



**FINANCIAL REPORT
AND
SCHEDULE OF NONFEDERAL
FINANCIAL SUPPORT**

**for the Years Ended
June 30, 2007 and 2006**

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WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

CONTENTS

	<i>Page</i>
<i>Financial Report</i>	
<i>Report of Independent Auditors</i>	1
<i>Management's Discussion and Analysis</i>	3
<i>Statements of Net Assets</i>	8
<i>Statements of Revenues, Expenses and Changes in Net Assets</i>	9
<i>Statements of Cash Flows</i>	10
<i>Notes to Financial Statements</i>	11
 <i>Schedule of Nonfederal Financial Support</i>	 17

REPORT OF INDEPENDENT AUDITORS

THE BOARD OF TRUSTEES
YOUNGSTOWN STATE UNIVERSITY

We have audited the accompanying financial statements of WYSU-FM, Youngstown State University Radio (Station), as of and for the years ended June 30, 2007 and 2006 as shown on pages 9 through 11. These financial statements are the responsibility of the Station's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in net assets and cash flows, of only that portion of the activities of Youngstown State University that is attributable to the transactions of the Station. They do not purport to, and do not, present fairly the financial position of Youngstown State University as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WYSU-FM, Youngstown State University Radio, as of June 30, 2007 and 2006 and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3-7 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated **December 18, 2007** on our consideration of WYSU-FM, Youngstown State University Radio's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the Schedule of Nonfederal Financial Support is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

December 18, 2007

WYSU-FM Youngstown State University Radio

Management's Discussion and Analysis

Introduction

This section of WYSU-FM's (Station) Financial Report presents a discussion and analysis of the financial performance of the Station, a noncommercial public radio station operated by Youngstown State University (the University or YSU), during the fiscal year ended June 30, 2007 with comparative information for the fiscal years ended June 30, 2006 and June 30, 2005. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Using the Financial Statements

The Station's financial report includes three basic financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. These financial statements are prepared in accordance with the financial reporting format required by the Governmental Accounting Standards Board's (GASB) Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a basis to focus on the financial condition of the Station, the results of operations, and cash flows of the Station as a whole. Key presentation elements include:

- Assets and liabilities are categorized as either current or noncurrent. Current assets and liabilities will be consumed or fulfilled within one year.
- Revenues and expenses are categorized as either operating or nonoperating. Significant recurring sources of the Station's revenues, including the general appropriation from the University, membership revenue, and business and underwriting support, are considered nonoperating as defined by GASB Statement No. 35.
- Capital assets are reported net of depreciation.

Financial and Other Station Highlights

- Stable financial position
- Completion of strategic planning process aimed at improved public service and financial performance
- Growth in underwriting activity

WYSU-FM Youngstown State University Radio

Management's Discussion and Analysis (cont.)

The Statements of Net Assets

These statements present the financial position of the Station at the end of the fiscal year and include all assets and liabilities of the Station. The difference between total assets and total liabilities – net assets – is an indicator of the current financial condition of the Station.

A summary of the Station's assets, liabilities, and net assets follows:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Assets			
Current assets	\$ 859,113	\$ 785,860	\$ 611,158
Other noncurrent assets	152,604	136,672	134,776
Capital assets, net	242,936	115,358	161,247
Total Assets	<u>1,254,653</u>	<u>1,037,890</u>	<u>907,181</u>
Liabilities			
Current liabilities	81,726	13,339	5,939
Noncurrent liabilities	79,277	64,705	57,755
Total Liabilities	<u>161,003</u>	<u>78,044</u>	<u>63,694</u>
Total Net Assets	<u>\$ 1,093,650</u>	<u>\$ 959,846</u>	<u>\$ 843,487</u>
Net Assets			
Invested in capital assets, net of related debt	242,936	115,358	161,247
Restricted	185,798	272,889	189,492
Unrestricted	664,916	571,599	492,748
Total Net Assets	<u>\$ 1,093,650</u>	<u>\$ 959,846</u>	<u>\$ 843,487</u>

2007 Versus 2006

Current assets, consisting primarily of cash and cash equivalents, increased \$73,253 or 9% from fiscal year 2006 to fiscal year 2007 due to increases in the general appropriation from the University and investment income. In addition, more resources remained in the Station's membership fund due to increased operational support from the University. Net capital assets increased \$127,578 or 111% in fiscal year 2007 due to the purchase of a Transmitter System and a Generator.

Current liabilities consist of accounts payable and the current portion of compensated absences. The increase was primarily due to an increase in accounts payable due to the timing of year-end purchases. The long-term portion of compensated absences is included in noncurrent liabilities. Compensated absences increased due to increases in accumulated sick and vacation days, and increases in salaries.

WYSU-FM Youngstown State University Radio

Management's Discussion and Analysis (cont.)

Overall, the Station's net assets increased \$133,804 or 14% from \$959,846 at June 30, 2006 to \$1,093,650 at June 30, 2007. This increase is largely due to increases in both the invested in capital assets, net of related debt and unrestricted net asset categories. Net assets invested in capital assets, net of related debt increased due to the purchase of a Transmitter System and a Generator. Unrestricted net assets increased \$93,317 or 16% due to increases in cash, primarily in the Membership fund. Restricted net assets include both nonexpendable and expendable net assets. Restricted nonexpendable net assets represent the Station's endowment, which increased in fiscal year 2007 due to increases in realized and unrealized gains. Restricted expendable net assets represent the capital portion of grants and a portion of the Corporation for Public Broadcasting (CPB) grant. WYSU-FM received capital grants in fiscal year 2006 for the purchase of the transmitter. Similar grants were not received in fiscal year 2007, thus causing restricted expendable net assets to decrease by \$103,023 or 76%.

2006 Versus 2005

Current assets increased \$174,702 or 29% from fiscal year 2005 to fiscal year 2006 due to increases in subscription and membership income, underwriting revenues, and the general appropriation from the University. The Station also received additional funding from grants in fiscal year 2006. Net capital assets decreased \$45,889, or 28% in fiscal year 2006 as there were no capital asset purchases, but existing assets continued to depreciate.

Total liabilities remained fairly consistent between fiscal years 2005 and 2006. There were slight increases in both accounts payable and compensated absences.

Restricted net assets increased \$83,397 or 44% from fiscal year 2005 to fiscal year 2006 due to the new Community Service Grant, the new Digital Radio Broadcasting grant, and the new Digital Radio Conversion grant received in fiscal year 2006. Unrestricted net assets increased \$78,851 or 16% due to increases in cash and cash equivalents as there were no major capital asset outlays in fiscal year 2006.

The Statements of Revenues, Expenses, and Changes in Net Assets

These statements present the operating results and the nonoperating revenues and expenses of the Station. The revenues and expenses are generally reported as either operating or non-operating. Operating revenues are generated by an annual Community Service Grant from the Corporation for Public Broadcasting and through an annual grant from the eTech Ohio Commission (eTech), which is administered by the State of Ohio. In addition, in-kind support is received from eTech Ohio and includes support for transmission of Radio Reading Service Programming. Operating revenues also include contributions from area businesses (program underwriting). Operating expenses are incurred to vendors and employees for providing goods or services for the overall operations of the Station. Net non-operating revenues include general appropriations, donated facilities and administrative support from the University, subscription and membership revenue, private gifts, net revenue from fund raising, and net investment income.

WYSU-FM Youngstown State University Radio

Management's Discussion and Analysis (cont.)

A summary of the Station's revenues, expenses, and changes in net assets follows:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Total operating revenues	\$ 454,475	\$ 461,917	\$ 370,759
Total operating expenses	1,292,292	1,185,809	967,197
Operating loss	(837,817)	(723,892)	(596,438)
Non-operating revenues	865,614	767,751	630,766
Income before other changes	27,797	43,859	34,328
Total other changes	106,007	72,500	20,000
Increase in Net Assets	133,804	116,359	54,328
Net Assets at the beginning of the year	959,846	843,487	789,159
Net Assets at the end of the year	<u>\$ 1,093,650</u>	<u>\$ 959,846</u>	<u>\$ 843,487</u>

2007 Versus 2006

Total operating revenue remained fairly consistent between fiscal years 2006 and 2007. The \$97,863 or 13% increase in net non-operating revenue between fiscal years 2006 and 2007 was primarily due to increases in the general appropriation from the University and investment income.

Total operating expenses increased \$106,483 or 9% between fiscal years 2006 and 2007. Of the increase between fiscal year 2006 and fiscal year 2007, \$85,418 or 12% was attributed to increases in program services while support services increased \$21,065 or 4%. In the program service category, broadcasting expenses showed the greatest increase, \$50,582 or 24%, due to increases in in-kind expenses and maintenance and repair expenses. In the support services category, clerical expenses increased \$10,513 or 19% due to increases in salaries and fringes. Depreciation expense increased \$18,179 or 40% due to additional depreciation resulting from the new Transmitter System.

Between fiscal year 2006 and fiscal year 2007, total other changes increased \$33,507 or 46% primarily due to a grant from eTech Ohio in fiscal year 2007.

2006 Versus 2005

Total operating revenue increased \$91,158, or 25% from fiscal year 2005 to fiscal year 2006 primarily from increases in the Corporation for Public Broadcasting (CPB) grant, in-kind contributions, and underwriting revenue. Increases in the general appropriation, donated facilities and administrative support from the University, and subscription and membership income caused the \$136,985 or 22% increase in net non-operating revenue between fiscal year 2005 and fiscal year 2006.

Total operating expenses increased \$218,612 or 23% between fiscal year 2005 and fiscal year 2006. Of the increase between fiscal year 2005 and fiscal year 2006, \$116,774 was attributed

WYSU-FM Youngstown State University Radio

Management's Discussion and Analysis (cont.)

to increases in program expenses while \$101,838 was due to increases in support services. Programming and production expenses increased \$43,428 or 11%, primarily due to expenses stemming from the Audience Service Challenge Grant and the increase in in-kind expenses. Broadcasting expenses increased \$69,374 or 50%, primarily due to increases in broadcasting salaries and fringes and goodwill expenses. Management and general expenses increased \$44,261 or 22% due to increases in donated facilities and increases in salary and fringe allocations. Fundraising and membership development expenses increased \$22,697 or 40% due to increases in expenses stemming from the Station's special campaign to increase memberships to raise funds for digital broadcasting during fiscal year 2006 and due to an increase in salaries and fringes. Underwriting expenses increased \$36,340, or 119% due to increases in salaries and fringes and due to the Station's effort to expand its underwriting program during fiscal year 2006.

Total other changes increased \$52,500 or 263% between fiscal year 2005 and 2006 due to an increase in the capital grant from the Wean Foundation and an additional Digital Radio Conversion Grant from CPB that was received in fiscal year 2006 but not fiscal year 2005.

Economic Factors for the Future

The regional economic climate and general quality of life issues remained rather insecure in fiscal year 2007, and are constant challenges to the success and growth of WYSU-FM, but in spite of these exterior challenges, there were a number of positive developments at the station in the past year:

- Both of the Arbitron audience survey reports were encouraging, with especially strong growth in the Average Quarter Hour (AQH) listeners, the AQH market share, and in the Time Spent Listening categories.
- WYSU-FM hit its Fall 2006 fund drive goal, fell short of the Spring 2007 goal, but made up the difference with an end of the fiscal year appeal.
- The analog/digital transmitter was successfully installed.

The Station completed its research and planning phases of a strategic study, and constructed a long-term strategy outline, which includes the following:

- Migrate to an all news and information format by 2011.
- Use new HD channel for classical music programming.
- Relocate the Radio Station to an accessible, visible space no later than 2010.
- Reconfigure the Radio Station's transmission facilities to ensure long-term control over tower location and space cost by June 2009.
- Create a marketing program aimed at introducing a new brand and public service profile to the region by 2010.
- Be prepared to follow through on the development of a daily, high quality, locally-hosted, community dialogue/public affairs program, following the facilities upgrade/expansion and antenna relocation.

WYSU-FM Youngstown State University Radio

Statements of Net Assets at June 30, 2007 and 2006

	2007	2006
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 846,013	\$ 752,034
Interest receivable	853	900
Accounts receivable (net of allowance of \$1,342 in 2007 and \$1,173 in 2006)	5,550	30,515
Pledges receivable (net of allowance of \$7,076 in 2007 and \$7,196 in 2006)	6,697	2,411
Total Current Assets	859,113	785,860
Noncurrent Assets		
Endowment investments	152,604	136,672
Capital assets, net	242,936	115,358
Total Noncurrent Assets	395,540	252,030
Total Assets	1,254,653	1,037,890
LIABILITIES		
Current Liabilities		
Accounts payable	64,878	7,863
Deferred revenue	9,098	-
Compensated absences	7,750	5,476
Total Current Liabilities	81,726	13,339
Noncurrent Liabilities		
Compensated absences	79,277	64,705
Total Noncurrent Liabilities	79,277	64,705
Total Liabilities	161,003	78,044
NET ASSETS		
Invested in capital assets, net of related debt	242,936	115,358
Restricted:		
Nonexpendable	152,604	136,672
Expendable	33,194	136,217
Unrestricted	664,916	571,599
Total Net Assets	\$ 1,093,650	\$ 959,846

See accompanying notes to financial statements.

WYSU-FM Youngstown State University Radio

Statements of Revenues, Expenses and Changes in Net Assets for the Years Ended June 30, 2007 and 2006

	2007	2006
REVENUES		
Operating Revenues		
Corporation for Public Broadcasting grant	\$ 130,420	\$ 160,601
In-Kind contributions	192,092	157,331
eTech Ohio Commission grant	38,400	38,773
Underwriting revenue	93,563	105,212
Total Operating Revenues	454,475	461,917
EXPENSES		
Operating Expenses		
Program Services:		
Programming and production	461,066	441,831
Broadcasting	259,837	209,255
Program information	42,561	32,578
Traffic and continuity	10,579	4,961
Support Services:		
Management and general	236,935	249,900
Fund raising and membership development	81,431	79,031
Underwriting	69,721	66,783
Clerical	66,094	55,581
Depreciation	64,068	45,889
Total Operating Expenses	1,292,292	1,185,809
Operating Loss	(837,817)	(723,892)
NON-OPERATING REVENUES		
General appropriation from the University	515,852	390,989
Donated facilities and administrative support from the University	118,482	128,784
Subscription and membership revenue	208,710	229,372
Private gifts	-	10,000
Net revenue from fund raising	697	804
Investment income, net	21,873	7,802
Non-operating Revenues	865,614	767,751
Income before other changes	27,797	43,859
OTHER CHANGES		
Capital grants and gifts	105,991	72,500
Additions to the principal of endowments	16	-
Total other changes	106,007	72,500
Total increase in Net Assets	133,804	116,359
NET ASSETS		
Net Assets at the beginning of the year	959,846	843,487
Net Assets at the end of the year	\$ 1,093,650	\$ 959,846

See accompanying notes to financial statements.

WYSU-FM Youngstown State University Radio

Statements of Cash Flows for the Years Ended June 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Corporation for Public Broadcasting grant	\$ 175,832	\$ 143,185
Receipts from eTech Ohio Commission grant	38,400	38,773
Business & underwriting support	101,057	110,132
Payments to suppliers	(346,448)	(330,884)
Payments to employees	(391,659)	(374,271)
Payments for benefits	(131,794)	(136,184)
Total Cash Flows Used in Operating Activities	(554,612)	(549,249)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	6,004	5,005
Total Cash Flows Provided by Investing Activities	6,004	5,005
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
General appropriation from the University	515,852	390,989
Membership receipts	211,693	228,512
Private gifts	-	10,000
Fundraising receipts	33,238	58,171
Payments for fundraising	(32,541)	(57,367)
Total Cash Flows Provided By Noncapital Financing Activities	728,242	630,305
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Grant for capital purchases	105,991	72,500
Purchase of capital assets	(191,646)	-
Total Cash Flows (Used in) Provided by Capital Financing Activities	(85,655)	72,500
NET INCREASE IN CASH & CASH EQUIVALENTS	93,979	158,561
Cash & Cash Equivalents - Beginning of year	752,034	593,473
Cash & Cash Equivalents - End of year	\$ 846,013	\$ 752,034
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating loss	\$ (837,817)	\$ (723,892)
Adjustments to reconcile operating loss to cash flows used in operating activities		
Depreciation Expense	64,068	45,889
Donated facilities & administrative support from the University	118,482	128,784
Changes in assets & liabilities:		
Accounts receivable, net	17,696	(14,380)
Accounts payable and compensated absences	82,959	14,350
CASH FLOWS USED IN OPERATING ACTIVITIES	\$ (554,612)	\$ (549,249)

See accompanying notes to financial statements.

WYSU-FM Youngstown State University Radio

Notes To Financial Statements for the Year Ended June 30, 2007

Note 1 – Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation

WYSU-FM (the Station) is operated as a department of the Division of University Advancement at Youngstown State University (the University or YSU) and is subject to the policies established by the University's Board of Trustees. The Station reports annually to the Corporation for Public Broadcasting.

For financial reporting purposes, the Station is considered a part of a special-purpose government engaged in business-type activities as defined by GASB Statements No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB.

Under the provisions of GASB Statement No. 35, resources are classified for accounting and reporting purposes into the following four net asset categories:

- Invested in capital assets, net of related debt - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- Restricted Nonexpendable - Net assets subject to externally imposed stipulations that they be maintained permanently by the Station. Such assets include the Station's permanent endowment fund.
- Restricted Expendable - Net assets whose use by the Station is subject to externally imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time.
- Unrestricted - Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management, Board of Trustees, Board of Regents or may otherwise be limited by contractual agreements with outside parties. Substantially, all unrestricted net assets are designated for Station programs and initiatives, capital programs, and operating reserves.

WYSU-FM Youngstown State University Radio

Notes To Financial Statements (cont.) for the Year Ended June 30, 2007

Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis. The Station reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those that are financed in whole or in part by fees charged to external parties.

The Station has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Station has elected to not apply FASB pronouncements issued after the applicable date. When an expense is incurred that can be paid using either restricted or unrestricted resources the Station's policy is to first apply the expense towards restricted resources, and then toward unrestricted resources.

Cash Equivalents - The Station considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are stated at cost, which approximates fair value and excludes amounts restricted by board designation or whose use is limited.

Accounts Receivable - Accounts receivable consist of underwriting charges for various Station programs. Also included are amounts due from private sources in connection with reimbursement of allowable expenditures under the applicable Station grants and contracts. Accounts are recorded net of allowance for uncollectible accounts.

Pledges Receivable - The Station receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of a conditional pledge, revenue is recognized when the gift is received. Pledges are recorded net of an allowance for uncollectible amounts and are discounted to net present value.

Investments - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value based on quoted market prices. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets.

Endowment Policy - The University Endowment Fund consists of 78 named funds, which includes the Station's endowment. Each named fund is assigned a number of shares in the University Endowment Fund based on the value of the gifts to that named fund. Investments are managed by The Youngstown State University Foundation (YSUF). The University's policy is to distribute realized gains and investment income monthly, based on each fund's pro-rata share to the total endowment shares.

WYSU-FM Youngstown State University Radio

Notes To Financial Statements (cont.) for the Year Ended June 30, 2007

Capital Assets – Capital assets are comprised of equipment and stated at cost or fair value at date of gift. The University's capitalization threshold for equipment is \$5,000. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The estimated useful life for equipment is 3 to 7 years.

When capital assets are sold, or otherwise disposed of, the carrying value of such assets and any accumulated depreciation is removed from asset accounts and net assets-invested in capital assets. The costs of normal maintenance and repairs that do not add to the value of the capital asset or materially extend the capital asset's life are expensed when incurred.

Deferred Revenue – Deferred revenue includes amounts received from grants and contract sponsors that have not yet been earned.

Compensated Absences - Accumulated unpaid vacation and sick leave benefits have been accrued in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The Station uses the termination method to accrue sick leave compensated absences on the balance sheet.

General Appropriation from the University - The general appropriation represents support from the University for salaries and operating expenses not provided through other sources.

Donated Facilities and Administrative Support – Donated facilities and administrative support represent the Station's allocated amounts of institutional support and donated facilities and is recorded as nonoperating revenue and expenses in the Statement of Revenue, Expenses, and Changes in Net Assets. Institutional support is based on the Station's pro-rata share of the University's total salaries, wages, and administrative expenses. Donated facilities are the Station's pro-rata share of the University's total plant expenses along with calculated occupancy costs.

Income taxes - The Internal Revenue Service has ruled that the University's income is generally exempt from Federal income taxes under Section 115 of the Internal Revenue code. The University is subject to tax on unrelated business income.

Measurement Focus and Financial Statement Presentation - Operating revenues and expenses result from providing programming, production, and broadcasting support for the Station. The principal operating revenues include two grants, one from the Corporation of Public Broadcasting and one from the eTech Ohio commission, along with underwriting revenue from area businesses. Principal operating expenses include programming, production, broadcasting, fundraising, and management services and support. The principal non-operating revenues are the general appropriation from the University and membership support.

Reclassification – Certain reclassifications have been made to the 2006 amounts to conform to the 2007 presentation.

WYSU-FM Youngstown State University Radio

Notes To Financial Statements (cont.) for the Year Ended June 30, 2007

Note 2 – Cash and Cash Equivalents

For financial statement presentation purposes, cash in banks has been combined with the University's cash equivalents and temporary investments in repurchase agreements and certificates of deposits.

In accordance with Section 135.18 of the Ohio Revised Code, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) or pledge a pool of securities with a value of at least 105% of the total value of public monies on deposit at the institution. All collateral, both specific and pooled, is held by the Federal Reserve Bank or by a designated trustee as agent for the public depositories used by the University.

At June 30, 2007 and 2006, the carrying amount of the University's bank deposits and cash equivalents was \$13,428,352 and \$10,106,720 and the bank balances were \$15,026,155 and \$10,051,416, respectively. The Station's cash and cash equivalents are included in these totals and were \$846,013 and \$752,034 at June 30, 2007 and 2006, respectively. The difference in carrying amount and bank balance of the University is caused by items in transit and outstanding checks. Of the balance, \$117,893 in fiscal year 2007 and \$200,000 in fiscal year 2006 was covered by federal depository insurance; leaving \$14,908,263 in 2007 and \$9,851,416 in 2006 exposed to custodial credit risk because it is uninsured and uncollateralized. At times during the year, uncollateralized deposits may have been higher. Deposits held in safekeeping by a bank, as trustee or escrow agent, included in cash and investments totaled \$17,893 as of June 30, 2007 and \$1,014,189 as of June 30, 2006, which approximates market. These deposits, including interest on the investments, are retained in the trust for payment of principal and interest on the related outstanding indebtedness and in escrow for final payment of an energy management system.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. The University does not have a formal deposit policy for custodial credit risk.

WYSU-FM Youngstown State University Radio

Notes To Financial Statements (cont.) for the Year Ended June 30, 2007

Note 3 - Investments

The Station's endowment funds are managed by YSUF under the provisions of an agreement.

The Station's investments represent a portion of the University's total investments.

As of June 30, 2007 the Station had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Common Stock	\$ 89,562	\$ 89,562	\$ -	\$ -	\$ -
Corporate Notes & Bonds	11,584	1,942	1,305	4,336	4,001
Preferred Stock	9,811	3,635	6,176	-	-
U.S. Gov't. & Agency Securities	41,656	7,038	6,665	15,572	12,381
Other Securities	(9)	(9)	-	-	-
	<u>\$ 152,604</u>	<u>\$ 102,168</u>	<u>\$ 14,146</u>	<u>\$ 19,908</u>	<u>\$ 16,382</u>

All callable stocks were assumed to mature in less than one year.

As of June 30, 2007, investments had the following quality credit ratings:

Investment Type	Fair Value	A	Aa	Baa	Unrated
Common Stock	\$ 89,562	\$ -	\$ -	\$ -	\$ 89,562
Corporate Notes & Bonds	11,584	6,384	2,608	2,592	-
Preferred Stock	9,811	-	-	-	9,811
U.S. Gov't. & Agency Securities	41,656	-	-	-	41,656
Other Securities	(9)	-	-	-	(9)
	<u>\$ 152,604</u>	<u>\$ 6,384</u>	<u>\$ 2,608</u>	<u>\$ 2,592</u>	<u>\$ 141,020</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University has no provisions in its investment policy that would limit its choices.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The total investments held by YSUF in the amount of \$5,930,535 as of June 30, 2007 and \$5,847,253 as of June 30, 2006 were uninsured and unregistered with securities held by the broker or by its trust department or agent, but not in the University's name. The University does not have a formal policy for custodial credit risk.

WYSU-FM Youngstown State University Radio

Notes To Financial Statements (cont.) for the Year Ended June 30, 2007

Note 4 – Capital Assets

Capital assets activity for the year ended June 30, 2007 was as follows:

Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable assets:				
Building, antenna, and tower	\$ 170,048	\$ 160,423	\$ -	\$ 330,471
Studio and broadcast equipment	275,799	31,223	-	307,022
	<u>445,847</u>	<u>191,646</u>	<u>-</u>	<u>637,493</u>
Less: Accumulated depreciation	330,489	64,068	-	394,557
Capital assets, net	<u>\$ 115,358</u>	<u>\$ 127,578</u>	<u>\$ -</u>	<u>\$ 242,936</u>

Capital assets activity for the year ended June 30, 2006 was as follows:

Capital Assets	Beginning Balance	Additions	Reductions	Ending Balance
Depreciable assets:				
Building, antenna, and tower	\$ 170,048	\$ -	\$ -	\$ 170,048
Studio and broadcast equipment	275,799	-	-	275,799
	<u>445,847</u>	<u>-</u>	<u>-</u>	<u>445,847</u>
Less: Accumulated depreciation	284,600	45,889	-	330,489
Capital assets, net	<u>\$ 161,247</u>	<u>\$ (45,889)</u>	<u>\$ -</u>	<u>\$ 115,358</u>

Note 5 – Long Term Liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Net Additions	Ending Balance	Current Portion
Compensated absences	<u>\$ 70,181</u>	<u>\$ 16,846</u>	<u>\$ 87,027</u>	<u>\$ 7,750</u>

Long-term liability activity for the year ended June 30, 2006 was as follows:

	Beginning Balance	Net Additions	Ending Balance	Current Portion
Compensated absences	<u>\$ 62,494</u>	<u>\$ 7,687</u>	<u>\$ 70,181</u>	<u>\$ 5,476</u>

Note 6 - Related Party

YSUF is a legally separate nonprofit organization exempt from federal income tax and classified as a public charity. YSUF is devoted to the support, expansion and development of educational programs at the University that are useful and beneficial to the students and the community. Under the terms of an agreement with the University, YSUF serves as an investment manager for the University's, and therefore the Station's, endowments.

WYSU-FM Youngstown State University Radio

Schedule of Nonfederal Financial Support for the Year Ended June 30, 2007

Direct Income	\$ 931,686
Indirect Administrative Support	118,482
In-Kind Contributions of Services and Other Intangibles	<u>192,092</u>
Total Nonfederal Financial Support	<u>\$ 1,242,260</u>

