

**Grand Valley State University  
WGVU Public Media**

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**Financial Report  
with Supplementary Information  
June 30, 2016**

# Grand Valley State University

## WGVU Public Media

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## Independent Auditor's Report

To the Board of Trustees  
Grand Valley State University WGUV Public Media

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

We have audited the accompanying financial statements of Grand Valley State University WGUV Public Media (the "Network") as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise Grand Valley State University WGUV Public Media's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

To the Board of Trustees  
Grand Valley State University WGVU Public Media

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Valley State University WGVU Public Media as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

We draw attention to Note 1, which explains that these financial statements of WGVU Public Media are intended to present the financial position, the changes in its financial position, and the changes in its cash flows of only that portion of Grand Valley State University's business-type activities that are attributable to the transactions of the department. They do not purport to, and do not, present fairly the financial position of Grand Valley State University as of June 30, 2016 and 2015, the changes in its financial position, or the changes in its cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of net pension liability and related ratios on pages 5-9 and 27, respectively, 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, which 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 Grand Valley State University WGVU Public Media's basic financial statements. The other supplementary information, as identified in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

To the Board of Trustees  
Grand Valley State University WGVU Public Media

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

*Plante & Moran, PLLC*

December 13, 2016



# **Grand Valley State University**

## **WGVU Public Media**

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### **Management's Discussion and Analysis - Unaudited**

#### **Fiscal Year Ended June 30, 2016**

The purpose of the annual report is to provide readers with financial information about the activities and financial condition of Grand Valley State University WGVU Public Media (the "Network"), which is owned and operated by Grand Valley State University (the "University"). The report consists of three basic financial statements that provide information on the Network: the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows. These statements begin on page 10 and should be read in conjunction with the notes to the financial statements. The following summary and management's discussion of the results are intended to provide readers with an overview of the financial statements.

Effective for the year ended June 30, 2015, the Network adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. The Network recorded a net pension liability of approximately \$200,000 at July 1, 2014, resulting in a decrease to unrestricted net position of the same amount.

#### **The Statement of Net Position**

The statement of net position includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. Net position, the difference between assets and liabilities, is one way to measure the financial activities of the Network.

# Grand Valley State University

## WGVU Public Media

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

|   | 2016                | 2015                | 2014                |
|---|---------------------|---------------------|---------------------|
| <b>Assets</b>   |                     |                     |                     |
| Current assets:   |                     |                     |                     |
| Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement | \$ 1,937,954        | \$ 1,883,112        | \$ 1,706,370        |
| Accounts receivable   | 103,395             | 109,974             | 110,004             |
| Inventory and prepaid expenses  | 48,307              | 23,798              | 40,085              |
| Current portion - Program rights  | 559,070             | 543,973             | 554,301             |
| Total current assets  | 2,648,726           | 2,560,857           | 2,410,760           |
| Noncurrent assets:  |                     |                     |                     |
| Investments held in Grand Valley State  |                     |                     |                     |
| □ University endowment funds  | 403,876             | 404,741             | 377,828             |
| Long-term portion - Program rights  | 289,979             | 273,248             | 265,020             |
| Capital assets - Net of depreciation  | 4,147,992           | 4,585,680           | 5,130,853           |
| Total noncurrent assets   | 4,841,847           | 5,263,669           | 5,773,701           |
| Total assets  | 7,490,573           | 7,824,526           | 8,184,461           |
| <b>Deferred Outflow of Resources - Pension liability</b>  | 292,190             | 128,371             | -                   |
| <b>Liabilities</b>  |                     |                     |                     |
| Current liabilities:  |                     |                     |                     |
| Advances from Grand Valley State University pooled asset funds  | 1,076,341           | 1,002,867           | 975,554             |
| Unearned operating revenue  | 1,275,434           | 1,154,513           | 1,039,192           |
| Other current liabilities   | 333,224             | 358,371             | 276,359             |
| Total current liabilities   | 2,684,999           | 2,515,751           | 2,291,105           |
| Noncurrent liabilities:   |                     |                     |                     |
| Net other postemployment benefits   | 140,436             | 126,648             | 107,284             |
| Net pension liability   | 433,265             | 332,616             | -                   |
| Total noncurrent liabilities  | 573,701             | 459,264             | 107,284             |
| Total liabilities   | 3,258,700           | 2,975,015           | 2,398,389           |
| <b>Deferred Inflow of Resources - Pension liability</b>   | 146,392             | -                   | -                   |
| <b>Net Position</b>   |                     |                     |                     |
| Net investment in capital assets  | 4,147,992           | 4,585,680           | 5,130,853           |
| Restricted - Nonexpendable  | 348,450             | 320,249             | 285,401             |
| Restricted - Expendable   | 164,298             | 206,781             | 228,532             |
| Restricted - Expendable for capital projects  | -                   | 68,042              | 158,993             |
| Unrestricted deficit  | (283,069)           | (202,870)           | (17,707)            |
| Total net position  | <b>\$ 4,377,671</b> | <b>\$ 4,977,882</b> | <b>\$ 5,786,072</b> |

# Grand Valley State University

## WGVU Public Media

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

Current assets mainly reflect the cash held in the University's pooled asset funds for restricted purposes and assets held for equipment replacement. Further detail about the sources and uses of cash is reflected in the statement of cash flows.

Noncurrent assets mainly reflect capital assets net of depreciation. The decrease in net capital assets of \$982,000 over the three-year period is chiefly due to depreciation expense of approximately \$1.2 million and capital additions of \$231,000 since June 30, 2014.

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. Deferred outflows, related to pensions, of \$292,000 resulted from the implementation of GASB Statement No. 68. More detailed information regarding the defined benefit pension plan is presented in the notes to the financial statements.

Current liabilities mainly include advances from the University pooled asset funds and unearned operating revenue. Noncurrent liabilities include net other postemployment benefits and net pension liability; further detail regarding these liabilities can be found in the notes to the financial statements.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows, related to pensions, of \$146,000 resulted from the implementation of GASB Statement No. 68. More detailed information regarding the defined benefit pension plan is presented in the notes to the financial statements.

Net position decreased by \$1,408,000 over the three-year period, mainly as a result of decreases in net investment in capital assets of \$982,000, decreases to unrestricted net position largely related to the implementation of GASB Statement No. 68 of \$287,000, and decreases in restricted net position, expendable for capital projects, of \$159,000.

# Grand Valley State University

## WGVU Public Media

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

#### The Statement of Revenue, Expenses, and Changes in Net Position

The statement of revenue, expenses, and changes in net position presents the operating results of the Network, as well as nonoperating activity.

|   | 2016                | 2015                | 2014                |
|---|---------------------|---------------------|---------------------|
| <b>Operating Revenue</b>  |                     |                     |                     |
| Operating grant from Grand Valley State University                    | \$ 1,090,747        | \$ 1,054,980        | \$ 962,980          |
| Contributions, subscriptions, and memberships                         | 2,479,381           | 2,144,782           | 2,141,736           |
| Grants from the Corporation for Public Broadcasting                   | 1,229,292           | 1,170,239           | 1,175,832           |
| Other grants and contracts  | 204,935             | 55,071              | 89,179              |
| Donated facilities, administrative support, and in-kind contributions | 1,319,202           | 1,325,130           | 1,289,488           |
| Underwriting revenue  | 863,093             | 868,504             | 810,270             |
| Production and use of facilities                                      | 392,699             | 407,020             | 494,892             |
| Miscellaneous revenue   | 71,976              | 59,648              | 46,108              |
| Total operating revenue   | <u>7,651,325</u>    | <u>7,085,374</u>    | <u>7,010,485</u>    |
| <b>Operating Expenses</b>   |                     |                     |                     |
| Program services  | 3,144,912           | 2,965,349           | 2,947,582           |
| Support services  | 4,673,568           | 4,314,595           | 4,037,450           |
| Depreciation expense  | 586,620             | 573,571             | 628,209             |
| Total operating expenses  | <u>8,405,100</u>    | <u>7,853,515</u>    | <u>7,613,241</u>    |
| <b>Operating Loss</b>   | (753,775)           | (768,141)           | (602,756)           |
| <b>Nonoperating Revenue (Expense)</b>                                 |                     |                     |                     |
| Fundraising income  | 109,295             | 142,918             | 113,234             |
| Loss on disposal of assets  | -                   | (25,082)            | -                   |
| Investment (loss) income  | (12,050)            | 7,930               | 51,555              |
| Total nonoperating revenue  | <u>97,245</u>       | <u>125,766</u>      | <u>164,789</u>      |
| <b>Loss - Before other</b>  | (656,530)           | (642,375)           | (437,967)           |
| <b>Other</b>  | <u>56,319</u>       | <u>34,847</u>       | <u>209,430</u>      |
| <b>Decrease in Net Position</b>                                       | (600,211)           | (607,528)           | (228,537)           |
| <b>Net Position - Beginning of year</b>                               | 4,977,882           | 5,786,072           | 6,014,609           |
| <b>Adjustment for Change in Accounting Principle</b>                  | -                   | (200,662)           | -                   |
| <b>Net Position - End of year</b>                                     | <u>\$ 4,377,671</u> | <u>\$ 4,977,882</u> | <u>\$ 5,786,072</u> |

# Grand Valley State University

## WGVU Public Media

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

Operating revenue has increased by \$641,000 over the three-year period. The most significant changes in revenue were increases of \$338,000 in contributions, subscriptions, and memberships, \$128,000 in grants from the University, and \$169,000 in grants and contracts (including an increase of \$54,000 in grants from the Corporation for Public Broadcasting).

Operating expenses did not change significantly over the three-year period. The Network's salaries, wages, and benefits expense represents the largest operating expense category; this expense increased \$217,000 over the three-year period and was approximately \$3.33 million in 2016.

Nonoperating revenue includes fundraising income, gain (loss) on disposal of assets, and investment income.

Other revenue fluctuated somewhat over the three-year period. Capital grants and gifts vary the most from year to year, based on the availability of grant revenue and the capital needs of the station.

#### The Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. Cash consists of the Network's share of or advances from the University pooled asset funds and assets held for equipment replacement. The primary cash receipts consist of operating grants and contracts and contributions, subscriptions, and memberships. Cash outlays largely include payment of wages, benefits, and supplies.

|  | 2016                | 2015                | 2014                |
|--|---------------------|---------------------|---------------------|
| <b>Net Cash (Used In) Provided by</b>    |                     |                     |                     |
| Operating activities                     | \$ (24,129)         | \$ 44,127           | \$ 22,551           |
| Noncapital financing activities          | 182,769             | 170,231             | 164,422             |
| Capital and related financing activities | (120,815)           | (53,480)            | (110,361)           |
| Investing activities                     | 17,017              | 15,864              | 11,944              |
| <b>Net Increase in Cash</b>              | 54,842              | 176,742             | 88,556              |
| <b>Cash - Beginning of year</b>          | 1,883,112           | 1,706,370           | 1,617,814           |
| <b>Cash - End of year</b>                | <b>\$ 1,937,954</b> | <b>\$ 1,883,112</b> | <b>\$ 1,706,370</b> |

#### Economic Factors That Will Affect the Future

Michigan's economy typically lags behind the nation's recovery from an economic crisis by two to three years, but on the whole, it has recovered from the "Great Recession of 2008." University funding remains strong as does funding from the Corporation for Public Broadcasting. Membership revenues are strengthening while underwriting revenues grow sluggish. Pledge drives are not as effective as they used to be, due to the growth in sustaining pledges that are made on a recurring monthly basis. The station has experimented with door-to-door canvassing to increase the number of sustainers. The focus on sustainer memberships allows for a more stable cash flow, but can result in a heavy up-front cost in order to acquire these sustaining memberships.

# Grand Valley State University

## WGVU Public Media

### Statement of Net Position

|   | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Current assets:   |                      |                      |
| Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement | \$ 656,930           | \$ 584,828           |
| Cash held in Grand Valley State University pooled asset funds for restricted purposes                   | 1,281,024            | 1,298,284            |
| Accounts receivable   | 103,395              | 109,974              |
| Inventory   | 10,142               | 11,348               |
| Prepaid expenses  | 38,165               | 12,450               |
| Purchased program rights - Current portion  | <u>559,070</u>       | <u>543,973</u>       |
| Total current assets  | 2,648,726            | 2,560,857            |
| Noncurrent assets:  |                      |                      |
| Investments held in Grand Valley State University endowment funds                                       | 403,876              | 404,741              |
| Purchased program rights - Long-term portion  | 289,979              | 273,248              |
| Capital assets - Net (Note 2)   | <u>4,147,992</u>     | <u>4,585,680</u>     |
| Total noncurrent assets   | <u>4,841,847</u>     | <u>5,263,669</u>     |
| Total assets  | 7,490,573            | 7,824,526            |
| <b>Deferred Outflow of Resources</b> - Pension liability (Note 3)                                       | 292,190              | 128,371              |
| <b>Liabilities</b>  |                      |                      |
| Current liabilities:  |                      |                      |
| Advances from Grand Valley State University pooled asset funds  | 1,076,341            | 1,002,867            |
| Unearned operating revenue  | 1,275,434            | 1,154,513            |
| Accounts payable  | 103,000              | 133,924              |
| Accrued payroll   | 97,905               | 82,716               |
| Accrued compensated absences  | <u>132,319</u>       | <u>141,731</u>       |
| Total current liabilities   | 2,684,999            | 2,515,751            |
| Noncurrent liabilities:   |                      |                      |
| Net other postemployment benefits (Note 4)  | 140,436              | 126,648              |
| Net pension liability (Note 3)  | <u>433,265</u>       | <u>332,616</u>       |
| Total noncurrent liabilities  | 573,701              | 459,264              |
| Total liabilities   | 3,258,700            | 2,975,015            |
| <b>Deferred Inflow of Resources</b> - Pension liability (Note 3)  | 146,392              | -                    |
| <b>Net Position</b>   |                      |                      |
| Net investment in capital assets  | 4,147,992            | 4,585,680            |
| Restricted - Nonexpendable  | 348,450              | 320,249              |
| Restricted - Expendable   | 164,298              | 206,781              |
| Restricted - Expendable for capital projects  | -                    | 68,042               |
| Unrestricted deficit  | <u>(283,069)</u>     | <u>(202,870)</u>     |
| Total net position  | <u>\$ 4,377,671</u>  | <u>\$ 4,977,882</u>  |

# Grand Valley State University

## WGVU Public Media

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

|  | Year Ended June 30  |                     |
|--|---------------------|---------------------|
|  | 2016                | 2015                |
| <b>Operating Revenue</b>   |                     |                     |
| Operating grant from Grand Valley State University                               | \$ 1,090,747        | \$ 1,054,980        |
| Contributions, subscriptions, and memberships                                    | 2,479,381           | 2,144,782           |
| Community service grant from the Corporation for Public Broadcasting             | 1,229,292           | 1,170,239           |
| Government grants and contracts  | 8,250               | 2,500               |
| Nongovernment grants and contracts   | 196,685             | 52,571              |
| Donated facilities and administrative support from Grand Valley State University | 1,141,181           | 1,110,934           |
| In-kind contributions  | 178,021             | 214,196             |
| Underwriting revenue   | 863,093             | 868,504             |
| Production and use of facilities   | 392,699             | 407,020             |
| Miscellaneous revenue  | 71,976              | 59,648              |
| <b>Total operating revenue</b>   | <b>7,651,325</b>    | <b>7,085,374</b>    |
| <b>Operating Expenses</b>  |                     |                     |
| Program services:  |                     |                     |
| Programming and production   | 2,242,398           | 2,109,767           |
| Broadcasting   | 350,480             | 329,617             |
| Program information and promotion  | 552,034             | 525,965             |
| Support services:  |                     |                     |
| Management and general   | 2,900,718           | 2,771,184           |
| Fundraising, membership development, and auction                                 | 1,772,850           | 1,543,411           |
| Depreciation expense   | 586,620             | 573,571             |
| <b>Total operating expenses</b>  | <b>8,405,100</b>    | <b>7,853,515</b>    |
| <b>Operating Loss</b>  | <b>(753,775)</b>    | <b>(768,141)</b>    |
| <b>Nonoperating Revenue (Expense)</b>  |                     |                     |
| Fundraising income   | 109,295             | 142,918             |
| Loss on disposal of assets   | -                   | (25,082)            |
| Investment (loss) income   | (12,050)            | 7,930               |
| <b>Total nonoperating revenue</b>  | <b>97,245</b>       | <b>125,766</b>      |
| <b>Loss - Before other</b>   | <b>(656,530)</b>    | <b>(642,375)</b>    |
| <b>Other</b>   |                     |                     |
| Capital grants and gifts   | 28,117              | -                   |
| Additions to permanent endowment   | 28,202              | 34,847              |
| <b>Total other</b>   | <b>56,319</b>       | <b>34,847</b>       |
| <b>Decrease in Net Position</b>  | <b>(600,211)</b>    | <b>(607,528)</b>    |
| <b>Net Position - Beginning of year, before change in accounting principle</b>   | <b>4,977,882</b>    | <b>5,786,072</b>    |
| <b>Adjustment for Change in Accounting Principle (Note 1)</b>                    | <b>-</b>            | <b>(200,662)</b>    |
| <b>Net Position - End of year</b>  | <b>\$ 4,377,671</b> | <b>\$ 4,977,882</b> |

# Grand Valley State University

## WGVU Public Media

### Statement of Cash Flows

|   | Year Ended June 30  |                     |
|---|---------------------|---------------------|
|   | 2016                | 2015                |
| <b>Cash Flows from Operating Activities</b>                     |                     |                     |
| Grants and contracts  | \$ 2,627,102        | \$ 2,384,598        |
| Payments to suppliers   | (3,255,596)         | (2,610,563)         |
| Payments to employees, including benefits                       | (3,228,156)         | (3,220,905)         |
| Underwriting revenue  | 888,465             | 879,547             |
| Contributions, subscriptions, and memberships                   | 2,479,381           | 2,144,782           |
| Production and use of facilities                                | 392,699             | 407,020             |
| Miscellaneous revenue   | 71,976              | 59,648              |
| Net cash (used in) provided by operating activities             | (24,129)            | 44,127              |
| <b>Cash Flows from Noncapital Financing Activities</b>          |                     |                     |
| Advances to Grand Valley State University pooled asset funds    | 73,474              | 27,313              |
| Fundraising proceeds  | 109,295             | 142,918             |
| Net cash provided by noncapital financing activities            | 182,769             | 170,231             |
| <b>Cash Flows from Capital and Related Financing Activities</b> |                     |                     |
| Capital grants and gifts received                               | 28,117              | -                   |
| Proceeds from sale of capital assets                            | -                   | 29,000              |
| Purchases of capital assets and construction                    | (148,932)           | (82,480)            |
| Net cash used in capital and related financing activities       | (120,815)           | (53,480)            |
| <b>Cash Flows from Investing Activities</b>                     |                     |                     |
| Private gifts for endowment purposes                            | 28,202              | 34,847              |
| Investment (loss) income  | (12,050)            | 7,930               |
| Investment in Grand Valley State University endowment pool      | 865                 | (26,913)            |
| Net cash provided by investing activities                       | 17,017              | 15,864              |
| <b>Net Increase in Cash</b>                                     | 54,842              | 176,742             |
| <b>Cash - Beginning of year</b>                                 | 1,883,112           | 1,706,370           |
| <b>Cash - End of year</b>                                       | <b>\$ 1,937,954</b> | <b>\$ 1,883,112</b> |

**Grand Valley State University**  
**WGVU Public Media**

**Statement of Cash Flows (Continued)**

|   | Year Ended June 30  |                     |
|---|---------------------|---------------------|
|   | 2016                | 2015                |
| <b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>                           |                     |                     |
| Operating loss  | \$ (753,775)        | \$ (768,141)        |
| Adjustments to reconcile operating loss to net cash from operating activities:                          |                     |                     |
| Depreciation  | 586,620             | 573,571             |
| Amortization of program rights  | 813,872             | 813,130             |
| Changes in assets and liabilities:  |                     |                     |
| Accounts receivable   | 6,579               | 30                  |
| Inventory   | 1,206               | (3,035)             |
| Other assets  | (25,715)            | 19,322              |
| Program rights  | (845,700)           | (811,030)           |
| Accounts payable  | (30,924)            | 83,212              |
| Accrued payroll and compensated absences  | 5,777               | (1,200)             |
| Unearned operating revenue  | 120,921             | 115,321             |
| Net other postemployment benefits and net pension liability   | 97,010              | 22,947              |
|   | <b>\$ (24,129)</b>  | <b>\$ 44,127</b>    |
| <b>Cash Consists of the Following Assets</b>  |                     |                     |
| Cash held in Grand Valley State University pooled asset funds and assets held for equipment replacement | \$ 656,930          | \$ 584,828          |
| Cash held in Grand Valley State University pooled asset funds for restricted purposes                   | 1,281,024           | 1,298,284           |
| Total cash  | <b>\$ 1,937,954</b> | <b>\$ 1,883,112</b> |

**Note 1 - Significant Accounting Policies**

**Organization** - Grand Valley State University WGVU Public Media (the "Network") is a public broadcasting television and radio network owned and operated by Grand Valley State University (the "University") and organized for the purpose of providing entertainment and informational programming to viewers in western Michigan. The Network does not have separate legal status or existence. The financial position and the revenue and expenses of the Network are included in the financial statements of Grand Valley State University.

The Network is comprised of the following stations: WGVU-DTV, WGVK-DTV, WGVU-FM, and WGVU-AM, which are under common management. No management fees are charged between the stations. The University also operates WGVS-FM and WGVS-AM, which are not reported as part of the Network.

**Basis of Presentation** - The Network follows all applicable Governmental Accounting Standards Board (GASB) pronouncements.

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board. The Network follows the business-type activities reporting requirements of GASB Statement No. 35, which provides a comprehensive one-line look at the Network's financial activities.

**Cash Held in or Advances from University Pooled Asset Funds and Investments Held in University Endowment Funds** - The amounts reflected in the accompanying statement of net position represent the Network's equity in or liability to the University's pooled cash and investment system or pooled endowment funds. The Network shares equally in the earnings of the endowment portfolio. There are no investments held in the Network's name.

**Assets Held for Equipment Replacement** - The amount reflected in the accompanying statement of net position represents the net amount due to the Network from the University's pooled cash and investment system, which has been designated for repair and replacement of property and equipment.

**Revenue Recognition** - Pledges and contributions of financial support are received from corporations, foundations, and individuals and are recognized when the gift is received. Grants are recorded as support and revenue is recognized when all applicable financial reimbursement criteria have been met. Underwriting revenue is support for programs and events received from corporations and foundations and is recognized as the programs and events occur.

**Accounts Receivable** - Accounts receivable are stated at net invoice amounts. An allowance for bad debts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed uncollectible are charged against bad debt expense in the period that determination is made. At June 30, 2016 and 2015, there was no allowance.

**Note 1 - Significant Accounting Policies (Continued)**

**Inventory** - Inventory consists primarily of goods held to be distributed at a later date in connection with donor campaigns. They are stated at either the lower of cost (first-in, first-out method) or market.

**Purchased Program Rights** - Purchased program rights are recorded when acquired and amortized on a straight-line basis over the life of the contract, which is up to four years. Total amortization expense for purchased program rights was \$813,872 and \$813,130 for the years ended June 30, 2016 and 2015, respectively.

**Property and Equipment** - Studio and other broadcast equipment is recorded at cost. The cost for contributed assets is recorded at fair market value at the date of receipt. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. Total depreciation expense was \$586,620 and \$573,571 for the years ended June 30, 2016 and 2015, respectively.

**Unearned Operating Revenue** - Unearned operating revenue represents grant funds received that will be recognized as revenue by the Network and are available for expenditure during the following year.

**Compensated Absences** - Compensated absence costs are accrued when earned by employees.

**Donated Facilities and Administrative Support** - Donated facilities and administrative support from the University are calculated based on a formula as established by the Corporation for Public Broadcasting (CPB) and are recorded in revenue and expense. The formula consists of allocated financial and general and administrative costs incurred by the University on behalf of the Network.

**Net Position** - Net position is classified according to external donor restrictions or availability of assets for satisfaction of Network obligations. Nonexpendable restricted net position is gifts that have been received for endowment purposes, the corpus of which cannot be expended. Expendable restricted net position represents funds that have been gifted or granted for specific purposes. Unrestricted net position is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of the board of trustees or may otherwise be limited by contractual agreements with outside parties. Net position invested in property is net of related debt, accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

**Functional Allocation of Expenses** - The costs of providing program and support services have been reported on a functional basis in the statement of revenue, expenses, and changes in net position. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

**Note 1 - Significant Accounting Policies (Continued)**

**Operating Activities** - All revenue from programmatic sources is considered operating revenue. Revenues associated with, or restricted by donors to use for, capital improvements and revenue and expenses that result from financing and investing activities are recorded as nonoperating or other revenue.

**Adoption of New Standard** - The GASB issued GASB Statement No. 68, *Accounting for Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. GASB Statement No. 71 is a clarification to GASB Statement No. 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The statements also enhance accountability and transparency through revised note disclosures. In accordance with the statement, the Network's statements reflect a decrease to unrestricted position as of July 1, 2014 of \$200,662 as a result of the change in accounting principle.

**Upcoming Pronouncements** – In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require the Network to recognize on the face of the financial statements its full net OPEB liability. The statement also enhances the accountability and transparency through revised note disclosures and required supplemental information (RSI). The Network is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2018.

**Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the University's defined benefit plans was calculated by a certified actuary. Contribution revenue is recorded as contributions are made by the Network to the plan. Benefit payments, including refunds of employee contributions, are recognized as expense when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value.

**Deferred Outflows of Resources** - In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The deferred outflows of resources relate to the net pension liability; see the notes to the financial statements for more information.

**Grand Valley State University**  
**WGVU Public Media**

**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 1 - Significant Accounting Policies (Continued)**

**Deferred Inflows of Resource** - In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources relate to the net pension liability; see the notes to the financial statements for more information.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2 - Capital Assets**

Capital asset activity for the year ended June 30, 2016 was as follows:

|  | Beginning<br>Balance | Additions  | Reductions | Ending<br>Balance |
|--|----------------------|------------|------------|-------------------|
| Nondepreciable capital assets - Land     | \$ 523,258           | \$ -       | \$ -       | \$ 523,258        |
| Depreciable capital assets:              |                      |            |            |                   |
| Buildings and towers                     | 1,216,689            | -          | -          | 1,216,689         |
| License                                  | 554,022              | -          | -          | 554,022           |
| Equipment                                | 10,102,248           | 148,932    | 25,157     | 10,226,023        |
| Total cost of depreciable capital assets | 11,872,959           | 148,932    | 25,157     | 11,996,734        |
| Total cost of capital assets             | 12,396,217           | 148,932    | 25,157     | 12,519,992        |
| Less accumulated depreciation for:       |                      |            |            |                   |
| Buildings and towers                     | 454,551              | 27,255     | -          | 481,806           |
| License                                  | 531,861              | 22,161     | -          | 554,022           |
| Equipment                                | 6,824,125            | 537,204    | 25,157     | 7,336,172         |
| Total accumulated depreciation           | 7,810,537            | \$ 586,620 | \$ 25,157  | 8,372,000         |
| Capital assets - Net                     | \$ 4,585,680         |            |            | \$ 4,147,992      |

**Grand Valley State University**  
**WGVU Public Media**

**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 2 - Capital Assets (Continued)**

Capital asset activity for the year ended June 30, 2015 was as follows:

|  | Beginning<br>Balance | Additions         | Reductions        | Ending<br>Balance   |
|--|----------------------|-------------------|-------------------|---------------------|
| Nondepreciable capital assets - Land     | \$ 523,258           | \$ -              | \$ -              | \$ 523,258          |
| Depreciable capital assets:              |                      |                   |                   |                     |
| Buildings and towers                     | 1,216,689            | -                 | -                 | 1,216,689           |
| License                                  | 554,022              | -                 | -                 | 554,022             |
| Equipment                                | 10,232,890           | 82,480            | 213,122           | 10,102,248          |
| Total cost of depreciable capital assets | <u>12,003,601</u>    | <u>82,480</u>     | <u>213,122</u>    | <u>11,872,959</u>   |
| Total cost of capital assets             | 12,526,859           | 82,480            | 213,122           | 12,396,217          |
| Less accumulated depreciation for:       |                      |                   |                   |                     |
| Buildings and towers                     | 427,296              | 27,255            | -                 | 454,551             |
| License                                  | 509,700              | 22,161            | -                 | 531,861             |
| Equipment                                | 6,459,010            | 524,155           | 159,040           | 6,824,125           |
| Total accumulated depreciation           | <u>7,396,006</u>     | <u>\$ 573,571</u> | <u>\$ 159,040</u> | <u>7,810,537</u>    |
| Capital assets - Net                     | <u>\$ 5,130,853</u>  |                   |                   | <u>\$ 4,585,680</u> |

The following estimated useful lives are used to compute depreciation:

|                      |             |
|----------------------|-------------|
| Buildings and towers | 25-50 years |
| License              | 25 years    |
| Equipment            | 7-20 years  |

**Note 3 - Retirement Plans**

**Defined Contribution Plans**

The executive, administrative, and professional staff are covered under a defined contribution retirement plan through TIAA-CREF (Teachers Insurance and Annuity Association of America - College Retirement Equities Fund) or Fidelity Investments. Employees may contribute an amount not to exceed the Internal Revenue Service designated maximum. Participants become fully vested upon completion of two years of employment. Discretionary University contributions equal to 12 percent of participants' base salaries were made in each year.

The total expense under this discretionary plan was approximately \$205,900 and \$211,800 for the years ended June 30, 2016 and 2015, respectively. Total payroll covered under this plan was approximately \$1,716,000 in 2016 and \$1,765,000 in 2015.

**Note 3 - Retirement Plans (Continued)**

Professional support staff hired on or after February 2, 2006 participate in a defined contribution plan with University contributions equal to 8 percent of wages. Effective for the year ended June 30, 2016 the University will also match the employees' contribution up to an additional 2 percent of wages. Participants become fully vested upon completion of two years of employment. Total expenses under this plan were approximately \$12,000 in 2016 and \$7,900 in 2015. Total payroll covered under this plan was approximately \$140,000 in 2016 and \$66,000 in 2015.

**Defined Benefit Plan**

**Plan Description** - The University administers the GVSU Professional Support Staff Employees' Retirement Plan - a single-employer defined benefit pension plan that provides pensions for all professional support staff of the University hired before February 2, 2006. Management of the plan is vested in the treasurer of the board. Benefit terms have been established by contractual agreements between the University and the various employee union representation; amendments are subject to the same process.

At July 1, 2015 and 2014, retirement plan membership attributable to the Network consisted of the following:

|  |                  |
|--|------------------|
| Inactive plan members receiving benefits                     | 5                |
| Inactive members entitled to, but not yet receiving benefits | 2                |
| Active plan members  | <u>6</u>         |
| Total participants   | <u><u>13</u></u> |

**Benefits Provided** - The plan provides retirement and death benefits. Retirement benefits for plan members are calculated as 1.9 percent of the member's calendar year salary for the highest five years out of the last 10 years multiplied by the member's years of service. Plan members with 10 years of continuous service are eligible to retire at age 65, or with reduced benefits, as early as age 55. Death benefits are equal to the present value of accrued benefits. A plan member who leaves the University with less than 10 years of continuous service may withdraw his or her contributions. The plan does not provide cost of living adjustments.

**Contributions** - Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The University retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. In addition, active members also contribute to the plan. Beginning January 1, 2015, the active member's contribution rate changed from 2.0 percent to 3.0 percent. The University's contribution rate of annual payroll was 15.6 percent and 15.1 percent for the years ended June 30, 2016 and 2015, respectively.

**Grand Valley State University**  
**WGVU Public Media**

**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 3 - Retirement Plans (Continued)**

**Net Pension Liability** - The University's net pension liability was measured as of June 30, 2016 and 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015 and 2014, which used update procedures to roll forward the estimated liability to June 30, 2016 and 2015, respectively. The amount the University allocated to the Network is based on the number of the Network's employees covered by the plan as a percentage of the University's total number of employees covered by the plan. At June 30, 2016 and 2015, the Network's allocation of the University's liability was 3.4 percent and 2.9 percent, respectively.

For the years ended June 30, 2016 and 2015, the Network recognized pension expense of approximately \$76,700 and \$51,000, respectively.

At June 30, 2016, the Network reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Difference between expected and actual experience                           | \$ 30,923                         | \$ -                             |
| Changes in assumptions  | 86,542                            | 146,392                          |
| Net difference between projected and actual earnings on<br>plan investments | <u>174,725</u>                    | <u>-</u>                         |
| Total   | <u>\$ 292,190</u>                 | <u>\$ 146,392</u>                |

At June 30, 2015, the Network reported deferred outflows of resources related to the plan from the following sources:

|   | Deferred<br>Outflows of<br>Resources |
|---|--------------------------------------|
| Difference between expected and actual experience                           | \$ 17,625                            |
| Changes in assumptions  | 61,963                               |
| Net difference between projected and actual earnings on<br>plan investments | <u>-</u><br><u>48,783</u>            |
| Total   | <u>\$ 128,371</u>                    |

**Grand Valley State University  
WGVU Public Media**

**Notes to Financial Statements  
June 30, 2016 and 2015**

**Note 3 - Retirement Plans (Continued)**

Amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

| Years Ending<br>June 30 | Amount            |
|-------------------------|-------------------|
| 2017                    | \$ 36,443         |
| 2018                    | 36,443            |
| 2019                    | 36,443            |
| 2020                    | 23,234            |
| 2021                    | 2,860             |
| Thereafter              | <u>10,375</u>     |
| Total                   | <u>\$ 145,798</u> |

**Actuarial Assumptions** - The total pension liability as of June 30, 2016 and 2015 the plan was determined by an actuarial valuation as of July 1, 2015 and 2014, respectively, using updating procedures and the following actuarial assumptions, applied to all periods included in the measurement:

|                                      |  |
|--------------------------------------|--|
| Salary increases including inflation | 2.50%  |
| Investment rate of return            | 7.37% and 7.06%, as of July 1, 2015 and 2014, respectively, net of pension plan investment expense |

Based on Mortality Table RP-2014 with Projection Table MP-2014, as appropriate.

**Discount Rate** - The discount rate used to measure the total pension liability at June 30, 2016 was 7.37 percent, whereas the prior rate used at June 30, 2015 was 6.80 percent. 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 University contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the retirement plan's fiduciary net position is projected to be available to make all projected future benefit payments of active and inactive plan members.

**Note 3 - Retirement Plans (Continued)**

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement 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. The target allocation and best estimates of arithmetic real rates of return as of June 30, 2016 and 2015, the measurement dates, for each major asset class are summarized in the table on below:

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Long-term Expected Real Rate of Return</u> |
|------------------------|--------------------------|---|
| Domestic equities      | 57 %                     | 8.23 %  |
| International equities | 15                       | 8.57  |
| Fixed income           | 20                       | 4.82  |
| Cash                   | 0                        | 0.00  |
| Real estate            | 3                        | 7.19  |
| Commodities            | 5                        | 4.36  |

The sum of the target allocations times the long-term expected rates is 7.37 percent.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the allocated net pension liability of the Network, calculated using the current discount rates, as well as what the Network allocated net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

For the year ended June 30, 2016:

|                       | 1% Decrease<br><u>(6.37%)</u> | Current<br>Discount<br>Rate (7.37%) | 1% Increase<br><u>(8.37%)</u> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Net pension liability | \$ 676,891                    | \$ 433,265                          | \$ 232,626                    |

For the year ended June 30, 2015:

|                       | 1% Decrease<br><u>(5.80%)</u> | Current<br>Discount<br>Rate (6.80%) | 1% Increase<br><u>(7.80%)</u> |
|-----------------------|-------------------------------|-------------------------------------|-------------------------------|
| Net pension liability | \$ 538,738                    | \$ 332,616                          | \$ 161,339                    |

**Grand Valley State University**  
**WGVU Public Media**

**Notes to Financial Statements**  
**June 30, 2016 and 2015**

**Note 3 - Retirement Plans (Continued)**

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued University financial report.

**Note 4 - Other Postemployment Benefits**

The University has a single-employer defined benefit plan that provides certain healthcare benefits for retired faculty and staff. As of June 30, 2016, the plan covers approximately 31 members attributable to the Network. Currently, the plan does not require active members to contribute to the plan. As of January 1, 2014, the plan was closed to new participants.

**Plan Description** - Substantially all of the University's employees hired prior to January 1, 2014 may become eligible for certain healthcare benefits if they reach retirement age while working for the University, are vested in a University-sponsored retirement plan, and their years of University service and age total a minimum of 75.

**Funding Policy** - The plan requirements are established and may be amended by the University's board of trustees.

**Annual OPEB Cost and Net OPEB Obligation** - The University's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 15 years.

The following table shows the components of the annual OPEB cost for the year attributable to the Network, the amount actually contributed to the plan, and changes in the OPEB obligation:

|  | <u>2016</u>       | <u>2015</u>       |
|--|-------------------|-------------------|
| Annual required obligation                 | \$ 33,834         | \$ 34,351         |
| Interest on net OPEB obligation            | 8,283             | 6,928             |
| Adjustment to annual required contribution | <u>(19,816)</u>   | <u>(15,189)</u>   |
| Annual OPEB cost                           | 22,301            | 26,090            |
| Contributions made                         | <u>8,513</u>      | <u>6,726</u>      |
| Increase in net OPEB obligation            | 13,788            | 19,364            |
| Net OPEB obligation - Beginning of year    | <u>126,648</u>    | <u>107,284</u>    |
| Net OPEB obligation - End of year          | <u>\$ 140,436</u> | <u>\$ 126,648</u> |

**Note 4 - Other Postemployment Benefits (Continued)**

**Funded Status and Funding Progress** - As of July 1, 2015, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits attributable to the Network was approximately \$184,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of approximately \$184,000. An investment fund was established for the purpose of prefunding retiree benefits, with a market value attributable to the Network of approximately \$181,000 and \$186,000 at June 30, 2016 and 2015, respectively. However, because the funds are not irrevocable, these contributions do not constitute contributions for GASB Statement No. 45 purposes. The covered payroll (annual payroll of active employees attributable to the Network covered by the plan) was \$2,200,134 and \$2,197,815 for 2016 and 2015, respectively, and the ratio of all UAAL to covered payroll attributable to the Network was 8.37 percent and 8.55 percent for 2016 and 2015, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**Actuarial Methods and Assumptions** - Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the projected unit cost actuarial method was used. The actuarial assumptions included a 7 percent investment rate of return (net of administrative expenses) based on the expected long-term investment returns on the University's own assets to be used for funding the current liability. The UAAL is being amortized as a projected unit credit level dollar, closed on a 15-year basis. The remaining amortization period at June 30, 2015 was seven years. Benefits valued are fixed dollar amounts.

**Note 5 - Nonfederal Financial Support (NFFS)**

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on nonfederal financial support (NFFS). NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

**Note 5 - Nonfederal Financial Support (NFFS) (Continued)**

A “contribution” is cash, property, or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity other than the federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation, or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution, or dissemination of educational television or radio programs and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station. However, to eliminate distortions in the TV Community Service Grant (CSG) grant program precipitated by extraordinary infusions of new capital investments in digital television (DTV), all capital contributions received for purposes of acquiring new equipment or upgrading existing or building new facilities regardless of source or form of the contribution are not included in calculating the 2016 NFFS. This change excludes all revenue received for any capital purchases.

A “payment” is cash, property, or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization, or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

The assets, liabilities, and net assets of the Network are accounted for using the following funds for CPB purposes:

*WGVU-TV Fund* - This fund includes the resources that are available for support of the Network’s television transmission operations.

*WGVU-FM Fund* - This fund includes the resources that are available for support of the Network’s FM radio transmission operations.

*WGVU-AM Fund* - This fund includes the resources that are available for support of the Network’s AM radio transmission operations.

Reported NFFS for the Network were \$4,530,177 and \$4,014,857 for the WGVU-TV fund, \$668,406 and \$668,800 for the WGVU-FM fund, and \$456,726 and \$459,956 for the WGVU-AM fund for 2016 and 2015, respectively.

## **Required Supplementary Information**

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# Grand Valley State University

## WGVU Public Media

### Schedule of Net Pension Liability and Related Ratios

|  | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|--|----------------------|----------------------|----------------------|
| Network's allocated portion of the collective University plan net pension liability: |                      |                      |                      |
| As a percentage  | 3.4%                 | 2.9%                 | 2.9%                 |
| Amount   | \$ 433,265           | \$ 332,616           | \$ 200,662           |
| Network's covered employee payroll:  |                      |                      |                      |
| As a percentage  | 3.4%                 | 3.4%                 | 3.4%                 |
| Amount   | \$ 344,516           | \$ 368,183           | \$ 395,313           |
| Network's collective pension liability as a percentage of covered employee payroll   | 125.8%               | 90.3%                | 50.8%                |

|  | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|--|----------------------|----------------------|----------------------|
| Network's allocated share of the University's actuarially determined contribution offset by employee contributions | \$ 88,904            | \$ 34,639            | \$ 49,780            |
| Network's allocated share of the University's actual contributions   | \$ 54,299            | \$ 47,423            | \$ 48,065            |
| Network's allocated share of the University's contribution (excess) deficiency                                     | \$ 34,605            | \$ (4,684)           | \$ 1,715             |
| Network's covered employee payroll   | \$ 344,516           | \$ 368,183           | \$ 395,313           |
| Network's allocated share of the University's contributions as a percentage of covered employee payroll            | 15.8%                | 12.9%                | 12.2%                |

## **Other Supplementary Information**

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# Grand Valley State University

## WGVU Public Media

### Combined Statement of Net Position Year Ended June 30, 2016

|  | Television          | Radio - FM          | Radio - AM          | Combined<br>Total   |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |                     |                     |
| Current assets:  |                     |                     |                     |                     |
| Cash held in Grand Valley State University pooled<br>asset funds and assets held for equipment replace | \$ 250,641          | \$ 391,202          | \$ 15,087           | \$ 656,930          |
| Cash held in Grand Valley State University pooled<br>asset funds for restricted purposes               | 1,276,373           | 4,651               | -                   | 1,281,024           |
| Accounts receivable  | 71,300              | 13,870              | 18,225              | 103,395             |
| Inventory  | 10,142              | -                   | -                   | 10,142              |
| Prepaid expenses   | 28,715              | 4,725               | 4,725               | 38,165              |
| Purchased program rights - Current portion   | 559,070             | -                   | -                   | 559,070             |
| Total current assets   | 2,196,241           | 414,448             | 38,037              | 2,648,726           |
| Noncurrent assets:   |                     |                     |                     |                     |
| Investments held in Grand Valley State University<br>endowment funds                                   | 318,735             | 76,918              | 8,223               | 403,876             |
| Purchased program rights - Long-term portion   | 289,979             | -                   | -                   | 289,979             |
| Capital assets - Net   | 3,448,544           | 631,866             | 67,582              | 4,147,992           |
| Total noncurrent assets  | 4,057,258           | 708,784             | 75,805              | 4,841,847           |
| Total assets   | 6,253,499           | 1,123,232           | 113,842             | 7,490,573           |
| <b>Deferred Outflow of Resources</b> - Pension liability   | 272,429             | -                   | 19,761              | 292,190             |
| <b>Liabilities</b>   |                     |                     |                     |                     |
| Current liabilities:   |                     |                     |                     |                     |
| Advances from Grand Valley State University pooled<br>asset funds                                      | 767,050             | -                   | 309,291             | 1,076,341           |
| Unearned operating revenue   | 1,255,559           | 19,875              | -                   | 1,275,434           |
| Accounts payable   | 81,027              | 4,554               | 17,419              | 103,000             |
| Accrued payroll  | 76,642              | 9,939               | 11,324              | 97,905              |
| Accrued compensated absences   | 99,369              | 19,034              | 13,916              | 132,319             |
| Total current liabilities  | 2,279,647           | 53,402              | 351,950             | 2,684,999           |
| Noncurrent liabilities:  |                     |                     |                     |                     |
| Net other postemployment benefits  | 110,322             | 15,986              | 14,128              | 140,436             |
| Net pension liability  | 403,597             | -                   | 29,668              | 433,265             |
| Total noncurrent liabilities   | 513,919             | 15,986              | 43,796              | 573,701             |
| Total liabilities  | 2,793,566           | 69,388              | 395,746             | 3,258,700           |
| <b>Deferred Inflow of Resources</b> - Pension liability  | 137,213             | -                   | 9,179               | 146,392             |
| <b>Net Position</b>  |                     |                     |                     |                     |
| Net investment in capital assets   | 3,448,544           | 631,866             | 67,582              | 4,147,992           |
| Restricted - Nonexpendable   | 276,078             | 64,862              | 7,510               | 348,450             |
| Restricted - Expendable  | 146,878             | 16,707              | 713                 | 164,298             |
| Restricted - Expendable for capital projects   | -                   | -                   | -                   | -                   |
| Unrestricted (deficit) net position  | (276,351)           | 340,409             | (347,127)           | (283,069)           |
| Total net position   | <u>\$ 3,595,149</u> | <u>\$ 1,053,844</u> | <u>\$ (271,322)</u> | <u>\$ 4,377,671</u> |

# Grand Valley State University

## WGVU Public Media

### Combined Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2016

|   | Television          | Radio - FM          | Radio - AM          | Combined<br>Total   |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Operating Revenue</b>  |                     |                     |                     |                     |
| Operating grant from Grand Valley State University                                  | \$ 712,967          | \$ 170,680          | \$ 207,100          | \$ 1,090,747        |
| Contributions, subscriptions, and memberships                                       | 2,206,088           | 209,906             | 63,387              | 2,479,381           |
| Community service grant from the Corporation for<br>Public Broadcasting             | 1,039,745           | 98,014              | 91,533              | 1,229,292           |
| Government grants and contracts   | 8,250               | -                   | -                   | 8,250               |
| Nongovernment grants and contracts  | 196,685             | -                   | -                   | 196,685             |
| Donated facilities and administrative support from Grand<br>Valley State University | 890,668             | 123,322             | 127,191             | 1,141,181           |
| In-kind contributions   | 158,021             | 19,000              | 1,000               | 178,021             |
| Underwriting revenue  | 646,282             | 158,939             | 57,872              | 863,093             |
| Production and use of facilities  | 390,424             | 2,275               | -                   | 392,699             |
| Miscellaneous revenue   | 71,976              | -                   | -                   | 71,976              |
| <b>Total operating revenue</b>  | <b>6,321,106</b>    | <b>782,136</b>      | <b>548,083</b>      | <b>7,651,325</b>    |
| <b>Operating Expenses</b>   |                     |                     |                     |                     |
| Program services:   |                     |                     |                     |                     |
| Programming and production  | 1,578,535           | 480,286             | 183,577             | 2,242,398           |
| Broadcasting  | 341,708             | 6,153               | 2,619               | 350,480             |
| Program information and promotion   | 491,060             | 31,553              | 29,421              | 552,034             |
| Support services:   |                     |                     |                     |                     |
| Management and general  | 2,315,675           | 195,638             | 389,405             | 2,900,718           |
| Fundraising, membership development, and auction                                    | 1,725,856           | 26,631              | 20,363              | 1,772,850           |
| Depreciation expense  | 525,155             | 30,605              | 30,860              | 586,620             |
| <b>Total operating expenses</b>   | <b>6,977,989</b>    | <b>770,866</b>      | <b>656,245</b>      | <b>8,405,100</b>    |
| <b>Operating (Loss) Gain</b>  | <b>(656,883)</b>    | <b>11,270</b>       | <b>(108,162)</b>    | <b>(753,775)</b>    |
| <b>Nonoperating Revenue (Expense)</b>   |                     |                     |                     |                     |
| Fundraising income  | 105,004             | 3,371               | 920                 | 109,295             |
| Investment (loss) income  | (9,527)             | (2,328)             | (195)               | (12,050)            |
| <b>Total nonoperating revenue</b>   | <b>95,477</b>       | <b>1,043</b>        | <b>725</b>          | <b>97,245</b>       |
| <b>(Loss) Gain - Before other</b>   | <b>(561,406)</b>    | <b>12,313</b>       | <b>(107,437)</b>    | <b>(656,530)</b>    |
| <b>Other</b>  |                     |                     |                     |                     |
| Capital grant from Grand Valley State University                                    | 28,117              | -                   | -                   | 28,117              |
| Additions to permanent endowment  | 22,558              | 3,894               | 1,750               | 28,202              |
| <b>Total Other Revenue</b>  | <b>50,675</b>       | <b>3,894</b>        | <b>1,750</b>        | <b>56,319</b>       |
| <b>(Decrease) Increase in Net Position</b>  | <b>(510,731)</b>    | <b>16,207</b>       | <b>(105,687)</b>    | <b>(600,211)</b>    |
| <b>Net Position - Beginning of year</b>   | <b>4,105,880</b>    | <b>1,037,637</b>    | <b>(165,635)</b>    | <b>4,977,882</b>    |
| <b>Net Position - End of year</b>   | <b>\$ 3,595,149</b> | <b>\$ 1,053,844</b> | <b>\$ (271,322)</b> | <b>\$ 4,377,671</b> |