

STUDENT MEDIA CORPORATION

FINANCIAL STATEMENTS

Years Ended June 30, 2001 and 2000

M **THE**
MIRROR
UNIVERSITY OF
NORTHERN
COLORADO



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Independent Auditors' Report

Members of the Legislative Audit Committee

We have audited the combined balance sheets of the Student Media Corporation as of June 30, 2001 and 2000, and the related statements of revenue, functional expenditures, and changes in fund balances for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Student Media Corporation as of June 30, 2001 and 2000 and the results of operations for the years then ended in conformity with accounting principles generally accepted in the United States.

Anderson & Whitney, P.C.

August 7, 2001

STUDENT MEDIA CORPORATION
COMBINED BALANCE SHEET
JUNE 30, 2001 and 2000

	Current Unrestricted Funds	
	2001	2000
ASSETS		
Cash on hand and in banks:		
Petty Cash	\$ 20	\$ 20
Cash on Deposit with UNC	102,405	98,756
Accounts receivable, net of allowance of \$1,180 and \$1,695 in 2001 and 2000 respectively	4,934	5,728
Other Current Assets	75	1,175
Land and Improvements		
Building and Improvements		
Equipment		
Total Assets	107,434	105,679
LIABILITIES		
Accounts Payable	3,119	2,526
Accrued Liabilities	311	420
Deferred Credits		793
Notes Payable		
Total Liabilities	3,430	3,739
FUND BALANCES		
Unrestricted	104,004	101,940
Net Investment in Plant		
Total Fund Balances	104,004	101,940
Total Liabilities and Fund Balances	\$ 107,434	\$ 105,679

**See accompanying notes to financial statements.*

<u>PLANT FUND</u>			
<u>Investment in Plant</u>		<u>Memorandum Only</u>	
2001	2000	<u>Totals</u>	
2001	2000	2001	2000
\$	\$	\$	\$
		20	20
		102,405	98,756
		4,934	5,728
		75	1,175
15,235	5,500	15,235	5,500
107,000	107,000	107,000	107,000
53,084	55,290	53,084	55,290
175,319	167,790	282,753	273,469
		3,119	2,526
		311	420
		793	793
49,729	67,195	49,729	67,195
49,729	67,195	53,159	70,934
		104,004	101,940
125,590	100,595	125,590	100,595
125,590	100,595	229,594	202,535
\$ 175,319	\$ 167,790	\$ 282,753	\$ 273,469

STUDENT MEDIA CORPORATION
STATEMENT OF REVENUES, FUNCTIONAL EXPENDITURES AND CHANGES IN FUND BALANCE
YEARS ENDED JUNE 30, 2001 and 2000

REVENUE AND OTHER ADDITIONS	Current Unrestricted Funds	
	2001	2000
Student Fees	\$ 74,473	\$ 84,107
Investment Income	6,801	5,957
Additions to Plant Facilities		
Retirement of Indebtedness		
Other Revenue and Additions	198,825	188,193
Total Revenue and Other Additions	280,099	278,257
EXPENDITURES AND OTHER DEDUCTIONS		
General Operations:		
Student Services:		
Activities and Travel	2,262	3,515
Administrative Fees	12,615	12,597
Advertising	157	739
Bad Debts	5,388	246
Books and Subscriptions	174	222
Dues and Memberships	594	670
Equipment Maintenance	264	164
Capitalized Equipment	3,202	19,155
Insurance, Business Related	4,814	4,156
Licenses and Fees	50	55
Miscellaneous	190	199
Payroll Taxes	6,069	4,231
Postage	1,474	1,640
Printing	49,810	46,276
Professional Fees	5,032	4,652
Publicity	1,494	1,358
Purchased Services	1,837	917
Rent	275	30
Salaries and Wages	126,146	125,970
Supplies	10,635	12,372
Telephone	5,150	5,554
Total Student Services	237,632	244,718
Operation and Maintenance of Plant:		
Building Maintenance	3,101	7,761
Capital Outlay -Land Improvement	9,735	
Property Insurance	1,231	1,517
Property Taxes	199	198
Utilities	3,953	3,341
Total Operation and Maintenance of Plant	18,219	12,817
Total General Operations	255,851	257,535
Retirement of Indebtedness	17,466	16,226
Interest on Indebtedness	4,718	5,958
Disposal of Plant Facilities		
Total Expenditures and Other Deductions	278,035	279,719
Total Expenditures and Deductions	278,035	279,719
Net Increase (Decrease) in Fund Balances	2,064	(1,462)
Fund Balances at Beginning of Year	101,940	103,402
Fund Balances at End of Year	\$ 104,004	\$ 101,940

*See accompanying notes to financial statements.

<u>PLANT FUND</u>		Memorandum Only	
Investment in Plant		Totals	
2001	2000	2001	2000
\$	\$	\$ 74,473	\$ 84,107
12,937	38,926	6,801	5,957
17,466	16,226	12,937	38,926
		17,466	16,226
		198,825	188,193
30,403	55,152	310,502	333,409
		2,262	3,515
		12,615	12,597
		157	739
		5,388	246
		174	222
		594	670
		264	164
		3,202	19,155
		4,814	4,156
		50	55
		190	199
		6,069	4,231
		1,474	1,640
		49,810	46,276
		5,032	4,652
		1,494	1,358
		1,837	917
		275	30
		126,146	125,970
		10,635	12,372
		5,150	5,554
		237,632	244,718
		3,101	7,761
		9,735	
		1,231	1,517
		199	198
		3,953	3,341
		18,219	12,817
		255,851	257,535
		17,466	16,226
		4,718	5,958
5,408	21,153	5,408	21,153
5,408	21,153	283,443	300,872
5,408	21,153	283,443	300,872
24,995	33,999	27,059	32,537
100,595	66,596	202,535	169,998
\$ 125,590	\$ 100,595	\$ 229,594	\$ 202,535

STUDENT MEDIA CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001 AND 2000

Notes 1 - Summary of Significant Accounting Policies:

11

The Student Media Corporation (the Corporation), is a component unit of the University of Northern Colorado, and is blended in the University's financial statements. The Corporation is considered to be a quasi-governmental unit. Therefore the financial statements of the Corporation are presented in accordance with fund accounting guidelines set forth in the American Institute of Certified Public Accountant's industry audit guide, *Audits of Colleges and Universities*, and the National Association of College and University Business Officer's publication, *Financial Accounting and Reporting Manual for Higher Education*. Prior financial statements were in a not-for-profit format and have been restated. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Accounting Policies:

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Student Media Corporation, the accounts of the Student Media Corporation are maintained in accordance with the principles of "fund accounting". This is the process by which the accounting and reporting activities for resources are performed within funds established based upon the activities and purposes for which the resources are to be used. A separate group of self-balancing accounts is used for each fund: however, in the accompanying financial statements, funds of similar characteristics and purpose have been combined and reported upon as a group of funds.

Within each group of funds, fund balances restricted by outside sources, if any, have been identified. Externally restricted funds may only be utilized in accordance with the restrictions placed upon the resources by the external source.

Fund group classifications consist of the following:

Current Unrestricted Funds are used primarily for current operating expenditures incurred in performing the primary and support objectives of the Student Media Corporation. Investment in Plant Funds include all long-lived assets and related debts of the Corporation.

Organization:

The Corporation publishes the *MIRROR* three times a week during the academic year and weekly during summer sessions. The *MIRROR* is the official school newspaper of the University of Northern Colorado (UNC).

The Corporation grants credit to its advertising customers, substantially all of whom are local businesses or national agencies.

Reporting Entity:

The Student Media Corporation was created in February, 1989 as a nonprofit Colorado organization and began operations on July 1. The Corporation's Board of Directors includes university students and faculty as well as community members.

The financial report of the Corporation includes all of the integral parts of the Corporation's separate operations. The Corporation has determined that it has no oversight responsibility for any other agency which would require it to be in the reporting entity. Oversight responsibility is determined based on consideration of financial interdependency, selection of governing authority, designation of management, ability to significantly influence management and accountability for fiscal matters.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment:

Depreciation on Plant Fund assets is not recorded.

Furniture and equipment purchased by the Corporation are stated at acquisition cost.

The value of used office furniture and computer equipment donated by UNC is not reflected in the accompanying financial statements as it is immaterial.

In-Kind Contributions:

No amounts have been reported in the financial statements of various services contributed by UNC because no objective basis is available to measure the value of such services.

Income Taxes:

The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and is not classified as a private foundation. Accordingly, no provision is made in these financial statements for income taxes.

Risk Management:

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Corporation purchases commercial insurance for risks of loss in excess of deductible amounts. Settled claims have not exceeded this coverage in any of the past three fiscal years.

Note 2 - Related Party Transactions:

Advertising revenue from UNC-related entities for 2001 and 2000 was approximately \$33,483 and \$51,465, respectively.

The University provides various accounting, purchasing, payroll, and banking services to the Corporation at a rate of 10.0% of Student Media Corporation's personnel costs. Administrative fees for 2001 and 2000 were \$12,615 and \$12,597, respectively.

STUDENT MEDIA CORPORATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2001 AND 2000

Note 3 - Cash on Deposit with UNC:

At June 30, 2001 and 2000, the Corporation had deposits with the University of \$102,405 and \$98,756, respectively, which were interest-bearing.

Note 4 - Long-Term Debt:

June 30	2001	2000
Note payable to the University, due in semiannual payments of \$11,092, including interest at 7.5%, final payment due December 1, 2003, collateralized by real estate.	\$ 49,729	\$ 67,195
Less: Current maturities	(18,801)	(17,466)
Net Long-Term Debt	<u>\$ 30,928</u>	<u>\$ 49,729</u>

Maturities of long-term debt are as follows:

For the Years Ending June 30

2002	\$ 18,801
2003	20,237
2004	10,691
	<u>\$ 49,729</u>

Note 5 - Other Revenue and Additions:

For the Years Ending June 30	2001	2000
Display Advertising	\$ 179,499	\$ 176,578
Classified Advertising	19,028	11,249
Other	200	366
Contributions	98	
	<u>\$ 198,825</u>	<u>\$ 188,193</u>
