WUOM/WVGR/WFUM
(A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY THE UNIVERSITY OF MICHIGAN)

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 and 2010
with
REPORT OF INDEPENDENT AUDITOR

WUOM/WVGR/WFUM
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF MICHIGAN)

June 30, 2011 and 2010

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Report of Independent Auditors

The Regents of the University of Michigan

In our opinion, the accompanying statement of net assets and the related statements of revenues, expenses and changes in net assets and of cash flows present fairly, in all material respects, the financial position of WUOM/WVGR/WFUM ("Michigan Radio") at June 30, 2011 and 2010, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of Michigan Radio's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Management's Discussion and Analysis ("MD&A") on pages 2 through 13 is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the MD&A. However, we did not audit the information and express no opinion on it.

PricewaterhouseCoopers LLP

December 21, 2011

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(A PUBLIC TELECOMMUNICATIONS ENTITY
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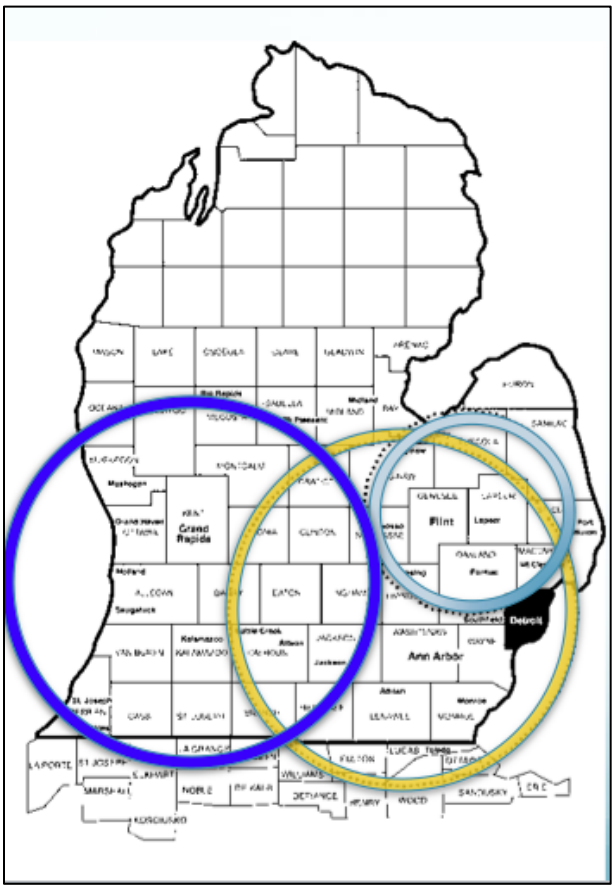
Management's Discussion and Analysis (Unaudited)

Introduction

The following discussion and analysis provides an overview of the financial position of WUOM/WVGR/WFUM ("Michigan Radio") at June 30, 2011 and 2010 and its activities for the three fiscal years ended June 30, 2011. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

WUOM/WVGR/WFUM, a network of three public radio stations in southern Michigan recognized as Michigan Radio, is licensed by the Federal Communications Commission and operates under control of the Regents of the University of Michigan (the "University") through its Michigan Public Media unit. Michigan Radio, a founding member of National Public Radio ("NPR"), broadcasts its award-winning news and information programming 24 hours a day.



MICHIGAN RADIO
91.7 FM Ann Arbor/Detroit
104.1 FM West Michigan
91.1 FM Flint

- With its main studios located in Ann Arbor, Michigan Radio comprises: WUOM - Ann Arbor (91.7 FM, 93 KW), WVGR - Grand Rapids (104.1 FM, 96 KW) and WFUM - Flint (91.1 FM, 17.5 KW). All three signals also offer their markets a high definition ("HD") stereo simulcast of Michigan Radio on HD-1 signals. Combined, the three stations provide service to most of the southern two-thirds of Michigan's lower peninsula.

- Michigan Radio is one of the most listened to public radio station groups in the country, with over 495,000 weekly listeners. *(Source: Arbitron Spring 2011, Persons 12+, M-Su 6a-12m)*

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

Michigan Radio serves as a vital outlet for the southern Michigan region by providing a premier radio service of noncommercial news, talk and entertainment programming. With well-known national programs from National Public Radio ("NPR"), Public Radio International ("PRI") and American Public Media ("APM"), Michigan Radio provides a distinctive combination of national and local programming to a statewide audience of 495,000 listeners each week from its studios in Ann Arbor and news bureaus in Detroit, Grand Rapids and mid-Michigan. Michigan Radio currently ranks as one of the top ten public radio stations in the United States, in terms of the percent of national NPR listening audience delivered, continuing its position as one of a distinct group of top echelon public radio stations in the Unites States. *(Source: NPR Audience Handbook, 2010; "Top Stations and DMA's That Deliver The Most Listeners to NPR Programming", p.16)*

In the digital space, Michigan Radio offers expanded online multimedia news and cultural affairs content on its web portal, michiganradio.org. In fiscal year 2011, unique visitors to michiganradio.org totaled 725,000. *(Source: Google Analytics)* The station's online audio streaming audience is growing to new levels, with over 73,000 unique users served monthly. The online streaming audience is reflecting growth thru the broad adoption of smart phones and other digital devices that access the station's program service across the continental U.S. and worldwide. Our extensive use of email newsletter communication to members and listeners now boasts over 12,000 active opt-in recipients of the Michigan Radio station updates.

THIS MONTH AT MICHIGAN RADIO

WUOM 91.7 FM ANN ARBOR/DETROIT • WFUM-FM 91.1 FM FLINT • WVGR 104.1 FM WEST MICHIGAN

npr Your NPR News Station

Programming News

Marketplace Tech Report
Technology is reshaping our world. To help you keep up, Michigan Radio is now airing the Marketplace Tech Report each Tuesday and Thursday at 8:50am. Host John Moe talks to newsmakers, innovators, visionaries and creators about how technology is expanding, informing and transforming everyday experience. Learn more here.

NPR Launches The Back-Seat Book Club
NPR's *All Things Considered* recently launched The Back-Seat Book Club, a special segment aimed at young people ages 9 to 14--the ones who are often fed a steady diet of NPR news while riding in their parents' cars. Each month, *ATC* chooses a special book and asks kids to read it and submit questions or comments for the author. The club members' questions will frame the conversation when the author is interviewed on the program. Find out more here.

Turkey Confidential
Thursday, Nov. 24, 11am-1pm
It's not too soon to think about Thanksgiving, and this funny, gravy-spattered special with Lynne Rossetto Kasper, award-winning host of *The Splendid Table*, is an annual tradition. She'll take listeners' live "kitchen helpline" calls and provide help for Thanksgiving cooks and dinner guests on this, the biggest cooking day of the year. Learn more here.

The Culture of Class
Michigan Radio reporters will present a series of stories this month about social class and how it impacts our daily lives--from the way we plan our cities and neighborhoods to the type of education our children receive. We'll look at class interactions on the dance floor and in the court room, and we'll ask whether upward mobility is a myth or reality.

The reports will air Monday, Nov. 14 through Tuesday, Nov. 22 during *Morning Edition* and *All Things Considered*, and an accompanying documentary will air on Wednesday, Nov. 23, at 2 pm and 9 pm.

Station News

StoryCorps

StoryCorps National Day of Listening
StoryCorps' fourth annual National Day of Listening is Friday, November 25, 2011--the day after Thanksgiving. This year, StoryCorps suggests that everyone reach out to their favorite teacher or mentor to say "Thank you for changing my life." Learn more here.

In its second year, the station's custom designed Michigan Radio iPhone app continued to attract users and downloads from across the state and beyond. The primary feature is premium-streaming audio of our live news and information broadcast service. Additional features include the station program guide, podcast information, social media links and more. In fiscal year 2011, downloads of the app increased by 33 percent over prior year to 27,000.

The station has established followings on major social network sites, where users can find "MichiganRadio" on Facebook and Twitter. Over 12,400 Facebook friends receive news updates and interact with Michigan Radio, while Twitter followers have grown to 10,400 and counting. These two groups of engaged social network users have grown 54 percent in the past year. Online and social media are an established focus of the station's journalism. Reporters and producers seek out ideas, sources and suggestions by interacting with the station's Facebook and Twitter followers.

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

In fiscal year 2011, Michigan Radio embarked on a year-long pilot project with NPR Digital Services to create a more audience focused way to present news content online. The pilot project included the development of new online tools, extensive training of news personnel and news managers, and a new approach to writing content for the web. In June 2011, michiganradio.org was switched to the updated look and feel for its news display. The image on the left is a screenshot of the new format, which now produces improved page views and increases time spent on the news website.

Michigan Radio continues to attract listeners in southern Lower Michigan with important and intelligent public radio programs, including special coverage of current issues in the news, both on-air and on-line. During the past year, Michigan Radio increased coverage of the state's most pressing issues with additional personnel resources and expansion of community engagement events at the same time as many local media outlets are downsizing their local and regional news coverage.

On a local level in 2011, Michigan Radio launched an investigative reporting unit called 'Michigan Watch'. Veteran station reporter Lester Graham leads this new desk engaged in accountability and explanatory journalism about important issues in the state. First year accomplishments include extensive reports unraveling state budget issues, examination of no-fault insurance, the politics of redistricting, business tax credits, funding cuts to state universities and several more exclusive reports and multi-part series.

Another new series, "What's Working?," is hosted by Michigan Radio's Morning Edition host Christina Shockley who asks people for their ideas on what we can all do to help our state. The weekly series explores a new idea that's working to improve the state's economy and our lives. The station's positive reputation for arts & culture coverage was once again proven with a January 2011 special project, "The Costs of Creativity", a series and documentary from reporters Jennifer Guerra and Kyle Norris. The project looked at how artists and art programs are currently doing in Michigan and whether the arts help Michigan move forward as a state.

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

In September 2010, Michigan Radio launched its regional initiative titled "Changing Gears: Remaking the Manufacturing Belt". This editorial collaboration with NPR station counterparts in Chicago and Cleveland explores the economic transformation of the industrial Midwest, through the stories of people driving and experiencing this change. In its first full year of production, Changing Gears has delivered on its vision as a collaborative multimedia project that combines outstanding first-rate journalism with community engagement.

The project reports on the cares and concerns of the upper Midwest, presenting compelling reporting about the lives of people without jobs, about towns and cities struggling to survive while meeting their promises, about families living in fear and about industries that made America great disappearing before our eyes. Along with its community outreach events and efforts, Changing Gears intends to play a role in motivating citizens and their leaders to do something about the decay of the Manufacturing Belt and to help its residents find new ways to succeed in the 21st century.

The Corporation for Public Broadcasting is the primary funder of this two-year look at the past, present, and future of the industrial Midwest, through on-air reports, digital presence and public engagement. Michigan Radio is the lead station and administrator for this one million dollar grant. In addition to regular radio reports, series and specials, Changing Gears produces content for its online portal, changinggears.info. The project is currently funded thru late spring 2012.

The journalism work of Michigan Radio has been honored in 2011 with a record number of awards. In fiscal year 2011, Michigan Radio was the recipient of 45 journalism awards from several national and regional review organizations. Among those is a national Edward R. Murrow award from the Radio Television Digital News Association, the second such honor in three years for the station. Michigan Radio was the only radio station, public or commercial, in the state of Michigan to receive a national Murrow award this past year.

The station also received multiple awards for the Environment Report documentary "Coal: Dirty Past, Hazy Future", from the reporting unit of Lester Graham, Rebecca Williams and Mark Brush. The extensive list of honors for our reporters and producers includes first place honors and merit awards from the Michigan Associated Press, the Society of Professional Journalists, the Michigan Association of Broadcasters and the Radio Television Digital News Association.

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

In 2011, Michigan Radio provided its listeners opportunities to engage with notable public radio personalities. In May, Michigan Radio hosted the back-to-back return of the live national broadcast of "A Prairie Home Companion with Garrison Keillor" to the historic Fox Theater. The show's first visit to the Fox – and Detroit – was just in February 2010. Like the previous year, the show sold out to 4,700 fans of A Prairie Home Companion. The live show was broadcast live on over 580 public radio stations across the country, including Michigan Radio, and heard by more than four million listeners.

New in the past year, "Issues and Ale" is the moniker for a Michigan Radio event series for our listeners designed to provide an informal setting to engage in conversations about important issues facing Michigan. The first event presented conversations around the theme: "Separating Fact from Fiction in the Election." 200 participants attended this new event series, co-sponsored by the Center for Michigan. Other "Issues and Ale" events in 2011 were hosted in Ann Arbor, Lansing, Royal Oak and Holland to welcoming audiences.

In summary, Michigan Radio's listenership continues to be strong, with the coverage from its three FM radio stations reaching 80 percent of Michigan's population. Recent listener surveys from Spring 2011 show that Michigan Radio holds the distinction as the most listened to public radio news and information station in the state, including the state's two largest markets, Metro Detroit and Grand Rapids and its regional markets of Ann Arbor, Flint and Kalamazoo. *(Source: Adults 12+, Arbitron Ratings, Spring 2011, Total Survey Area, Mon. – Sun., RRC)*

Financial Highlights

Michigan Radio's financial position remains strong, with assets of $8.8 million and liabilities of $2.2 million at June 30, 2011, compared to assets of $7.9 million and liabilities of $2.1 million at June 30, 2010. Net assets, which represent the residual interest in Michigan Radio's assets after liabilities are deducted, totaled $6.6 million at June 30, 2011.

Michigan Radio and Michigan Television were separate public telecommunications entities licensed by the Federal Communications Commission and operated by the University through its Michigan Public Media unit. After extensive operational reviews, analysis of revenue and income prospects, and an out-year forecast of business conditions, the University made the decision to discontinue operations of Michigan Television and its broadcast license and assets were sold during 2010. Due to its relationship as the remaining public broadcasting entity in the Michigan Public Media group, Michigan Radio transferred $1.9 million of accumulated unrestricted reserves to retire Michigan Television's net remaining deficit. Residual net assets of $64,000 were transferred back to Michigan Radio during 2011.

Changes in net assets represent Michigan Radio's results of operations and are summarized for the years ended June 30, 2011 and 2010, as follows:

	2011	**2010**
	(in thousands)	
Operating revenues	$ 2,706	$ 2,545
Operating expenses	6,787	6,986
	(4,081)	(4,441)
Private gifts for operating purposes	3,705	3,434
General University appropriations	695	695
Other revenues, net	411	405
Increase in net assets before transfer from Michigan Television	730	93
Transfer from (to) Michigan Television	64	(1,894)
Increase (decrease) in net assets	$ 794	$ (1,801)

Using the Financial Statements

Michigan Radio's financial report includes three financial statements: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") principles.

Statement of Net Assets

The statement of net assets presents the financial position of Michigan Radio at the end of the year and includes all assets and liabilities of Michigan Radio. The difference between total assets and total liabilities – net assets – is one indicator of the current financial condition of Michigan Radio, while the change in net assets is an indication of whether the overall financial condition has improved or worsened during the year. A comparison of Michigan Radio's assets, liabilities and net assets at June 30, 2011 and 2010 is summarized as follows:

	2011	**2010**
	(in thousands)	
Current assets	$ 6,392	$ 5,770
Noncurrent assets	2,457	2,154
Total assets	8,849	7,924
Current liabilities:		
Accrued compensation	309	298
Deferred revenue	243	167
Other current liabilities	68	58
Total current liabilities	620	523
Noncurrent liabilities:		
Obligations for postemployment benefits	1,593	1,559
Total liabilities	2,213	2,082
Net assets	$ 6,636	$ 5,842

Current assets consist primarily of cash and cash equivalents, which totaled $6.0 million at June 30, 2011 and $5.4 million at June 30, 2010. Noncurrent assets consist primarily of capital assets, net of accumulated depreciation and amortization, which totaled $1.8 million at June 30, 2011 and $2.1 million at June 30, 2010. Current liabilities consist primarily of accrued compensation, and deferred revenue which represents amounts received in advance of providing services.

Net Assets

Net assests represent the residual interest in Michigan Radio's assets after liabilities are deducted. The composition of Michigan Radio's net assets at June 30, 2011 and 2010 is summarized as follows:

	2011	**2010**
	(in thousands)	
Invested in capital assets, net of related debt	$ 1,794	$ 2,084
Restricted:		
Nonexpendable	39	39
Expendable	60	7
Unrestricted	4,743	3,712
	$ 6,636	$ 5,842

Net assets invested in capital assets represent Michigan Radio's capital assets net of accumulated depreciation and amortization and accounts payable attributable to the acquisition, construction or improvement of those assets.

Restricted nonexpendable net assets represent the historical value (corpus) of gifts to Michigan Radio's permanent endowment funds. Restricted expendable net assets are subject to externally imposed stipulations governing their use. This category of net assets includes net appreciation of permanent endowments, funds functioning as endowment and net assets restricted for operations and facilities.

Although unrestricted net assets are not subject to externally imposed stipulations, Michigan Radio's unrestricted net assets have been designated by management for various programs and initiatives, as well as capital projects.

Statement of Revenues, Expenses and Changes in Net Assets

The statement of revenues, expenses and changes in net assets presents Michigan Radio's results of operations. In accordance with GASB reporting principles, revenues and expenses are classified as either operating or nonoperating. A comparison of Michigan Radio's revenues, expenses and changes in net assets for the three years ended June 30, 2011 is summarized as follows:

	2011	2010	2009
		(in thousands)	
Operating revenues	$ 2,706	$ 2,545	$ 2,114
Operating expenses	6,787	6,986	6,267
Operating loss	(4,081)	(4,441)	(4,153)
Nonoperating revenues:			
Private gifts for operating activities	3,705	3,434	3,119
General University appropriations	695	695	695
Indirect administrative support	339	391	377
Net investment income	72	16	52
Nonoperating revenues	4,811	4,536	4,243
Income before other revenues (expenses)	730	95	90
Other revenues (expenses):			
Capital and endowment gifts and grants			10
Other		(2)	(2)
Other revenues (expenses), net	-	(2)	8
Increase in net assets	730	93	98
Transfer from (to) Michigan Television	64	(1,894)	
Net assets, beginning of year	5,842	7,643	7,545
Net assets, end of year	$ 6,636	$ 5,842	$ 7,643

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

A comparative summary of Michigan Radio's operating revenues for the three years ended June 30, 2011 is as follows:

	2011	2010	2009
		(in thousands)	
Underwriting	$ 1,390	$ 1,433	$ 1,110
Corporation for Public Broadcasting grants	866	528	413
Federal and nongovernmental sponsored programs	37	160	303
Trade	178	226	155
Other	235	198	133
	$ 2,706	$ 2,545	$ 2,114

Total operating revenues increased 6 percent, or $161,000, to $2.7 million in 2011 due primarily to increases in Corporation for Public Broadcasting ("CPB") grants. CPB grants include the community service grant for core operations as well as separate grants for specific projects. The Local Journalism Center ("LJC") project sponsored by the CPB provided $450,000 in funding in 2011. This funding supported LJC activities at partner stations, Ideastream in Cleveland, Ohio, Chicago Public Media in Chicago, as well as Michigan Radio. Underwriting revenue decreased $43,000, or 3 percent, to $1.4 million in 2011. A $42,000, or 4 percent increase in locally raised underwriting revenue was more than offset by decreased revenue from national underwriting agencies. Other operating revenue consists of tower and studio rental fees, special events revenues, premium sales, royalties and digital media sales.

Michigan Radio's most significant revenue stream continues to be private gifts for operating purposes, which totaled $3.7 million in 2011, a growth of 8 percent from 2010. This is a noteworthy accomplishment when placed in the context of the economic climate of Michigan Radio's listening area, and the overall trend of declining membership nationwide.

The University provides support to Michigan Radio in the form of general appropriations and indirect administrative support. University appropriations have held steady at $695,000 since 2008. Indirect administrative support represents an allocation of costs of certain central University units that provide services to Michigan Radio, and is reflected as both nonoperating revenue and indirect operating expense.

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

A comparative summary of Michigan Radio's operating expenses for the three years ended June 30, 2011 is as follows:

	2011	2010	2009
		(in thousands)	
Direct:			
Programming and production	$ 3,622	$ 3,678	$ 3,302
Engineering	495	490	551
Development	1,510	1,507	1,263
Management and general	821	920	774
	6,448	6,595	5,890
Indirect:			
Programming and production	191	214	201
Engineering	26	36	43
Development	79	88	77
Management and general	43	53	56
	339	391	377
Total operating expenses	$ 6,787	$ 6,986	$ 6,267

Total operating expenses decreased 3 percent, or $199,000, to $6.8 million in 2011. While payroll expense increased $240,000 due to staff hired for the Local Journalism Center, a CPB funded project, this was offset by a significant decrease in use of contract and freelance employees. In addition, program fees decreased $163,000 in 2011 compared to 2010 as a result of programming changes and contract negotiation. General and administrative salary expenses decreased $72,000 with the transfer of a staff member to a programming on-air position. Also, refund of Unrelated Business Income Tax, miscellaneous payments, and revenue sharing from a professional organization combined to further decrease general and administrative direct expenses.

Indirect expenses represent an allocated amount for institutional support incurred by the University on behalf of Michigan Radio, and are reflected as both indirect operating expense and nonoperating revenue.

Statement of Cash Flows

The statement of cash flows provides additional information about Michigan Radio's financial results by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30, 2011 and 2010 is as follows:

	2011	2010
	(in thousands)	
Cash received from operations	$ 2,614	$ 2,318
Cash expended for operations	(5,915)	(5,779)
Net cash used in operating activities	(3,301)	(3,461)
Net cash (used in) provided by investing activities	(529)	12
Net cash used in capital financing activities		(2)
Net cash provided by noncapital financing activities	4,419	2,223
Net increase (decrease) in cash and cash equivalents	589	(1,228)
Cash and cash equivalents, beginning of year	5,416	6,644
Cash and cash equivalents, end of year	$ 6,005	$ 5,416

Economic Factors That Will Affect the Future

To meet the challenges of the future, Michigan Radio must take into account many influences outside its control. The health of the national, state and local economy, for example, can have a significant impact on funding available for public radio from a broad range of sources including the Corporation for Public Broadcasting, corporate and federal sponsors and private giving.

In fiscal year 2012, Michigan Radio faces a $270,000 redicution in funding from University appropriations. Over the past several years, Michigan Radio has been successful in its efforts to diverisify revenue streams and reduce administrative and operational costs to meet the challenges from the continuation of a difficult economic environment.

The strength of Michigan Radio's programming is supported primarily by the success of past membership fundraising campaigns and corporate underwriting sponsorship. The continued increases in membership acquisition and audience listenership are important foundations to build on as Michigan Radio looks to maintain and grow the revenue needed to support its operating and capital programs.

While it is not possible to predict the ultimate results, management believes that Michigan Radio's financial condition will remain strong.

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Statement of Net Assets

	June 30, 2011	June 30, 2010
Assets		
Current Assets:		
Cash and cash equivalents on deposit with the University	**$ 6,005,208**	$ 5,416,000
Accounts receivable, net	**162,324**	172,974
Pledges receivable, net	**134,201**	89,301
Prepaid expenses	**52,947**	65,533
Premium inventory	**7,647**	3,720
Other	**29,696**	22,781
Total Current Assets	**6,392,023**	5,770,309
Noncurrent Assets:		
Capital assets, net	**1,794,123**	2,084,340
Endowment investments on deposit with the University	**663,316**	69,498
Total Noncurrent Assets	**2,457,439**	2,153,838
Total Assets	**$ 8,849,462**	$ 7,924,147
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	**$ 20,127**	$ 18,340
Accrued compensation	**309,151**	298,135
Deferred revenue	**243,169**	167,323
Obligations for postemployment benefits	**48,000**	39,000
Total Current Liabilities	**620,447**	522,798
Noncurrent Liabilities:		
Obligations for postemployment benefits	**1,593,100**	1,559,100
Total Liabilities	**2,213,547**	2,081,898
Net Assets:		
Invested in capital assets, net of related debt	**1,794,123**	2,084,340
Restricted:		
Nonexpendable	**39,065**	39,065
Expendable	**60,278**	6,990
Unrestricted	**4,742,449**	3,711,854
Total Net Assets	**6,635,915**	5,842,249
Total Liabilities and Net Assets	**$ 8,849,462**	$ 7,924,147

The accompanying notes are an integral part of the financial statements.

WUOM/WVGR/WFUM
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Statement of Revenues, Expenses and Changes in Net Assets

	Year Ended June 30, 2011	2010
Operating Revenues		
Underwriting	**$ 1,390,451**	$ 1,433,424
Corporation for Public Broadcasting grants	**866,041**	528,311
Nongovernmental sponsored programs	**20,474**	152,734
Federal grants and contracts	**15,995**	7,040
Trade	**178,259**	225,646
Rental income	**102,035**	97,932
Premium sales	**87,068**	59,312
Other	**45,479**	40,937
Total Operating Revenues	**2,705,802**	2,545,336
Operating Expenses		
Program Services:		
Programming and production	**3,812,392**	3,891,725
Engineering	**520,551**	525,657
Total Program Services	**4,332,943**	4,417,382
Supporting Services:		
Development	**1,589,435**	1,594,595
Management and general	**864,522**	973,825
Total Supporting Services	**2,453,957**	2,568,420
Total Operating Expenses	**6,786,900**	6,985,802
Operating loss	**(4,081,098)**	(4,440,466)
Nonoperating Revenues		
Private gifts for other than capital and endowment purposes	**3,705,251**	3,434,347
General appropriations from the University	**695,212**	695,212
Indirect administrative support from the University	**338,841**	389,838
Net investment income	**71,648**	16,213
Total Nonoperating Revenues	**4,810,952**	4,535,610
Income before other expenses	**729,854**	95,144
Other Expenses		
Other		(1,733)
Total Other Expenses, Net	**-**	(1,733)
Increase in net assets before transfer from (to) Michigan Television	**729,854**	93,411
Transfer from (to) Michigan Television	**63,812**	(1,893,812)
Net Assets, Beginning of Year	**5,842,249**	7,642,650
Net Assets, End of Year	**$ 6,635,915**	$ 5,842,249

The accompanying notes are an integral part of the financial statements.

WUOM/WVGR/WFUM
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Statement of Cash Flows

	Year Ended June 30, 2011	2010
Cash Flows from Operating Activities		
Underwriting	**$ 1,405,838**	$ 1,363,356
Corporation for Public Broadcasting grants	**970,097**	528,311
Nongovernmental sponsored programs	**5,000**	220,468
Federal grants and contracts	**10,500**	7,040
Rental income	**90,057**	97,932
Premium sales	**87,068**	59,312
Other receipts	**45,479**	41,684
Payments for salaries and benefits	**(3,288,759)**	(3,023,058)
Payments for program rights	**(1,300,358)**	(1,243,581)
Payments for operating and administrative expenses	**(1,326,004)**	(1,512,316)
Net Cash Used in Operating Activities	**(3,301,082)**	(3,460,852)
Cash Flows from Investing Activities		
Purchase of investments	**(593,818)**	(3,145)
Net investment income	**64,733**	15,098
Net Cash (Used in) Provided by Investing Activities	**(529,085)**	11,953
Cash Flows from Capital Financing Activities		
Other		(1,733)
Net Cash Used in Capital Financing Activities	**-**	(1,733)
Cash Flows from Noncapital Financing Activities		
Private gifts	**3,660,351**	3,421,583
General appropriations from the University	**695,212**	695,212
Transfer from (to) Michigan Television	**63,812**	(1,893,812)
Net Cash Provided by Noncapital Financing Activities	**4,419,375**	2,222,983
Net increase (decrease) in cash and cash equivalents	**589,208**	(1,227,649)
Cash and Cash Equivalents, Beginning of Year	**5,416,000**	6,643,649
Cash and Cash Equivalents, End of Year	**$ 6,005,208**	$ 5,416,000

The accompanying notes are an integral part of the financial statements.

WUOM/WVGR/WFUM
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF MICHIGAN)

Statement of Cash Flows--Continued

	Year Ended June 30, 2011	2010
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	**$ (4,081,098)**	$ (4,440,466)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Indirect administrative support	**338,841**	389,838
Depreciation and amortization expense	**290,217**	292,848
Obligations for postemployment benefits	**43,000**	76,000
Changes in assets and liabilities:		
Accounts receivable, net	**10,650**	(17,777)
Prepaid expenses	**12,586**	200,024
Premium inventory	**(3,927)**	14,344
Accounts payable	**1,787**	(21,945)
Accrued compensation	**11,016**	28,356
Deferred revenue	**75,846**	17,926
Net cash used in operating activities	**$ (3,301,082)**	$ (3,460,852)

The accompanying notes are an integral part of the financial statements.

WUOM/WVGR/WFUM
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF MICHIGAN)

Notes to Financial Statements

June 30, 2011 and 2010

Note 1--Organization and Summary of Significant Accounting Policies

Organization and Basis of Presentation: WUOM/WVGR/WFUM ("Michigan Radio") is a public telecommunications entity licensed by the Federal Communications Commission and operated by the University of Michigan (the "University") through its Michigan Public Media unit. Collectively known as Michigan Radio, this network of three public radio stations includes WUOM - Ann Arbor (91.7 FM, 93 KW), WVGR - Grand Rapids (104.1 FM, 96 KW) and WFUM - Flint (91.1 FM, 17.5 KW). Michigan Radio broadcasts national and local news and information programming 24 hours a day to most of the southern two-thirds of the state of Michigan's lower peninsula, from its studios in Ann Arbor and news bureaus in Dearborn/Detroit and Grand Rapids.

Michigan Radio operates under control of the University's Board of Regents (the "Regents") and, in connection therewith, utilizes assets, title to which is vested in the Regents. As part of the University, Michigan Radio is exempt from income taxes under Internal Revenue Code Sections 501(c)(3) and 115. The assets, liabilities, revenues, expenses and changes in net assets of Michigan Radio are included in the consolidated financial statements of the University.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"), and the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Audits of State and Local Governments*. Michigan Radio has the option of applying pronouncements issued by the Financial Accounting Standards Board ("FASB") after November 30, 1989, provided that such pronouncements do not conflict or contradict GASB pronouncements. Michigan Radio has elected not to apply any FASB pronouncements issued after the applicable date.

Note 1--Organization and Summary of Significant Accounting Policies--Continued

Net assets are categorized as:

- Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation, amortization and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

- Restricted:
  Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently. Such net assets include the corpus portion (historical value) of gifts to Michigan Radio's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested permanently.

  Expendable – Net assets whose use by Michigan Radio is subject to externally imposed stipulations that can be fulfilled by actions of Michigan Radio pursuant to those stipulations or that expire by the passage of time. Such net assets include net appreciation of Michigan Radio's permanent endowment funds that have not been stipulated by the donor to be reinvested permanently.

- Unrestricted: Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management, the Regents or may otherwise be limited by contractual agreements with outside parties.

Summary of Significant Accounting Policies: The accompanying financial statements have been prepared on the accrual basis. Michigan Radio reports as a special purpose government entity engaged primarily in business type activities, as defined by GASB. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Cash equivalents represent investments in the University Investment Pool, a short-term commingled pool managed by the University that can be readily liquidated to pay contractual liabilities. For purposes of the statement of cash flows, Michigan Radio considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

Accounts receivable are recorded net of an allowance for doubtful accounts. The allowance for doubtful accounts is maintained at a level to absorb losses inherent in the accounts receivables. Management determines the adequacy of the allowance for doubtful accounts by estimating uncollectability based on recent loss experience. Actual losses may vary from those projected amounts.

Note 1--Organization and Summary of Significant Accounting Policies--Continued

Michigan Radio receives pledges and bequests of financial support from corporations, foundations and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. An allowance for uncollectible pledges receivable is provided based on management's judgment of potential uncollectible amounts. The determination includes such factors as prior collection history, type of gift and nature of fundraising.

Prepaid expenses consist primarily of costs incurred for programs not yet broadcast and relate to program rights acquired by Michigan Radio that will be broadcast subsequent to June 30.

Premium inventory consists of promotional items held for distribution to the general public in exchange for membership contributions. Inventory is stated at the lower of cost or market.

Other assets represent the cash surrender value of a life insurance policy donated to WUOM.

Capital assets are recorded at cost or, if donated, at appraised value at the date of donation. Depreciation of capital assets is provided on a straight-line basis over the estimated useful lives of the respective assets, which range from three to forty years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease term. Michigan Radio capitalizes all expenditures for land, buildings, equipment and improvements in excess of $5,000.

Endowment investments primarily represent investments in the University Endowment Fund ("UEF"), a commingled pool which is invested entirely in the Long Term Portfolio, a diversified, equity-oriented investment pool managed by the University. The net asset value ("NAV") of UEF shares is determined at the end of each calendar quarter based on the fair value of the pool. Participants may purchase or redeem UEF shares at NAV at each valuation date, subject to minimum holding and notice requirements.

Accrued compensation consists of amounts earned for services performed that will be paid in the future.

Deferred revenue consists primarily of cash received from grant and underwriting sponsors which has not yet been earned under the terms of the agreement.

Note 1--Organization and Summary of Significant Accounting Policies--Continued

Underwriting revenue is received from corporate sponsors, non-profit organizations, university departments and units for on-air credit announcements. Michigan Radio recognizes underwriting revenue as credits are aired, deferring any revenue related to unaired credits.

Community service and other grants are received from the Corporation for Public Broadcasting, a private, non-profit corporation that provides funding for public radio and television programming.

Trade revenue results from in-kind barter-type agreements with outside organizations which provide goods and services in exchange for on-air credit announcements. Trade revenue and related expenses approximate the fair value of the transactions.

Rental income primarily results from rent received from licensing access to Michigan Radio's west Michigan tower (approximately $95,000 per year) pursuant to lease agreements. Michigan Radio also receives rental income from studio rental.

General appropriations from the University provide direct support for operating expenses not provided through other sources. The University also provides indirect administrative support, which represents an allocated amount for institutional support incurred by the University on behalf of Michigan Radio.

Institutional support consists of allocated finance, human resources, development, technology, sponsored programs and other administrative costs. Prior to the sale of Michigan Television, institutional support also included utilities paid by the University for Michigan Radio's utilization of the Michigan Television (WFUM-TV) tower and transmitter facility for WFUM 91.1 FM, $7,900 in 2010. Subsequent to the sale, Michigan Radio pays these utilities to Central Michigan University as a direct expense of tenancy, commencing in 2011. Indirect administrative support is reflected as nonoperating revenue and operating expense as incurred in the accompanying statement of revenues, expenses and changes in net assets. All support received from the University is recorded as nonoperating revenue.

The costs of providing various activities have been summarized on a functional basis in the statement of revenues, expenses and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting activities using the objective basis, percentage of expenses.

Note 1--Organization and Summary of Significant Accounting Policies--Continued

Michigan Radio's policy for defining operating activities as reported on the statement of revenues, expenses and changes in net assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nonexchange transactions are reported as nonoperating activities. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB, including private gifts, general appropriations from the University and indirect administrative support from the University.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2--Cash and Investments

The University maintains centralized management for all cash and investments of Michigan Radio. Cash reserves and relatively short duration assets are invested in the UIP, while longer term assets held in the UEF are invested in the University's Long Term Portfolio. The UIP is principally invested in investment-grade money market securities, U.S. government and other fixed income securities and absolute return strategies. The longer investment horizon of the Long Term Portfolio allows for an equity-oriented strategy to achieve higher expected returns over time, and permits the use of less liquid alternative investments, providing for equity diversification beyond the stock markets.

The UEF consists of both permanent endowments and funds functioning as endowment. Permanent endowments are those funds received from donors with the stipulation that the principal remain intact and be invested in perpetuity to produce income that is to be expended for the purposes specified by the donors. Funds functioning as endowment consist of amounts (restricted gifts or unrestricted funds) that have been allocated by Michigan Radio for long-term investment purposes, but are not limited by donor stipulations requiring Michigan Radio to preserve principal in perpetuity.

The University's investment policies are governed and authorized by University Bylaws and the Board of Regents. The approved asset allocation policy for the Long Term Portfolio sets a general target of 80 percent equities and 20 percent fixed income securities, within a permitted range of 65 to 90 percent for equities and 10 to 35 percent for fixed income securities. Since diversification is a fundamental risk management strategy, the Long Term Portfolio is broadly diversified within these general categories. At June 30, 2011 and 2010, the Long Term Portfolio consisted of cash and equivalents (4 percent and 2 percent), fixed income securities (7 percent and 10 percent), U.S. and non-U.S. equities (12 percent and 12 percent), commingled funds (18 percent and 19 percent), and nonmarketable alternative investments (59 percent and 57 percent).

Commingled (pooled) funds include Securities and Exchange Commission regulated mutual funds and externally managed funds, limited partnerships, and corporate structures which are generally unrated and unregulated. Commingled funds have liquidity (redemption) provisions, which enable the University to make full or partial withdrawals with notice, subject to restrictions on timing and amount. Commingled funds are primarily invested in non-U.S./global equities and absolute return strategies, but also include exposure to domestic fixed income and equity securities. Certain commingled funds held in the Long Term Portfolio may use derivatives, short positions and leverage as part of their investment strategy. These investments are structured to limit the University's risk exposure to the amount of invested capital.

Note 2--Cash and Investments--Continued

Nonmarketable alternative investments consist of limited partnerships and similar vehicles involving an advance commitment of capital called by the general partner as needed to invest in underlying strategies. Distributions of capital and return on invested capital are made during the life of the partnership as the underlying strategies are concluded. These limited partnerships include venture capital, private equity, real estate, energy and absolute return strategies. There is no active secondary market for these alternative investments, which are generally unrated and unregulated, and the liquidity of these investments is dependent on actions taken by the general partner.

Distributions are made from the UEF to Michigan Radio based on the University's endowment spending rule. Commencing with the quarter ending September 30, 2010, the annual distribution rate began to be reduced from 5 percent of the one-quarter lagged seven year moving average fair value of fund shares to 4.5 percent. Distributions are being managed toward the new rate by keeping quarter to quarter distributions per share unchanged and gradually moving toward the 4.5 percent rate only when increases in share value would otherwise result in higher per share distributions. To protect endowment principal in the event of a prolonged market downturn, distributions are limited to 5.3 percent of the current fair value of fund units. Distributions are also made from the UIP to Michigan Radio based on the 90-day U.S. Treasury Bill rate. The University's costs to administer and grow the UEF and UIP are funded by investment returns.

Withdrawals may be made quarterly from the UEF, with thirty days notice, based upon University policy, generally after a five year investment period. Withdrawals may be made from the UIP on a daily basis.

The Long Term Portfolio holds investments denominated in foreign currencies and forward foreign exchange contracts used to manage the risk related to fluctuations in currency exchange rates between the time of purchase or sale and the actual settlement of foreign securities. Various investment managers acting for the University also use forward foreign exchange contracts in risk-based transactions to carry out their portfolio strategies. Foreign exchange risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The Long Term Portfolio's non-U.S. dollar exposure amounted to 15 percent and 13 percent of the portfolio at June 30, 2011 and 2010, respectively.

Note 2--Cash and Investments--Continued

The University's investment strategy, like that of most other institutions, incorporates certain financial instruments that involve, to varying degrees, elements of market risk and credit risk in excess of amounts recorded in the financial statements. Market risk is the potential for changes in the value of financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations embodied in forwards, futures, and commodity or security prices. Market risk is directly impacted by the volatility and liquidity of the markets in which the underlying assets are traded. Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. The University's risk of loss in the event of a counterparty default is typically limited to the amounts recognized in the statement of net assets and is not represented by the contract or notional amounts of the instruments.

Note 3--Accounts Receivable

The composition of accounts receivable at June 30, 2011 and 2010 is summarized as follows:

	2011	2010
Underwriting	$ 159,140	$ 164,066
Other	4,370	10,836
	163,510	174,902
Less provision for uncollectible accounts receivable	1,186	1,928
	$ 162,324	$ 172,974

Note 4--Pledges Receivable

The composition of pledges receivable at June 30, 2011 and 2010 is summarized as follows:

	2011	2010
Gift pledges outstanding	$ 268,402	$ 189,375
Less allowance for doubtfully collectible pledges	134,201	100,074
	$ 134,201	$ 89,301

Payments on pledges receivable at June 30 are expected to be received during the following year.

Note 5--Capital Assets

Capital assets activity for the years ended June 30, 2011 and 2010 is summarized as follows:

	2011			
	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 290,238			$ 290,238
Transmitter, tower and equipment	1,956,390			1,956,390
Leasehold improvements	1,595,490			1,595,490
	3,842,118	$ -	$ -	3,842,118
Less accumulated depreciation and amortization	1,757,778	290,217		2,047,995
	$ 2,084,340	$ (290,217)	$ -	$ 1,794,123

	2010			
	Beginning Balance	Additions	Retirements	Ending Balance
Land	$ 290,238			$ 290,238
Transmitter, tower and equipment	1,972,858		$ 16,468	1,956,390
Leasehold improvements	1,595,490			1,595,490
	3,858,586	$ -	16,468	3,842,118
Less accumulated depreciation and amortization	1,481,398	292,848	16,468	1,757,778
	$ 2,377,188	$ (292,848)	$ -	$ 2,084,340

The U.S. Department of Commerce has reversionary interest in equipment purchased in part with two Public Telecommunications Facilities Program grants received from the National Telecommunications and Information Administration. The reversionary interest is pursuant to the terms of federal priority liens which extend ten years after the equipment was placed in service. The reversionary interest in the West Michigan Radio Tower, which had an original cost of $1,298,349, extends through 2017. The reversionary interest in studio broadcast equipment upgrades, which had an original cost of $137,937, extended through calendar year 2010.

Note 6--Postemployment Benefits

Michigan Radio participates in the University's postemployment benefits plan which provides retiree health and welfare benefits; primarily medical, prescription drug, dental and life insurance coverage, to eligible retirees and their eligible dependents. Substantially all of Michigan Radio's permanent employees may become eligible for these benefits if they reach retirement age while working for Michigan Radio. For employees retiring on or after January 1, 1987, contributions toward health and welfare benefits are shared between Michigan Radio and the retiree, and can vary based on date of hire, date of retirement, age and coverage elections.

The University also provides income replacement benefits, retirement savings contributions and health and life insurance benefits to substantially all permanent Michigan Radio employees who are enrolled in a sponsored long-term disability plan and qualify, based on disability status while working for Michigan Radio, to receive basic or expanded long-term disability benefits. Contributions toward the expanded long-term disability plan are shared between Michigan Radio and employees and vary based on years of service, annual base salary and coverage elections. Contributions toward the basic long-term disability plan are paid entirely by Michigan Radio.

These postemployment benefits are provided through single-employer plans administered by the University. The Executive Vice Presidents of the University have the authority to establish and amend benefit provisions of the plans.

The University's annual other postemployment benefits ("OPEB") expense is actuarially determined in accordance with the parameters of GASB Statement No. 45. Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided and announced future changes at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Michigan Radio's annual OPEB expense and liability represents an allocation of Michigan Radio's relative share of the University's expense and liability, based on the method in which the retiree benefits are funded. The funding method is based upon a percentage of salary dollars of active employees who qualify for retiree benefits.

Note 6--Postemployment Benefits--Continued

Changes in the total reported liabilities in Michigan Radio's obligations for postemployment benefits for the years ended June 30, 2011 and 2010 are summarized as follows:

	2011	2010
Balance, beginning of year	$ 1,598,100	$ 1,522,100
Recurring postemployment benefits expense	77,000	114,000
Payments of current premiums and claims	(34,000)	(38,000)
Balance, end of year	1,641,100	1,598,100
Less current portion	48,000	39,000
	$ 1,593,100	$ 1,559,100

Michigan Radio has no obligation to make contributions in advance of when insurance premiums or claims are due for payment and currently pays for postemployment benefits on a pay-as-you-go basis. Michigan Radio's obligation for postemployment benefits at June 30, 2011 and 2010 as a percentage of covered payroll of $2,509,885 and $2,244,224 was 63 and 71 percent, respectively.

The University's OPEB liability was calculated using the projected unit credit method. Significant actuarial methods and assumptions used in the valuation for the years ended June 30, 2011 and 2010 are as follows:

	2011	
	Retiree Health and Welfare	Long-term Disability
Discount Rate	6.08%	7.88%
Inflation Rate	3.0%	3.0%
Immediate/Ultimate Medical Trend Rate	7.0%-7.5%/5.0%	7.0%/5.0%
Immediate Ultimate Rx Trend Rate	7.0%/5.0%	7.0%/5.0%
Expected Retirement Age (Faculty/Staff/Union)	66/62/61	Not Applicable
Mortality/Termination Table	RP-2000 Generational	2005 SOA Life Waiver (Modified)

	2010	
	Retiree Health and Welfare	Long-term Disability
Discount Rate	6.4%	8.0%
Inflation Rate	3.0%	3.0%
Immediate/Ultimate Medical Trend Rate	9.0%-7.5%/5.0%	9.0%-7.5%/5.0%
Immediate Ultimate Rx Trend Rate	7.5%/5.0%	7.5%/5.0%
Expected Retirement Age (Faculty/Staff/Union)	66/62/61	Not Applicable
Mortality/Termination Table	RP-2000 Projected to 2015	2005 SOA Life Waiver (Modified)

Note 6--Postemployment Benefits--Continued

During fiscal 2011, the University announced changes to eligibility requirements for retiree health benefits and the related amount of university contribution. These changes are based on the work of a committee on retiree health benefits that was formed to propose a means to maintain competitive retiree health benefits while helping address the acceleration of health benefits costs for current and future retirees and their dependents. To assist current employees with the transition, changes will be phased in gradually over an eight year period January 1, 2013 through January 1, 2021. These plan changes resulted in a reduction in the University's actuarially determined liability and are being amortized into Michigan Radio's net obligation for postemployment benefits over ten years.

Note 7--Retirement Plan

Michigan Radio participates in the University's retirement plan, a defined contribution retirement plan through the Teachers Insurance and Annuity Association - College Retirement Equities Fund ("TIAA-CREF") and Fidelity Management Trust Company ("FMTC") mutual funds, for all qualified employees. All staff are eligible to participate in the plan based upon age and service requirements. Participants maintain individual contracts with TIAA-CREF, or accounts with FMTC, and are fully vested.

Eligible employees generally contribute 5 percent of their pay and Michigan Radio generally contributes an amount equal to 10 percent of employees' pay to the plan. Effective January 1, 2010, Michigan Radio's contribution commences after an employee has completed one year of employment. Participants may elect to contribute additional amounts to the plan within specified limits that are not matched by Michigan Radio contributions. Contributions and covered payroll under the plan (excluding participants' additional contributions) for the three years ended June 30, 2011 are summarized as follows:

	2011	2010	2009
Michigan Radio contributions	$ 206,011	$ 214,350	$ 189,547
Employee contributions	$ 104,471	$ 105,623	$ 93,277
Payroll covered under plan	$ 2,509,885	$ 2,244,224	$ 2,061,648
Total payroll	$ 2,570,895	$ 2,489,380	$ 2,263,052

Note 8--Contingencies and Commitments

Michigan Radio has entered into operating leases for space, which expire at various dates through 2013. Outstanding commitments for these leases are expected to be paid in the following years ended June 30:

2012	$ 197,494
2013	36,164
	$ 233,658

Note 9--Transactions with the University of Michigan

Michigan Radio and Michigan Television are separate public telecommunications entities licensed by the Federal Communications Commission and operated by the University through its Michigan Public Media unit. After extensive operational reviews, analysis of revenue and income prospects, and an out-year forecast of business conditions, the University made the decision to discontinue operations of Michigan Television and its broadcast license and assets were sold during 2010. Due to its relationship as the remaining public broadcasting entity in the Michigan Public Media group, Michigan Radio transferred $1,893,812 of accumulated unrestricted reserves to retire Michigan Televisions net remaining deficit. After all residual transactions were finalized, and obligations met, $63,812 was transferred back to Michigan Radio in 2011.

Report of Independent Auditors
on Supplementary Information

The Regents of the University of Michigan

Our report on the audit of the financial statements of WUOM/WVGR/WFUM as of June 30, 2011 and 2010 and the years then ended appears on page 1 of this document. This audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, which are set forth on pages 14 through 30, inclusive. The supplementary information included herein on pages 32 and 33 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and in our opinion is fairly stated in all material respects in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

December 21, 2011

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WUOM/WVGR/WFUM
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF MICHIGAN)

Schedule of Functional Expenses
For the Year Ended June 30, 2011

	Program Services			Supporting Services			
	Programming and Production	**Engineering**	**Total Program Services**	**Development**	**Management and General**	**Total Supporting Services**	**Total Operating Expenses**
Salaries, payroll taxes, and employee benefits	$ 1,656,282	$ 208,084	$ 1,864,366	$ 825,772	$ 652,636	$ 1,478,408	$ 3,342,774
Program fees	1,300,127		1,300,127			-	1,300,127
Depreciation and amortization	167,810	22,913	190,723	61,441	38,053	99,494	290,217
Indirect administrative support	190,499	26,011	216,510	79,132	43,199	122,331	338,841
Professional services	228,717	35,148	263,865	150,054	33,648	183,702	447,567
Equipment and space rental	104,661	23,806	128,467	40,251	23,525	63,776	192,243
Advertising	4,689		4,689	178,387	30	178,417	183,106
Supplies	10,314	71,128	81,442	122,193	14,374	136,567	218,009
Travel and conferences	35,619	6,037	41,656	17,482	6,516	23,998	65,654
Telecommunications	24,341	11,730	36,071	12,031	3,652	15,683	51,754
Repairs and maintenance		22,261	22,261	77	28,276	28,353	50,614
Utilities		92,370	92,370	148	34,485	34,633	127,003
Postage and freight	1,156	253	1,409	52,718	92	52,810	54,219
Surveys and ratings	739	780	1,519			-	1,519
Merchant service fees	4,148		4,148	48,424		48,424	52,572
Memberships and dues	26,654	30	26,684	725	2,341	3,066	29,750
Other	56,636		56,636	600	(16,305)	(15,705)	40,931
Total Operating Expenses	$ 3,812,392	$ 520,551	$ 4,332,943	$ 1,589,435	$ 864,522	$ 2,453,957	$ 6,786,900

WUOM/WVGR/WFUM
(A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE UNIVERSITY OF MICHIGAN)

Schedule of Functional Expenses
For the Year Ended June 30, 2010

	Program Services			Supporting Services			
	Programming and Production	**Engineering**	**Total Program Services**	**Development**	**Management and General**	**Total Supporting Services**	**Total Operating Expenses**
Salaries, payroll taxes, and employee benefits	$ 1,416,413	$ 217,710	$ 1,634,123	$ 769,082	$ 724,209	$ 1,493,291	$ 3,127,414
Program fees	1,460,908		1,460,908		2,025	2,025	1,462,933
Depreciation and amortization	169,139	22,539	191,678	58,847	42,323	101,170	292,848
Indirect administrative support	213,458	35,504	248,962	87,462	53,414	140,876	389,838
Professional services	399,779	58,534	458,313	187,790	27,479	215,269	673,582
Leased space	81,253	19,899	101,152	36,176	23,811	59,987	161,139
Advertising	29,445		29,445	230,350		230,350	259,795
Supplies	7,359	51,256	58,615	98,851	16,420	115,271	173,886
Travel and conferences	46,084	2,285	48,369	24,975	5,825	30,800	79,169
Telecommunications	30,898	26,639	57,537	15,381	4,134	19,515	77,052
Repairs and maintenance	479	23,952	24,431	579	33,838	34,417	58,848
Utilities		66,775	66,775	139	32,478	32,617	99,392
Postage and freight	764	59	823	42,607	498	43,105	43,928
Surveys and ratings	10,300	505	10,805	120		120	10,925
Merchant service fees	2		2	41,281		41,281	41,283
Memberships and dues	15,594		15,594	955	2,371	3,326	18,920
Other	9,850		9,850		5,000	5,000	14,850
Total Operating Expenses	$ 3,891,725	$ 525,657	$ 4,417,382	$ 1,594,595	$ 973,825	$ 2,568,420	$ 6,985,802