The accompanying financial statements and report are intended for the original recipient. They must be presented in their entirety and may not be modified in any manner.

anderson ZURMUEHLEN

YELLOWSTONE PUBLIC RADIO/
KEMC-FM
(A Public Radio Entity)
Operated by the Montana State University-Billings

FINANCIAL REPORT

June 30, 2013

YELLOWSTONE PUBLIC RADIO/
KEMC-FM
(A Public Radio Entity)
Operated by the Montana State University-Billings

FINANCIAL REPORT

June 30, 2013

C O N T E N T S

402 NORTH BROADWAY, 4th FLOOR • P.O. BOX 20435 • BILLINGS, MONTANA 59104-0435
TEL: 406.245.5136 • FAX: 406.245.6056 • WEB: www.azworld.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Yellowstone Public Radio/KEMC-FM
(A Public Radio Entity)
Operated by Montana State University-Billings
Billings, Montana

Report on the Financial Statements

We have audited the accompanying financial statements of the business type activities and discretely presented component unit of Yellowstone Public Radio/KEMC-FM (A Public Radio Entity) operated by Montana State University-Billings (the Station) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Station'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 opinions on these financial statements based on our audit. We conducted our audit 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.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Yellowstone Public Radio/KEMC-FM as of June 30, 2013, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1, the financial statements of the Station are intended to present the financial position and the changes in financial position and cash flows, where applicable, of only that portion of Montana State University-Billings that is attributable to the transactions of the Station. They do not purport to and do not present fairly the financial position of Montana State University-Billings or the Montana University System as of June 30, 2013, and the changes in its financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that 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 funding progress for other post-retirement benefits plan on pages 4 through 8 and 32, 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, who considers it to be an essential part of the 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 an opinion on the financial statements that collectively comprise Yellowstone Public Radio/KEMC-FM's basic financial statements. The supplementary schedule on page 33 is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary schedule 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. 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 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Anderson ZurMuehlen + Co, P.C.

Billings, Montana
December 19, 2013

Yellowstone Public Radio is operated by Montana State University-Billings, a component unit of the State of Montana. Friends of Public Radio (Friends) is an affiliate that raises funds to provide financial and other support to Yellowstone Public Radio. The discussion and analysis that follows provides an overview of the consolidated Yellowstone Public Radio and Friends financial activities for the fiscal years ended June 30, 2013 and 2012.

Financial Summary

The financial statements show operating revenues of $672,769 and $715,414 and operating expenses of $1,638,111 and $1,496,314, netting to an operating loss of $965,342 and $780,900 for the years ended June 30, 2013 and 2012, respectively. This operating loss is offset by non-operating revenues of $980,877 and $886,856; bringing the change in net position for fiscal years 2013 and 2012 to $15,535 and $105,956, respectively.

The assets of Yellowstone Public Radio and Friends exceeded liabilities by $2,080,677 and $2,065,142 for fiscal years 2013 and 2012, respectively.

Yellowstone Public Radio and Friends cash and cash equivalents at June 30, 2013 and 2012, was $1,200,113 and $1,268,299, respectively, representing a decrease of $68,186 from June 30, 2012 and an increase of $278,749 from June 30, 2011.

Capital outlays for the years ended June 30, 2013 and 2012, were $13,406 and $27,326, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Yellowstone Public Radio's and Friends' basic financial statements, which are comprised of the Balance Sheet; the Statement of Revenues, Expenses and Change in Net Position; the Statement of Cash Flows, and the Notes to the Financial Statements. The financial statements are designed to provide the readers with a broad overview of Yellowstone Public Radio and Friends finances in a manner similar to a private-sector business.

The Balance Sheet is presented in a classified format, differentiating between current and noncurrent assets, and categorizing net position.

Condensed Balance Sheet	2013	2012
Assets		
Current assets	$ 1,161,391	$ 1,236,050
Capital assets	71,840	155,343
Other assets	1,223,390	1,004,350
Total assets	$ 2,456,621	$ 2,395,743
Liabilities		
Current liabilities	$ 83,710	$ 82,234
Long-term liabilities	292,234	248,367
Total liabilities	375,944	330,601
Net position		
Invested in capital assets, net of related debt	71,839	155,342
Unrestricted	839,660	963,097
Restricted - expendable	1,169,178	946,703
Total net position	2,080,677	2,065,142
Total liabilities and net position	$ 2,456,621	$ 2,395,743

Current assets include cash and cash equivalents, prepaid expense for programming costs, and accounts receivable related to pledges.

Capital assets, net of related debt, decreased by $83,503 from 2012 to 2013; this decrease resulted from depreciation expense of $96,909 offset by additions of $13,406 for fiscal year 2013.

Current liabilities include accounts payable, deferred revenue, and the current portion of compensated absences.

Long-term liabilities include the amount of compensated absences liability estimated to be payable after a one-year period as well as the Station's portion of the OPEB liability and annuity obligations.

Amounts invested in capital assets, net of related debt, consist of the historical acquisition value of capital assets, reduced by both accumulated depreciation expense charged against assets and debt balances related to capital assets. This balance increases as assets are acquired and debt is repaid, and decreases as assets are depreciated and debt is incurred.

Please refer to the notes to the accompanying financial statements for more detailed information on capital assets and long-term debt.

Unrestricted net position may be designated for specific purposes by action of management or may otherwise be limited by contractual agreements with outside parties.

Restricted, expendable net position is funds that may only be expended in accordance with restrictions imposed by an external party.

The Statement of Revenues, Expenses, and Change in Net Position presents the support and revenue earned and expenses incurred on a full accrual basis and classifies activities as either "operating" or "non-operating." This distinction results in operating deficits for those stations that depend on State appropriations and gifts, which are classified as non-operating revenue.

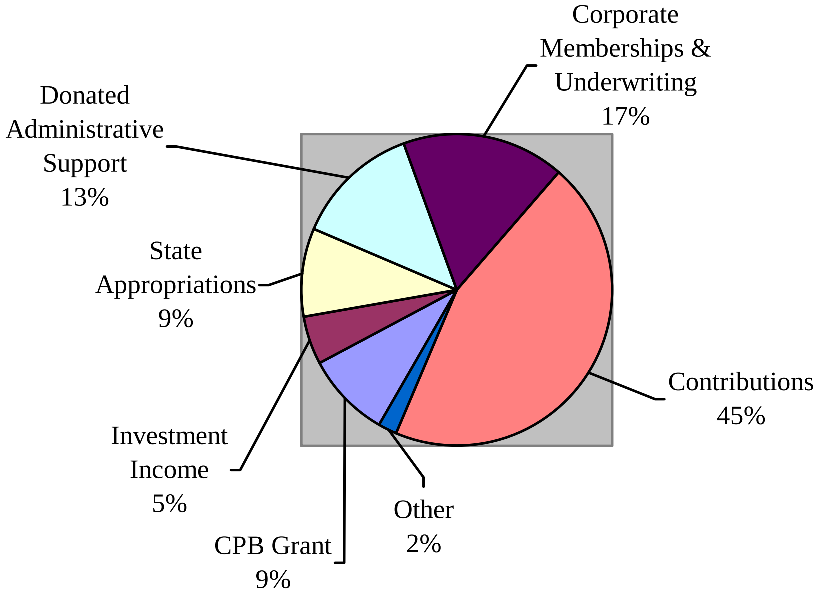
Condensed Statement of Revenues, Expenses, and Change in Net Position

	2013	2012
Operating revenues	$ 672,769	$ 715,414
Operating expenses	1,638,111	1,496,314
Operating loss	(965,342)	(780,900)
Non-operating revenues	980,877	886,856
Change in net position	$ 15,535	$ 105,956

Operating revenues consist primarily of Corporation for Public Broadcasting (CPB) grant funds, donated administrative support from the University and corporate memberships, and underwriting. The decrease in operating revenue was primarily due to a decrease in CPB income for the year.

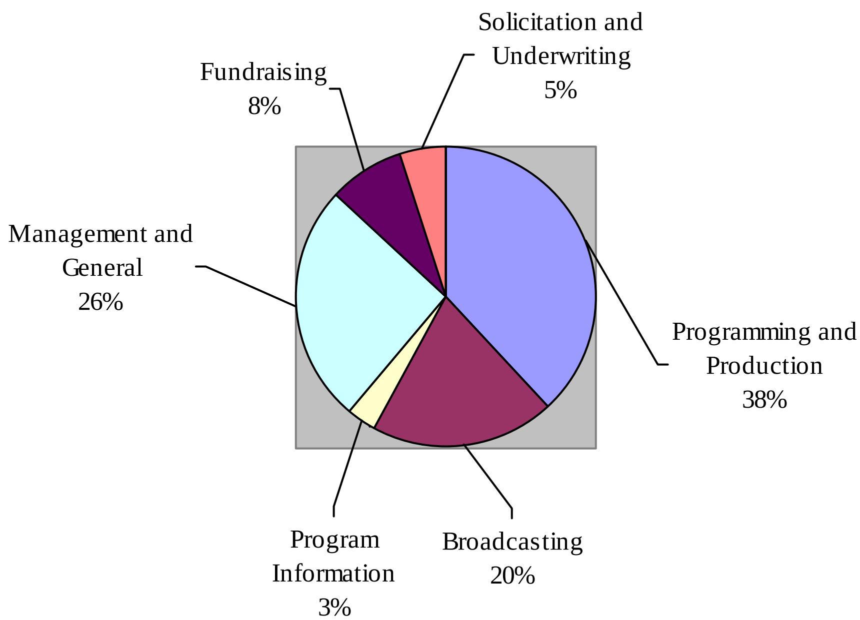
Non-operating revenues consist primarily of contributions, investment income, and state appropriations. The increase is due to an increase in investment revenue.

Revenue by Source



Operating expenses are presented by CPB categories of program and support. Programming expenses include programming and production, broadcasting, and program information. Support expenses include fundraising, management and general, and underwriting. Programming expense increased due to renewal of licenses and additional programs added.

Expenses by Program



The Statement of Cash Flows presents information related to cash inflows and outflows, categorized by operating, investing, and financing activities.

Condensed Statement of Cash Flows

	2013	2012
Cash flows from:		
Operating activities	$ (852,027)	$ (597,660)
Capital financing activities	(13,406)	(27,326)
Noncapital financing activities	877,812	880,025
Investing activities	(80,565)	23,710
Net increase (decrease) in cash and cash equivalents	(68,186)	278,749
Cash and cash equivalents, beginning of year	1,268,299	989,550
Cash and cash equivalents, end of year	$ 1,200,113	$ 1,268,299

Operating activities used $852,027 and $597,660 in cash, resulting primarily from the operating loss of $965,342 and $780,900 for June 30, 2013 and 2012, respectively.

Financing activities provided $864,405 and $852,699 in cash for the years ended June 30, 2013 and 2012, respectively, resulting primarily from contributions.

Investing activities used $80,564 in cash for the year ended June 30, 2013, and provided $23,710 in cash for the year ended June 30, 2012.

Economic Outlook

KEMC/YPR's budget priorities for FY2014 include an initiative to update our existing fundraising software. Building on the new server and network architecture upgrades last year to the Allegiance database system, KEMC/YPR looks to add additional functionality and flexibility to this core operational system with a modest investment in computer hardware and add-ons to the existing Allegiance software suite. Other operational expenditures for FY2014 do not include any major increases or deviations from previous years' norms.

KEMC/YPR anticipates reaching or exceeding FY2013 revenue in both fundraising and underwriting in FY2014. CPB Community Service Grant funding and MSU Billings FY2014 direct funding are similar to FY2013 levels and there has been no change in the donated facilities or indirect administrative support from MSU Billings.

F I N A N C I A L   S T A T E M E N T S

YELLOWSTONE PUBLIC RADIO/KEMC-FM
(A PUBLIC RADIO ENTITY)
OPERATED BY MONTANA STATE UNIVERSITY-BILLINGS
BALANCE SHEETS
June 30, 2013
(with comparative totals as of June 30, 2012)

	2013			2012
	Yellowstone Public Radio	Friends of Public Radio, Inc.	Total	Combined Totals
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 178,639	$ 896,033	$ 1,074,672	$ 1,180,523
Accounts receivable	38,002	-	38,002	13,334
Interest receivable	-	-	-	299
Pledges receivable	-	43,702	43,702	36,918
Prepaid expenses	5,015	-	5,015	4,976
Total current assets	221,656	939,735	1,161,391	1,236,050
CAPITAL ASSETS				
Studio and broadcast equipment	159,202	-	159,202	159,202
Satellite	13,349	-	13,349	13,349
Transmission, antenna, tower	915,471	-	915,471	907,375
Furniture and fixtures	32,937	-	32,937	27,627
Accumulated depreciation	(1,049,119)	-	(1,049,119)	(952,210)
Total capital assets	71,840	-	71,840	155,343
OTHER ASSETS				
Restricted cash equivalents	29,802	95,639	125,441	87,776
Restricted investments	-	1,020,789	1,020,789	842,774
Cash surrender value - life insurance	-	77,160	77,160	73,800
Total other assets	29,802	1,193,588	1,223,390	1,004,350
Total assets	$ 323,298	$ 2,133,323	$ 2,456,621	$ 2,395,743

The Notes to Financial Statements are an integral part of this statement.

	2013			2012
	Yellowstone Public Radio	Friends of Public Radio, Inc.	Total	Combined Totals
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 6,183	$ -	$ 6,183	$ 6,544
Deferred revenue	29,802	-	29,802	30,924
Current portion, compensated absences	47,725	-	47,725	44,766
Total current liabilities	83,710	-	83,710	82,234
LONG-TERM LIABILITIES				
Compensated absences, net of current portion	73,990	-	73,990	59,432
Annuities obligation	-	30,952	30,952	26,723
Net OPEB obligation	187,292	-	187,292	162,212
Total long-term liabilities	261,282	30,952	292,234	248,367
Total liabilities	344,992	30,952	375,944	330,601
NET POSITION				
Net investment in capital assets	71,839	-	71,839	155,342
Unrestricted	(93,533)	933,193	839,660	963,097
Restricted, expendable	-	1,169,178	1,169,178	946,703
Total net position	(21,694)	2,102,371	2,080,677	2,065,142
Total liabilities and net position	$ 323,298	$ 2,133,323	$ 2,456,621	$ 2,395,743

YELLOWSTONE PUBLIC RADIO/KEMC-FM
(A PUBLIC RADIO ENTITY)
OPERATED BY MONTANA STATE UNIVERSITY-BILLINGS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
Year Ended June 30, 2013
(with comparative totals for the year ended June 30, 2012)

	2013			2012
	Yellowstone Public Radio	Friends of Public Radio, Inc.	Total	Combined Totals
OPERATING REVENUES				
Grant from CPB	$ 142,614	$ -	$ 142,614	$ 244,272
CPB Stabilization Grant	3,670	-	3,670	-
Donated facilities and direct and indirect administrative support from Montana State University - Billings	218,605	-	218,605	192,533
Corporate memberships and underwriting	285,055	-	285,055	252,051
WNYC grants	952	-	952	732
Other operating revenue	21,873	-	21,873	25,826
Total operating revenues	672,769	-	672,769	715,414
OPERATING EXPENSES				
Program services:				
Programming and production	621,729	-	621,729	549,848
Broadcasting	331,275	-	331,275	337,592
Program information	49,881	-	49,881	44,362
Total program services	1,002,885	-	1,002,885	931,802
Supporting services:				
Management and general	424,082	-	424,082	357,544
Fundraising	103,779	27,865	131,644	136,033
Solicitation and underwriting	79,500	-	79,500	70,935
Total supporting services	607,361	27,865	635,226	564,512
Total operating expenses	1,610,246	27,865	1,638,111	1,496,314
Operating loss	(937,477)	(27,865)	(965,342)	(780,900)

The Notes to Financial Statements are an integral part of this statement.

	2013			2012
	Yellowstone Public Radio	Friends of Public Radio, Inc.	Total	Combined Totals
NON-OPERATING REVENUES (EXPENSES)				
Contributions - other	31,863	-	31,863	33,200
General appropriation from the University System	144,943	-	144,943	158,145
Investment gain (loss)	-	91,727	91,727	(192)
Contributions - Friends	130	709,164	709,294	683,042
Contributions to endowment - Friends	-	3,050	3,050	12,661
Receipt from affiliates	500,000	-	500,000	500,000
Payments to affiliates	-	(500,000)	(500,000)	(500,000)
Net non-operating revenues	676,936	303,941	980,877	886,856
Change in net position	(260,541)	276,076	15,535	105,956
Net position, beginning of year	238,847	1,826,295	2,065,142	1,959,186
Net position, end of year	$ (21,694)	$ 2,102,371	$ 2,080,677	$ 2,065,142

YELLOWSTONE PUBLIC RADIO/KEMC-FM
(A PUBLIC RADIO ENTITY)
OPERATED BY MONTANA STATE UNIVERSITY-BILLINGS
STATEMENTS OF CASH FLOWS
Year Ended June 30, 2013
(with comparative totals for the year ended June 30, 2012)

	2013			2012
	Yellowstone Public Radio	Friends of Public Radio, Inc.	Total	Combined Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from CPB grant	$ 142,614	$ -	$ 142,614	$ 244,272
Cash received from corporate memberships	285,055	-	285,055	252,051
Cash received from other operating sources	26,495	-	26,495	26,558
Cash received from operating activities	454,164	-	454,164	522,881
Cash paid for operations	747,084	27,865	774,949	622,640
Cash paid for compensation and benefits	531,242	-	531,242	497,901
Cash paid for operating activities	1,278,326	27,865	1,306,191	1,120,541
Net cash flows from operating activities	(824,162)	(27,865)	(852,027)	(597,660)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Contributions	31,994	693,596	725,590	701,040
Contributions - endowment	-	3,050	3,050	12,661
Cash received from Friends	500,000	-	500,000	500,000
Cash paid to the Station from Friends	-	(500,000)	(500,000)	(500,000)
Cash received from appropriation	144,943	-	144,943	158,145
Annuity obligation	-	4,229	4,229	8,179
Net cash flows from noncapital and related financing activities	676,937	200,875	877,812	880,025
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(13,406)	-	(13,406)	(27,326)
Net cash flows from capital and related financing activities	(13,406)	-	(13,406)	(27,326)

The Notes to Financial Statements are an integral part of this statement.

	2013			2012
	Yellowstone Public Radio	Friends of Public Radio, Inc.	Total	Combined Totals
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	(1,234,923)	(1,234,923)	(80,223)
Proceeds from sale of investments	-	1,137,003	1,137,003	87,274
Interest income	-	17,355	17,355	16,659
Net cash flows from investing activities	-	(80,565)	(80,565)	23,710
Net change in cash and cash equivalents	(160,631)	92,445	(68,186)	278,749
Cash and cash equivalents, beginning of year	369,072	899,227	1,268,299	989,550
Cash and cash equivalents, end of year	$ 208,441	$ 991,672	$ 1,200,113	$ 1,268,299
AS PRESENTED IN THE ACCOMPANYING BALANCE SHEETS				
Cash and cash equivalents, unrestricted	$ 178,639	$ 896,033	$ 1,074,672	$ 1,180,523
Restricted cash equivalents	29,802	95,639	125,441	87,776
	$ 208,441	$ 991,672	$ 1,200,113	$ 1,268,299

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:

	Yellowstone Public Radio	Friends of Public Radio, Inc.	Total	Combined Totals
Operating loss	$ (937,477)	$ (27,865)	$ (965,342)	$ (780,900)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Depreciation and amortization	96,909	-	96,909	108,369
Change in assets:				
Accounts receivable	(24,668)	-	(24,668)	2,316
Prepaid expenses	(39)	-	(39)	30,978
Change in liabilities:				
Accounts payable and accrued expenses	(362)	-	(362)	5,293
OPEB obligation	25,080	-	25,080	22,955
Deferred liabilities	(1,122)	-	(1,122)	5,768
Compensated absences	17,517	-	17,517	7,561
Net cash flows from operating activities	$ (824,162)	$ (27,865)	$ (852,027)	$ (597,660)

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Organization

Yellowstone Public Radio (the Station) is a public radio station (KEMC-FM) funded in part by a grant through the Corporation for Public Broadcasting. The Station is operated by Montana State University-Billings, a separate operational unit of Montana State University (MSU), which is a component unit of the State of Montana, and is included in the financial statements of the State of Montana as part of the Higher Education component unit. Financial activities of MSU-Billings, including the Station, are included in the financial statements of Montana State University.

The Station services Montana and Wyoming by acquiring, producing, and delivering high quality radio programming, production, and community outreach services. These non-commercial services provide educational, informational, and entertaining programming produced nationally and locally and extend the impact of radio through community outreach efforts. The Station relies significantly on grants, university support, and public contributions.

The component unit described below is included in the Station's reporting entity because of the significance of the operational and financial relationship with the Station.

Component Unit

The Friends of Public Radio, Inc. is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and is classified as other than a private foundation. Friends of Public Radio raises funds to provide financial and other support to KEMC-FM, a public radio station licensed by Montana State University-Billings. The support provided includes fund raising, positive community relations, a volunteer system, and related administrative services.

The administration of Friends of Public Radio is provided by a Board of Directors consisting of 30 members, who serve three-year annual terms. Special memberships on the Board of Directors include (1) the Chancellor of Montana State University-Billings, who serves as an ex officio without voting powers, (2) a representative of KEMC-FM chosen by the Board of Directors upon recommendation of the Chancellor of Montana State University-Billings, selected each year to serve without voting powers.

Financial Statement Presentation

The Station's financial statements are presented in accordance with requirements of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* Under GASB Statements No. 34 and No. 35, the Station is required to present a balance sheet classified between current and noncurrent assets and liabilities, a statement of revenues, expenses and changes in net position – with separate presentation for operating and non-operating revenues and expenses – and a statement of cash flows using the direct method.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

New Accounting Pronouncements – the Station has adopted the provisions of the following GASB pronouncements for fiscal year 2013:

- Statement No. 61 – The Financial Reporting Entity – Omnibus – An Amendment of GASB Statements No. 14 and 34. This statement amends the definition of component units.
- Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements. This statement clarifies the applicability of certain FASB and AICPA pronouncements for business-type activities.
- Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement amends the definitions of certain assets and liabilities, provides guidance for the reporting of deferred inflows and outflows, and redefines the residual measure as net position.

Statement No. 65, Items Previously Reported as Assets and Liabilities, is effective for periods beginning after December 15, 2012. This statement defines new financial statement items called deferred inflows of resources and deferred outflows of resources, and reclassifies certain items previously classified as assets or liabilities to deferred outflows or deferred inflows, respectively. The Station has elected not to implement Statement No. 65 before its effective date. When implemented, Statement No. 65 may require the restatement of certain previously reported amounts in the financial statements.

Basis of Accounting

For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash and Cash Equivalents

For purposes of the statement of cash flows, short-term investments (including restricted cash) are included in cash equivalents. Short-term investments are recorded at cost, which approximates market value.

Accounts Receivable

Management has determined accounts receivable to be fully collectible, and thus, no provision has been made for an allowance for doubtful accounts.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable
Pledges receivable are stated at net realizable value, and are due within one year or less. Management has determined pledges receivable to be fully collectible, and thus, no provision has been made for an allowance for doubtful accounts.

Capital Assets
Capital assets with a cost, or in the case of donated property – estimated fair value at date of receipt – of $5,000 or more and an estimated useful life of more than one year are capitalized, consistent with Montana State University-Billings' policy.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Studio and broadcast equipment	13 to 31
Satellite	13
Transmission, antenna, tower	5 to 20
Furniture and fixtures	5

Investments
The Station accounts for its investments at fair value in accordance with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investment income is recorded on the accrual basis. All investment income, including changes in unrealized gain (loss) on the carrying value of investments, is reported as a component of investment income.

Compensated Absences
Employees' compensated absences are accrued when earned. The obligation and expenditure incurred during the year are recorded as accrued compensated absences in the balance sheet, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position. As of December 31 of each year, employees can accumulate vacation leave up to twice the number of leave days earned annually and sick leave can be accumulated without limitation. Upon termination, the employee is paid the accumulated vacation leave and 25% of the accumulated sick leave. Amounts recorded as compensated absences payable include employer benefits.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The Station's net position is classified as follows:

Invested in capital assets, net of related debt: This represents the Station's total investment in capital assets, net of depreciation, and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted – expendable: Expendable restricted includes resources in which the Station is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted – nonexpendable: Nonexpendable restricted consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted: Unrestricted represents resources derived from operating grants, state appropriations, corporate memberships and underwriting, and unrestricted contributions. These resources are used for transactions relating to the general operations of the Station and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the Station's policy is to apply the expense on a case by case basis.

Classification of Revenues

The Station has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) operating grants from CPB, (2) support from Montana State University-Billings, and (3) corporate memberships and underwriting.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, and other revenue sources that are defined as non-operating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities that use Proprietary Fund Accounting*, and GASB No. 34.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Community Service Grants

The Corporation for Public Broadcasting (CPB) is a private, non-profit, 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 the recipients. KEMC-FM uses these funds for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with Community Service Grants awarded in prior years.

The grants are reported on the accompanying financial statements as unrestricted operating funds; 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, record keeping, audits, and financial reporting and licensee status with the Federal Communications Commission.

Donated Facilities, Materials, and Services

Donated facilities from Montana State University-Billings consist of office and studio space together with related occupancy costs and are recorded as revenue and expense at estimated fair rental values in the statement of revenues, expenses, and changes in net position. Administrative support from Montana State University-Billings consists of indirect costs incurred by the University on behalf of the Station, determined by establishing cost pools, which are grouped into functional categories such as institutional support, and physical plant support, which is then allocated, based on the Station's direct costs in accordance with guidelines established by the CPB. Donated materials are recorded at their fair value at the time of contribution. Donated personal services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status

As a state institution of higher education, the income of the Station is exempt from federal and state income taxes; however, income generated from activities unrelated to the exempt purpose is subject to income tax under Internal Revenue Code Section 511 (a)(2)(B).

The Station is no longer subject to examinations by federal tax authorities for years before 2010.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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 revenues and expenses during the reported period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through December 19, 2013, the date which the financial statements were available for issue.

NOTE 2. CASH AND CASH EQUIVALENTS

Cash balances are maintained (1) in pooled funds with other University funds, (2) in Montana's short-term investment pool (STIP), and (3) at a local financial institution. The Station's non-interest-bearing accounts were subject to unlimited coverage by the FDIC. However, effective January 1, 2013, the coverage for non-interest-bearing accounts reverted to $250,000. From time to time, certain bank accounts that are subject to limited FDIC coverage exceed their insured limits.

Because of the pooled cash concept, it is not possible to allocate the Station's share of the pooled cash balances into the various risk categories.

NOTE 3. CAPITAL ASSETS

Activity for capital assets for the year ended June 30, 2013, is summarized below:

	June 30, 2012	Additions	Retirements	June 30, 2013
Studio and broadcast equipment	$ 159,202	$ -	$ -	$ 159,202
Satellite	13,349	-	-	13,349
Transmission, antenna, tower	907,375	8,096	-	915,471
Furniture and fixtures	27,627	5,310	-	32,937
Accumulated depreciation	(952,210)	(96,909)	-	(1,049,119)
	$ 155,343	$ (83,503)	$ -	$ 71,840

Depreciation expense was charged to functions as follows:

Broadcasting	$ 95,847
Management and general	1,062
	$ 96,909

NOTE 4. PENSION PLANS

The Station's employees are covered under the Montana Public Employees' Retirement System (PERS) or the Montana Teachers' Retirement System (TRS). PERS includes options as either a defined benefit or a defined contribution plan, and TRS is a defined benefit retirement plan. PERS and TRS are multiple-employer, cost sharing plans.

The following information, related to these pension plans, is related to activity of KEMC-FM. For information regarding pension plans related to KEMC-FM, the information can be found in Montana State University-Billings' annual financial report.

The amounts contributed to the Plans during the year ended June 30, 2013, were equal to the required contribution each year. The amounts contributed by KEMC-FM and its employees were:

	PERS	TRS	Percentage of required contribution
Fiscal year ended June 30, 2013	$ 25,092	$ 3,187	100%
Fiscal year ended June 30, 2012	23,365	3,121	100%
Fiscal year ended June 30, 2011	22,472	1,647	100%

NOTE 4. PENSION PLANS (CONTINUED)

The following is a schedule of contributions to the Plans:

	Contributions (as a percentage of salary)	
	Employee	Employer
Public Employees' Retirement System (PERS)	6.900%	7.170%
Teachers' Retirement System (TRS)	7.150%	9.850%

The above funding policies provide for periodic employer and employee contributions at rates specified by State law. Contribution requirements are not actuarially determined. An actuary determines the actuarial implications of the funding requirements in a biennial actuarial valuation. The actuarial method used to determine the implications of the statutory funding level is the entry age normal funding method, with both normal cost and amortization of the unfunded accrued liability determined as a level percentage of payrolls. To maintain the fund on an actuarially sound basis, the rate of contributions should fund the normal cost in addition to amortizing the unfunded liability over a period of 40 years. Each system functions uniquely as described as follows:

Public Employees' Retirement System (PERS)
This mandatory system established in 1945 provides retirement services to substantially all public employees. Benefit eligibility is age 60 with at least 5 years of service; age 65 regardless of service; or 30 years of service regardless of age. Actuarially reduced benefits may be taken with 25 years of service or at age 50 with at least 5 years of service. Monthly retirement benefits are determined by taking 1/56 times the number of years of service times the final average salary. Members' rights become vested after 5 years of service. Additional information or a separate financial statement can be obtained from the State of Montana, Department of Administration, Public Employees' Retirement Division, PO Box 200231, Helena, MT 59620-0131. They can be reached at 406-444-3154.

Teachers' Retirement System (TRS)
This mandatory system – established in 1937 and governed by Title 19, Chapter 4 of the Montana Code Annotated, as a cost-sharing, multi-employer defined benefit pension plan – provides retirement services to all persons employed as teachers or professional staff of any public elementary or secondary school, vocational-technical center, or unit of the university system. Eligibility is met with a minimum of 25 years of service or age 60 with at least 5 years of creditable service. The formula for accrual benefits is 1/60 times creditable service times the average final compensation. Rights are vested after 5 years of creditable service. Vested employees may retire at or after age 50 and receive reduced retirement benefits. Additional information or a separate financial statement can be obtained from the State of Montana, Department of Administration, Teachers' Retirement Division, PO Box 200239, Helena, MT 59620-0139.

NOTE 5. INVESTMENTS

Investments consist of securities within the Fund 2000 restricted term endowment and the Friends of Public Radio agency account. The Station records the investments at fair value, with changes in value shown as a component of current-year, non-operating income. A comparison of cost to fair value, with the cumulative unrealized gain, follows:

	Historical Cost	Fair Value	Cumulative Unrealized Gain
Investments	$ 952,347	$ 1,020,789	$ 68,442

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Station has an investment policy that limits investment maturities for any single security to 20 years or less. Information about the exposure of the Station's investments to this risk at June 30, 2013, using the segmented time distribution model is as follows:

		Investment Maturities			
Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
U.S. Treasuries	$ 110,495	$ 22,116	$ 25,933	$ 59,958	$ 2,488
U.S. Government Agencies	46,744	-	31,355	15,389	-
Corporate Bonds	104,070	2,036	16,016	73,202	12,816
Mutual Funds					
Domestic	97,620	97,620	-	-	-
Foreign	32,960	32,960	-	-	-
Stocks					
Domestic	418,724	418,724	-	-	-
Foreign	145,940	145,940	-	-	-
Fixed Income	51,540	51,540	-	-	-
Other Assets	12,696	12,696	-	-	-
Total	$ 1,020,789	$ 783,632	$ 73,304	$ 148,549	$ 15,304

NOTE 5. INVESTMENTS (CONTINUED)

Credit risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. Presented below are the ratings for each investment type at June 30, 2013:

	Fair Value	AAA to Aa3	A1 to A3	Baa1 - Baa3	Unrated
U.S. Treasuries	$ 110,495	$ 110,495	$ -	$ -	$ -
U.S. Government Agencies	46,744	46,744	-	-	-
Corporate Bonds	104,070	3,075	54,287	46,708	-
Mutual Funds					
Domestic	97,620	-	-	-	97,620
Foreign	32,960	-	-	-	32,960
Stocks					
Domestic	418,723	-	-	-	418,723
Foreign	145,940	-	-	-	145,940
Fixed Income	51,540	-	-	-	51,540
Other Assets	12,697	-	-	-	12,697
Total	$ 1,020,789	$ 160,314	$ 54,287	$ 46,708	$ 759,480

A paid-up life insurance policy was donated in a prior year in which Friends of Public Radio is the beneficiary. The cash value of the policy at June 30, 2013, amounted to $77,160 with a death benefit of $129,130.

The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. Current year investment income consists of the following:

Interest and dividends	$ 21,013
Unrealized loss	(42,995)
Realized gain	113,709
	$ 91,727

NOTE 6. DEFERRED CHARITABLE ANNUITIES

The Station is subject to certain provisions of the Montana Code Annotated, which specify that a charitable organization may only issue a "qualified charitable gift annuity" if it meets the following statutory requirements on the date of the annuity agreement: (1) has a minimum of $300,000 net worth or has a minimum of $100,000 in unrestricted cash, cash equivalents, or publicly traded securities, exclusive of the assets funding the annuity agreement; (2) has been in continuous operation for at least three years or is a successor or affiliate of a charitable organization that has been in continuous operation for at least three years; (3) maintains a separate annuity fund with at least one-half the value of the initial amount transferred for outstanding annuities. If the charitable organization cannot meet the requirements, the issuance of qualified charitable gift annuity by a charitable organization must be commercially insured by a licensed insurance company that is qualified to do business in Montana. For the year ended June 30, 2013, the Station met the requirements to issue qualified charitable gift annuities.

Friends of Public Radio, Inc. have received deferred charitable annuity gifts with a total principal value of $109,698. An annuity obligation liability has been recorded in the amount of $26,723 at June 30, 2013, representing the donors' investments in the contract at annuity rates ranging from 5.0% to 15.0% and annuity payment starting dates ranging from 2.5 to 34.5 years. The annuity obligation liability is expected to be approximately $30,952 for the year ended June 30, 2013.

NOTE 7. LONG-TERM LIABILITIES

Activity for long-term liabilities for the year ended June 30, 2013, is summarized below:

	June 30, 2012	Additions	Reductions	June 30, 2013
Compensated absences	$ 104,198	$ 58,374	$ (40,857)	$ 121,715
Less: current portion	(44,766)	(27,796)	24,837	(47,725)
	$ 59,432	$ 30,578	$ (16,020)	$ 73,990
Annuities obligation	$ 26,723	$ 4,413	$ (184)	$ 30,952
OPEB obligation	$ 162,212	$ 25,080	$ -	$ 187,292

NOTE 8. LEASES

Transmitter Site Ground Leases

The Station maintains leases in certain real property for transmitter or translator sites. At June 30, 2013, the following leases were in effect:

	Commencement	Expiration	Monthly Lease Payment
Miles City, MT	3/1/2007	3/1/2017	$ 35
Yellowstone County, MT	6/11/2003	None	$ 575
Sheridan County, WY	6/1/1994	5/31/2024	$ 1
Bozeman, MT	1/1/1991	None	$ 305
Terry, MT	3/1/1991	None	$ 60
Worland, WY	8/15/1990	None	$ 87
Cedar Mountain, WY	7/1/1986	None	$ 100
Medicine Mountain, WY	7/1/1986	None	$ 100
Shelby, MT	12/12/1992	None	None
Forsyth, MT	7/1/1997	2/28/2015	$ 150
Broadus, MT	7/1/1996	None	None
Ashland, MT	7/1/1996	None	None
Sheridan, WY	12/1/1997	None	$ 145
Johnson Country, WY	4/1/2009	3/31/2013	$ 1,500 per year
Bozeman, MT	6/5/2003	6/4/2013	$ 125
Wolf Point, MT	9/16/2009	9/16/2016	$ 1 per day
Big Timber, MT	7/1/2010	5/19/2017	$ 275
Great Falls, MT	10/1/2012	9/30/2017	$ 481

Bozeman Studio

The Station leases studio space from the Bozeman Public Library in Bozeman, Montana, with an annual lease payment of $1,500 and the lease expires December 31, 2013.

Total lease expense for the Station amounted to $31,119 for the year ended June 30, 2013. Minimum lease payments for the next five years are as follows:

For the year ending June 30,	
2014	$ 21,690
2015	20,384
2016	17,684
2017	16,981
2018	9,274
Thereafter	70,450
	$ 156,463

NOTE 9. RELATED PARTY TRANSACTIONS AND IN-KIND CONTRIBUTIONS

During the year ended June 30, 2013, Yellowstone Public Radio/KEMC-FM received $500,000 in monetary support from Friends of Public Radio.

The following in-kind contributions were recorded in the Station's financial statements for the year ended June 30, 2013:

University indirect administrative support	$ 201,307
Occupancy	17,298
Total related party in-kind contributions	218,605
Other in-kind contributions	31,863
Total	$ 250,468

NOTE 10. COMMITMENTS AND CONTINGENCIES

Funding Sources

The Station operates their programs with the aid of funding primarily from the following sources:

1) CPB grants
2) Appropriations from the Montana University System
3) Contributions from Friends of Public Radio, Inc.
4) Corporate membership and underwriting

A major reduction in the level of support from any of these funding sources could have a negative impact on the Station's ability to maintain its current programs.

CPB Grant

The Station must use its community service grants within two one-year grant periods. Any unexpended funds must be returned to the CPB. Although it is a possibility that the funds could not be spent within the grant period, the management of the Station deems the contingency remote.

Other

The Station faces a number of risks of loss, including (a) damage to and loss of property and contents, (b) employee torts, and (c) workers' compensation. The Station, as a department of the Montana University System, participates in the risk management programs of the Montana University System.

NOTE 11. MONTANA COMMUNITY FOUNDATION

Donations were received in prior years through the Montana Community Foundation (MCF) to establish an irrevocable endowment fund on the books of the MCF, known as the "Friends of Public Radio - Fund 2000 Endowment Fund." The principal of the Fund, along with net capital appreciation, shall be kept and invested by MCF, and net income from the fund is distributable to Friends of Public Radio at least annually. The value of the fund at June 30, 2013, amounted to $80,450.

NOTE 12. TERM ENDOWMENT - FUND 2000

A term endowment, known as "Yellowstone Public Radio Fund 2000," was established to ensure future generations' access to KEMC's coverage area in Montana and Wyoming. The primary mission of this fund is to provide permanent financial shelter from KEMC against sudden loss of federal funding, unforeseen emergencies, and natural disasters.

The fund will be continually reinvested to provide ongoing support for Yellowstone Public Radio. Earnings from the fund are unrestricted, but Board approval is necessary for withdrawal. The principal can be used, if necessary, for these special circumstances:

- To pay for the deductible of insurance costs, to repair, or replace damaged equipment/facilities in the event of a natural disaster or other emergency
- To provide emergency (supplementary) funds in the event of sudden changes in state or federal appropriations for public radio
- To expand and enhance access to public radio

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Authorization

Montana State law requires state agencies to provide access to health insurance benefits to eligible retirees up to Medicare – eligible age (65) (§2-18-704(1)(a), MCA). The Board of Regents of the Montana University System (MUS), having broad authority to act in the best interest of the MUS, has directed the Office of the Commissioner of Higher Education (OCHE) to provide access to health insurance benefits beyond age 65. Eligible University retirees may participate in the health insurance plan, provided that they contribute to the cost of the plan.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Eligibility
Retirees who are eligible to receive retirement benefits from TRS or PERS at the time employment ceases may participate in the plan. Retirees who are in the Optional Retirement Plan (ORP) (through TIAA-CREF) or any other defined contribution plan associated with the MUS must have worked five or more years and be age 50, or have worked 25 years with the MUS to be eligible for retiree insurance benefits. The MUS's Interunit Benefits Committee, at the direction of the OCHE, sets the premiums for such participation. Until a retiree reaches age 65, individual retiree participation premiums range from $554 - $648 per month, depending on the level of deductible and other selected plan features. Upon reaching age 65 (Medicare eligibility), monthly participation premiums range from $263 - $308 for an individual retiree. Coverage is also extended to dependents and surviving dependents of the employee. Retirees who select a non-MUS Medicare Advantage Program are not considered in the above rates.

Financial and plan information
The MUS Group Benefits Plan does not issue a stand-alone financial report, but is subject to audit as part of the State of Montana's Basic Financial Statements, included in the Comprehensive Annual Financial Report (CAFR). A copy of the most recent CAFR can be obtained online at *http://afsd.mt.gov/CAFR/CAFR.asp* or by contacting the Montana Department of Administration, PO Box 200102, Helena, MT 59620-0102.

A schedule of funding progress contained in the Required Supplementary Information immediately following the notes to the financial statements presents multi-year trend information.

The plan is considered to be a multi-employer agent plan. All units of the MUS fund the post-employment benefits on a pay-as-you-go basis from general assets. The University's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with GASB Statement 45. The calculated ARC represents an amount that, if funded, would cover normal cost each year and amortize any unfunded actuarial liability over a period of 30 years. For the fiscal years ended June 30, 2013 and 2012, MSU's annual OPEB cost (expense) of $8,238,685 and $7,902,814, respectively, was equal to the ARC. The actuarial determination was based on the plan information as of July 1, 2011. At that time, the number of active University participants in the health insurance plan was 3,536. The total number of inactive (retiree and dependent) participants was 1,064. During the years ended June 30, 2013 and 2012, the University contributed $31,509,597 and $31,006,741, respectively, for actively employed participants, whose annual covered payroll totaled $183,870,217 as of the last actuarial valuation. The University does not contribute to the plan for retirees or their dependents.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Financial and plan information (continued)
As of the latest actuarial evaluation, the accrued liability for retiree health benefits was $55,421,239, all of which was unfunded. The percentage of annual OPEB cost contributed to the plan was 0% for both years, and the net OPEB obligation was $56,268,295 and $48,029,610 for 2013 and 2012, respectively. The funded status of the plan as of June 30 was 0% for both years.

The OPEB obligations for MSU, including MSU-Billings, for 2013 and 2012 are:

Year ended June 30,	2013	2012
Annual Required Contribution	$ 8,238,685	$ 7,902,814
Adjustment to annual required contribution	-	-
Annual OPEB cost	8,238,685	7,902,814
Contributions made	-	-
Increase to net OPEB obligation	8,238,685	7,902,814
Net OPEB obligation - beginning of year	48,029,610	40,126,796
Net OPEB obligation - end of year	$ 56,268,295	$ 48,029,610

Actuarial methods and assumptions
The projected unit credit funding method was used to determine the cost of the MUS System Employee Group Benefits Plan. This method's objective is to fund each participant's benefits under the plan as they accrue. The total benefit to which each participant is expected to become entitled at retirement is categorized into units, each associated with a year of past or future credited service. The actuarial assumptions included marital status at retirement, mortality rates, and retirement age:

Interest/Discount rate	4.25%	
Projected payroll increases	2.50%	
Participation	55.00%	of future retirees are assumed to elect coverage at the time of retirement, 60% of future eligibl spouses of future retirees are assumed to elect coverage

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Such events include assumptions about future employment, mortality rates, and healthcare cost trends. Amounts are subject to continual review and revision as actual results are compared with past expectations and new estimates are made.

REQUIRED SUPPLEMENTARY INFORMATION

YELLOWSTONE PUBLIC RADIO/KEMC-FM
(A PUBLIC RADIO ENTITY)
OPERATED BY MONTANA STATE UNIVERSITY-BILLINGS
SCHEDULE OF FUNDING PROGRESS FOR OTHER POST
RETIREMENT BENEFITS PLAN
Year ended June 30, 2013

The funded status of the plan as of the actuarial valuations dated July 1, 2007, 2009, and 2011, are as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Unfunded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2007	$ -	$ 95,165,100	$ 95,165,100	0.00%	$ 180,287,302	52.79%
July 1, 2009	$ -	$ 92,634,783	$ 92,634,783	0.00%	$ 198,691,532	46.62%
July 1, 2011	$ -	$ 55,421,239	$ 55,421,239	0.00%	$ 183,870,217	30.14%

Other Post-Employment Benefits (OPEB) Trend Data

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, mortality, and the healthcare cost trend. 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. See assumptions below.

Actuarial Valuation Date	Interest Rate	Payroll Increase	Participant Percentage
July 1, 2007	4.25%	3.00%	45%
July 1, 2009	4.25%	2.50%	55%
July 1, 2011	4.25%	2.50%	55%

S U P P L E M E N T A R Y   I N F O R M A T I O N

YELLOWSTONE PUBLIC RADIO/KEMC-FM
(A PUBLIC RADIO ENTITY)
OPERATED BY MONTANA STATE UNIVERSITY-BILLINGS
RECONCILIATION OF FINANCIAL STATEMENT INCOME AND EXPENSE TO THE CORPORATION FOR PUBLIC BROADCASTING (CPB) REPORT
Year ended June 30, 2013

Total support and revenue per statement of revenues, expenses, and changes in net position:

Operating revenue	$ 672,769
Non-operating revenue	980,877
	1,653,646
Less:	
Net investment income	(70,714)
In-kind contributions ineligible as NFFS	(400)
Other revenue ineligible as NFFS	(26,495)
CPB Grant deduction	(142,614)
Total non-federal financial support per the CPB Report (Schedule of Non-Federal Financial Support)	$ 1,413,423

Total expense per statement of revenues, expenses and changes in net position:	
Operating expenses	$ 1,638,111
Additions to property, plant and equipment	13,406
Total expenditures per the CPB Report (Schedule E, line 10)	$ 1,651,517

anderson ZURMUEHLEN

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

www.azworld.com

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS • MSI GLOBAL ALLIANCE INDEPENDENT MEMBER FIRM