

**WSLU-FM – NORTH COUNTY PUBLIC RADIO
(AN OPERATING SEGMENT OF
ST. LAWRENCE UNIVERSITY)**

FINANCIAL STATEMENTS

Years ended June 30, 2009 and 2008

**WSLU-FM – NORTH COUNTY PUBLIC RADIO
(AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)**

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REPORT OF INDEPENDENT AUDITORS

The Board of Trustees
St. Lawrence University

We have audited the accompanying statements of financial position of WSLU-FM – North Country Public Radio (“WSLU”) (an operating segment of St. Lawrence University) (“the University”) as of June 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the WSLU’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WSLU-FM – North Country Public Radio as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

UHY LLP

Albany, New York
November 23, 2009

WSLU-FM – NORTH COUNTRY PUBLIC RADIO
(AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)
STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash	\$ 265,313	\$ 362,258
Accounts receivable	17,137	-
Grants receivable	52,033	-
Prepays	54,760	53,120
Investments	940,809	1,124,780
Broadcasting facilities and equipment, net of accumulated depreciation of \$409,174 and \$353,722 for 2009 and 2008, respectively	<u>293,547</u>	<u>321,139</u>
Total assets	<u><u>\$ 1,623,599</u></u>	<u><u>\$ 1,861,297</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Deferred revenue	<u>\$ 64,841</u>	<u>\$ 76,727</u>
Total current liabilities	<u>64,841</u>	<u>76,727</u>
NET ASSETS		
Unrestricted	680,331	875,362
Temporarily restricted	-	68,853
Permanently restricted	<u>878,427</u>	<u>840,355</u>
Total net assets	<u>1,558,758</u>	<u>1,784,570</u>
Total liabilities and net assets	<u><u>\$ 1,623,599</u></u>	<u><u>\$ 1,861,297</u></u>

See notes to financial statements.

**WSLU-FM – NORTH COUNTRY PUBLIC RADIO
(AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2009 and 2008**

	2009				2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities								
Support and revenues								
Contributions from St. Lawrence University	\$ 576,542	\$ -	\$ -	\$ 576,542	\$ 539,049	\$ -	\$ -	\$ 539,049
Donated facilities and services	116,951	-	-	116,951	110,871	-	-	110,871
Membership, contributions and underwriting contracts	1,084,918	-	38,072	1,122,990	1,024,465	-	17,587	1,042,052
Federal, state and county grants	419,271	-	-	419,271	522,290	-	-	522,290
Business, industry and foundations	151,015	-	-	151,015	251,762	68,853	-	320,615
Other	155,033	-	-	155,033	66,244	-	-	66,244
Investment income	57,638	-	-	57,638	53,122	-	-	53,122
Total support and revenues	<u>2,561,368</u>	<u>-</u>	<u>38,072</u>	<u>2,599,440</u>	<u>2,567,803</u>	<u>68,853</u>	<u>17,587</u>	<u>2,654,243</u>
Net assets released from restrictions	<u>68,853</u>	<u>(68,853)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenues and net assets released from restrictions	<u>2,630,221</u>	<u>(68,853)</u>	<u>38,072</u>	<u>2,599,440</u>	<u>2,567,803</u>	<u>68,853</u>	<u>17,587</u>	<u>2,654,243</u>
Operating expenditures								
Program services								
Programming and production	1,127,152	-	-	1,127,152	1,113,619	-	-	1,113,619
Broadcasting	350,667	-	-	350,667	218,063	-	-	218,063
Program information	150,471	-	-	150,471	118,333	-	-	118,333
Supporting services								
Fundraising	335,667	-	-	335,667	343,287	-	-	343,287
Management and general	636,929	-	-	636,929	609,577	-	-	609,577
Physical plant	2,323	-	-	2,323	11,307	-	-	11,307
Total operating expenditures	<u>2,603,209</u>	<u>-</u>	<u>-</u>	<u>2,603,209</u>	<u>2,414,186</u>	<u>-</u>	<u>-</u>	<u>2,414,186</u>
Net operating activities	<u>27,012</u>	<u>(68,853)</u>	<u>38,072</u>	<u>(3,769)</u>	<u>153,617</u>	<u>68,853</u>	<u>17,587</u>	<u>240,057</u>
Nonoperating activities								
Net realized and unrealized (losses) gains on investments	<u>(222,043)</u>	<u>-</u>	<u>-</u>	<u>(222,043)</u>	<u>(118,515)</u>	<u>-</u>	<u>-</u>	<u>(118,515)</u>
Net nonoperating activities	<u>(222,043)</u>	<u>-</u>	<u>-</u>	<u>(222,043)</u>	<u>(118,515)</u>	<u>-</u>	<u>-</u>	<u>(118,515)</u>
Change in net assets	(195,031)	(68,853)	38,072	(225,812)	35,102	68,853	17,587	121,542
Net assets at beginning of year	<u>875,362</u>	<u>68,853</u>	<u>840,355</u>	<u>1,784,570</u>	<u>840,260</u>	<u>-</u>	<u>822,768</u>	<u>1,663,028</u>
Net assets at end of year	<u>\$ 680,331</u>	<u>\$ -</u>	<u>\$ 878,427</u>	<u>\$ 1,558,758</u>	<u>\$ 875,362</u>	<u>\$ 68,853</u>	<u>\$ 840,355</u>	<u>\$ 1,784,570</u>

See notes to financial statements.

WSLU-FM – NORTH COUNTRY PUBLIC RADIO
(AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (225,812)	\$ 121,542
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	55,452	44,297
Net realized and unrealized (losses) gains on investments	222,043	118,515
Contributions for long-term investment	(38,072)	(17,587)
Changes in:		
Grants receivable	(52,033)	16,829
Accounts receivable	(17,137)	-
Prepays	(1,640)	(53,120)
Deferred revenue	(11,886)	76,727
Net cash (used in) provided by operating activities	<u>(69,085)</u>	<u>307,203</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of broadcasting facilities and equipment	(27,860)	(202,198)
Purchase of investments	(38,072)	(17,587)
Net cash used in investing activities	<u>(65,932)</u>	<u>(219,785)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions for long-term investment	38,072	17,587
Net cash provided by financing activities	<u>38,072</u>	<u>17,587</u>
NET (DECREASE) INCREASE IN CASH	(96,945)	105,005
CASH AT BEGINNING OF YEAR	<u>362,258</u>	<u>257,253</u>
CASH AT END OF YEAR	<u><u>\$ 265,313</u></u>	<u><u>\$ 362,258</u></u>

See notes to financial statements.

**WSLU-FM – NORTH COUNTRY PUBLIC RADIO
(AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

WSLU-FM – North Country Public Radio (“WSLU” or the “Station”) is an operating segment of St. Lawrence University (the “University”) and is included in the University’s financial statements. WSLU functions as a non-commercial public FM radio station in Canton, New York.

WSLU maintains its accounting records in conformity with the Principles of Accounting and Financial Reporting for Public Telecommunication Entities mandated by the Corporation for Public Broadcasting, which is consistent with generally accepted accounting principles. The financial statements are prepared on an accrual basis of accounting.

For purposes of preparing the financial statements, WSLU considered events through November 23, 2009. No material events have occurred since the date of financial statements, which have not been disclosed in these financial statements.

Net Assets Classification

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

Temporarily Restricted – Net assets whose use by WSLU is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Station pursuant to those stipulations.

Permanently Restricted – Net assets whose use by WSLU is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Station. Generally, the donors of these assets permit WSLU to use all or part of the investment return on these assets to support program activities.

Cash

WSLU’s cash balances are maintained with the University’s accounts. Cash deposits may exceed the Federal Deposit Insurance Corporation limits at various times.

Investments

Investments are recorded at fair value and are maintained within the University’s pooled investment accounts. The unit market value is used to account for income distributed and pooled transactions.

Broadcasting Facilities and Equipment

Broadcasting facilities and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful lives of the assets ranging from three to ten years. Maintenance and repair costs are charged to expense when incurred. Disposals of broadcasting facilities and equipment are recorded as a deduction from broadcasting facilities and equipment for the net book value at the date of disposal and a gain or loss is recognized for the difference between proceeds received and the net book value at the date of disposal.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008**

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Membership, Contributions and Underwriting Contracts

Revenues from membership, contributions and underwriting contracts are recognized when received, except for underwriting contracts that extend beyond WSLU's fiscal year. In those cases, the portion of underwriting revenue pertaining to the following fiscal year is reported as deferred revenue in the statement of financial position.

Federal, State and County Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients. The Grants are reported on the accompanying financial statements as unrestricted operating revenues; however, certain guidelines must be satisfied in connection with application for and use of the Grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of Grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Other grants are recorded as earned.

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 as the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

As WSLU is an operating segment of St. Lawrence University, WSLU maintains the same tax-exempt status as the University, which is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008**

NOTE 2 — INDIRECT ADMINISTRATIVE SUPPORT

A portion of WSLU's general overhead costs are provided from the University and are allocated to WSLU. These costs include administration, salaries and benefits, space, and other services. The fair value of these services are reported as revenue and expense in the accompanying statements of activities. The value of this support was \$468,154 and \$423,315 for 2009 and 2008, respectively.

NOTE 3 — INVESTMENTS

Investments consist of the following at June 30, 2009 and 2008:

Description	June 30, 2009			June 30, 2008		
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain (Loss)
University Pooled Investment Portfolio	\$ 907,312	\$ 940,809	\$ 33,497	\$ 869,240	\$ 1,124,780	\$ 255,540

Investments are stated at fair value and represent WSLU's units within the University's pooled investment portfolio. Realized and unrealized net gains and losses are determined based upon the unit market value within the investment pool. Realized and unrealized (losses) were \$(222,043) and \$(118,515) for the year ended June 30, 2009 and 2008, respectively.

WSLU's units within the University's investment portfolio are as follows at June 30:

	2009	2008
Total units	286.19	275.14
Per unit fair value	\$ 3,287.32	\$ 4,088.06

NOTE 4 – FAIR VALUE MEASUREMENTS

FASB Statement No. 157, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy (Level 1, 2 and 3) that prioritizes the inputs to valuation techniques used to measure fair value.

Investments represent WSLU's units within the University's pooled investment portfolio, which consists of short term investments, equity securities, alternative investments/limited partnerships, mutual funds, index funds, real estate and others. Fair value of investments is determined based on the unit value of the University's pooled investment portfolio which is based on the fair value of the underlying investments in the portfolio. Investments are Level 2 assets within the fair value hierarchy since the significant inputs to the valuation methodology are principally observable. There have been no changes in the methodologies used at June 30, 2009 and 2008.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008**

NOTE 5 – ENDOWMENT

FASB Staff Position No. FAS 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds, requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

WSLU follows the University's endowment investment and spending policies. The endowment assets are invested in a manner that is intended to preserve the purchasing power of the corpus and insulate program spending from fluctuations in capital markets while assuming a moderate level of investment risk. The amount of endowment investment return used annually to support operation is equivalent to 5.5% of the weighted average of these investments over the prior twelve quarters. The endowment funds are permanently donor-restricted funds. Endowment net assets are approximately \$878,400 and \$840,400 at June 30, 2009 and 2008, respectively. The current year contributions account for the change in endowment net assets for the fiscal year ended June 30, 2009.

NOTE 6 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are subject to donor-imposed stipulations to support program services. Permanently restricted net assets are subject to donor-imposed stipulations that require the principal to be invested in perpetuity. Investment returns are expendable to support WSLU operations.