to 50 years
Equipment	5 to 15 years

Depreciation expense is \$188,059 for 2016 and \$208,875 for 2015 for WNMU-TV and \$12,173 for 2016 and \$11,492 for 2015 for WNMU-FM. WNMU-TV and WNMU-FM capitalize assets with a cost of \$5,000 or greater.



**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

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**NOTE B – CASH AND INVESTMENTS**

The Television and Radio stations have adopted GASB Statement No. 40, *Deposits and Investment Risk Disclosures*.

Cash and investments for WNMU-TV and WNMU-FM are included in the Statement of Net Position under the following classification:

<u>WNMU-TV</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$1,324,645	\$1,042,836
Long-term investments	29,058	30,159
Total	<u>\$1,353,703</u>	<u>\$1,072,995</u>
<u>WNMU-FM</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$337,892	\$282,303
Long-term investments	25,210	26,402
Total	<u>\$363,102</u>	<u>\$308,705</u>

Deposits

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a bank failure, the station’s deposits may not be returned to it. The University invests and manages cash collectively by pooling cash reserves, including cash of WNMU-TV and WNMU-FM. The University does not have a deposit policy for custodial credit risk. It is not practicable to determine the amount reflected in the amounts of the banks (without recognition of check written but not cleared, or of deposits in transit) that is applicable to the station’s portion of the pooled deposits. At year end, the carrying amount of deposits, excluding those classified as investments, was \$1,324,480 for WNMU-TV and \$337,749 for WNMU-FM. Deposits for WNMU-TV and WNMU-FM were uninsured and uncollateralized. The University is precluded by state law from collateralizing its deposits.

**Foreign Currency Risk** – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of a deposit. The stations’ deposits are managed by the University. The University does not have a deposit policy for foreign currency risk. The University did not have any deposits denominated in foreign currencies at June 30, 2016 and 2015.

Investments

Monies held on deposit with the Foundation are invested in accordance with the Foundation’s Investment Policy.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Foundation’s investment policy limits investments to not more than five percent of the outstanding securities of one issuer and not more than five percent of their portfolios’ assets in the outstanding securities of one issuer at the time of purchase, except for Treasury and Agency securities.

**Foreign Currency Risk** – Foreign currency risk is the risk that changes in exchange rates will adversely affect the investment.

The Foundation’s investment policy allows up to ten percent of its portfolio to be invested in foreign-denominated securities; all other investments must be denominated in U.S. dollars. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at quoted fair value. Both realized and unrealized gains and losses are included in net increase (decrease) in fair value of investments in the statement of activities. Investments acquired by gift or bequest are recorded at the market value on the date of donation and thereafter carried in accordance with the above provision.

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE B – CASH AND INVESTMENTS (continued)**

**Credit Risk** – Credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligations. To limit its exposure to credit risk, the Foundation’s investment policy limits the average credit rating of its portfolios, as well as the minimum acceptable credit rating of individual investments. For the investments expected to be expended within one year, the average weighted credit rating must be A+. The Foundation’s investment policy allows up to 25% of the portfolio to be invested in debt investments rated between CCC to BB, with at least 80% consisting of B or BB rated securities. The minimum credit rating for international fixed income securities is B at the time of purchase.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation’s investment policy does not limit exposure to fair value loss by limiting investments by maturity.

At June 30, 2016, WNMU-TV had the following investments and maturities:

	<b>Fair Market Value</b>	<b>Less Than 1</b>	<b>1 - 5</b>	<b>6 - 10</b>	<b>More Than 10</b>
Money market mutual funds	\$165	\$165			
Growth funds	5,951				\$5,951
Fixed Income funds	3,670		\$1,374	\$1,308	988
Indexed funds	11,952				11,952
Balanced funds	7,250	2,207	\$579	\$487	3,977
Private Equity funds	235				235
<b>Total</b>	<b>29,223</b>	<b>\$2,372</b>	<b>\$1,953</b>	<b>\$1,795</b>	<b>\$23,103</b>
Less investments reported as “cash equivalents” on statements of net position	(165)				
<b>Total investments</b>	<b>\$29,058</b>				

At June 30, 2015, WNMU-TV had the following investments and maturities:

	<b>Fair Market Value</b>	<b>Less Than 1</b>	<b>1 - 5</b>	<b>6 - 10</b>	<b>More Than 10</b>
Money market mutual funds	\$1,544	\$1,544			
Growth funds	6,190			\$6190	
Fixed Income funds	3,784		\$3,564	220	
Indexed funds	12,943				\$12,943
Balanced funds	7,148				7,148
Private Equity funds	94				94
<b>Total</b>	<b>31,703</b>	<b>\$1,544</b>	<b>\$3,564</b>	<b>\$6,410</b>	<b>\$20,185</b>
Less investments reported as “cash equivalents” on statements of net position	(1,544)				
<b>Total investments</b>	<b>\$30,159</b>				

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE B – CASH AND INVESTMENTS (continued)**

**Interest Rate Risk (continued)**

At June 30, 2016, WNMU-FM had the following investments and maturities:

	<b>Fair Market Value</b>	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
Money market mutual funds	\$143	\$143			
Growth funds	5,163				\$5,163
Fixed Income funds	3,184		\$1,192	\$1,135	857
Indexed funds	10,369				10,369
Balanced funds	6,290	1,915	503	422	3,450
Private Equity funds	204				204
<b>Total</b>	<b>25,353</b>	<b>\$2,058</b>	<b>\$1,695</b>	<b>\$1,557</b>	<b>\$20,043</b>
Less investments reported as “cash equivalents” on statements of net position	(143)				
<b>Total investments</b>	<b>\$25,210</b>				

At June 30, 2015, WNMU-FM had the following investments and maturities:

	<b>Fair Market Value</b>	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
Money market mutual funds	\$1,351	\$1,351			
Growth funds	5,419			\$5,419	
Fixed Income funds	3,313		\$3,121	192	
Indexed funds	11,330				\$11,330
Balanced funds	6,257				6,257
Private Equity funds	83				83
<b>Total</b>	<b>27,753</b>	<b>\$1,351</b>	<b>\$3,121</b>	<b>\$5,611</b>	<b>\$17,670</b>
Less investments reported as “cash equivalents” on statements of net position	(1,351)				
<b>Total investments</b>	<b>\$26,402</b>				

**Fair Value Measurements**

Statement No. 72 of the Governmental Accounting Standards Board (“GASB”) *Fair Value Measurements and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the stations’ have the ability to access.

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE B – CASH AND INVESTMENTS (continued)**

**Fair Value Measurements**

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the stations' own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the stations' own data.

The following tables set forth by level, within the fair value hierarchy, the WNMU-TV investments measured at fair value on a recurring basis as of June 30:

	<b>Quoted Prices Level 1</b>	<b>Observable inputs Level 2</b>	<b>Unobservable inputs Level 3</b>	<b>Total 2016</b>
Money Market Mutual Funds	\$165			\$165
Growth funds	5,951			5,951
Fixed Income funds	3,670			3,670
Indexed funds	11,952			11,952
Balanced funds	7,250			7,250
Private Equity funds			\$235	235
Leveled investment total	<b>\$28,988</b>		<b>\$235</b>	<b>\$29,223</b>

	<b>Quoted Prices Level 1</b>	<b>Observable inputs Level 2</b>	<b>Unobservable inputs Level 3</b>	<b>Total 2015</b>
Money Market Mutual Funds	\$1,544			\$1,544
Growth funds	6,190			6,190
Fixed Income funds	3,784			3,784
Indexed funds	12,943			12,943
Balanced funds	7,148			7,148
Private Equity funds			\$94	94
Leveled investment total	<b>\$31,609</b>		<b>\$94</b>	<b>\$31,703</b>

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE B – CASH AND INVESTMENTS (continued)**

**Fair Value Measurements**

The following tables set forth by level, within the fair value hierarchy, the WNMU-FM investments measured at fair value on a recurring basis as of June 30:

	<b>Quoted Prices Level 1</b>	<b>Observable inputs Level 2</b>	<b>Unobservable inputs Level 3</b>	<b>Total 2016</b>
Money Market Mutual Funds	\$143			\$143
Growth funds	5,163			5,163
Fixed Income funds	3,184			3,184
Indexed funds	10,369			10,369
Balanced funds	6,290			6,290
Private Equity funds			\$204	204
Leveled investment total	<u>\$25,149</u>		<u>\$204</u>	<u>\$25,353</u>

	<b>Quoted Prices Level 1</b>	<b>Observable inputs Level 2</b>	<b>Unobservable inputs Level 3</b>	<b>Total 2015</b>
Money Market Mutual Funds	\$1,351			\$1,351
Growth funds	5,419			5,419
Fixed Income funds	3,313			3,313
Indexed funds	11,330			11,330
Balanced funds	6,257			6,257
Private Equity funds			\$83	83
Leveled investment total	<u>\$27,670</u>		<u>\$83</u>	<u>\$27,753</u>

**NOTE C – RECEIVABLES**

Receivables at June 30 were as follows:

	<b>WNMU-TV</b>		<b>WNMU-FM</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Vendor	-	\$169	-	-
Business contributors	\$9,613	9,108	\$1,777	\$2,011
Total	<u>\$9,613</u>	<u>\$9,277</u>	<u>\$1,777</u>	<u>\$2,011</u>

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE D – FIXED ASSETS**

The following table summarizes WNMU-TV, by major class of asset, the recorded costs of fixed assets as of June 30, 2016:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Transmitter building	\$147,806			\$ 147,806
Transmitter, antenna and tower	1,580,272			1,580,272
Equipment	1,378,114		\$ 412,936	965,178
Construction in progress				
Total at historical cost	3,106,192		412,936	2,693,256
Less accumulated depreciation for:				
Transmitter building	116,686	3,556		120,242
Transmitter, antenna and tower	677,945	72,745		750,690
Equipment	897,534	111,758	332,757	676,535
Total accumulated depreciation	1,692,165	188,059	332,757	1,547,467
Capital assets, net	<u>\$ 1,414,027</u>	<u>(\$188,059)</u>	<u>\$ 80,179</u>	<u>\$ 1,145,789</u>

The following table summarizes WNMU-FM, by major class of asset, the recorded costs of fixed assets as of June 30, 2016:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Transmitter, antenna and tower	\$ 176,749			\$176,749
Equipment	161,279	22,753	39,173	144,859
Total at historical cost	338,028	22,753	39,173	321,608
Less accumulated depreciation for:				
Transmitter, antenna and tower	60,195	\$9,301		69,496
Equipment	145,788	2,872	38,420	110,240
Total accumulated depreciation	205,983	12,173	38,420	179,736
Capital assets, net	<u>\$ 132,045</u>	<u>\$10,580</u>	<u>\$753</u>	<u>\$ 141,872</u>

The following table summarizes WNMU-TV, by major class of asset, the recorded costs of fixed assets as of June 30, 2015:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Transmitter building	\$147,806			\$147,806
Transmitter, antenna and tower	1,580,272			1,580,272
Equipment	2,436,397	\$171,529	\$1,229,812	1,378,114
Total at historical cost	4,164,475	171,529	1,229,812	3,106,192
Less accumulated depreciation for:				
Transmitter building	113,130	3,556		116,686
Transmitter, antenna and tower	606,626	71,319		677,945
Equipment	1,460,921	134,000	697,387	897,534
Total accumulated depreciation	2,180,677	208,875	697,387	1,692,165
Capital assets, net	<u>\$1,983,798</u>	<u>(\$37,346)</u>	<u>\$532,425</u>	<u>\$1,414,027</u>

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE D – FIXED ASSETS (continued)**

The following table summarizes WNMU-FM, by major class of asset, the recorded costs of fixed assets as of June 30, 2015:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
Transmitter, antenna and tower	\$176,749			\$176,749
Equipment	161,279			161,279
Total at historical cost	338,028			338,028
Less accumulated depreciation for:				
Transmitter, antenna and tower	50,893	\$9,302		60,195
Equipment	143,598	2,190		145,788
Total accumulated depreciation	194,491	11,492		205,983
Capital assets, net	\$143,537	(\$11,492)		\$132,045

Fixed assets are capitalized at cost including ancillary charges necessary to place the asset into use. Interest expense, on debt incurred for construction, is included in the asset cost for the period of construction.

Northern Michigan University received grants from the U.S. Department of Commerce under the Public Telecommunication Facilities Program to assist in the purchase of equipment for WNMU-TV and WNMU-FM. Total acquisition costs under this program consisted of approximately \$778,800 through fiscal year 2009. In accordance with established regulations, the federal government will maintain a priority lien on this equipment or like equipment that performs the same functionality for a period of ten years. For the year ended June 30, 2015, WNMU-TV had \$492,000 in equipment destroyed by water and replaced the destroyed equipment with equipment of similar functionality.

**NOTE E – PAYABLES**

Payables at June 30 were as follows:

	<b>WNMU-TV</b>		<b>WNMU-FM</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Accrued payroll and benefits	\$16,998	\$36,810	\$11,753	\$21,136
Vendors	18,080	495	23,420	8,423
Total	\$35,078	\$37,305	\$35,173	\$29,559

**NOTE F – OPERATING EXPENSES**

Operating expenses by natural classification at June 30 were as follows:

	<b>WNMU-TV</b>		<b>WNMU-FM</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Salaries, wages and benefits	\$719,276	\$826,411	\$548,417	\$506,941
Supplies and support services	569,502	776,145	267,909	272,453
Program acquisition	384,709	398,577	126,464	135,658
Depreciation expense	188,059	208,875	12,173	11,492
Total	\$1,861,546	\$2,210,008	\$954,963	\$926,544

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE G – RETIREMENT PLANS**

WNMU-TV and WNMU-FM, as part of the University, participates in two retirement plans: Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF) and the Michigan Public School Employees' Retirement System (MPSERS). New University employees hired after January 1, 1996 can only participate in TIAA-CREF based on changes in state legislation during 1995.

The University does not provide health care benefits to retirees. During fiscal year 2013, the University discontinued allowing retirees to purchase healthcare benefits at cost.

**Teachers Insurance and Annuities Association - College Retirement Equities Fund (TIAA-CREF)**

The TIAA-CREF plan is a defined contribution retirement plan. Substantially all full-time employees of the University are eligible to participate in the TIAA-CREF plan. Employee benefits vest immediately. The University contributes a specified percentage of employee wages, as defined by the appropriate labor contract, and has no liability beyond its own contribution.

WNMU-TV and WNMU-FM's contributions to the TIAA-CREF plan are as follows for the year ended June 30:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
WNMU-TV Contributions	\$37,072	\$36,608	\$37,469
WNMU-TV Covered Payroll	\$331,135	\$306,303	\$283,985
WNMU-FM Contributions	\$27,329	\$27,129	\$24,692
WNMU-FM Covered Payroll	\$211,798	\$210,031	\$191,214

**Michigan Public School Employees' Retirement System (MPSERS)**

*Plan Description*

The University contributes to the Michigan Public School Employees Retirement System (MPSERS), a cost-sharing multi-employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, re-codified and currently operating under the provisions of Public Act 300 of 1980, as amended. Benefit provisions are established and may be amended by state statute. The Office of Retirement Services issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. The System's financial statements are available at [www.michigan.gov/mpsers-cafr](http://www.michigan.gov/mpsers-cafr).

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the pension plans offered by MPSERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Member Investment Plan (MIP)	Defined Benefit	Closed
Basic	Defined Benefit	Closed
Pension Plus	Hybrid	Open
Defined Contribution	Defined Contribution	Open

The *Member Investment Plan* (MIP) includes additional subgroups based on hire date. The *MIP Fixed* plan includes members hired prior to January 1, 1990. The *MIP Graded* plan includes members first hired from January 1, 1990 through June 30, 2008. The *MIP Plus* plan includes members first hired from July 1, 2008 through June 30, 2010. Members who initially enrolled in the MIP plan and made a voluntary election to contribute a higher rate are participants in the *MIP 7%* plan.



**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

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**NOTE G—RETIREMENT PLANS (continued)**

**Michigan Public School Employees' Retirement System (MPERS) (continued)**

*Plan Description (continued)*

Members hired between July 1, 2010 and September 3, 2012 were enrolled in the *Pension Plus* plan. Members hired on or after September 4, 2012 are automatically enrolled in this plan unless an election is made to participate in the defined contribution plan. The plan includes a pension component as well as a savings component. Member contributions to the savings component are matched at a rate of 50% by the employer (up to a maximum of 1%) and invested in a 401(k) plan.

Effective February 1, 2013, members that initially enrolled in MIP were provided the option to convert to a defined contribution plan (*Basic 4%*). In these instances, any service credit accumulated under the defined benefit plan before February 1, 2013 is retained. For service performed after this date, the converted plan member receives 4% employer contributions to a personal 401(k) account.

A member first enrolling in MPERS on or after September 4, 2012 may elect to enroll in the *defined contribution* plan. Employer and employee contribution rates and vesting requirements are consistent with the defined contribution component of the Pension Plus plan as described above.

*Benefits Provided*

MPERS provides retirement, death, disability and postemployment benefits to eligible participants. Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits are calculated as a percentage of the employee's final average compensation times the employee's years of service. All participants qualify for a benefit multiplier of 1.5% for the first 30 years of service. Certain benefit groups receive a reduced rate of 1.25% for service above 30 years. The System also provides disability and survivor benefits to DB plan members. Participants are eligible to receive full retirement benefits upon reaching the age and years of service requirements below. Most plans offer additional options for early retirement if certain stipulations have been met. Voluntary contributions vest immediately.

*Benefits Provided*

<u>Plan</u>	<u>Eligibility Based on Years of Service</u>	<u>Vesting</u>
Member Investment Plan (MIP)	Age 46 with 30 years or age 60 with 10 years	10 years
Basic	Age 55 with 30 years or Age 60 with 10 years	10 years
Pension Plus	Age 60 with 10 years	4 years
Defined Contribution	Age 46 with 30 years or age 60 with 10 years	4 years

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

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**NOTE G—RETIREMENT PLANS (continued)**

**Michigan Public School Employees' Retirement System (MPERS) (continued)**

*Contributions*

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the system are based on a percentage of covered payroll that has been actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employer contributions to the System are determined on an actual basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2015 valuation will be amortized over a 21-year period for the 2015 fiscal year.

The schedule below summarizes pension contribution rates in effect for fiscal year 2015.

<b>Pension Contribution Rates</b>		
<b>Benefit Structure</b>	<b>Member</b>	<b>Employer</b>
Basic	0.0 – 4.0%	22.52 – 23.07%
Member Investment Plan	3.0 - 7.0	22.52 – 23.07
Pension Plan	3.0 – 6.4	21.99
Defined Contribution	0.0	17.72 – 18.76

The University's contributions to MPERS under all pension plans as described above for the years ended June 30, 2016, 2015, and 2014 were \$3,402,937, \$3,315,213, and \$3,020,523 respectively.

Pension Liability

At June 30, 2016 and 2015, the University reported a liability of \$54,405,703 and \$36,787,546, respectively for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2015 and 2014, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2014 and 2013, respectively. The University's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2015, the University's proportion (as calculated by MPERS) was 9.91719%, which was an increase of .10995% from its proportion measured as of September 30, 2014 of 9.80724%. As part of the University, the WNMU-TV reported a net pension liability of \$590,490 for 2016 and \$515,596 for 2015 and WNMU-FM reported a net pension liability \$338,819 for 2016 and \$228,286 for 2015. At September 30, 2015, the stations' proportion of the net pension liability based on required contributions was 1.08533% and .62276% for WNMU-TV and WNMU-FM respectively. At September 30, 2014, the stations' proportion of the net pension liability based on required contributions was 1.3745% and .6086% for WNMU-TV and WNMU-FM respectively.

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

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**NOTE G—RETIREMENT PLANS (continued)**

**Michigan Public School Employees' Retirement System (MPERS) (continued)**

*Actuarial Assumptions*

The total pension liability in the September 30, 2015 and 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	3.5%
Investment Rate of Return	
MIP and Basic Plans (Non-Hybrid)	8.0%
Pension Plus Plan (Hybrid)	7.0% for 2015 (7.5% for 2014)
Projected Salary Increases	3.5 – 12.3%, including wage inflation at 3.5%
Cost-of-living Pension adjustments	3% annual Non-Compounded for MIP Members

The mortality table used in these valuations was the RP-2000 Male and Female Combined Healthy Life Mortality Tables, adjusted for mortality improvements to 2025 using projection Scale BB. For retirees, 100% of the table rates were used. For active members, 80% of the table rates were used for males and 70% of the table rates were used for females.

Assumption changes as a result of an experience study for the periods 2007 through 2012 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2014 valuation. Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.7158 for non-university employers 1.3923 for university employers]. Recognition period for assets in years is 5.0000. Full actuarial assumptions are available in the 2015 and 2014 MPERS Comprehensive Annual Financial Report ([www.michigan.gov/mpsers-cafr](http://www.michigan.gov/mpsers-cafr)).

*Long-term Expected Return on Plan Assets*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE G—RETIREMENT PLANS (continued)**

**Michigan Public School Employees' Retirement System (MPERS) (continued)**

*Long-term Expected Return on Plan Assets (continued)*

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2015 and 2014, are summarized in the following tables:

**2015**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>	<b>Expected Money-weighted Rate of Return</b>
Domestic equity pools	28.0%	5.9%	1.64 %
Alternative investment pools	18.0	9.2	1.66
International equity pools	16.0	7.2	1.15
Fixed income pools	10.5	.9	0.09
Real estate and infrastructure pools	10.0	4.3	0.43
Absolute return pools	15.5	6.0	0.93
Short-term investment pools	<u>2.0</u>	(0.0)	<u>(0.00)</u>
Total	<u>100.0%</u>		5.90%
Inflation			<u>2.10</u>
<b>Investment rate of return</b>			<b><u>8.00%</u></b>

\*Long-term expected real rate of return does not include 2.1% inflation.

**2014**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>	<b>Expected Money-weighted Rate of Return</b>
Domestic equity pools	28.0%	4.8%	1.34 %
Alternative investment pools	18.0	8.5	1.53
International equity pools	16.0	6.1	0.98
Fixed income pools	10.5	1.5	0.16
Real estate and infrastructure pools	10.0	5.3	0.53
Absolute return pools	15.5	6.3	0.98
Short-term investment pools	<u>2.0</u>	(0.2)	<u>(0.02)</u>
Total	<u>100.0%</u>		5.50%
Inflation			<u>2.50</u>
<b>Investment rate of return</b>			<b><u>8.00%</u></b>

\*Long-term expected real rate of return does not include 2.1% inflation.

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

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**NOTE G—RETIREMENT PLANS (continued)**

**Michigan Public School Employees' Retirement System (MPERS) (continued)**

*Discount Rate*

A discount rate of 8.0% was used to measure the total pension liability (7.0% for the Pension Plus Plan, a hybrid plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 8.0% (7.0% for the Pension Plus Plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the University as of June 30, 2016 and 2015, calculated using the discount rate of 8.0%, as well as what the University's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

	<b>1% Decrease (Non-Hybrid/Hybrid)* (7.0%)</b>	<b>Current Single Discount Rate Assumption (Non-Hybrid/Hybrid)* (8.0%)</b>	<b>1% Increase (Non-Hybrid/Hybrid)* (9.0%)</b>
University's proportionate share of net pension liability (2016)	\$63,836,220	\$54,405,703	\$46,265,735
University's proportionate share of net pension liability (2015)	\$46,040,815	\$36,787,546	\$28,814,097

\*University employers provide non-hybrid plans only. For non-university employers, the Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component.

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS CAFR. See the 2015 and 2014 MPERS ([www.michigan.gov/documents/orsschools/MPERS\\_CAFR\\_2015\\_Final\\_510211\\_7.pdf](http://www.michigan.gov/documents/orsschools/MPERS_CAFR_2015_Final_510211_7.pdf)) and ([http://www.michigan.gov/documents/orsschools/MPERS\\_CAFR\\_2014\\_482065\\_7.pdf](http://www.michigan.gov/documents/orsschools/MPERS_CAFR_2014_482065_7.pdf))

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE G—RETIREMENT PLANS (continued)**

**Michigan Public School Employees' Retirement System (MPERS) (continued)**

*Payable to the Pension Plan*

At June 30, 2016 and 2015, WNMU-TV reported a payable of \$10,934 and \$6,797, and WNMU-FM reported a payable of \$6,274 and \$3,666 respectively for the outstanding amount of pension contributions to the Plan

For the year ended June 30, 2016 and 2015, WNMU-TV recognized a pension expense of \$36,933 and \$45,558, WNMU-FM recognized a pension expense of \$21,192 and \$20,743 respectively.

At June 30, 2016, the stations reported deferred outflows of resources from the following sources:

<b>WNMU-TV</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between expected and actual earnings on Pension plan investments	\$8,110	
Net difference between projected and actual earnings on pension plan investments	1,710	
Changes in proportion and differences between University contributions and proportionate share of contributions	1,586	
State appropriations for MPERS	11,406	3,851
Station contributions subsequent to the measurement date	37,144	
<b>Total</b>	<b>\$48,550</b>	<b>\$3,851</b>
<b>WNMU-FM</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between expected and actual earnings on Pension plan investments	\$4,654	
Net difference between projected and actual earnings on pension plan investments	981	
Changes in proportion and differences between University contributions and proportionate share of contributions	910	
State appropriations for MPERS	6,545	2,209
Station contributions subsequent to the measurement date	21,313	
<b>Total</b>	<b>\$27,858</b>	<b>\$2,209</b>

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE G—RETIREMENT PLANS (continued)**

**Michigan Public School Employees' Retirement System (MPERS) (continued)**

*Payable to the Pension Plan(continued)*

At June 30, 2015, the stations reported deferred outflows of resources from the following sources:

<u>WNMU-TV</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual earnings on Pension plan investments	\$15,361	
Net difference between projected and actual earnings on pension plan investments		\$49,524
Changes in proportion and differences between University contributions and proportionate share of contributions	16	
	<u>15,377</u>	<u>49,524</u>
Station contributions subsequent to the measurement date	<u>35,425</u>	
Total	<u>\$50,802</u>	<u>\$49,524</u>
<u>WNMU-FM</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between expected and actual earnings on Pension plan investments	\$6,801	
Net difference between projected and actual earnings on pension plan investments		\$21,993
Changes in proportion and differences between University contributions and proportionate share of contributions	7	
	<u>6,808</u>	<u>21,993</u>
Station contributions subsequent to the measurement date	<u>16,076</u>	
Total	<u>\$22,884</u>	<u>\$21,993</u>

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

**NOTE G—RETIREMENT PLANS (continued)**

**Michigan Public School Employees' Retirement System (MPERS) (continued)**

Pension Liability (continued)

The amount of deferred outflows of resources related to the stations' contributions subsequent to the measurement date will be recognized in the year ending June 30, 2017. Other amounts as June 30, 2016 reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>WNMU-TV</u>	<u>WNMU-FM</u>
2017	\$7,698	\$4,417
2018	(1,999)	(1,147)
2019	(1,999)	(1,147)
2020	7,706	4,422
Total	<u>\$11,406</u>	<u>\$6,545</u>

*Other Postemployment Benefits*

Retirees enrolled in MPERS before September 4, 2012 have the option of participating in the *Premium Subsidy* plan, a defined benefit postemployment healthcare plan, which is funded by employers on a cash disbursement basis. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPERS with the balance deducted from the monthly pension. Employer contributions range from 2.20% to 2.71% of covered payroll. Plan participants contribute 3% of covered payroll to the Retiree Healthcare Fund. At retirement, these individuals receive a subsidy for healthcare premiums that covers up to 80% of cost.

Plan members enrolled on or after September 4, 2012 participate in the *Personal Healthcare Fund*. This defined contribution other postemployment benefits plan includes a required 2% employee contribution into a personal tax-deferred account, which is matched by an additional 2% employer contribution. Employees are fully vested in these contributions which can be used, along with earnings thereon, to pay for postemployment healthcare expenses. Plan members working prior to September 4, 2012 were given the option to convert from the Premium Subsidy plan to the Personal Healthcare Fund option. Effective February 1, 2013, these members are no longer required to make the 3% employee contribution. Amounts paid into the Retiree Healthcare Fund between September 4, 2012 and February 1, 2013 were credited to each individual's Personal Healthcare Fund account. Any contributions made prior to September 4, 2012 are pending a Supreme Court resolution.

WNMU-TV's contributions to MPERS for other postemployment benefits for the years ended June 30, 2016, 2015, and 2014 were \$18,376, \$31,475 and \$54,258 respectively. WNMU-FM's contribution to MPERS for other postemployment benefits for the years ended June 30, 2016, 2015, and 2014 were \$11,157, \$15,867, and \$26,414 respectively.



**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(continued)**

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**NOTE H – CHANGES IN UNEARNED REVENUE**

	<u>WNMU-TV</u>		<u>WNMU-FM</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$1,871	\$1,014	\$11,022	\$17,045
Additions:				
Contributions and investment income	97,254	114,860	37,415	37,661
Deductions:				
Contributions recognized as revenue	<u>(92,935)</u>	<u>(114,003)</u>	<u>(39,273)</u>	<u>(43,684)</u>
Balance at June 30	<u>\$6,190</u>	<u>\$1,871</u>	<u>\$9,164</u>	<u>\$11,022</u>

**NOTE I – LIABILITY INSURANCE**

WNMU-TV and WNMU-FM, as part of the University, participates in the Michigan Universities Self-Insurance Corporation (M.U.S.I.C.), which provides indemnity to members against comprehensive general liability, property and casualty, and errors and omissions losses commonly covered by insurance and provides risk management and loss control services and programs. M.U.S.I.C. provides coverage for claims in excess of agreed upon deductibles.

Loss coverages are structured on a three layer basis with each member retaining a portion of its losses, M.U.S.I.C. covering the second layer and commercial carriers covering the third layer. Comprehensive general liability coverage is provided on an occurrence basis; errors and omissions coverage is provided on a claims made basis.

M.U.S.I.C. was established on May 28, 1987, pursuant to the State of Michigan Constitution of 1963, Article 8, Sections 5 and 6. Subsequently on May 28, 1987, M.U.S.I.C. was incorporated as a Michigan nonprofit corporation pursuant to the provisions of Act 162, Public Acts of 1982. A consortium of 11 of 13 State Universities, M.U.S.I.C. provides indemnity for losses commonly covered by insurance in the areas of General Liability, Errors and Omissions, Property, Automobile Liability and Automobile Physical Damage. Transactions with the participating universities relate primarily to assessment of fees and payments of claims and related expenses. Members' equity totaled \$12,985,249 at June 30, 2016, based on the last published financial statements.

Additional broadcasting liability insurance of \$1,000,000 is purchased under a separate policy.

Self-insurance

The University is self-insured for health, dental, vision, workers' compensation, and short-term disability for all employees. Liabilities for estimates of losses retained by the University under self-insurance programs have been established.

Stop-loss coverage has been purchased by the University for the self-funded hospital/medical benefits, including prescription drugs, and workers' compensation claims. The stop-loss insurance limits the claims for hospital/medical benefits to \$13.1 million and \$16.0 million in aggregate for fiscal years ended June 30, 2016 and 2015, respectively. The workers' compensation stop-loss insurance limits the University's liability for claims paid per individual to \$400,000 and \$350,000 for fiscal years ended June 30, 2016 and 2015, respectively, the aggregate excess insured maximum liability is \$5,000,000. Changes in the estimated liability for the fiscal years ended June 30, for health benefits, including dental and vision, were as follows:

**NOTES TO FINANCIAL STATEMENTS**  
**WNMU-TV AND WNMU-FM**  
**(concluded)**

**NOTE I – LIABILITY INSURANCE (continued)**

Self-insurance (continued)

Claims activity for the year ended June 30, 2016:

	Liability – Beginning of Year	Claims incurred, including changes in estimates	Claims Payments	Liability – End of Year
Medical claims	\$2,932,271	\$7,968,520	(\$8,535,920)	\$2,364,871
Workers' compensation	64,710	25,026	(54,084)	35,652
Total	<u>\$2,996,981</u>	<u>\$7,993,546</u>	<u>(\$8,590,004)</u>	<u>\$2,400,523</u>

Claims activity for the year ended June 30, 2015:

	Liability – Beginning of Year	Claims incurred, including changes in estimates	Claims Payments	Liability – End of Year
Medical claims	\$3,294,478	\$9,592,618	(\$9,954,825)	\$2,932,271
Workers' compensation	83,656	38,119	(57,065)	64,710
Total	<u>\$3,378,134</u>	<u>\$9,630,737</u>	<u>(\$10,011,890)</u>	<u>\$2,996,981</u>

**NOTE J—CONTINGENCIES**

In the normal course of its activities, the University is a party in various legal actions. The University and its legal counsel are of the opinion that the outcome of asserted and unasserted claims outstanding will not have a material effect on the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**WNMU-TV and WNMU-FM**

**MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN**

*Schedule of WNMU-TV's Proportionate Share of the Net Pension Liability  
As of June 30 of each Fiscal Year*

	<b>2016</b>	<b>2015</b>
A. WNMU-TV's proportion of net pension liability (%) *	1.0853%	1.3745%
B. WNMU-TV's proportionate share of net pension liability *	\$590,480	\$515,596
C. WNMU-TV's covered-employee payroll *	\$176,735	\$204,578
D. WNMU-TV's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	334.10%	252.03%
E. Plan fiduciary net position as a percentage of total pension liability	47.45%	63%

*Schedule of WNMU-FM's Proportionate Share of the Net Pension Liability  
As of June 30 of each Fiscal Year*

	<b>2016</b>	<b>2015</b>
A. WNMU-FM's proportion of net pension liability (%) *	.6228%	.6086%
B. WNMU-FM's proportionate share of net pension liability *	\$338,819	\$228,286
C. WNMU-FM's covered-employee payroll *	\$95,193	\$100,552
D. WNMU-FM's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	355.90%	227.03%
E. Plan fiduciary net position as a percentage of total pension liability	47.45%	63%

\* The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

GASB 68 was implemented in fiscal year 2015. This schedule will be built prospectively until a full 10-year trend is presented.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**WNMU-TV and WNMU-FM**  
**(concluded)**

**MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN (continued)**

*Schedule of WNMU-TV's Contributions*  
*As of June 30 of each Fiscal Year*

	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$36,933	\$45,558
Contributions in relation to the contractually required contribution	(36,993)	(45,558)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$144,032	\$187,635
Contributions as a percentage of covered employee payroll	25.64%	24.28%

*Schedule of WNMU-FM's Contributions*  
*As of June 30 of each Fiscal Year*

	<b>2016</b>	<b>2015</b>
Contractually required contribution	\$21,192	\$20,773
Contributions in relation to the contractually required contribution	(21,192)	(20,773)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	\$95,220	\$95,183
Contributions as a percentage of covered employee payroll	22.26%	21.82%

GASB 68 was implemented in fiscal year 2015. This schedule will be built prospectively until a full 10-year trend is presented.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**WNMU-TV and WNU-FM**

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**Changes of benefit terms:** There were no changes of benefit terms in 2015.

**Changes of assumptions:** There were no changes of benefit assumptions in 2015.



**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**

Board of Trustees  
WNMU TV & WNMU FM  
Marquette, Michigan 49855

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 the business-type activities, and the aggregate remaining fund information of WNMU TV & WNMU FM, as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise WNMU TV & WNMU FM's basic financial statements, and have issued our report thereon dated December 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered WNMU TV and WNMU FM'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 WNMU TV and WNMU FM's internal control. Accordingly, we do not express an opinion on the effectiveness of WNMU TV and WNMU FM'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 entity'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 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 WNMU TV and WNMU FM'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 *Governmental 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Anderson, Jackman & Company, PLLC*  
Certified Public Accountants

December 5, 2016

**STATEMENT OF FUNCTIONAL EXPENSES  
WNMU-TV**

Year ended June 30, 2016

	Program Services			Support Services			
	Programming and Production	Broadcasting	Program Information	Total Program Services	Fund Raising and Membership Development	Management and General	Total Supporting Services
Salaries, wages and benefits	\$220,042	\$225,515	\$40,768	\$486,325	\$59,164	\$173,787	\$232,951
Professional services	18,612	5,725		24,337	19,869	9,268	29,137
Supplies	1,039	55		1,094		2,055	2,055
Telephone	3,166	560		3,726	480	2,344	2,824
Postage		10	3,503	3,513	6,593	2,180	8,773
Advertising						336	336
Occupancy		375		375			
Rental and maintenance of equipment	10,059	45,699		55,758	126	1,248	1,374
Printing and publications	42	69	14,956	15,067	1,340	1,626	2,966
Travel		894		894		1,282	1,282
Program acquisition	384,709			384,709			
Program production costs	113,734	5,224		118,958	17,947		17,947
Utilities		26,075		26,075			
Dues and memberships	667			667		3,086	3,086
Indirect costs						249,095	249,095
Miscellaneous	163			163			
	<b>\$752,233</b>	<b>\$310,201</b>	<b>\$59,227</b>	<b>\$1,121,661</b>	<b>\$105,519</b>	<b>\$446,307</b>	<b>\$551,826</b>



**STATEMENT OF FUNCTIONAL EXPENSES**  
**WNMU-FM**

Year ended June 30, 2016

	Program Services			Support Services			
	Programming & Production	Broadcasting	Program Information	Total Program Services	Fund Raising and Membership Development	Management and General	Total Supporting Services
Salaries, wages and benefits	\$250,451	\$27,881	\$34,185	\$312,517	\$105,311	\$130,589	\$235,900
Professional services	5,006		4,310	9,316	24,035	950	24,985
Office supplies	87			87	202	1,606	1,808
Telephone	2,100			2,100	1,224	2,357	3,581
Postage		25	1,565	1,590	6,762	321	7,083
Advertising			3,362	3,362	4,138		4,138
Occupancy		125		125			
Rental and maintenance of equipment	6,946	20,677		27,623	1,872	79	1,951
Printing and publications			1,109	1,109	1,376	1,382	2,758
Travel		82		82	2,797		2,797
Program acquisition	126,464			126,464			
Program production costs					1,198	1,962	3,160
Utilities		38,029		38,029	177		177
Dues and memberships	1,976		625	2,601		639	639
Indirect costs						127,560	127,560
Miscellaneous					1,248		1,248
	<u>\$393,030</u>	<u>\$86,819</u>	<u>\$45,156</u>	<u>\$525,005</u>	<u>\$150,340</u>	<u>\$267,445</u>	<u>\$417,785</u>