

The background of the cover is a faded, light-colored photograph of a large, multi-story university building with a prominent central tower and arched windows. The text is overlaid on this image in a dark, serif font.

WYSU-FM

Youngstown State
University Radio

FINANCIAL REPORT
AND
SCHEDULE OF NONFEDERAL
FINANCIAL SUPPORT

for the Years Ended
June 30, 2012 and 2011

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

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REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
Youngstown State University
Youngstown, Ohio

We have audited the accompanying financial statements of the business-type activities of WYSU-FM, Youngstown State University Radio (the "Station") as of and for the years ended June 30, 2012 and 2011, which comprise of the Station's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Station's management. Our responsibility is to express opinions 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 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 the 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 opinions.

As discussed in Note 1, the financial statements of the Station are intended to present the financial position, the changes in financial position 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, 2012 and 2011, and the changes in its financial position and its cash flows, 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 the business-type activities of the Station as of June 30, 2012 and 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis ("MD&A") on pages 3 through 8 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Station's 2012 financial statements. The supplementary information included in the Schedule of Nonfederal Financial Support is presented for purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Nonfederal Financial Support is fairly stated, in all material respects, in relation to the financial statements as a whole.

Crowe Horwath LLP

Crowe Horwath LLP

Columbus, Ohio
November 15, 2012

WYSU-FM YOUNGSTOWN STATE UNIVERSITY RADIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section of the WYSU-FM Youngstown State University Radio (WYSU-FM or the 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, 2012 with comparative information for the fiscal years ended June 30, 2011 and 2010. This discussion has been prepared by management and should be read in conjunction with the financial statements and the accompanying notes that follow.

Introduction

The University owns and operates WYSU-FM, a 50,000 watt radio station that serves the Mahoning and Shenango Valley regions with fine arts, news and information programming from its studios in Cushwa Hall. The Station broadcasts a mix of news and classical music programs on its main analog channel, HD1 (digital) channel, and an Internet stream. WYSU-FM also broadcasts all classical music on its HD2 channel and second Internet stream. The Station broadcasts at 88.5 MHz in Youngstown, Ohio, 90.1 MHz in Ashtabula, Ohio, and 97.5 MHz in New Wilmington, Pennsylvania.

WYSU-FM is a non-commercial, listener-supported, community-based public radio station committed to being the region's leading source for quality programming. It provides trusted in-depth news, engaging conversation and music that stimulates the mind and spirit. As one of YSU's most visible daily representatives to the community, WYSU-FM also strives to be a valuable ambassador to the community, providing a forum to promote the artistic and intellectual activities of the University.

Since 1969, public radio WYSU 88.5 FM has been northeast Ohio's and western Pennsylvania's source for the best in news and information programming, music, and entertainment. WYSU-FM is a charter National Public Radio (NPR) affiliate station. Every week, thousands of listeners tune to the Station for its eclectic and innovative non-commercial program schedule, including engaging news and information, great entertainment, and superb classical, jazz, and folk music – together providing a provocative, culturally rich, and intellectually stimulating journey for WYSU-FM listeners.

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 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

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

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 non-operating. Significant recurring sources of the Station's revenues, including the general appropriation from the University and membership revenue are considered non-operating as defined by GASB Statement No. 35.
- Capital assets are reported net of accumulated depreciation.

Financial and Other Station Highlights

- Stable financial position and audience numbers
- Achievement of membership goal for Fall 2011 fund drive
- Substantial increase in underwriting revenue and strong underwriter acquisition activity
- Creation of a Disaster Response Plan
- Development of a committee-based operational philosophy and staffing structure

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:

	June 30, 2012	June 30, 2011	June 30, 2010
Assets			
Current assets	\$ 1,446,751	\$ 1,296,279	\$ 1,102,796
Other noncurrent assets	151,257	148,296	127,760
Capital assets, net	154,620	213,586	228,101
Total Assets	1,752,628	1,658,161	1,458,657
Liabilities			
Current liabilities	156,147	141,763	131,052
Noncurrent liabilities	87,134	83,240	77,814
Total Liabilities	243,281	225,003	208,866
Total Net Assets	\$ 1,509,347	\$ 1,433,158	\$ 1,249,791
Net Assets			
Invested in capital assets, net of related debt	\$ 154,620	\$ 213,586	\$ 228,101
Restricted	352,145	348,972	228,436
Unrestricted	1,002,582	870,600	793,254
Total Net Assets	\$ 1,509,347	\$ 1,433,158	\$ 1,249,791

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Current assets consist primarily of cash and cash equivalents, but also include investments, pledges, accounts, and interest receivable. Current assets increased \$150,472 or 12% from fiscal year 2011 to 2012 primarily due to unspent receipts from membership and underwriting income. This, along with the receipt of a major capital gift in 2011, accounted for the majority of the \$193,483 or 18% increase between fiscal years 2010 and 2011. The same donor provided a significant capital gift in 2010. These gifts are designated for a new facility for the Station. Other noncurrent assets, which represent endowment investments, increased \$2,961 or 2% from fiscal year 2011 to 2012 and \$20,536 or 16% from fiscal year 2010 to 2011 as the carrying value of investments increased due to improved investment performance. Net capital assets decreased \$58,966 or 28% between fiscal years 2011 and 2012 due to the continued depreciation of existing assets. During fiscal year 2011, the Station installed a new broadcast antenna which increased WYSU-FM's coverage area by 43% and the number of potential listeners by 63%. Net capital assets decreased \$14,515 or 6% between fiscal years 2011 and 2010 as continued depreciation of existing assets was greater than the cost of the new antenna. Refer to Notes 2-4 for additional information about cash and cash equivalents, investments, and capital assets.

Liabilities consisting of accounts payable, deferred revenue, and compensated absences increased \$18,278 or 8% between fiscal years 2011 and 2012. Deferred revenue from an increase in the Station's Corporation for Public Broadcasting grant and accounts payable accounted for the majority of the increase. Compensated absences, particularly accrued vacation, accounted for the majority of the 16,137 or 8% increase between fiscal years 2010 and 2011. Refer to Notes 5 and 6 for additional information about deferred revenue and long-term liabilities.

Overall the Station's net assets increased \$76,189 or 5% from \$1,433,158 at June 30, 2011 to \$1,509,347 at June 30, 2012. This resulted from excess revenues over expenses and includes a \$131,982 increase in unrestricted funds, a \$3,173 increase in restricted funds, and a \$58,966 decrease in the net amount invested in capital assets. The 15% increase in unrestricted net assets reflects the excess of membership and underwriting revenue over expenses during fiscal year 2012. Net assets invested in capital assets decreased 28% as depreciation exceeded additions.

Total net assets increased \$183,367 or 15% from \$1,249,791 at June 30, 2010 to \$1,433,158 at June 30, 2011. This resulted from excess revenues over expenses and includes a \$120,536 increase in restricted funds, a \$77,346 increase in unrestricted funds and a \$14,515 decrease in the net amount invested in capital assets. The 53% increase in restricted net assets resulted from a \$100,000 capital gift and an increase in the value of WYSU-FM's endowment. The 10% increase in unrestricted net assets reflects the excess of membership and fundraising revenue over expenses during 2011. The 6% decrease in net assets invested in capital assets, net of related debt from fiscal year 2010 to 2011 was due to depreciation expense.

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

These statements present the operating results and the non-operating revenues and expenses of the Station. The revenues and expenses are reported as either operating or non-operating. Operating revenues are generated by an annual Community Service Grant from CPB (a portion

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

of which is restricted) and through an annual grant from the eTech Ohio Commission (eTech Ohio), 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 the general appropriation from the University, donated facilities and administrative support from the University, membership revenue, net revenue from fund raising, and net investment income.

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

	June 30, 2012	June 30, 2011	June 30, 2010
Total operating revenues	\$ 405,116	\$ 368,409	\$ 370,407
Total operating expenses	1,321,303	1,307,803	1,213,404
Operating loss	(916,187)	(939,394)	(842,997)
Net non-operating revenues	992,376	1,022,761	894,103
Gain before other revenue, expenses, and changes	76,189	83,367	51,106
Total other revenue, expenses, and changes	-	100,000	100,002
Total increase in net assets	76,189	183,367	151,108
Net assets at the beginning of the year	1,433,158	1,249,791	1,098,683
Net assets at the end of the year	\$ 1,509,347	\$ 1,433,158	\$ 1,249,791

Between fiscal year 2011 and fiscal year 2012, total operating revenues increased \$36,707 or 10%, including underwriting revenue that increased \$31,855 or 37%. The Station acquired 17 new underwriters during fiscal year 2012, including contracts with two large foundations. The Station also received a one-time underwriting grant with Connect Ohio to educate state residents about the benefits of home-based broadband service and to encourage attendance at free computer/broadband training sessions.

Total operating revenues decreased \$1,998 or 1% between fiscal year 2010 and 2011. Operating revenue from the CPB grant decreased \$16,154 or 11% as the Station received additional funds from CPB in fiscal year 2010 from a federal fiscal stabilization grant. A similar grant was not received in fiscal year 2011. In-kind contributions increased \$23,060 or 21% primarily due to additional support from e-Tech Ohio to cover rises in the cost of services. Underwriting revenue decreased \$8,910 or 9% as a result of impacts from poor economic conditions and some of WYSU-FM's foundation support migrating from the underwriting category to the membership category.

Between fiscal years 2011 and 2012, total operating expenses increased \$13,500 or 1%. This was due to the increase in program services of \$43,079 or 6% coupled with the \$29,579 or 5% decrease in support services. There were shifts in the various operating expense categories as staff duties changed. During fiscal year 2012, WYSU-FM initiated a committee-based operational philosophy and structure. Due to the staffing pressures the unit faces, management found it helpful for staff members to be involved on multiple committees, each responsible for

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

different aspects of unit operations. Management believes that the cross-training and cross-involvement associated with the new committee structure has not only helped to create more well-rounded and better-informed team members, but has also fostered enhanced ownership and expanded responsibilities within the unit. In addition to staffing changes, broadcasting expenses increased due to small equipment purchases as the Station is upgrading outdated equipment. Depreciation expense also decreased due to the aging of WYSU-FM's equipment.

Total operating expenses increased \$94,399 or 8% between fiscal years 2010 and 2011. This was due to combined increases in program services of \$34,366 or 5% and increases in support services of \$60,033 or 11%. In the program services category, program information accounted for the greatest increase as the Station filled a full-time Assistant Engineering position in IT/operations during fiscal year 2011. This position provides critical support and leadership in information technological services for the Station. In the support services category, management and general expenses realized the greatest increase as expenses supported by e-Tech Ohio and Youngstown State University increased.

Net non-operating revenues decreased \$30,385 or 3% between fiscal years 2011 and 2012. The General Appropriation from the University increased \$20,704 or 4% due to negotiated increases in salaries and fringes, while the other line items in non-operating revenues decreased. Membership income decreased \$21,681 or 9% and the number of contributing members decreased by 6%. The decrease in membership income is primarily due to three contributing factors. Much of WYSU-FM's foundation support migrated from the membership category back to the underwriting category in fiscal year 2012. A large corporate contributor from fiscal year 2011 did not renew its membership in fiscal year 2012. Also, the general economic uncertainty which has affected the region and the WYSU-FM listeners contributed to the decrease. Donated facilities and administrative support decreased \$14,135 or 7% due to decreases in salaries at the University level. This decrease occurred as salaries for most employee groups on campus remained flat in FY'12 and from retirements due to an early retirement incentive plan. Investment income decreased \$17,243 or 68% primarily due to decreases in the market value of investments.

Between fiscal years 2010 and 2011, net non-operating revenues increased \$128,658 or 14%. The general appropriation from the University and donated facilities and administrative support both increased, \$52,089 and \$39,179 respectively, to support increases in salaries, fringes, and operating costs. Membership income increased \$26,580 or 12% primarily due to several large contributions from supporting foundations. Net investment income increased \$11,560 or 85% due to increases in unrealized gains stemming from improved market values.

Total other revenues, expenses, and changes decreased \$100,000 or 100% between fiscal years 2011 and 2012. No capital gifts were received in fiscal year 2012. During both fiscal year 2011 and 2010, WYSU-FM received a \$100,000 capital gift toward a new facility for the Station.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)

Economic Factors for the Future

Looking to the future, management believes that the Station is well positioned to continue its favorable financial position and level of excellence in service to its constituents. Due to the continued support of the University's Board of Trustees and administration, the generous loyalty of WYSU-FM's listener-members, and the support of businesses, non-profit organizations, and foundations, WYSU-FM maintained stability during tough economic times.

A crucial element to the Station's future will continue to be its relationships with its members and underwriters as work continues toward providing quality programming. The Station achieved its membership fundraising goal for its Fall 2011 fund drive, but fell short of the goal for the Spring 2012 fund drive. Despite this, the Spring 2012 fund drive was the second most successful spring drive in the Station's history. Each of the fiscal year 2012 on-air drives raised over \$108,500 for the Station. When combining membership and underwriting income, WYSU-FM's two streams of direct public support, the Station experienced an increase of 3% from fiscal year 2011 to 2012. WYSU-FM anticipates modest growth in membership and underwriting revenue during the upcoming fiscal years.

One way that WYSU-FM plans to increase support is by continuing to expand its local program offerings. During fiscal year 2012, the Station successfully launched the local roundtable talk show called *Looking Out*. This show examines how global issues directly impact those living in the Station's listening areas. It is offered over the traditional airwaves as well as podcasts and is available for streaming on the WYSU-FM website.

The Station continues to expand its presence in the community through high-profile and effective community and media partnerships and sponsorships with many organizations. Some of these partnerships provide local news and regional business news. Others are charitable in nature. The Station also holds special events for its members including movie nights, concerts, and listener appreciation gatherings.

Another way that WYSU-FM plans to serve YSU and the community is through the development of a Disaster Response Plan. This ensures continuous services during an emergency and to provide YSU and the community with an emergency information service were it to be needed. Adequate emergency preparedness requires the adoption of a well thought-out Station emergency plan and a commitment to keep the plan current and functional. The Disaster Response Plan details how WYSU-FM will respond to emergencies and assist YSU and community management organizations.

On a capital front, there are plans for WYSU-FM, along with other YSU academic media-related departments, programs, and services, to move to another existing location on campus in the near future. The YSU Board of Trustees chose an architectural firm for the renovations at its September 2012 meeting. The renovations will be funded by capital funds from the State of Ohio and from donor gifts. WYSU-FM has already received gifts totaling \$200,000 for this purpose.