

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

FINANCIAL STATEMENTS

Years ended June 30, 2011 and 2010

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

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INDEPENDENT AUDITOR'S REPORT

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, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of 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, 2011 and 2010, 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
December 12, 2011

WSLU-FM – NORTH COUNTRY PUBLIC RADIO
(AN OPERATING SEGMENT OF ST. LAWRENCE UNIVERSITY)
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 423,073	\$ 261,455
Accounts receivable	18,821	23,681
Grants receivable	21,712	32,554
Prepays	58,297	54,061
Investments	1,173,975	1,022,424
Broadcasting facilities and equipment, net of accumulated depreciation of \$532,089 and \$466,327 for 2011 and 2010, respectively	<u>337,138</u>	<u>273,047</u>
Total assets	<u><u>\$ 2,033,016</u></u>	<u><u>\$ 1,667,222</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Deferred revenue	<u>\$ 112,441</u>	<u>\$ 77,184</u>
Total current liabilities	<u>112,441</u>	<u>77,184</u>
NET ASSETS		
Unrestricted	817,369	699,314
Temporarily restricted	206,582	-
Permanently restricted	<u>896,624</u>	<u>890,724</u>
Total net assets	<u>1,920,575</u>	<u>1,590,038</u>
Total liabilities and net assets	<u><u>\$ 2,033,016</u></u>	<u><u>\$ 1,667,222</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, 2011 and 2010**

	2011				2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating activities								
Support and revenues								
Contributions from St. Lawrence University	\$ 549,650	\$ -	\$ -	\$ 549,650	\$ 611,269	\$ -	\$ -	\$ 611,269
Donated facilities and services	122,322	-	-	122,322	119,956	-	-	119,956
Membership, contributions and underwriting contracts	1,121,440	-	5,900	1,127,340	1,091,729	-	12,297	1,104,026
Federal, state and county grants	511,744	-	-	511,744	448,236	-	-	448,236
Business, industry and foundations	153,801	-	-	153,801	127,780	-	-	127,780
Other	45,096	-	-	45,096	53,030	-	-	53,030
Investment income	58,491	-	-	58,491	58,018	-	-	58,018
Total support and revenues	<u>2,562,544</u>	<u>-</u>	<u>5,900</u>	<u>2,568,444</u>	<u>2,510,018</u>	<u>-</u>	<u>12,297</u>	<u>2,522,315</u>
Operating expenditures								
Program services								
Programming and production	1,112,639	-	-	1,112,639	1,156,898	-	-	1,156,898
Broadcasting	391,545	-	-	391,545	335,074	-	-	335,074
Program information	33,292	-	-	33,292	73,593	-	-	73,593
Supporting services								
Fundraising	248,962	-	-	248,962	334,370	-	-	334,370
Management and general	597,120	-	-	597,120	658,351	-	-	658,351
Physical plant	-	-	-	-	2,067	-	-	2,067
Total operating expenditures	<u>2,383,558</u>	<u>-</u>	<u>-</u>	<u>2,383,558</u>	<u>2,560,353</u>	<u>-</u>	<u>-</u>	<u>2,560,353</u>
Net operating activities	<u>178,986</u>	<u>-</u>	<u>5,900</u>	<u>184,886</u>	<u>(50,335)</u>	<u>-</u>	<u>12,297</u>	<u>(38,038)</u>
Nonoperating activities								
Net realized and unrealized gains on investments	8,719	136,932	-	145,651	69,318	-	-	69,318
Net nonoperating activities	<u>8,719</u>	<u>136,932</u>	<u>-</u>	<u>145,651</u>	<u>69,318</u>	<u>-</u>	<u>-</u>	<u>69,318</u>
Change in net assets before reclassification	187,705	136,932	5,900	330,537	18,983	-	12,297	31,280
Net asset reclassification (Note 5)	(69,650)	69,650	-	-	-	-	-	-
Change in net assets	<u>118,055</u>	<u>206,582</u>	<u>5,900</u>	<u>330,537</u>	<u>18,983</u>	<u>-</u>	<u>12,297</u>	<u>31,280</u>
Net assets at beginning of year	699,314	-	890,724	1,590,038	680,331	-	878,427	1,558,758
Net assets at end of year	<u>\$ 817,369</u>	<u>\$ 206,582</u>	<u>\$ 896,624</u>	<u>\$ 1,920,575</u>	<u>\$ 699,314</u>	<u>\$ -</u>	<u>\$ 890,724</u>	<u>\$ 1,590,038</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, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 330,537	\$ 31,280
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	65,762	57,153
Net realized and unrealized (gains) losses on investments	(145,651)	(69,318)
Changes in:		
Grants receivable	10,842	19,479
Accounts receivable	4,860	(6,544)
Prepays	(4,236)	699
Deferred revenue	35,257	12,343
Net cash provided by operating activities	<u>297,371</u>	<u>45,092</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of broadcasting facilities and equipment	(129,853)	(36,653)
Purchase of investments	(5,900)	(12,297)
Net cash used in investing activities	<u>(135,753)</u>	<u>(48,950)</u>
NET INCREASE (DECREASE) IN CASH	161,618	(3,858)
CASH AT BEGINNING OF YEAR	<u>261,455</u>	<u>265,313</u>
CASH AT END OF YEAR	<u><u>\$ 423,073</u></u>	<u><u>\$ 261,455</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, 2011 and 2010**

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 December 12, 2011. 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, 2011 and 2010**

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.

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 \$419,920 and \$474,910 for 2011 and 2010, respectively.

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June 30, 2011 and 2010**

NOTE 3 — INVESTMENTS

Investments consist of the following at June 30, 2011 and 2010:

Description	June 30, 2011			June 30, 2010		
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain (Loss)
University Pooled Investment Portfolio	\$ 925,509	\$ 1,173,975	\$ 248,466	\$ 919,609	\$ 1,022,424	\$ 102,815

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 gains and (losses) were \$145,651 and \$69,318 for the year ended June 30, 2011 and 2010, respectively.

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

	2011	2010
Total units	263.53	274.68
Per unit fair value	\$ 4,454.76	\$ 3,722.23

NOTE 4 — FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification 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, 2011 and 2010.

NOTE 5 — ENDOWMENT

FASB Accounting Standards Codification provides guidance regarding Endowments of Not-for-Profit Organization: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds.

On September 17, 2010, the State of New York adopted a version of the Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"). WSLU has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor instructions to the contrary. As a result of this interpretation,

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NOTE 5 — ENDOWMENT (Continued)

WSLU classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Board of Trustees in a manner consistent with the standard of prudence prescribed by NYPMIFA.

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 asset composition by type of fund as of June 30, 2011 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 206,582	\$ 896,624	\$ 1,103,206
Total funds	<u>\$ -</u>	<u>\$ 206,582</u>	<u>\$ 896,624</u>	<u>\$ 1,103,206</u>

Endowment net asset composition by type of fund as of June 30, 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ -	\$ 890,724	\$ 890,724
Board-designated funds	69,650	-	-	69,650
Total funds	<u>\$ 69,650</u>	<u>\$ -</u>	<u>\$ 890,724</u>	<u>\$ 960,374</u>

Changes in endowment net assets for the fiscal year ended June 30, 2011 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 69,650	\$ -	\$ 890,724	\$ 960,374
Contributions	-	-	5,900	5,900
Net appreciation	-	195,423	-	195,423
Amount appropriated for expenditure	-	(58,491)	-	(58,491)
Net assets reclassification for adoption of NYPMIFA	(69,650)	69,650	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 206,582</u>	<u>\$ 896,624</u>	<u>\$ 1,103,206</u>

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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.