



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Solicitation

NUMBER
EBA438

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
CONNIE OSWALD 804-558-2157

RFQ COPY
 TYPE NAME/ADDRESS HERE

VENDOR

SHIP TO

EDUCATIONAL BROADCASTING
 AUTHORITY
 600 CAPITOL STREET
 CHARLESTON, WV
 25301-1223 304-558-3400

DATE PRINTED
05/02/2013

BID OPENING DATE: 05/29/2013 BID OPENING TIME 1:30PM

LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
THE STATE OF WEST VIRGINIA AND ITS AGENCY, THE WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY REQUEST A QUOTE TO ESTABLISH A CONTRACT FOR AUDIT SERVICES FOR THE YEAR ENDING JUNE 30, 2013 IN ACCORDANCE WITH THE ATTACHED SPECIFICATIONS AND INSTRUCTIONS TO BIDDERS.						
BID OPENING: MAY 29, 2013 AT 1:30 PM						
0001	1	LS		946-20		
AUDITING SERVICES						
PERFORM AUDIT SERVICES OF THE WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES, THE WEST VIRGINIA PUBLIC BROADCASTING FOUNDATION, INC. AND THE FRIENDS OF WEST VIRGINIA PUBLIC BROADCASTING, INC. IN ACCORDANCE WITH THE ATTACHED SPECIFICATIONS.						
***** THIS IS THE END OF RFQ EBA438 ***** TOTAL:						

SIGNATURE		TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO SOLICITATION, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

INSTRUCTIONS TO VENDORS SUBMITTING BIDS

- 1. **REVIEW DOCUMENTS THOROUGHLY:** The attached documents contain a solicitation for bids. Please read these instructions and all documents attached in their entirety. These instructions provide critical information about requirements that if overlooked could lead to disqualification of a Vendor's bid. All bids must be submitted in accordance with the provisions contained in these instructions and the Solicitation. Failure to do so may result in disqualification of Vendor's bid.
- 2. **MANDATORY TERMS:** The Solicitation may contain mandatory provisions identified by the use of the words "must," "will," and "shall." Failure to comply with a mandatory term in the Solicitation will result in bid disqualification.
- 3. **PREBID MEETING:** The item identified below shall apply to this Solicitation.

A pre-bid meeting will not be held prior to bid opening.

A **NON-MANDATORY PRE-BID** meeting will be held at the following place and time:

A **MANDATORY PRE-BID** meeting will be held at the following place and time:

All Vendors submitting a bid must attend the mandatory pre-bid meeting. Failure to attend the mandatory pre-bid meeting shall result in disqualification of the Vendor's bid. No one person attending the pre-bid meeting may represent more than one Vendor.

An attendance sheet provided at the pre-bid meeting shall serve as the official document verifying attendance. The State will not accept any other form of proof or documentation to verify attendance. Any person attending the pre-bid meeting on behalf of a Vendor must list on the attendance sheet his or her name and the name of the Vendor he or she is representing. Additionally, the person attending the pre-bid meeting should include the Vendor's E-Mail address, phone number, and Fax number on the attendance sheet. It is the Vendor's responsibility to locate the attendance sheet and provide the required

information. Failure to complete the attendance sheet as required may result in disqualification of Vendor's bid.

All Vendors should arrive prior to the starting time for the pre-bid. Vendors who arrive after the starting time but prior to the end of the pre-bid will be permitted to sign in, but are charged with knowing all matters discussed at the pre-bid.

Questions submitted at least five business days prior to a scheduled pre-bid will be discussed at the pre-bid meeting if possible. Any discussions or answers to questions at the pre-bid meeting are preliminary in nature and are non-binding. Official and binding answers to questions will be published in a written addendum to the Solicitation prior to bid opening.

4. **VENDOR QUESTION DEADLINE:** Vendors may submit questions relating to this Solicitation to the Purchasing Division. Questions must be submitted in writing. All questions must be submitted on or before the date listed below and to the address listed below in order to be considered. A written response will be published in a Solicitation addendum if a response is possible and appropriate. Non-written discussions, conversations, or questions and answers regarding this Solicitation are preliminary in nature and are non-binding.

Question Submission Deadline: May 14, 2013

Submit Questions to:

Connie Oswald

2019 Washington Street, East

P.O. Box 50130

Charleston, WV 25305

Fax: 304-558-3970

Email: Connie.S.Oswald@wv.gov

5. **VERBAL COMMUNICATION:** Any verbal communication between the Vendor and any State personnel is not binding, including that made at the mandatory pre-bid conference. Only information issued in writing and added to the Solicitation by an official written addendum by the Purchasing Division is binding.
6. **BID SUBMISSION:** All bids must be signed and delivered by the Vendor to the Purchasing Division at the address listed below on or before the date and time of the bid opening. Any bid received by the Purchasing Division staff is considered to be in the possession of the Purchasing Division and will not be returned for any reason. The bid delivery address is:

Department of Administration, Purchasing Division
2019 Washington Street East
P.O. Box 50130,
Charleston, WV 25305-0130

The bid should contain the information listed below on the face of the envelope or the bid may not be considered:

SEALED BID

BUYER: _____
 SOLICITATION NO.: _____
 BID OPENING DATE: _____
 BID OPENING TIME: _____
 FAX NUMBER: _____

In the event that Vendor is responding to a request for proposal, the Vendor shall submit one original technical and one original cost proposal plus convenience copies of each to the Purchasing Division at the address shown above. Additionally, the Vendor should identify the bid type as either a technical or cost proposal on the face of each bid envelope submitted in response to a request for proposal as follows:

BID TYPE: [] Technical
 [] Cost

7. **BID OPENING:** Bids submitted in response to this Solicitation will be opened at the location identified below on the date and time listed below. Delivery of a bid after the bid opening date and time will result in bid disqualification. For purposes of this Solicitation, a bid is considered delivered when time stamped by the official Purchasing Division time clock.

Bid Opening Date and Time:

May 29, 2013 at 1:30 pm

Bid Opening Location:

Department of Administration, Purchasing Division
 2019 Washington Street East
 P.O. Box 50130,
 Charleston, WV 25305-0130

8. **ADDENDUM ACKNOWLEDGEMENT:** Changes or revisions to this Solicitation will be made by an official written addendum issued by the Purchasing Division. Vendor should acknowledge receipt of all addenda issued with this Solicitation by completing an Addendum Acknowledgment Form, a copy of which is included herewith. Failure to acknowledge addenda may result in bid disqualification. The addendum acknowledgement should be submitted with the bid to expedite document processing.
9. **BID FORMATTING:** Vendor should type or electronically enter the information onto its bid to prevent errors in the evaluation. Failure to type or electronically enter the information may result in bid disqualification.

GENERAL TERMS AND CONDITIONS:

1. **CONTRACTUAL AGREEMENT:** Issuance of a Purchase Order signed by the Purchasing Division Director, or his designee, and approved as to form by the Attorney General's office constitutes acceptance of this Contract made by and between the State of West Virginia and the Vendor. Vendor's signature on its bid signifies Vendor's agreement to be bound by and accept the terms and conditions contained in this Contract.

2. **DEFINITIONS:** As used in this Solicitation / Contract, the following terms shall have the meanings attributed to them below. Additional definitions may be found in the specifications included with this Solicitation / Contract.
 - 2.1 **"Agency" or "Agencies"** means the agency, board, commission, or other entity of the State of West Virginia that is identified on the first page of the Solicitation or any other public entity seeking to procure goods or services under this Contract.

 - 2.2 **"Contract"** means the binding agreement that is entered into between the State and the Vendor to provide the goods and services requested in the Solicitation.

 - 2.3 **"Director"** means the Director of the West Virginia Department of Administration, Purchasing Division.

 - 2.4 **"Purchasing Division"** means the West Virginia Department of Administration, Purchasing Division.

 - 2.5 **"Purchase Order"** means the document signed by the Agency and the Purchasing Division, and approved as to form by the Attorney General, that identifies the Vendor as the successful bidder and Contract holder.

 - 2.6 **"Solicitation"** means the official solicitation published by the Purchasing Division and identified by number on the first page thereof.

 - 2.7 **"State"** means the State of West Virginia and/or any of its agencies, commissions, boards, etc. as context requires.

 - 2.8 **"Vendor" or "Vendors"** means any entity submitting a bid in response to the Solicitation, the entity that has been selected as the lowest responsible bidder, or the entity that has been awarded the Contract as context requires.

3. **CONTRACT TERM; RENEWAL; EXTENSION:** The term of this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below:

Term Contract

Initial Contract Term: This Contract becomes effective on

 and extends for a period of year(s).

Renewal Term: This Contract may be renewed upon the mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). Any request for renewal must be submitted to the Purchasing Division Director thirty (30) days prior to the expiration date of the initial contract term or appropriate renewal term. A Contract renewal shall be in accordance with the terms and conditions of the original contract. Renewal of this Contract is limited to successive one (1) year periods. Automatic renewal of this Contract is prohibited. Notwithstanding the foregoing, Purchasing Division approval is not required on agency delegated or exempt purchases. Attorney General approval may be required for vendor terms and conditions.

Reasonable Time Extension: At the sole discretion of the Purchasing Division Director, and with approval from the Attorney General's office (Attorney General approval is as to form only), this Contract may be extended for a reasonable time after the initial Contract term or after any renewal term as may be necessary to obtain a new contract or renew this Contract. Any reasonable time extension shall not exceed twelve (12) months. Vendor may avoid a reasonable time extension by providing the Purchasing Division Director with written notice of Vendor's desire to terminate this Contract 30 days prior to the expiration of the then current term. During any reasonable time extension period, the Vendor may terminate this Contract for any reason upon giving the Purchasing Division Director 30 days written notice. Automatic extension of this Contract is prohibited. Notwithstanding the foregoing, Purchasing Division approval is not required on agency delegated or exempt purchases, but Attorney General approval may be required.

- Fixed Period Contract:** This Contract becomes effective upon Vendor's receipt of the notice to proceed and must be completed within days.
- One Time Purchase:** The term of this Contract shall run from the issuance of the Purchase Order until all of the goods contracted for have been delivered, but in no event shall this Contract extend for more than one fiscal year.
- Other:** See attached.

4. **NOTICE TO PROCEED:** Vendor shall begin performance of this Contract immediately upon receiving notice to proceed unless otherwise instructed by the Agency. Unless otherwise specified, the fully executed Purchase Order will be considered notice to proceed
5. **QUANTITIES:** The quantities required under this Contract shall be determined in accordance with the category that has been identified as applicable to this Contract below.
- Open End Contract:** Quantities listed in this Solicitation are approximations only, based on estimates supplied by the Agency. It is understood and agreed that the Contract shall cover the quantities actually ordered for delivery during the term of the Contract, whether more or less than the quantities shown.
- Service:** The scope of the service to be provided will be more clearly defined in the specifications included herewith.
- Combined Service and Goods:** The scope of the service and deliverable goods to be provided will be more clearly defined in the specifications included herewith.
- One Time Purchase:** This Contract is for the purchase of a set quantity of goods that are identified in the specifications included herewith. Once those items have been delivered, no additional goods may be procured under this Contract without an appropriate change order approved by the Vendor, Agency, Purchasing Division, and Attorney General's office.
6. **PRICING:** The pricing set forth herein is firm for the life of the Contract, unless specified elsewhere within this Solicitation/Contract by the State. A Vendor's inclusion of price adjustment provisions in its bid, without an express authorization from the State in the Solicitation to do so, may result in bid disqualification.
7. **EMERGENCY PURCHASES:** The Purchasing Division Director may authorize the Agency to purchase goods or services in the open market that Vendor would otherwise provide under this Contract if those goods or services are for immediate or expedited delivery in an emergency. Emergencies shall include, but are not limited to, delays in transportation or an unanticipated increase in the volume of work. An emergency purchase in the open market, approved by the Purchasing Division Director, shall not constitute a breach of this Contract and shall not entitle the Vendor to any form of compensation or damages. This provision does not excuse the State from fulfilling its obligations under a One Time Purchase contract.
8. **REQUIRED DOCUMENTS:** All of the items checked below must be provided to the Purchasing Division by the Vendor as specified below.
- BID BOND:** All Vendors shall furnish a bid bond in the amount of five percent (5%) of the total amount of the bid protecting the State of West Virginia. The bid bond must be submitted with the bid.

PERFORMANCE BOND: The apparent successful Vendor shall provide a performance bond in the amount of . The performance bond must be issued and received by the Purchasing Division prior to Contract award. On construction contracts, the performance bond must be 100% of the Contract value.

LABOR/MATERIAL PAYMENT BOND: The apparent successful Vendor shall provide a labor/material payment bond in the amount of 100% of the Contract value. The labor/material payment bond must be issued and delivered to the Purchasing Division prior to Contract award.

In lieu of the Bid Bond, Performance Bond, and Labor/Material Payment Bond, the Vendor may provide certified checks, cashier's checks, or irrevocable letters of credit. Any certified check, cashier's check, or irrevocable letter of credit provided in lieu of a bond must be of the same amount and delivered on the same schedule as the bond it replaces. A letter of credit submitted in lieu of a performance and labor/material payment bond will only be allowed for projects under \$100,000. Personal or business checks are not acceptable.

MAINTENANCE BOND: The apparent successful Vendor shall provide a two (2) year maintenance bond covering the roofing system. The maintenance bond must be issued and delivered to the Purchasing Division prior to Contract award.

WORKERS' COMPENSATION INSURANCE: The apparent successful Vendor shall have appropriate workers' compensation insurance and shall provide proof thereof upon request.

INSURANCE: The apparent successful Vendor shall furnish proof of the following insurance prior to Contract award:

Commercial General Liability Insurance:
 \$1,000,000.00 minimum or more.

Builders Risk Insurance: builders risk – all risk insurance in an amount equal to 100% of the amount of the Contract.

Professional Liability - \$1,000,000.00 minimum

The apparent successful Vendor shall also furnish proof of any additional insurance requirements contained in the specifications prior to Contract award regardless of whether or not that insurance requirement is listed above.

LICENSE(S) / CERTIFICATIONS / PERMITS: In addition to anything required under the Section entitled Licensing, of the General Terms and Conditions, the apparent successful Vendor shall furnish proof of the following licenses, certifications, and/or permits prior to Contract award, in a form acceptable to the Purchasing Division.

<input checked="" type="checkbox"/>	Certified Public Accountant License
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

The apparent successful Vendor shall also furnish proof of any additional licenses or certifications contained in the specifications prior to Contract award regardless of whether or not that requirement is listed above.

9. LITIGATION BOND: The Director reserves the right to require any Vendor that files a protest of an award to submit a litigation bond in the amount equal to one percent of the lowest bid submitted or \$5,000, whichever is greater. The entire amount of the bond shall be forfeited if the hearing officer determines that the protest was filed for frivolous or improper purpose, including but not limited to, the purpose of harassing, causing unnecessary delay, or needless expense for the Agency. All litigation bonds shall be made payable to the Purchasing Division. In lieu of a bond, the protester may submit a cashier's check or certified check payable to the Purchasing Division. Cashier's or certified checks will be deposited with and held by the State Treasurer's office. If it is determined that the protest has not been filed for frivolous or improper purpose, the bond or deposit shall be returned in its entirety.

10. ALTERNATES: Any model, brand, or specification listed herein establishes the acceptable level of quality only and is not intended to reflect a preference for, or in any way favor, a particular brand or vendor. Vendors may bid alternates to a listed model or brand provided that the alternate is at least equal to the model or brand and complies with the required specifications. The equality of any alternate being bid shall be determined by the State at its sole discretion. Any Vendor bidding an alternate model or brand should clearly identify the alternate items in its bid and should include manufacturer's specifications, industry literature, and/or any other relevant documentation demonstrating the equality of the alternate items. Failure to provide information for alternate items may be grounds for rejection of a Vendor's bid.

11. EXCEPTIONS AND CLARIFICATIONS: The Solicitation contains the specifications that shall form the basis of a contractual agreement. Vendor shall clearly mark any exceptions, clarifications, or

other proposed modifications in its bid. Exceptions to, clarifications of, or modifications of a requirement or term and condition of the Solicitation may result in bid disqualification.

12. **LIQUIDATED DAMAGES:** Vendor shall pay liquidated damages in the amount

	for	

This clause shall in no way be considered exclusive and shall not limit the State or Agency's right to pursue any other available remedy.

13. **ACCEPTANCE/REJECTION:** The State may accept or reject any bid in whole, or in part. Vendor's signature on its bid signifies acceptance of the terms and conditions contained in the Solicitation and Vendor agrees to be bound by the terms of the Contract, as reflected in the Purchase Order, upon receipt.
14. **REGISTRATION:** Prior to Contract award, the apparent successful Vendor must be properly registered with the West Virginia Purchasing Division and must have paid the \$125 fee if applicable.
15. **COMMUNICATION LIMITATIONS:** In accordance with West Virginia Code of State Rules §148-1-6.6, communication with the State of West Virginia or any of its employees regarding this Solicitation during the solicitation, bid, evaluation or award periods, except through the Purchasing Division, is strictly prohibited without prior Purchasing Division approval. Purchasing Division approval for such communication is implied for all agency delegated and exempt purchases.
16. **FUNDING:** This Contract shall continue for the term stated herein, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise made available, this Contract becomes void and of no effect beginning on July 1 of the fiscal year for which funding has not been appropriated or otherwise made available.
17. **PAYMENT:** Payment in advance is prohibited under this Contract. Payment may only be made after the delivery and acceptance of goods or services. The Vendor shall submit invoices, in arrears, to the Agency at the address on the face of the purchase order labeled "Invoice To."
18. **UNIT PRICE:** Unit prices shall prevail in cases of a discrepancy in the Vendor's bid.
19. **DELIVERY:** All quotations are considered freight on board destination ("F.O.B. destination") unless alternate shipping terms are clearly identified in the bid. Vendor's listing of shipping terms that contradict the shipping terms expressly required by this Solicitation may result in bid disqualification.
20. **INTEREST:** Interest attributable to late payment will only be permitted if authorized by the West Virginia Code. Presently, there is no provision in the law for interest on late payments.
21. **PREFERENCE:** Vendor Preference may only be granted upon written request and only in accordance with the West Virginia Code § 5A-3-37 and the West Virginia Code of State Rules. A Resident Vendor Certification form has been attached hereto to allow Vendor to apply for the preference. Vendor's

failure to submit the Resident Vendor Certification form with its bid will result in denial of Vendor Preference. Vendor Preference does not apply to construction projects.

- 22. SMALL, WOMEN-OWNED, OR MINORITY-OWNED BUSINESSES:** For any solicitations publicly advertised for bid on or after July 1, 2012, in accordance with West Virginia Code §5A-3-37(a)(7) and W. Va. CSR § 148-22-9, any non-resident vendor certified as a small, women-owned, or minority-owned business under W. Va. CSR § 148-22-9 shall be provided the same preference made available to any resident vendor. Any non-resident small, women-owned, or minority-owned business must identify itself as such in writing, must submit that writing to the Purchasing Division with its bid, and must be properly certified under W. Va. CSR § 148-22-9 prior to submission of its bid to receive the preferences made available to resident vendors. Preference for a non-resident small, women-owned, or minority owned business shall be applied in accordance with W. Va. CSR § 148-22-9.
- 23. TAXES:** The Vendor shall pay any applicable sales, use, personal property or any other taxes arising out of this Contract and the transactions contemplated thereby. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes.
- 24. CANCELLATION:** The Purchasing Division Director reserves the right to cancel this Contract immediately upon written notice to the vendor if the materials or workmanship supplied do not conform to the specifications contained in the Contract. The Purchasing Division Director may cancel any purchase or Contract upon 30 days written notice to the Vendor in accordance with West Virginia Code of State Rules § 148-1-7.16.2.
- 25. WAIVER OF MINOR IRREGULARITIES:** The Director reserves the right to waive minor irregularities in bids or specifications in accordance with West Virginia Code of State Rules § 148-1-4.6.
- 26. TIME:** Time is of the essence with regard to all matters of time and performance in this Contract.
- 27. APPLICABLE LAW:** This Contract is governed by and interpreted under West Virginia law without giving effect to its choice of law principles. Any information provided in specification manuals, or any other source, verbal or written, which contradicts or violates the West Virginia Constitution, West Virginia Code or West Virginia Code of State Rules is void and of no effect.
- 28. COMPLIANCE:** Vendor shall comply with all applicable federal, state, and local laws, regulations and ordinances. By submitting a bid, Vendors acknowledge that they have reviewed, understand, and will comply with all applicable law.
- 29. PREVAILING WAGE:** On any contract for the construction of a public improvement, Vendor and any subcontractors utilized by Vendor shall pay a rate or rates of wages which shall not be less than the fair minimum rate or rates of wages (prevailing wage), as established by the West Virginia Division of Labor under West Virginia Code §§ 21-5A-1 et seq. and available at <http://www.sos.wv.gov/administrative-law/wagerates/Pages/default.aspx>. Vendor shall be responsible for ensuring compliance with prevailing wage requirements and determining when prevailing wage

requirements are applicable. The required contract provisions contained in West Virginia Code of State Rules § 42-7-3 are specifically incorporated herein by reference.

- 30. ARBITRATION:** Any references made to arbitration contained in this Contract, Vendor's bid, or in any American Institute of Architects documents pertaining to this Contract are hereby deleted, void, and of no effect.
- 31. MODIFICATIONS:** This writing is the parties' final expression of intent. Notwithstanding anything contained in this Contract to the contrary, no modification of this Contract shall be binding without mutual written consent of the Agency, and the Vendor, with approval of the Purchasing Division and the Attorney General's office (Attorney General approval is as to form only). **No Change shall be implemented by the Vendor until such time as the Vendor receives an approved written change order from the Purchasing Division.**
- 32. WAIVER:** The failure of either party to insist upon a strict performance of any of the terms or provision of this Contract, or to exercise any option, right, or remedy herein contained, shall not be construed as a waiver or a relinquishment for the future of such term, provision, option, right, or remedy, but the same shall continue in full force and effect. Any waiver must be expressly stated in writing and signed by the waiving party.
- 33. SUBSEQUENT FORMS:** The terms and conditions contained in this Contract shall supersede any and all subsequent terms and conditions which may appear on any form documents submitted by Vendor to the Agency or Purchasing Division such as price lists, order forms, invoices, sales agreements, or maintenance agreements, and includes internet websites or other electronic documents. Acceptance or use of Vendor's forms does not constitute acceptance of the terms and conditions contained thereon.
- 34. ASSIGNMENT:** Neither this Contract nor any monies due, or to become due hereunder, may be assigned by the Vendor without the express written consent of the Agency, the Purchasing Division, the Attorney General's office (as to form only), and any other government agency or office that may be required to approve such assignments. Notwithstanding the foregoing, Purchasing Division approval may or may not be required on certain agency delegated or exempt purchases.
- 35. WARRANTY:** The Vendor expressly warrants that the goods and/or services covered by this Contract will: (a) conform to the specifications, drawings, samples, or other description furnished or specified by the Agency; (b) be merchantable and fit for the purpose intended; and (c) be free from defect in material and workmanship.
- 36. STATE EMPLOYEES:** State employees are not permitted to utilize this Contract for personal use and the Vendor is prohibited from permitting or facilitating the same.
- 37. BANKRUPTCY:** In the event the Vendor files for bankruptcy protection, the State of West Virginia may deem this Contract null and void, and terminate this Contract without notice.

- 38. HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, is available online at <http://www.state.wv.us/admin/purchase/vrc/hipaa.html> and is hereby made part of the agreement provided that the Agency meets the definition of a Covered entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the Vendor. Additionally, the HIPAA Privacy, Security, Enforcement & Breach Notification Final Omnibus Rule was published on January 25, 2013. It may be viewed online at <http://www.gpo.gov/fdsys/pkg/FR-2013-01-25/pdf/2013-01073.pdf>. Any organization, that qualifies as the Agency's Business Associate, is expected to be in compliance with this Final Rule. For those Business Associates entering into contracts with a HIPAA Covered State Agency between January 25, 2013 and the release of the 2013 WV State Agency Business Associate Agreement, or September 23, 2013 (whichever is earlier), be advised that you will be required to comply with the 2013 WV State Agency Business Associate Agreement. For those Business Associates with contracts with a HIPAA Covered State Agency executed prior to January 25, 2013, be advised that upon renewal or modification, you will be required to comply with the 2013 WV State Agency Business Associate Agreement no later than September 22, 2014.
- 39. CONFIDENTIALITY:** The Vendor agrees that it will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the Agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the Agency's policies, procedures, and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/default.html>.
- 40. DISCLOSURE:** Vendor's response to the Solicitation and the resulting Contract are considered public documents and will be disclosed to the public in accordance with the laws, rules, and policies governing the West Virginia Purchasing Division. Those laws include, but are not limited to, the Freedom of Information Act found in West Virginia Code § 29B-1-1 et seq.

If a Vendor considers any part of its bid to be exempt from public disclosure, Vendor must so indicate by specifically identifying the exempt information, identifying the exemption that applies, providing a detailed justification for the exemption, segregating the exempt information from the general bid information, and submitting the exempt information as part of its bid but in a segregated and clearly identifiable format. Failure to comply with the foregoing requirements will result in public disclosure of the Vendor's bid without further notice. A Vendor's act of marking all or nearly all of its bid as exempt is not sufficient to avoid disclosure and WILL NOT BE HONORED. Vendor's act of marking a bid or any part thereof as "confidential" or "proprietary" is not sufficient to avoid disclosure and WILL NOT BE HONORED. In addition, a legend or other statement indicating that all or substantially all of the bid is exempt from disclosure is not sufficient to avoid disclosure and WILL NOT BE HONORED. Vendor will be required to defend any claimed exemption for nondisclosure in the event of an administrative or judicial challenge to the State's nondisclosure. Vendor must indemnify the State for any costs incurred related to any exemptions claimed by Vendor. Any questions regarding the applicability of the various public records laws should be addressed to your own legal counsel prior to bid submission.

- 41. LICENSING:** In accordance with West Virginia Code of State Rules §148-1-6.1.7, Vendor must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agency or political subdivision. Upon request, the Vendor must provide all necessary releases to obtain information to enable the Purchasing Division Director or the Agency to verify that the Vendor is licensed and in good standing with the above entities.
- 42. ANTITRUST:** In submitting a bid to, signing a contract with, or accepting a Purchase Order from any agency of the State of West Virginia, the Vendor agrees to convey, sell, assign, or transfer to the State of West Virginia all rights, title, and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the State of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the State of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to Vendor.
- 43. VENDOR CERTIFICATIONS:** By signing its bid or entering into this Contract, Vendor certifies (1) that its bid was made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership, person or entity submitting a bid for the same material, supplies, equipment or services; (2) that its bid is in all respects fair and without collusion or fraud; (3) that this Contract is accepted or entered into without any prior understanding, agreement, or connection to any other entity that could be considered a violation of law; and (4) that it has reviewed this RFQ in its entirety; understands the requirements, terms and conditions, and other information contained herein. Vendor's signature on its bid also affirms that neither it nor its representatives have any interest, nor shall acquire any interest, direct or indirect, which would compromise the performance of its services hereunder. Any such interests shall be promptly presented in detail to the Agency.

The individual signing this bid on behalf of Vendor certifies that he or she is authorized by the Vendor to execute this bid or any documents related thereto on Vendor's behalf; that he or she is authorized to bind the Vendor in a contractual relationship; and that, to the best of his or her knowledge, the Vendor has properly registered with any State agency that may require registration.

- 44. PURCHASING CARD ACCEPTANCE:** The State of West Virginia currently utilizes a Purchasing Card program, administered under contract by a banking institution, to process payment for goods and services. The Vendor must accept the State of West Virginia's Purchasing Card for payment of all orders under this Contract unless the box below is checked.

Vendor is not required to accept the State of West Virginia's Purchasing Card as payment for all goods and services.

- 45. VENDOR RELATIONSHIP:** The relationship of the Vendor to the State shall be that of an independent contractor and no principal-agent relationship or employer-employee relationship is contemplated or created by this Contract. The Vendor as an independent contractor is solely liable for the acts and omissions of its employees and agents. Vendor shall be responsible for selecting,

supervising, and compensating any and all individuals employed pursuant to the terms of this Solicitation and resulting contract. Neither the Vendor, nor any employees or subcontractors of the Vendor, shall be deemed to be employees of the State for any purpose whatsoever. Vendor shall be exclusively responsible for payment of employees and contractors for all wages and salaries, taxes, withholding payments, penalties, fees, fringe benefits, professional liability insurance premiums, contributions to insurance and pension, or other deferred compensation plans, including but not limited to, Workers' Compensation and Social Security obligations, licensing fees, *etc.* and the filing of all necessary documents, forms and returns pertinent to all of the foregoing. Vendor shall hold harmless the State, and shall provide the State and Agency with a defense against any and all claims including, but not limited to, the foregoing payments, withholdings, contributions, taxes, Social Security taxes, and employer income tax returns.

- 46. INDEMNIFICATION:** The Vendor agrees to indemnify, defend, and hold harmless the State and the Agency, their officers, and employees from and against: (1) Any claims or losses for services rendered by any subcontractor, person, or firm performing or supplying services, materials, or supplies in connection with the performance of the Contract; (2) Any claims or losses resulting to any person or entity injured or damaged by the Vendor, its officers, employees, or subcontractors by the publication, translation, reproduction, delivery, performance, use, or disposition of any data used under the Contract in a manner not authorized by the Contract, or by Federal or State statutes or regulations; and (3) Any failure of the Vendor, its officers, employees, or subcontractors to observe State and Federal laws including, but not limited to, labor and wage and hour laws.
- 47. PURCHASING AFFIDAVIT:** In accordance with West Virginia Code § 5A-3-10a, all Vendors are required to sign, notarize, and submit the Purchasing Affidavit stating that neither the Vendor nor a related party owe a debt to the State in excess of \$1,000. The affidavit must be submitted prior to award, but should be submitted with the Vendor's bid. A copy of the Purchasing Affidavit is included herewith.
- 48. ADDITIONAL AGENCY AND LOCAL GOVERNMENT USE:** This Contract may be utilized by and extends to other agencies, spending units, and political subdivisions of the State of West Virginia; county, municipal, and other local government bodies; and school districts ("Other Government Entities"). This Contract shall be extended to the aforementioned Other Government Entities on the same prices, terms, and conditions as those offered and agreed to in this Contract. If the Vendor does not wish to extend the prices, terms, and conditions of its bid and subsequent contract to the Other Government Entities, the Vendor must clearly indicate such refusal in its bid. A refusal to extend this Contract to the Other Government Entities shall not impact or influence the award of this Contract in any manner.
- 49. CONFLICT OF INTEREST:** Vendor, its officers or members or employees, shall not presently have or acquire any interest, direct or indirect, which would conflict with or compromise the performance of its obligations hereunder. Vendor shall periodically inquire of its officers, members and employees to ensure that a conflict of interest does not arise. Any conflict of interest discovered shall be promptly presented in detail to the Agency.

50. REPORTS: Vendor shall provide the Agency and/or the Purchasing Division with the following reports identified by a checked box below:

- Such reports as the Agency and/or the Purchasing Division may request. Requested reports may include, but are not limited to, quantities purchased, agencies utilizing the contract, total contract expenditures by agency, etc.
- Quarterly reports detailing the total quantity of purchases in units and dollars, along with a listing of purchases by agency. Quarterly reports should be delivered to the Purchasing Division via email at purchasing.requisitions@wv.gov.

51. BACKGROUND CHECK: In accordance with W. Va. Code § 15-2D-3, the Director of the Division of Protective Services shall require any service provider whose employees are regularly employed on the grounds or in the buildings of the Capitol complex or who have access to sensitive or critical information to submit to a fingerprint-based state and federal background inquiry through the state repository. The service provider is responsible for any costs associated with the fingerprint-based state and federal background inquiry.

After the contract for such services has been approved, but before any such employees are permitted to be on the grounds or in the buildings of the Capitol complex or have access to sensitive or critical information, the service provider shall submit a list of all persons who will be physically present and working at the Capitol complex to the Director of the Division of Protective Services for purposes of verifying compliance with this provision.

The State reserves the right to prohibit a service provider's employees from accessing sensitive or critical information or to be present at the Capitol complex based upon results addressed from a criminal background check.

Service providers should contact the West Virginia Division of Protective Services by phone at (304) 558-9911 for more information.

52. PREFERENCE FOR USE OF DOMESTIC STEEL PRODUCTS: Except when authorized by the Director of the Purchasing Division pursuant to W. Va. Code § 5A-3-56, no contractor may use or supply steel products for a State Contract Project other than those steel products made in the United States. A contractor who uses steel products in violation of this section may be subject to civil penalties pursuant to W. Va. Code § 5A-3-56. As used in this section:

- a. "State Contract Project" means any erection or construction of, or any addition to, alteration of or other improvement to any building or structure, including, but not limited to, roads or highways, or the installation of any heating or cooling or ventilating plants or other equipment, or the supply of and materials for such projects, pursuant to a contract with the State of West Virginia for which bids were solicited on or after June 6, 2001.
- b. "Steel Products" means products rolled, formed, shaped, drawn, extruded, forged, cast, fabricated or otherwise similarly processed, or processed by a combination of two or more or

such operations, from steel made by the open heath, basic oxygen, electric furnace, Bessemer or other steel making process.

The Purchasing Division Director may, in writing, authorize the use of foreign steel products if:

- a. The cost for each contract item used does not exceed one tenth of one percent (.1%) of the total contract cost or two thousand five hundred dollars (\$2,500.00), whichever is greater. For the purposes of this section, the cost is the value of the steel product as delivered to the project; or
- b. The Director of the Purchasing Division determines that specified steel materials are not produced in the United States in sufficient quantity or otherwise are not reasonably available to meet contract requirements.

53. PREFERENCE FOR USE OF DOMESTIC ALUMINUM, GLASS, AND STEEL: In Accordance with W. Va. Code § 5-19-1 et seq., and W. Va. CSR § 148-10-1 et seq., for every contract or subcontract, subject to the limitations contained herein, for the construction, reconstruction, alteration, repair, improvement or maintenance of public works or for the purchase of any item of machinery or equipment to be used at sites of public works, only domestic aluminum, glass or steel products shall be supplied unless the spending officer determines, in writing, after the receipt of offers or bids, (1) that the cost of domestic aluminum, glass or steel products is unreasonable or inconsistent with the public interest of the State of West Virginia, (2) that domestic aluminum, glass or steel products are not produced in sufficient quantities to meet the contract requirements, or (3) the available domestic aluminum, glass, or steel do not meet the contract specifications. This provision only applies to public works contracts awarded in an amount more than fifty thousand dollars (\$50,000) or public works contracts that require more than ten thousand pounds of steel products.

The cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than twenty percent (20%) of the bid or offered price for foreign made aluminum, glass, or steel products. If the domestic aluminum, glass or steel products to be supplied or produced in a "substantial labor surplus area", as defined by the United States Department of Labor, the cost of domestic aluminum, glass, or steel products may be unreasonable if the cost is more than thirty percent (30%) of the bid or offered price for foreign made aluminum, glass, or steel products.

This preference shall be applied to an item of machinery or equipment, as indicated above, when the item is a single unit of equipment or machinery manufactured primarily of aluminum, glass or steel, is part of a public works contract and has the sole purpose or of being a permanent part of a single public works project. This provision does not apply to equipment or machinery purchased by a spending unit for use by that spending unit and not as part of a single public works project.

All bids and offers including domestic aluminum, glass or steel products that exceed bid or offer prices including foreign aluminum, glass or steel products after application of the preferences provided in this provision may be reduced to a price equal to or lower than the lowest bid or offer price for foreign aluminum, glass or steel products plus the applicable preference. If the reduced bid or offer prices are made in writing and supersede the prior bid or offer prices, all bids or offers, including the reduced bid or offer prices, will be reevaluated in accordance with this rule.

**Request For Quotation
EBA438 Audit Services**

SPECIFICATIONS

1. **PURPOSE and SCOPE:** The West Virginia Purchasing Division is soliciting bids on behalf of the Educational Broadcasting Authority, to establish a contract for Audit Services for the year ending June 30, 2013.

2. **DEFINITIONS:** The terms listed below shall have the meanings assigned to them below. Additional definitions can be found in section 2 of the General Terms and Conditions.
 - 2.1 **“Contract Services”** means to perform the audits of the West Virginia Educational Broadcasting Authority and Affiliates, the West Virginia Public Broadcasting Foundation, Inc. and the Friends of West Virginia Public Broadcasting, Inc.

 - 2.2 **“Pricing Page”** means the pages upon which Vendor should list its proposed price for the Contract Services. The Pricing Page is either included on the last page of this RFQ or attached hereto as Exhibit A.

 - 2.3 **“RFQ”** means the official request for quotation published by the Purchasing Division and identified as EBA438.

3. **Qualifications:** Vendor shall have the following minimum qualifications:
 - 3.1 Qualified firms of certified public accountants who are qualified to perform audits in accordance with generally accepted auditing standards as Established by the American Institute of Certified Public Accountants and other applicable laws and regulations.

4. MANDATORY REQUIREMENTS

4.1 Mandatory Contract Services Requirements and Deliverables: Contract services must meet or exceed the mandatory requirements listed below.

NOTE: Financial records for all divisions will be available on August 12, 2013

- 4.1.1 The contract services of this project are to perform the audits of the financial statements for the fiscal year ending June 30, 2013 of the West Virginia Educational Broadcasting Authority and Affiliates, the West Virginia Public Broadcasting Foundation, Inc. and the Friends of West Virginia Public Broadcasting, Inc. in accordance with generally accepted auditing standards and other applicable laws and regulations including OMB Circular A-133, GASB 34, and SAS 99. The audits are to be performed by a firm of certified public accountants in accordance with the requirements of the Public Telecommunications Audit Guide and Requirements, Corporation for Public Broadcasting as well as Principles of Accounting and Financial Reporting for Public Telecommunications Entities, Corporations for Public Broadcasting (CPB) and Generally Accepted Auditing Standards as established by the American Institute of Certified Public Accountants and other applicable laws and regulations. Tentative draft of consolidated financial statements of WVEBA and affiliates to comply with FARS (Financial and Reporting Section) reporting requirements **MUST** be completed by September 15, 2013. A final draft must be submitted to FARS by October 15, 2013, or earlier if deadline is changed by FARS.
- 4.1.2 Tax services will also be required for the completion of this project. Preparation of Federal Forms 990 for the West Virginia Public Broadcasting Foundation, Inc. for the period to be audited: July 2012 to June 30, 2013. Completed Federal forms 990, and all subsidiary schedules common to Not-for-profit and exempt organizations **MUST** be filed no later than November 15, 2013, or earlier if deadline is revised by Internal Revenue Service.
- 4.1.3 The WV Educational Broadcasting Authority will require the auditing firm to express an opinion on the fair presentation of financial statements in conformity with generally accepted accounting principles.
- 4.1.4 Additionally, the auditor will be required to prepare all supporting schedules required by the Department of Administration (FARS) for the preparation of the state's Comprehensive Annual Financial Report (CAFR).

4.1.5 The auditor shall be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

4.1.6 The firm will be required to assist in the preparation of the Corporation for Public Broadcasting Annual Financial Reports (CPB AFR), to review and attest to the information on the CPB AFR, and to provide the Independent Accountant's Report and the Audited Financial Statements to CPB in the required format. CPB AFR and Audited Financial Statements **MUST** be completed no later than November 30, 2013 for review by the agency and **MUST** be submitted by the auditor to CPB no later than November 30, 2013, or earlier if deadline is revised by CPB.

4.2 Reports to be issued:

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. A separate report shall be issued for the EBA and Affiliates, the WV Public Broadcasting Foundation, Inc.

4.3 Irregularities and illegal acts:

Auditors shall be required to make an immediate written report of all irregularities and illegal acts of which they become aware to the WVEBA CFO at 124 Industrial Park Road, Beaver, WV 25313.

4.4 Assurances:

Auditors shall assure themselves that the WV Educational Broadcasting Authority's Chief Financial Officer is informed of each of the following:

1. The Auditor's responsibility under generally accepted auditing standards
2. Significant accounting policies
3. Management judgements and accounting estimates
4. Significant audit adjustments
5. Other information in documents containing audited financial statements
6. Difficulties encountered in performing the audit

4.5 Working paper retention and access:

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the Educational Broadcasting Director of Finance of the need to expand the retention period. The auditor will be required to make working papers available, upon request, to the WV Educational Broadcasting Authority.

5. CONTRACT AWARD:

5.1 Contract Award: The Contract is intended to provide Agency with a purchase price for the Contract Services. The Contract shall be awarded to the Vendor that provides the Contract Services meeting the required specifications for the lowest overall total cost as shown on the Pricing Pages.

5.2 Pricing Page: Vendor should complete the Pricing Page by filling in their bid price in the space provided for the item(s) requested and the line marked TOTAL. Vendor representative shall sign and date the form on the line provided. Vendor should complete the Pricing Page in full as failure to complete the Pricing Page in its entirety may result in Vendor's bid being disqualified.

Notwithstanding the foregoing, the Purchasing Division may correct errors as it deems appropriate. Vendor should type or electronically enter the information into the Pricing Page to prevent errors in the evaluation.

- 6. PERFORMANCE:** Vendor and Agency shall agree upon a schedule for performance of Contract Services and Contract Services Deliverables, unless such a schedule is already included herein by Agency. In the event that this Contract is designated as an open-end contract, Vendor shall perform in accordance with the release orders that may be issued against this Contract.
- 7. PAYMENT:** Agency shall pay flat fee, as shown on the Pricing Pages, for all Contract Services performed and accepted under this Contract. Vendor shall accept payment in accordance with the payment procedures of the State of West Virginia.
- 8. TRAVEL:** Vendor shall be responsible for all mileage and travel costs, including travel time, associated with performance of this Contract. Any anticipated mileage or travel costs may be included in the flat fee or hourly rate listed on Vendor's bid, but such costs will not be paid by the Agency separately.
- 9. FACILITIES ACCESS:** Performance of Contract Services may require access cards and/or keys to gain entrance to Agency's facilities. In the event that access cards and/or keys are required:
- 9.1 Vendor must identify principal service personnel which will be issued access cards and/or keys to perform service.
 - 9.2 Vendor will be responsible for controlling cards and keys and will pay replacement fee, if the cards or keys become lost or stolen.

9.3 Vendor shall notify Agency immediately of any lost, stolen, or missing card or key.

9.4 Anyone performing under this Contract will be subject to Agency's security protocol and procedures.

9.5 Vendor shall inform all staff of Agency's security protocol and procedures.

10 VENDOR DEFAULT:

10.1 The following shall be considered a vendor default under this Contract.

10.1.1 Failure to perform Contract Services in accordance with the requirements contained herein.

10.1.2 Failure to comply with other specifications and requirements contained herein.

10.1.3 Failure to comply with any laws, rules, and ordinances applicable to the Contract Services provided under this Contract.

10.1.4 Failure to remedy deficient performance upon request.

10.2 The following remedies shall be available to Agency upon default.

10.2.1 Cancellation of the Contract.

10.2.2 Cancellation of one or more release orders issued under this Contract.

10.2.3 Any other remedies available in law or equity.

11 MISCELLANEOUS:

11.1 **Contract Manager:** During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor’s responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

Contract Manager: _____
Telephone Number: _____
Fax Number: _____
Email Address: _____

12. OPERATING ENVIRONMENT

12.1 WVEBA administration consists of: Executive Director – Scott Finn, 600 Capitol Street, Charleston, WV 25301; WV Public Television Director of Broadcast Technology – Dave McClanahan, 600 Capitol Street, Charleston WV 25301; CFO – Tammy Treadway, 124 Industrial Park Drive, Beaver, WV 25813; WV Public Radio General Manager – Scott Finn, 600 Capitol Street, Charleston, WV 25301.

The business office for the West Virginia Educational Broadcasting Authority, the WV Public Broadcasting Foundation, Inc. and the Friends of WV Public Broadcasting, Inc. is located at 124 Industrial Park Drive, Beaver, WV 25813. CFO for WVEBA is Tammy Treadway, 124 Industrial Park Road, Beaver, WV 25813.

13. EXHIBITS

13.1 WV Educational Broadcasting Authority and Affiliates: FY 2012 Regular Audit

13.2 WV Public Broadcasting Foundation, Inc.: FY 2012 Regular Audit

14. INVOICE

Submit invoice to:
West Virginia Educational Broadcasting Authority
Attention Tammy Treadway
124 Industrial Park Road
Beaver, WV 25313

15. INFORMATIONAL

15.1 Nature of organization and principles of combination: The West Virginia Educational Broadcasting Authority (EBA), a component unit of the State of West Virginia, is a public corporation which was created by the State of West Virginia and is responsible for extending educational, cultural and informational experiences to all citizens of West Virginia through the construction and operation of noncommercial, educational TV and radio stations and related facilities statewide. EBA supervises and operates three public TV stations and sixteen public radio stations plus a statewide two-way microwave network that links the stations and provides special telecommunication services for other state and public service agencies for non-broadcasted activities such as teleconferencing, in-service training, and data delivery.

The following radio and television stations are operated by the EBA:

WVPN (FM) Charleston	WVHA (FM) Webster Springs
WVWV (FM) Huntington	W207AA (FM) Clarksburg
WVPB (FM) Beckley	W203AE (FM) Elkins
WVPW (FM) Buckhannon	W220BK (FM) Logan
WVNP (FM) Wheeling	W219BM (FM) Matewan
WVPM (FM) Morgantown	W218AT (FM) Union
WVPG (FM) Parkersburg	WNPB (TV) Morgantown
WVEP (FM) Martinsburg	WPBY (TV) Huntington
WAUA (FM) Petersburg	WSWP (TV) Beckley
WVDM (FM) Bluefield	

The combined financial statements include the assets, liabilities, financial activities, and cash flows of the West Virginia Educational Broadcasting Authority, each of the above stations and their interrelated affiliated organizations as follows:

West Virginia Public Broadcasting Foundation, Inc. and the Friends of West Virginia Public Broadcasting, Inc.

The West Virginia Public Broadcasting Foundation, Inc. (the Foundation) was formed in 1992 as a non-profit corporation. The Foundation was organized exclusively for charitable and educational purposes to receive, hold, disperse, and invest monies or property given or donated to EBA for educational and eleemosynary purposes related to the preservation, maintenance, promotion, development and growth of educational and public broadcasting in the State of West Virginia. EBA has sole discretion as to the use of the money and property.

The affiliated Friends organization solicit funds for the benefit of the television and radio stations and public broadcasting. Funds are expended by the friends for the benefit of the stations in amounts determined by their Board of Directors.

The EBA and Affiliates recognized \$9.8 million in revenue in 2012.



Balestra, Harr and Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

West Virginia Public Broadcasting Foundation, Inc.

Regular Audit

July 1, 2011 Through June 30, 2012

Fiscal Year Audited Under GAGAS: 2012

WEST VIRGINIA PUBLIC BROADCASTING FOUNDATION, INC.

REGULAR AUDIT REPORT

YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
West Virginia Public Broadcasting
Foundation, Inc.
Charleston, West Virginia

We have audited the accompanying statement of financial position of the West Virginia Public Broadcasting Foundation, Inc. (the Foundation) as of June 30, 2012, and the related statements of financial activity and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion 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 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 Foundation, as of June 30, 2012, and the results of its operations and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
October 10, 2012

WEST VIRGINIA BROADCASTING FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2012 WITH COMPARATIVE TOTALS AS OF JUNE 30, 2011

	ASSETS			2012 Total	2011 Totals (Memorandum Only)
	Administration	Television	Radio		
CURRENT ASSETS					
Cash and cash equivalents	\$ 6,877	\$ 16,588	\$ 20,480	\$ 43,945	\$ 54,140
Marketable securities	-	332,254	80,519	412,773	413,663
Accounts receivable	10,924	-	-	10,924	25,034
Program rights, less accumulated amortization	-	-	-	-	46,990
TOTAL CURRENT ASSETS	<u>17,801</u>	<u>348,842</u>	<u>100,999</u>	<u>467,642</u>	<u>539,827</u>
OTHER ASSETS					
Beneficial interest in perpetual trust	-	236,716	-	236,716	243,327
TOTAL ASSETS	<u>\$ 17,801</u>	<u>\$ 585,558</u>	<u>\$ 100,999</u>	<u>\$ 704,358</u>	<u>\$ 783,154</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 3,489	\$ 3,489	\$ 13,915
Deferred revenue	-	15,748	12,300	28,048	15,748
TOTAL CURRENT LIABILITIES	<u>-</u>	<u>15,748</u>	<u>15,789</u>	<u>31,537</u>	<u>29,663</u>
NET ASSETS					
Unrestricted	17,801	333,094	85,210	436,105	510,164
Permanently Restricted	-	236,716	-	236,716	243,327
TOTAL NET ASSETS	<u>17,801</u>	<u>569,810</u>	<u>85,210</u>	<u>672,821</u>	<u>753,491</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,801</u>	<u>\$ 585,558</u>	<u>\$ 100,999</u>	<u>\$ 704,358</u>	<u>\$ 783,154</u>

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

WEST VIRGINIA PUBLIC BROADCASTING FOUNDATION, INC.
STATEMENT OF FINANCIAL ACTIVITY
YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Administration</u>	<u>Television</u>	<u>Radio</u>	<u>2012 Total</u>	<u>2011 Totals (Memorandum Only)</u>
SUPPORT AND REVENUE					
Community Service grants	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 35,000
Other grants	-	-	-	-	35,850
Membership income and individual payments	-	-	3,461	3,461	33,307
Underwriting	-	-	111,583	111,583	139,110
Interest income	-	-	-	-	143,078
Other income	53,919	-	215,325	269,244	198,858
TOTAL SUPPORT AND REVENUE	<u>53,919</u>	<u>-</u>	<u>400,369</u>	<u>454,288</u>	<u>585,203</u>
EXPENSES					
Program Services:					
Programming and production	621	-	400,527	401,148	400,450
Public information	1,911	-	-	1,911	39
Total program expenses	<u>2,532</u>	<u>-</u>	<u>400,527</u>	<u>403,059</u>	<u>400,489</u>
Supporting Services:					
Fundraising	943	-	-	943	216
Management and general	31,753	-	-	31,753	6,864
Total supporting expenses	<u>32,696</u>	<u>-</u>	<u>-</u>	<u>32,696</u>	<u>7,080</u>
TOTAL EXPENSES	<u>35,228</u>	<u>-</u>	<u>400,527</u>	<u>435,755</u>	<u>407,569</u>
EXCESS (DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES PRIOR TO CHANGE IN INVESTMENTS					
	18,691	-	(158)	18,533	177,634
CHANGES IN INVESTMENTS					
Gain/(Loss) on Investments	-	(2,047)	1,157	(890)	-
Net gain (loss) - beneficial interest in perpetual trust	-	(6,611)	-	(6,611)	(107,454)
Total Change in Investments	-	(8,658)	1,157	(7,501)	(107,454)
CHANGE IN NET ASSETS	18,691	(8,658)	999	11,032	70,180
NET ASSETS, BEGINNING	18,036	625,458	109,997	753,491	1,123,712
Transfers between funds and entities	(18,926)	(46,990)	(25,786)	(91,702)	(440,401)
NET ASSETS, ENDING	<u>\$ 17,801</u>	<u>\$ 569,810</u>	<u>\$ 85,210</u>	<u>\$ 672,821</u>	<u>\$ 753,491</u>

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

WEST VIRGINIA PUBLIC BROADCASTING FOUNDATION, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2011

	<u>Administration</u>	<u>Television</u>	<u>Radio</u>	<u>2012 Total</u>	<u>2011 Total (Memorandum Only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Excess (deficiency) of support and revenue over/(under) expenses	\$ 18,691	\$ -	\$ (158)	\$ 18,533	\$ 177,634
Adjustments to reconcile excess (deficiency) of support and revenue over expenses and to cash provided by/(used for) operating activities:					
Change in value of perpetual trust	-	6,611	-	6,611	23,989
Changes in assets and liabilities:					
Receivables	(10,774)	-	24,884	14,110	229,402
Other assets	-	46,990	-	46,990	21,888
Accounts payable	-	-	(10,426)	(10,426)	(13,422)
Deferred revenue	-	-	12,300	12,300	(11,350)
NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES	7,917	53,601	26,600	88,118	428,141
CASH FLOWS FROM INVESTING ACTIVITIES:					
Net change in investments	-	(6,611)	-	(6,611)	(182,151)
NET CASH PROVIDED BY/(USED FOR) INVESTING ACTIVITIES	-	(6,611)	-	(6,611)	(182,151)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Operating transfers in/(out)	(18,926)	(46,990)	(25,786)	(91,702)	(440,401)
NET CASH PROVIDED BY/(USED FOR) NON-CAPITAL FINANCING ACTIVITIES	(18,926)	(46,990)	(25,786)	(91,702)	(440,401)
Net increase/(decrease) in cash and cash equivalents	(11,009)	-	814	(10,195)	(194,411)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,886	16,588	19,666	54,140	248,551
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 6,877	\$ 16,588	\$ 20,480	\$ 43,945	\$ 54,140

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

WEST VIRGINIA BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The West Virginia Public Broadcasting Foundation, Inc. (the Foundation) is a nonprofit corporation organized to receive, hold, disperse and invest monies or property given or donated to the West Virginia Educational Broadcasting Authority (WVEBA) for the educational and charitable purposes related to the preservation, maintenance, promotion, development and growth of educational and public broadcasting in the State of West Virginia. The WVEBA has sole discretion as to the use of the assets of the Foundation.

A summary of significant accounting policies follows:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with applicable standards for governmental nonprofit organizations whereby revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported revenues and expenses. Actual results could differ from those estimates.

Property and Equipment

Property and equipment items are recorded at cost. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred.

Revenue Recognition

Unrestricted contributions and grants are recorded as revenue in the statement of financial activity in the period received. Contributions and grants restricted for specific projects are reported as deferred revenue until qualifying expenses have been incurred.

Donated or contributed services and materials are recorded at their fair value on the date of contribution.

Cash and Cash Equivalents

The Foundation considers cash on hand, cash in banks and certificates of deposit which are not subject to withdrawal restrictions or penalties and which have original maturities of ninety days or less to be cash equivalents.

Trade Receivables

Trade receivables are carried at the original invoice. Past experience has enabled management to determine that the collectability of trade receivables is such that no allowance for uncollectible accounts is required for a fair presentation of the financial statements. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received.

WEST VIRGINIA BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2012

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation, which is not considered a private foundation, is a nonprofit corporation which is recognized as exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of financial activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Occupancy costs are allocated based upon square footage. Other costs requiring allocation to the functions are allocated mainly based upon usage.

Distribution of Assets Upon Event of Dissolution

In the event of dissolution, all assets of the Foundation would revert to the WVEBA, if in existence, or to another public corporation or organization which is exempt from income taxes.

Advertising

Advertising is expensed by the Foundation when purchased.

Total Columns (Memorandum Only)

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to aid in financial analysis. These amounts are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

NOTE 2 – RISK MANAGEMENT

The Foundation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Foundation participates in the State of West Virginia Board of Risk and Insurance Management (BRIM), a public entity risk pool established to account for and finance uninsured risks of losses for state agencies, institutions of higher education and component units. BRIM establishes premiums, bills participants, reinsures certain risks, and services claims. Premiums are established using methods which are not necessarily based on actuarial estimates of the amounts necessary to pay prior and current year claims and to establish reserves for catastrophic losses.

NOTE 3 – REVENUE CONCENTRATIONS

During the year ended June 30, 2012, approximately 15% percent of the Foundation's revenue consisted of grants from the Corporation for Public Broadcasting (CPB). The amount of CPB funding to which the Foundation is entitled is a function of nonfederal financial support generated by WVEBA, the Foundation, and related Friends organizations. Additionally, future funding levels are dependent upon the continued receipt of Federal appropriations by CPB. 25% of the Foundation's revenue was generated by underwriting agreements.

NOTE 4 – DEPOSITS

At June 30, 2012, the carrying amount of deposits held with financial institutions was \$42,195 and the bank balance was \$51,705. The principal difference between the carry amount and bank balance are deposits in transit and outstanding checks. The bank balance was entirely insured by Federal Depository Insurance. The Foundation also had petty cash of \$1,750

WEST VIRGINIA BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 – INVESTMENTS

The Foundation investments include marketable equity securities and certificates of deposit with original maturities of more than 90 days that are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets in the reporting period in which the income and gains are recognized. The equity investments are as follows:

<u>Equity Shares</u>	<u># of Shares</u>	<u>Fair Value</u> <u>At 6/30/12</u>
ISHARES S&P Smallcap 600 Index Fund	690	\$ 50,582
ISHARES S&P 1500 Index Fund	758	46,809
ISHARES S&P Midcap 400 Index Fund	576	54,262
ISHARES MSCI EAFE Index Fund	697	34,803
Certificates of Deposit		100,050
ISHARES BARCLAYS Tips	1143	126,266
TOTAL INVESTMENTS		<u>\$ 412,773</u>

NOTE 6 – RELATED PARTY TRANSACTIONS

The Foundation is organized exclusively for the benefit of the WVEBA and is financially interrelated with WVEBA and various nonprofit Friends organizations that support WVEBA's public television and radio stations and shares common administrative and management personnel with WVEBA. Expenditures paid by the Foundation for the benefit of the WVEBA and affiliates will vary annually based upon available funding. There were no significant transactions with the various related entities during the year.

NOTE 7 – ENDOWMENT TRUSTS

In 2003, Television Friends of West Virginia Public Broadcasting, Inc. and Friends of West Virginia Public Radio, Inc. each contributed \$5,000 to a \$10,000 endowment established at the Beckley Area Foundation (BAF) to benefit the West Virginia Public Broadcasting Foundation, Inc. Under the terms of the Agreement, West Virginia Public Broadcasting Foundation, Inc. has the right to receive the income from the fund, but has no control over, or access to the assets of the fund. Therefore, the assets are not included in these financial statements. Funds received by the Friends groups or the Foundation for the benefit of this fund are transferred to the BAF on an annual basis or more often as significant amount of funds accumulate with spending will be authorized by the Foundation's Board of Directors. At June 30, 2012, the fund had a fair value of approximately \$46,252.

During 2005, the Hersher Foundation created an endowment trust called the Betty J. Hersher Memorial fund for Cultural Programming in the amount of \$200,000 with the West Virginia Public Broadcasting Foundation, Inc. (WVPBF) as the beneficiary. Under the terms of the agreement, WVPBF must obtain an asset level of \$5,000,000 before the trust funds will be transferred to the Foundation. The WVPBF has the right to receive the income from the fund, but has no control over or access to the assets of the fund. Annual income distributions from the trust must be paid to WVPBF to provide funding for opera and other cultural programming on radio and television. The annual distribution for 2012 was \$10,000, split in a 75:25 ratio between television and radio.

WEST VIRGINIA BROADCASTING FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 7 – ENDOWMENT TRUSTS (CONTINUED)

In 2006, the Abbey Myers Thornhill and Sarah Bishop Thornhill Fund was established by Warren and Carolyn Thornhill at the Beckley Area Foundation (BAF) to benefit the West Virginia Public Broadcasting Foundation, Inc. Under the terms of the Agreement, West Virginia Public Broadcasting Foundation, Inc., has the right to receive the income from the fund, but has no control over, or access to the assets of the fund. Therefore, the assets are not included in these financial statements. Fund income is distributed on an annual basis to provide funding for educational programming and services. At June 30, 2012, the fund had a fair value of approximately \$33,452.

NOTE 8 – BENEFICIAL INTEREST OF PERPETUAL TRUST

A donor established a trust with a national banking association naming an affiliate of the Foundation as a beneficiary of the charitable trust upon the benefactor's death; payments from the trust started in 2002. Under terms of the split-interest agreement, the Foundation is to receive 10% of the trust's income annually for its unrestricted use. The Foundation is required to report the present value of future cash flows in the accompanying financial statements. The Foundation reports the investment in the trust using the fair value of the trust's assets as determined by quoted market price, with the fair value change reported as a change in beneficial interest-permanently restricted net assets in the *statement of financial activity* which equated to a decrease of \$6,611 for 2012.

SUPPLEMENTAL INFORMATION



Balestra, Harr & Scherer, CPAs, Inc.

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
West Virginia Public Broadcasting
Foundation, Inc.
Charleston, West Virginia

Our report on our audit of the basic financial statements of the West Virginia Public Broadcasting Foundation, Inc. (the Foundation) for 2012 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on pages 10-11 provides additional analysis and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.

October 10, 2012

WEST VIRGINIA PUBLIC BROADCASTING FOUNDATION, INC.
 SCHEDULE OF FUNCTIONAL EXPENSES
 YEAR ENDED JUNE 30, 2012 WITH COMPARATIVE
 TOTALS FOR THE YEAR ENDED ENDED JUNE 30, 2011

	Program Services		
	Programming and Production	Public Information	Total
Professional services	\$ 299,834	\$ 1,000	\$ 300,834
Office expense	1,739	-	1,739
Telephone	36	-	36
Postage	30	-	30
Advertising	1,568	-	1,568
Occupancy	-	-	-
Rental and maintenance of equipment	8,166	-	8,166
Printing and publication	508	-	508
Travel and transportation	48,240	-	48,240
Program costs	24,392	-	24,392
Miscellaneous	16,635	911	17,546
TOTAL EXPENSES	\$ 401,148	\$ 1,911	\$ 403,059

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

<u>Supporting Services</u>				
<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>2012 Total Functional Expenses</u>	<u>2011 Total (Memorandum Only)</u>
\$ -	\$ 3,645	\$ 3,645	\$ 304,479	\$ 285,745
-	2,095	2,095	3,834	2,598
-	-	-	36	27
-	-	-	30	420
-	-	-	1,568	3,279
-	-	-	-	-
-	-	-	8,166	11,816
-	-	-	508	760
57	2,685	2,742	50,982	42,970
-	21,519	21,519	45,911	31,658
886	1,809	2,695	20,241	28,296
<u>\$ 943</u>	<u>\$ 31,753</u>	<u>\$ 32,696</u>	<u>\$ 435,755</u>	<u>\$ 407,569</u>



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West Virginia Educational Broadcasting Authority and Affiliates

A Component Unit of the State of West Virginia

Regular Audit

July 1, 2011 Through June 30, 2012

Fiscal Year Audited Under GAAS: 2012

**WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND
AFFILIATES**

REGULAR AUDIT REPORT

Year Ended June 30, 2012

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Board of Directors
West Virginia Educational Broadcasting
Authority and Affiliates
Charleston, West Virginia

We have audited the accompanying financial statements of the business-type activities of the West Virginia Educational Broadcasting Authority and Affiliates (the Authority) (a component unit of the State of West Virginia), as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Comptroller General of the United States' *Government Auditing Standards*. 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 business-type activities of the Authority, as of June 30, 2012, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2012 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.

October 10, 2012

West Virginia Educational Broadcasting Authority Management's Discussion and Analysis (Unaudited)

As management of the Educational Broadcasting Authority, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2012. This discussion and analysis is designed to assist the reader in focusing on the significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The EBA's total assets decreased by \$705,360 or 9% over the course of the year's operations.

The EBA's current liabilities decreased by \$86,346 or 17% and long-term liabilities increased by \$727,123 or 32%. Our only long-term liability is compensated absences.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the EBA's finances in a manner similar to private sector business.

The statement of net assets presents information on all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Authority's operations over the past year.

The final required financial statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Financial Analysis

Net assets may serve, over time, as a useful indicator of a government's financial position. In the case of the EBA, assets exceeded liabilities by \$5,062,640 at the close of the most recent fiscal year.

West Virginia Educational Broadcasting Authority
Management's Discussion and Analysis
(Unaudited)

**West Virginia Educational Broadcasting Authority and Affiliates
Condensed, Combined Statement of Net Assets**

	2012	2011
Current assets	\$ 1,809,624	\$ 1,894,179
Capital assets	5,812,204	6,426,398
Other assets	<u>236,716</u>	<u>243,327</u>
Total assets	<u>7,858,544</u>	<u>8,563,904</u>
Current liabilities	\$492,175	\$578,521
Compensated absences	<u>2,303,729</u>	<u>1,576,606</u>
Total Liabilities	<u>2,795,904</u>	<u>2,155,127</u>
Net assets:		
Investment in capital assets	5,812,204	6,426,398
Restricted net assets, nonexpendable	236,716	243,327
Unrestricted net assets	<u>(986,280)</u>	<u>(260,948)</u>
Total net assets	<u>\$ 5,062,640</u>	<u>\$ 6,408,777</u>

**West Virginia Educational Broadcasting Authority and Affiliates
Condensed, Combined Statement of Revenues, Expenses,
and Changes in Net Assets**

	2012	2011
Operating revenues	\$ 3,997,301	\$ 3,858,858
Operating expenses	<u>11,178,205</u>	<u>11,251,846</u>
Income (loss) from operations	<u>(7,180,904)</u>	<u>(7,392,988)</u>
Net non-operating revenues (expenses):		
Gain (loss) on investments	(890)	-
Gain on sale of assets	-	3,012
Investment income	2	143,081
Entitlements and grants	738,093	655,032
Gain (loss) on beneficial interest in perpetual trust	<u>(6,611)</u>	<u>(107,454)</u>
Net non-operating revenue/expenses	<u>730,594</u>	<u>693,671</u>
Operating transfer in from primary government	<u>5,104,173</u>	<u>5,467,288</u>
Change in net assets	(1,346,137)	(1,232,029)
Net assets, beginning of year	<u>6,408,777</u>	<u>7,640,806</u>
Net assets, end of year	<u>\$ 5,062,640</u>	<u>\$ 6,408,777</u>

West Virginia Educational Broadcasting Authority
Management's Discussion and Analysis
(Unaudited)

Significant Events

There are no significant events to report for the fiscal year ended June 30, 2012.

Capital Assets

Capital assets consisted of the following at June 30, 2012:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable Capital Assets:				
Land	\$ 77,075	\$ -	\$ -	\$ 77,075
Total Non-depreciable Capital Assets	77,075	-	-	77,075
Depreciable Capital Assets:				
Buildings & Improvements	7,023,118	95,210	-	7,118,328
Equipment	23,161,693	201,368	-	23,363,061
Total Depreciable Capital Assets	30,184,811	296,578	-	30,481,389
Less: Accumulated Depreciation:				
Buildings & Improvements*	(4,104,331)	(236,639)	-	(4,340,970)
Equipment*	(19,731,157)	(674,133)	-	(20,405,290)
Total Accumulated Depreciation	(23,835,488)	(910,772)	-	(24,746,260)
Total Depreciable Capital Assets	6,349,323	(614,194)	-	5,735,129
Net Capital Assets	\$ 6,426,398	\$ (614,194)	\$ -	\$ 5,812,204

Debt Administration

The Authority or its Affiliates is not subject to any long term debt obligations at June 30, 2012.

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, West Virginia Educational Broadcasting Authority, P.O. Box 9004, Beckley, WV 25802-9004.

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WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENT OF NET ASSETS
As of June 30, 2012

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 953,947
Marketable securities	412,773
Receivables	155,071
Due from primary government	125,571
Other assets	<u>162,262</u>
TOTAL CURRENT ASSETS	1,809,624
NON-CURRENT ASSETS	
Capital assets, net	5,812,204
OTHER ASSETS	
Beneficial interest in perpetual trust	<u>236,716</u>
TOTAL ASSETS	<u>\$ 7,858,544</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 95,014
Deferred revenues	63,048
Compensated absences	<u>334,113</u>
TOTAL CURRENT LIABILITIES	492,175
LONG-TERM LIABILITIES	
Compensated absences	<u>2,303,729</u>
TOTAL LONG-TERM LIABILITIES	<u>2,303,729</u>
TOTAL LIABILITIES	2,795,904
NET ASSETS	
Invested in capital assets	5,812,204
Restricted net assets, non-expendable	236,716
Unrestricted net assets	<u>(986,280)</u>
TOTAL NET ASSETS	<u>\$ 5,062,640</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2012

OPERATING REVENUES:	
Charges for services	\$ 1,783,380
Entitlement and grants	1,517,886
Other	<u>696,035</u>
TOTAL OPERATING REVENUES	3,997,301
OPERATING EXPENSES:	
Cost of sales and services	8,591,253
General and administration	1,676,180
Depreciation and amortization	<u>910,772</u>
TOTAL OPERATING EXPENSES	11,178,205
OPERATING INCOME/(LOSS)	(7,180,904)
NON-OPERATING REVENUES/(EXPENSES)	
Entitlement and grants	738,093
Interest and other investment income	2
Gain on sales of assets	(890)
Gain (loss) on beneficial interest in perpetual trust	<u>(6,611)</u>
TOTAL NON-OPERATING REVENUES/(EXPENSES)	730,594
INCOME/(LOSS) BEFORE OPERATING TRANSFERS	(6,450,310)
OPERATING TRANSFERS	
Operating transfers in from primary government	<u>5,104,173</u>
TOTAL OPERATING TRANSFERS	<u>5,104,173</u>
DECREASE IN NET ASSETS	(1,346,137)
NET ASSETS, BEGINNING OF YEAR	<u>6,408,777</u>
NET ASSETS, END OF YEAR	<u><u>\$ 5,062,640</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers:	
Operating revenue	\$ 3,997,301
Plus: accounts receivable - beginning	389,679
Minus: accounts receivable - ending	(155,071)
Plus: due from primary government - beginning	220,980
Minus: due from primary government - ending	(125,571)
Plus: other assets - beginning	133,639
Minus: other assets - ending	(162,262)
Minus: deferred revenue - beginning	(15,748)
Plus: deferred revenue - ending	<u>63,048</u>
TOTAL CASH RECEIVED FROM CUSTOMERS	4,345,995

Cash paid to employees:	
Salaries and benefits expense	(5,638,059)
Minus: compensated absences - beginning	(1,936,141)
Plus: compensated absences - ending	<u>2,637,842</u>
TOTAL CASH PAID TO EMPLOYEES	(4,936,358)

Cash paid to suppliers:	
Other operating expenses:	
Cost of sales and services	(2,953,194)
General and administrative	(1,676,180)
Minus: accounts payable - beginning	(203,238)
Plus: accounts payable - ending	<u>95,014</u>
TOTAL CASH PAID TO SUPPLIERS	(4,737,598)

**NET CASH PROVIDED BY/(USED FOR) OPERATING
ACTIVITIES** (5,327,961)

**CASH FLOWS FROM NON-CAPITAL FINANCING
ACTIVITIES**

Operating transfers in - primary government	5,104,173
Grants, entitlements and shared revenues	<u>-</u>
NET CASH PROVIDED BY/(USED FOR) NON-CAPITAL FINANCING ACTIVITIES	5,104,173

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition and construction of capital assets	(286,107)
Grants, entitlements and shared revenues	<u>738,093</u>
NET CASH PROVIDED BY/(USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	451,986

CASH FLOWS FROM INVESTING ACTIVITIES

Net Gain/(Loss) on beneficial interest in perpetual trust	(6,611)
Net Gain/(Loss) on investments	<u>(888)</u>
NET CASH PROVIDED BY/(USED FOR) INVESTING ACTIVITIES	(7,499)

**NET INCREASE/(DECREASE) IN CASH AND CASH
EQUIVALENTS** 220,699

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 733,248

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 953,947

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income/(loss)	\$ (7,180,904)
Adjustments to reconcile operating income/(loss) to cash provided by/(used for) operating activities:	
Depreciation and amortization	910,772
Changes in assets and liabilities:	
Receivables	234,608
Due from primary government	95,409
Other assets	(28,623)
Accounts payable and accrued liabilities	593,477
Deferred revenues	<u>47,300</u>
NET CASH PROVIDED BY/(USED FOR) OPERATING ACTIVITIES	<u>\$ (5,327,961)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Principles of Combination

The West Virginia Educational Broadcasting Authority (EBA or the Authority), a component unit of the State of West Virginia, is a public corporation which was created by the State of West Virginia and is responsible for extending educational, cultural and informational experiences to all citizens of West Virginia through the construction and operation of noncommercial education TV and radio stations and related facilities statewide. EBA supervises and operates three public TV stations and nine public radio stations plus a statewide two-way microwave network that links the stations and provides special telecommunication services for other state and public service agencies for non-broadcasted activities such as teleconferencing, in-service training, and data delivery.

The following radio and television stations are operated by EBA:

WVFN (FM) Charleston	WVPG (FM) Parkersburg
WVWV (FM) Huntington	WVEP (FM) Martinsburg
WVPB (FM) Beckley	WAUA (FM) Petersburg
WVPW (FM) Buckhannon	WNPB (TV) Morgantown
WVNP (FM) Wheeling	WPBY (TV) Huntington
WVPM (FM) Morgantown	WSWP (TV) Beckley

The combined financial statements include the assets, liabilities, financial activities, and cash flows of the West Virginia Educational Broadcasting Authority, each of the above stations and their interrelated affiliated organizations as follows:

West Virginia Public Broadcasting Foundation, Inc., and Friends of West Virginia Public Broadcasting, Inc.

The West Virginia Public Broadcasting Foundation, Inc. (the Foundation) was formed in 1992 as a non-profit corporation. The Foundation was organized exclusively for charitable and educational purposes to receive, hold, disperse, and invest monies or property given or donated to EBA for educational and eleemosynary purposes related to the preservation, maintenance, promotion, development and growth of educational and public broadcasting in the State of West Virginia. EBA has sole discretion as to the use of the money and property.

The affiliated Friends organization solicits funds for the benefit of the related television and radio stations and public broadcasting. Funds are expended by the Friends for the benefit of the related stations in amounts determined by their respective Boards of Directors.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

The combined financial statements of EBA have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial Statement – and Management's Discussion and Analysis – for State and Local Governments*. The financial statement presentation required by GASB No. 34 provides a comprehensive, entity-wide perspective of EBA's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows and replaces the fund-group perspective previously required. EBA's net assets are classified as follows:

Invested in capital assets, net of related debt

This represents EBA's total investment in capital assets, net of 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. The EBA had no related outstanding debt as of June 30, 2012.

Restricted net assets, expendable

This includes resources in which EBA is legally contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net assets, nonexpendable

This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition on the gift instrument, that 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. EBA has one trust that is considered restricted nonexpendable at June 30, 2012 (Note 10).

Unrestricted net assets

Unrestricted net assets represent resources derived from other than capital assets or restricted net assets. These resources are used for transactions relating to the general operations of EBA, and may be used at the discretion of the Board of Directors to meet current expense for any purpose.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

EBA follows all GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, in addition to FASB Statements and Interpretations issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements, to its combined financial statements.

For financial reporting purposes, EBA is considered to be engaged only in business-type activities. Accordingly, EBA's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses when material or services are received. All intercompany accounts and transactions have been eliminated.

Capital Assets

Capital assets include property and equipment. Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 30 years. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

Program Rights

Program rights purchased by EBA and affiliates from the Public Broadcasting Service on an annual basis are expended in the year purchased. All other program rights are amortized over the period of their expected usage and are reported net of the accumulated amortization. Amortization expense totaled \$144,068 for the year ended June 30, 2012.

Deferred Production Costs

The costs relating to programs being produced that will be broadcast in a subsequent period are reported as deferred production costs. Grants and contributions related to such programs are included in deferred revenue. As the programs are broadcast, applicable program expenses and revenues are included in the combined statement of revenues, expenses and change in net assets.

Revenue Recognition

General appropriations from the State of West Virginia and appropriations from other state agencies which are considered exchange transactions are recorded as operating transfers in the combined statement of revenues, expense and changes in net assets at the time such appropriations are utilized by incurring authorized expenditures as determined on an accrual basis.

Unrestricted contribution and pledges are recorded as revenue in the combined statement of revenues, expenses and changes in net assets in the period received. Contributions and grants restricted for specific projects are reported as deferred revenue until qualifying expenses have been incurred.

Donated or contributed services and material, including amounts contributed by other state agencies and component units of the State, are recorded at their fair value on the date of the contribution.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For purpose of reporting and the combined statement of cash flows, EBA and affiliates considers cash on hand, cash in banks, cash with the State of West Virginia and certificates of deposit which are not subject to withdrawal restrictions or penalties and which have original maturities of three months or less to be cash equivalents.

Income Taxes

EBA, as a public corporation established by the State of West Virginia, is recognized as exempt from Federal income taxes. The Friends of West Virginia Public Broadcasting, Inc. and the West Virginia Public Broadcasting Foundation, Inc. are nonprofit, non-stock corporations which are recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state statutes, and are classified as other than private foundations.

Budgets

Budgets for appropriation from the State of West Virginia are adopted annually on a cash basis and are approved by the State of West Virginia Legislature. Most appropriations for operating funds lapse at year end.

Compensated Absences

Accumulated vacation is accrued as the employees become vested in the benefits. Employees, hired prior to July 1, 2002, vest in accumulated sick leave only upon retirement, when unused sick leave can be converted into termination benefits, such as employer paid premiums for post retirement health care benefits or additional credited service for retirement benefits. A liability for accrued sick leave is recognized to the extent that accumulated leave is expected to be converted to termination benefits on retirement.

Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenses. All other interfund transactions are reported as transfers.

Classification of Revenues

EBA has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues

Operating revenues include activities that have the characteristics of exchange transactions.

Nonoperating revenues

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB No. 34, such as state appropriations and investment income.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
 (A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
 NOTES TO COMBINED FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 1- NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Funds

EBA has not adopted a formal policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Generally, EBA attempts to utilize restricted funds first when practicable.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities and reported revenues and expenses. Actual results could differ from those estimates.

Net Assets

Of the Authority's restricted net assets of \$236,716, none were restricted by enabling legislation.

NOTE 2- REVENUE CONCENTRATIONS

During the year ended June 30, 2012, EBA recognized revenue of \$5,232,358 from appropriations from the State of West Virginia, and \$2,127,979 from grants from the Corporation for Public Broadcasting. The ability of these entities to fund operations at this level is dependent on the state and national economic conditions and related tax collections. Future funding is also dependent on the willingness of legislative and grantor entities to continue funding EBA affiliates.

NOTE 3- DEPOSITS AND INVESTMENTS

Statement No. 3 of the Government Accounting Standards Board requires government entities to categorize deposits and investments to give an indication of the level of risk assumed by the entity at year-end. These categories of risk follow:

	<u>Cash</u>	<u>Investments</u>
Category 1	Deposits that are either insured or collateralized with securities held by the Authority or by its agent in the Authority's name.	Investments that are insured or registered, or securities held by Authority or by its agent in the Authority's name.
Category 2	Deposits collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name.	Investments that are uninsured and registered, with securities held by the counterparty's trust department or agent in the Authority's name.
Category 3	Deposits that are uncollateralized (including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the Authority's name).	Investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent but not held in the Authority's name.
Not Categorized		Other investments are not categorized because they are not evidenced by securities that exist in physical or book entry form.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3- DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2012, the carrying amount of the Authority's cash deposits were \$953,947 and the bank balance was \$1,086,873. The differences represent normal reconciling items associated with timing differences and cash on hand. At June 30, 2012, \$1,086,873 of the bank balances was insured by the FDIC (Category 1). The following summarizes the carrying value and market value of investments:

Description	Market Value	Investment Maturities (in years)
		Less than 1
June 30, 2012:		
ISHARE TR – S&P Smallcap 600 Index Fund	\$50,583	N/A
ISHARES Barclays Tips Bond Funds	126,266	N/A
ISHARES MCSCI EAFE Index Fund	34,803	N/A
ISHARE S&P 1500 Index Fund	46,809	N/A
ISHARE TR – S&P Smallcap 400 Index Fund	54,262	N/A
Wilmington Trust CDs	<u>100,050</u>	<u>100,050</u>
Total	<u>\$412,773</u>	<u>\$100,050</u>

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The Authority does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Authority has no investment policy that limits its investment choices. As of the fiscal years ended June 30, 2012 the Authority's investments were not rated by Standard & Poor's or Moody's.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

The Authority places no limit on the amount the Authority may invest in any one issuer. More than 5 percent of the Authority's investments are in ISHARES and Certificates of Deposits. These investments were 76% and 24% of the Authority's total investments as of June 30, 2012.

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the Authority's investments are held in the name of the Authority. For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

Deposits. The Authority does not have a policy for custodial credit risk. As of June 30, 2012, none of the Authority's bank balances was exposed to custodial credit risk.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 4- CAPITAL ASSETS

Capital assets consisted of the following at June 30, 2012:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable Capital Assets:				
Land	\$ 77,075	\$ -	\$ -	\$ 77,075
Total Non-depreciable Capital Assets	77,075	-	-	77,075
Depreciable Capital Assets:				
Buildings & Improvements	7,023,118	95,210	-	7,118,328
Equipment	23,161,693	201,368	-	23,363,061
Total Depreciable Capital Assets	30,184,811	296,578	-	30,481,389
Less: Accumulated Depreciation:				
Buildings & Improvements*	(4,104,331)	(236,639)	-	(4,340,970)
Equipment*	(19,731,157)	(674,133)	-	(20,405,290)
Total Accumulated Depreciation	(23,835,488)	(910,772)	-	(24,746,260)
Total Depreciable Capital Assets	6,349,323	(614,194)	-	5,735,129
Net Capital Assets	\$ 6,426,398	\$ (614,194)	\$ -	\$ 5,812,204

*Restatement of Beginning Balances of Accumulated Depreciation due to reclassification of depreciation between Buildings and Equipment. This has no effect on the Net Capital Assets.

NOTE 5- OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The GASB has issued Statement No. 43, "Financial Reporting for Post employment Benefit Plans Other Than Pension Plans" and Statement No. 45, "Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions" (OPEB). The GASB statements are based on the premise that the "costs" of employee services should be reported during the periods when the services are rendered. Beginning with the fiscal year ending June 30, 2008, the State implemented accounting and financial reporting requirements as an employer under GASB Statement No. 45. The financial statements report OPEB funded status and funding progress and any "premium subsidy" resulting from the pooling of retiree participants with active employees in the health benefit plans. For "employer" OPEB reporting the State will report "expense" on an accrual basis in the amount of the "annual required contribution" and a "liability for the amount of the "annual required contribution" that was not actually paid.

Funds have not been set aside to pay future costs of retirees, but the Legislature in response to the GASB statements, has made statutory changes to create the West Virginia Retiree Health Benefit Trust Fund (RHBT), an irrevocable trust fund, in which employer contributions for future retiree health costs may be accumulated and invested, and which is expected to facilitate the separate financial reporting of OPEB. The legislation requires the RHBT to determine through an actuarial study, as prescribed by GASB Statement No. 43, the Annual Required Contribution (the ARC) which shall be sufficient to maintain the RHBT in an actuarially sound manner. The ARC shall be allocated to respective employers including the Educational Broadcasting Authority who is required by law to remit at least the minimum annual premium component of the ARC. Revenues collected by RHBT shall be used to fund current OPEB healthcare claims and administrative expenses with residual funds held in trust for future OPEB costs.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 5- OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Description

The EBA participates in the West Virginia Other Post employment Benefits Plan (OPEB plan) of the West Virginia Retiree Health Benefit Trust Fund, a cost-sharing multiple-employer defined benefit post employment healthcare plan administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit provisions to the WVPEIA board of trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB Plan. That report may be obtained by writing to Public Employees Insurance Agency, State Capitol Complex, Building 5, Room 1001, 1900 Kanawha Boulevard, East, Charleston, West Virginia, 25305-0710, or by calling 1-888-680-7842.

Funding Policy

The Code requires the OPEB Plan bill the participating employers 100% of the annual required contribution (ARC) an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. State of West Virginia plan employers are billed per active health policy per month.

The ARC rate is \$742 per employee per month. Through June 30, 2012, the EBA has paid premiums of \$160,583 towards the Annual Required Contribution. As of June 30, 2012 the EBA has recorded a liability of \$728,647 on its balance sheet for OPEB as part of the compensated absences liability.

NOTE 6- CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term obligation transactions for EBA for the year ended June 30, 2012:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Accrued compensated absences	\$ 1,969,141	\$ 1,067,342	\$ 365,641	\$ 2,637,842	\$334,113
TOTAL NON-CURRENT LIABILITIES	<u>\$ 1,969,141</u>	<u>\$ 1,067,342</u>	<u>\$ 365,641</u>	<u>\$2,637,842</u>	<u>\$334,113</u>

NOTE 7- COMMITMENTS/CONTINGENCIES

EBA is involved in various legal actions, from time to time, in the ordinary course of business. Management is not currently aware of any matters, which will have a significant adverse effect on the accompanying combined financial statements.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 8- RISK MANAGEMENT

EBA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health and life coverage; and natural disasters. The State of West Virginia established the Board of Risk and Insurance Management (BRIM) and the Public Employees Insurance Agency (PEIA), to account for and finance uninsured risks of losses for state agencies, institutions of higher education, and component units. The EBA manages its worker's compensation risk by utilizing a private carrier, BrickStreet.

BRIM is a public entity risk pool that provides coverage for general, property, medical malpractice, and automobile liability. PEIA is also a public entity risk pool that provides coverage for employee and dependent health, life and prescription drug insurance. BrickStreet provides coverage for workers' compensation and work related accidents. EBA retains the risk of loss on certain tort and contractor claims in excess of the amount insured or covered by BRIM's insurance carrier.

Through its participation in PEIA and through its private carrier, BrickStreet, EBA has obtained health coverage and coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and BrickStreet, EBA has transferred its risk related to health coverage and job related injuries of employees.

NOTE 9- ENDOWMENT TRUSTS

In 1991, cash of \$5,764 was transferred to the Greater Kanawha Valley Foundation (the Foundation) to constitute the principal of the Friends of West Virginia Public Radio, Inc. Endowment Fund, for the purpose of funding equipment replacement. Under the terms of the trust agreement, Friends of West Virginia Public Radio, Inc. has the right to receive the income from the fund, but has no control over, or access to the assets of the fund. Therefore, the assets are not included in these financial statements. Funds received by The Friends of West Virginia Public Radio, Inc. restricted for the benefit of this fund are transferred to the Foundation on an annual basis or more often as a significant amount of funds accumulate. Spending is authorized by the Foundation's Board of Directors. At June 30, 2012, the Endowment Fund had a fair value of \$78,943.

During 2005, the Herscher Foundation created an endowment trust called the Betty J. Herscher Memorial fund for Cultural Programming in the amount of \$200,000 with the West Virginia Public Broadcasting Foundation, Inc. (WVPBF) as the beneficiary. Under the terms of the agreement, WVPBF must obtain an asset level of \$5,000,000 before the trust funds will be transferred to the Foundation. The WVPBF has the right to receive the income from the fund, but has no control over or access to the assets of the fund. Annual income distributions from the trust must be paid to WVPBF to provide funding for opera and other cultural programming on radio and television. The annual distribution for 2012 was \$10,000, split in a 75:25 ratio between television and radio.

In 2006, the Abbey Myers Thornhill and Sarah Bishop Thornhill Fund was established by Warren and Carolyn Thornhill at the Beckley Area Foundation (BAF) to benefit the West Virginia Public Broadcasting Foundation, Inc. Under the terms of the Agreement, the West Virginia Public Broadcasting Foundation, Inc., has the right to receive the income from the fund, but has no control over, or access to the assets of the fund. Therefore, the assets are not included in these financial statements. Fund income is distributed on an annual basis to provide funding for educational programming and services. At June 30, 2012, the fund had a fair value of approximately \$33,452.

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY AND AFFILIATES
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 10 – BENEFICIAL INTEREST OF PERPETUAL TRUST

A donor established a trust with a national banking association naming an affiliate of the Authority as a beneficiary of the charitable trust upon the benefactors death. Payments from the trust started in 2002. Under terms of the split-interest agreement, the Organization is to receive 10% of the trust's income annually for its unrestricted use. The Organization is required to report the present value of future cash flows. The Organization reports the investment in the trust using the fair value of the trusts assets as determined by quoted market price, with the fair value change reported as a change in beneficial interest – permanently restricted net assets in the statement of revenues, expenses and changes in net assets which equated a loss of \$6,611 for 2012. The fair value of the trust is reported in the statement of financial position as beneficial interest in perpetual trust and as restricted net assets, nonexpendable of \$236,716.

NOTE 11 – OTHER OPERATING REVENUE

Other operating revenue consisted of the following at June 30, 2012:

Business and Industry	\$480,710
Mountain Stage	<u>215,325</u>
TOTAL OTHER	<u>\$ 696,035</u>

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SUPPLEMENTAL INFORMATION



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors
West Virginia Educational Broadcasting
Authority and Affiliates
Charleston, West Virginia

Our report on our audit of the basic financial statements of the West Virginia Educational Broadcasting Authority and Affiliates (a component unit of the State of West Virginia) for 2012 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 22-37 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The statements are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements were subject to auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.

October 10, 2012

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENTS OF NET ASSETS - BY ORGANIZATION
As of June 30, 2012

ASSETS

	Operating Funds	Friends Funds	Foundation Funds	Total (Memorandum Only)
CURRENT ASSETS				
Cash and cash equivalents	\$ 819,401	\$ 90,601	\$ 43,945	\$ 953,947
Marketable securities	-	-	412,773	412,773
Beneficial interest in perpetual trust	-	-	236,716	236,716
Accounts receivable	144,147	-	10,924	155,071
Due from primary government	125,571	-	-	125,571
Program rights, less accumulated amortization	162,262	-	-	162,262
TOTAL CURRENT ASSETS	1,251,381	90,601	704,358	2,046,340
PROPERTY AND EQUIPMENT, NET	5,812,204	-	-	5,812,204
TOTAL ASSETS	\$ 7,063,585	\$ 90,601	\$ 704,358	\$ 7,858,544

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES				
Accounts payable	\$ 54,460	\$ 37,065	\$ 3,489	\$ 95,014
Compensated absences - current	334,113	-	-	334,113
Deferred revenue	35,000	-	28,048	63,048
TOTAL CURRENT LIABILITIES	423,573	37,065	31,537	492,175
LONG-TERM LIABILITIES				
Compensated absences	2,303,729	-	-	2,303,729
TOTAL LIABILITIES	2,727,302	37,065	31,537	2,795,904
NET ASSETS				
Invested in capital assets	5,812,204	-	-	5,812,204
Unrestricted	(1,475,921)	53,536	436,105	(986,280)
Restricted, non-expendable	-	-	236,716	236,716
TOTAL NET ASSETS	4,336,283	53,536	672,821	5,062,640
TOTAL LIABILITIES AND NET ASSETS	\$ 7,063,585	\$ 90,601	\$ 704,358	\$ 7,858,544

See Independent Auditor's Report on Supplemental Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENTS OF FINANCIAL ACTIVITY - BY ORGANIZATION
For the Year Ended June 30, 2012

	Operating Funds	Friends Funds	Foundation Funds	Total (Memorandum Only)
SUPPORT AND REVENUE				
General appropriations from State of West Virginia	\$ 5,070,630	\$ -	\$ -	\$ 5,070,630
Other appropriations from the State of West Virginia	509,126	-	-	509,126
Other grants	228,967	-	-	228,967
Community service grants	1,447,886	-	70,000	1,517,886
Underwriting	408,306	-	111,583	519,889
Other income	426,791	-	269,244	696,035
Membership income and individual payments	50	1,259,980	3,461	1,263,491
Interest income	-	2	-	2
TOTAL SUPPORT AND REVENUE	8,091,756	1,259,982	454,288	9,806,026
EXPENSES				
Program Services:				
Programming and production	3,819,276	299,524	401,148	4,519,948
Broadcasting	2,477,788	165,594	-	2,643,382
Public information	298,539	86,465	1,911	386,915
Total program expenses	6,595,603	551,583	403,059	7,550,245
Supporting Services:				
Fundraising	714,936	325,129	943	1,041,008
Management and general	2,407,086	148,113	31,753	2,586,952
Total supporting expenses	3,122,022	473,242	32,696	3,627,960
TOTAL EXPENSES	9,717,625	1,024,825	435,755	11,178,205
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES PRIOR TO CHANGE IN INVESTMENTS	(1,625,869)	235,157	18,533	(1,372,179)
CHANGE IN INVESTMENTS				
Gain on Sale of Assets	-	-	(890)	(890)
Net gain/(loss) - beneficial interest in perpetual trust	-	-	(6,611)	(6,611)
Total Change in Investments	-	-	(7,501)	(7,501)
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	(1,625,869)	235,157	11,032	(1,379,680)
NET ASSETS, BEGINNING	5,462,995	192,291	753,491	6,408,777
Transfers between funds	499,157	(373,912)	(91,702)	33,543
NET ASSETS, ENDING	\$ 4,336,283	\$ 53,536	\$ 672,821	\$ 5,062,640

See Independent Auditor's Report on Supplemental Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED SCHEDULE OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

	Program Services			
	Programming and Production	Broadcasting	Public Information	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Salaries, payroll taxes, and employee benefits	\$ 1,835,182	\$ 2,068,364	\$ 260,992	\$ 4,164,538
Professional services	734,877	69,047	4,911	808,835
Office	8,623	22,578	2,430	33,631
Telephone	8,738	15,826	946	25,510
Postage	8,350	3,139	29,079	40,568
Occupancy	3,552	223,134	-	226,686
Printing	1,834	2,543	55,227	59,604
Advertising	15,064	851	8,142	24,057
Travel and transportation	73,878	6,329	15,804	96,011
Rental and maintenance	342,425	222,896	7,500	572,821
Program costs	1,445,867	1,907	352	1,448,126
Interest	-	-	-	-
Miscellaneous	41,558	6,768	1,532	49,858
TOTAL EXPENSES BEFORE DEPRECIATION	<u>4,519,948</u>	<u>2,643,382</u>	<u>386,915</u>	<u>7,550,245</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u><u>\$ 4,519,948</u></u>	<u><u>\$ 2,643,382</u></u>	<u><u>\$ 386,915</u></u>	<u><u>\$ 7,550,245</u></u>

See Independent Auditor's Report on the Supplementary Information

Supporting Services			2012	2011
Fundraising	Management and General	Total	Total Functional Expenses	Total (Memorandum Only)
\$ 626,854	\$ 846,667	\$ 1,473,521	\$ 5,638,059	\$ 5,786,924
127,851	144,738	272,589	1,081,424	1,077,442
6,328	32,739	39,067	72,698	59,800
-	162,154	162,154	187,664	222,892
15,724	32,960	48,684	89,252	111,884
-	146,694	146,694	373,380	328,265
29,094	2,321	31,415	91,019	95,622
2,756	9,393	12,149	36,206	52,485
7,657	18,223	25,880	121,891	137,910
(50)	160,607	160,557	733,378	774,590
30	21,519	21,549	1,469,675	1,520,835
-	-	-	-	-
224,764	98,165	322,929	372,787	290,942
1,041,008	1,676,180	2,717,188	10,267,433	10,459,591
-	910,772	910,772	910,772	901,417
<u>\$ 1,041,008</u>	<u>\$ 2,586,952</u>	<u>\$ 3,627,960</u>	<u>\$ 11,178,205</u>	<u>\$ 11,361,008</u>

See Independent Auditor's Report on the Supplementary Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENTS OF NET ASSETS - ADMINISTRATION
As of June 30, 2012

ASSETS			
	EBA Operating Funds	Foundation - EBA Division	Total (Memorandum Only)
CURRENT ASSETS			
Cash and cash equivalents	\$ 364,154	\$ 6,877	\$ 371,031
Accounts receivable	35,550	10,924	46,474
Due from primary government	125,571	-	125,571
TOTAL CURRENT ASSETS	525,275	17,801	543,076
PROPERTY AND EQUIPMENT, NET	5,557,342	-	5,557,342
TOTAL ASSETS	\$ 6,082,617	\$ 17,801	\$ 6,100,418
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 23,725	\$ -	\$ 23,725
Compensated absences - current	39,307	-	39,307
Deferred revenue	-	-	-
TOTAL CURRENT LIABILITIES	63,032	-	63,032
LONG-TERM LIABILITIES			
Compensated absences	301,209	-	301,209
TOTAL LIABILITIES	364,241	-	364,241
NET ASSETS			
Invested in Capital Assets	5,557,342	-	5,557,342
Unrestricted	161,034	17,801	178,835
TOTAL NET ASSETS	5,718,376	17,801	5,736,177
TOTAL LIABILITIES AND NET ASSETS	\$ 6,082,617	\$ 17,801	\$ 6,100,418

See Independent Auditor's Report on the Supplementary Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENTS OF FINANCIAL ACTIVITY - ADMINISTRATION
For the Year Ended June 30, 2012

	<u>EBA Operating Funds</u>	<u>Foundation - EBA Division</u>	<u>Total (Memorandum Only)</u>
SUPPORT AND REVENUE			
General appropriations from State of West Virginia	\$ 1,356,759	\$ -	\$ 1,356,759
Other appropriations from the State of West Virginia	219,544	-	219,544
Other grants	190,000	-	190,000
Community service grants	-	-	-
Other income	260,605	53,919	314,524
TOTAL SUPPORT AND REVENUE	<u>2,026,908</u>	<u>53,919</u>	<u>2,080,827</u>
EXPENSES			
Program Services:			
Programming and production	89,841	621	90,462
Broadcasting	343,817	-	343,817
Public information	45,455	1,911	47,366
Total program expenses	<u>479,113</u>	<u>2,532</u>	<u>481,645</u>
Supporting Services:			
Fundraising	2,527	943	3,470
Management and general	2,063,037	31,753	2,094,790
Total supporting expenses	<u>2,065,564</u>	<u>32,696</u>	<u>2,098,260</u>
TOTAL EXPENSES	<u>2,544,677</u>	<u>35,228</u>	<u>2,579,905</u>
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	(517,769)	18,691	(499,078)
NET ASSETS, BEGINNING	6,162,248	18,036	6,180,284
Transfers between funds	<u>73,897</u>	<u>(18,926)</u>	<u>54,971</u>
NET ASSETS, ENDING	<u>\$ 5,718,376</u>	<u>\$ 17,801</u>	<u>\$ 5,736,177</u>

See Independent Auditor's Report on the Supplementary Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED SCHEDULE OF FUNCTIONAL EXPENSES - ADMINISTRATION
For the Year Ended June 30, 2012

	Program Services			
	Programming and Production	Broadcasting	Public Information	Total
	Production	Broadcasting	Information	Total
Salaries, payroll taxes, and employee benefits	\$ 9,125	\$ 26,992	\$ 40,405	\$ 76,522
Professional services	29,195	11,784	1,000	41,979
Office	724	2,736	19	3,479
Telephone	6,734	12,931	-	19,665
Postage	1,026	291	-	1,317
Occupancy	-	179,426	-	179,426
Printing	-	-	-	-
Advertising	-	-	-	-
Travel and transportation	6,702	168	-	6,870
Rental and maintenance	29,455	109,090	4,983	143,528
Program costs	575	-	-	575
Interest	-	-	-	-
Miscellaneous	6,926	399	959	8,284
TOTAL EXPENSES BEFORE DEPRECIATION	90,462	343,817	47,366	481,645
Depreciation	-	-	-	-
TOTAL EXPENSES	\$ 90,462	\$ 343,817	\$ 47,366	\$ 481,645

See Independent Auditor's Report on the Supplementary Information

<u>Supporting Services</u>				
<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>2012 Total Functional Expenses</u>	<u>2011 Total (Memorandum Only)</u>
\$ -	\$ 746,858	\$ 746,858	\$ 823,380	\$ 838,006
-	47,118	47,118	89,097	103,234
-	14,375	14,375	17,854	30,824
-	111,710	111,710	131,375	219,969
2,479	6,301	8,780	10,097	16,228
-	119,000	119,000	298,426	316,086
-	65	65	65	8,015
-	395	395	395	-
57	6,322	6,379	13,249	2,706
-	107,852	107,852	251,380	305,308
-	21,519	21,519	22,094	-
-	-	-	-	-
<u>934</u>	<u>69,752</u>	<u>70,686</u>	<u>78,970</u>	<u>66,727</u>
3,470	1,251,267	1,254,737	1,736,382	1,907,103
-	843,523	843,523	843,523	828,619
<u>\$ 3,470</u>	<u>\$ 2,094,790</u>	<u>\$ 2,098,260</u>	<u>\$ 2,579,905</u>	<u>\$ 2,735,722</u>

See Independent Auditor's Report on the Supplementary Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENTS OF NET ASSETS - TELEVISION AND AFFILIATES
As of June 30, 2012

ASSETS				
	TV Operating Funds	Friends of TV	Foundation - TV Division	Total (Memorandum Only)
CURRENT ASSETS				
Cash and cash equivalents	\$ 310,395	\$ 58,013	\$ 16,588	\$ 384,996
Marketable securities	-	-	332,254	332,254
Accounts receivable	63,205	-	-	63,205
Program rights, less accumulated amortization	162,262	-	-	162,262
TOTAL CURRENT ASSETS	535,862	58,013	348,842	942,717
PROPERTY AND EQUIPMENT, NET	241,200	-	-	241,200
OTHER ASSETS				
Beneficial interest in perpetual trust	-	-	236,716	236,716
TOTAL ASSETS	\$ 777,062	\$ 58,013	\$ 585,558	\$ 1,420,633
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 16,924	\$ 12,280	\$ -	\$ 29,204
Compensated absences - current	203,706	-	-	203,706
Deferred revenue	35,000	-	15,748	50,748
TOTAL CURRENT LIABILITIES	255,630	12,280	15,748	283,658
LONG-TERM LIABILITIES				
Compensated absences	1,354,693	-	-	1,354,693
TOTAL LIABILITIES	1,610,323	12,280	15,748	1,638,351
NET ASSETS				
Invested in Capital Assets	241,200	-	-	241,200
Net Assets Restricted, Nonexpendable	-	-	236,716	236,716
Unrestricted (Deficit)	(1,074,461)	45,733	333,094	(695,634)
TOTAL NET ASSETS	(833,261)	45,733	569,810	(217,718)
TOTAL LIABILITIES AND NET ASSETS	\$ 777,062	\$ 58,013	\$ 585,558	\$ 1,420,633

See Independent Auditor's Report on the Supplementary Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENTS OF FINANCIAL ACTIVITY - TELEVISION AND AFFILIATES
For the Year Ended June 30, 2012

	TV Operating Funds	Friends of TV	Foundation - TV Division	Total (Memorandum Only)
SUPPORT AND REVENUE				
General appropriations from State of West Virginia	\$ 2,647,414	\$ -	\$ -	\$ 2,647,414
Other grants	38,967	-	-	38,967
Community service grants	1,203,772	-	-	1,203,772
Underwriting	154,640	-	-	154,640
Other income	33,512	-	-	33,512
Membership income and individual payments	50	593,817	-	593,867
Interest Income	-	2	-	2
TOTAL SUPPORT AND REVENUE	4,078,355	593,819	-	4,672,174
EXPENSES				
Program Services:				
Programming and production	2,386,134	98,442	-	2,484,576
Broadcasting	1,707,783	108,181	-	1,815,964
Public information	192,973	38,015	-	230,988
Total program expenses	4,286,890	244,638	-	4,531,528
Supporting Services:				
Fundraising	360,482	139,120	-	499,602
Management and general	264,930	66,755	-	331,685
Total supporting expenses	625,412	205,875	-	831,287
TOTAL EXPENSES	4,912,302	450,513	-	5,362,815
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES PRIOR TO CHANGE IN INVESTMENTS	(833,947)	143,306	-	(690,641)
CHANGE IN INVESTMENTS				
Gain on Sale of Assets	-	-	(2,047)	(2,047)
Net gain/(loss) beneficial interest in perpetual trust	-	-	(6,611)	(6,611)
TOTAL CHANGE IN INVESTMENTS	-	-	(8,658)	(8,658)
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	(833,947)	143,306	(8,658)	(699,299)
NET ASSETS, BEGINNING	(369,431)	114,827	625,458	370,854
Transfers between funds	370,117	(212,400)	(46,990)	110,727
NET ASSETS, ENDING	\$ (833,261)	\$ 45,733	\$ 569,810	\$ (217,718)

See Independent Auditor's Report on the Supplementary Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED SCHEDULE OF FUNCTIONAL EXPENSES - TELEVISION AND AFFILIATES
For the Year Ended June 30, 2012

	<u>Program Services</u>			
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Public Information</u>	<u>Total</u>
Salaries, payroll taxes, and employee benefits	\$ 1,067,190	\$ 1,630,035	\$ 161,366	\$ 2,858,591
Professional services	114,281	38,182	3,341	155,804
Office	5,994	13,868	1,521	21,383
Telephone	551	2,607	946	4,104
Postage	7,221	2,389	15,405	25,015
Occupancy	-	33,984	-	33,984
Printing	1,326	2,470	21,671	25,467
Advertising	3,973	851	7,797	12,621
Travel and transportation	5,517	5,304	15,804	26,625
Rental and maintenance	19,421	78,050	2,517	99,988
Program costs	1,256,866	1,907	352	1,259,125
Interest	-	-	-	-
Miscellaneous	2,236	6,317	268	8,821
TOTAL EXPENSES BEFORE DEPRECIATION	2,484,576	1,815,964	230,988	4,531,528
Depreciation	-	-	-	-
TOTAL EXPENSES	\$ 2,484,576	\$ 1,815,964	\$ 230,988	\$ 4,531,528

See Independent Auditor's Report on the Supplementary Information

<u>Supporting Services</u>			2012 Total Functional Expenses	2011 Total (Memorandum Only)
<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>		
\$ 327,706	\$ 69,906	\$ 397,612	\$ 3,256,203	\$ 3,249,111
55,092	80,780	135,872	291,676	237,321
110	11,694	11,804	33,187	13,069
-	28,491	28,491	32,595	1,260
6,626	8,083	14,709	39,724	44,052
-	22,120	22,120	56,104	1,303
12,725	869	13,594	39,061	40,902
-	8,968	8,968	21,589	24,449
1,179	8,310	9,489	36,114	54,826
(50)	36,474	36,424	136,412	161,399
30	-	30	1,259,155	1,212,445
-	-	-	-	-
<u>96,184</u>	<u>12,656</u>	<u>108,840</u>	<u>117,661</u>	<u>110,949</u>
499,602	288,351	787,953	5,319,481	5,151,086
<u>-</u>	<u>43,334</u>	<u>43,334</u>	<u>43,334</u>	<u>38,662</u>
<u>\$ 499,602</u>	<u>\$ 331,685</u>	<u>\$ 831,287</u>	<u>\$ 5,362,815</u>	<u>\$ 5,189,748</u>

See Independent Auditor's Report on the Supplementary Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENTS OF NET ASSETS - WEST VIRGINIA PUBLIC RADIO AND AFFILIATES
As of June 30, 2012

ASSETS				
	Radio Operating Funds	Friends of Radio	Foundation - Radio Division	Total (Memorandum Only)
CURRENT ASSETS				
Cash and cash equivalents	\$ 144,852	\$ 32,588	\$ 20,480	\$ 197,920
Marketable securities	-	-	80,519	80,519
Accounts receivable	45,392	-	-	45,392
Due from primary government	-	-	-	-
TOTAL CURRENT ASSETS	190,244	32,588	100,999	323,831
PROPERTY AND EQUIPMENT, NET	13,662	-	-	13,662
TOTAL ASSETS	\$ 203,906	\$ 32,588	\$ 100,999	\$ 337,493
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 13,811	\$ 24,785	\$ 3,489	\$ 42,085
Compensated absences - current	91,100	-	-	91,100
Deferred revenue	-	-	12,300	12,300
TOTAL CURRENT LIABILITIES	104,911	24,785	15,789	145,485
LONG-TERM LIABILITIES				
Compensated absences	647,827	-	-	647,827
TOTAL LIABILITIES	752,738	24,785	15,789	793,312
NET ASSETS				
Invested in Capital Assets	13,662	-	-	13,662
Unrestricted (Deficit)	(562,494)	7,803	85,210	(469,481)
TOTAL NET ASSETS	(548,832)	7,803	85,210	(455,819)
TOTAL LIABILITIES AND NET ASSETS	\$ 203,906	\$ 32,588	\$ 100,999	\$ 337,493

See Independent Auditor's Report on the Supplementary Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED STATEMENTS OF FINANCIAL ACTIVITY - WEST VIRGINIA PUBLIC RADIO AND AFFILIATES
For the Year Ended June 30, 2012

	Radio Operating Funds	Friends of Radio	Foundation - Radio Division	Total (Memorandum Only)
SUPPORT AND REVENUE				
General appropriations from State of West Virginia	\$ 1,066,457	\$ -	\$ -	\$ 1,066,457
Other appropriations from the State of West Virginia	289,582	-	-	289,582
Other grants	-	-	-	-
Community service grants	244,114	-	70,000	314,114
Underwriting	253,666	-	111,583	365,249
Other income	132,674	-	215,325	347,999
Membership income and individual payments	-	666,163	3,461	669,624
Interest income	-	-	-	-
TOTAL SUPPORT AND REVENUE	1,986,493	666,163	400,369	3,053,025
EXPENSES				
Program Services:				
Programming and production	1,343,301	201,082	400,527	1,944,910
Broadcasting	426,188	57,413	-	483,601
Public information	60,111	48,450	-	108,561
Total program expenses	<u>1,829,600</u>	<u>306,945</u>	<u>400,527</u>	<u>2,537,072</u>
Supporting Services:				
Fundraising	351,927	186,009	-	537,936
Management and general	79,119	81,358	-	160,477
Total supporting expenses	<u>431,046</u>	<u>267,367</u>	<u>-</u>	<u>698,413</u>
TOTAL EXPENSES	<u>2,260,646</u>	<u>574,312</u>	<u>400,527</u>	<u>3,235,485</u>
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES PRIOR TO CHANGE IN INVESTMENTS	(274,153)	91,851	(158)	(182,460)
CHANGE IN INVESTMENTS				
Loss on Investments	<u>-</u>	<u>-</u>	<u>1,157</u>	<u>1,157</u>
EXCESS/(DEFICIENCY) OF SUPPORT AND REVENUE OVER EXPENSES	(274,153)	91,851	999	(181,303)
NET ASSETS, BEGINNING	(329,822)	77,464	109,997	(142,361)
Transfers between funds	<u>55,143</u>	<u>(161,512)</u>	<u>(25,786)</u>	<u>(132,155)</u>
NET ASSETS, ENDING	<u>\$ (548,832)</u>	<u>\$ 7,803</u>	<u>\$ 85,210</u>	<u>\$ (455,819)</u>

See Independent Auditor's Report on the Supplemental Information

WEST VIRGINIA EDUCATIONAL BROADCASTING AUTHORITY
(A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA)
COMBINED SCHEDULE OF FUNCTIONAL EXPENSES - WEST VIRGINIA PUBLIC RADIO AND AFFILIATES
For the Year Ended June 30, 2012

	Program Services			Total
	Programming and Production	Broadcasting	Public Information	
Salaries, payroll taxes, and employee benefits	\$ 758,867	\$ 411,337	\$ 59,221	\$ 1,229,425
Professional services	591,401	19,081	570	611,052
Office	1,905	5,974	890	8,769
Telephone	1,453	288	-	1,741
Postage	103	459	13,674	14,236
Occupancy	3,552	9,724	-	13,276
Printing	508	73	33,556	34,137
Advertising	11,091	-	345	11,436
Travel and transportation	61,659	857	-	62,516
Rental and maintenance	293,549	35,756	-	329,305
Program costs	188,426	-	-	188,426
Miscellaneous	32,396	52	305	32,753
TOTAL EXPENSES BEFORE DEPRECIATION	1,944,910	483,601	108,561	2,537,072
Depreciation	-	-	-	-
TOTAL EXPENSES	\$ 1,944,910	\$ 483,601	\$ 108,561	\$ 2,537,072

See Independent Auditor's Report on the Supplementary Information

<u>Supporting Services</u>				
<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>2012 Total Functional Expenses</u>	<u>2011 Total (Memorandum Only)</u>
\$ 299,148	\$ 29,903	\$ 329,051	\$ 1,558,476	\$ 1,699,807
72,759	16,840	89,599	700,651	736,887
6,218	6,670	12,888	21,657	15,907
-	21,953	21,953	23,694	1,663
6,619	18,576	25,195	39,431	51,604
-	5,574	5,574	18,850	10,876
16,369	1,387	17,756	51,893	46,705
2,756	30	2,786	14,222	28,036
6,421	3,591	10,012	72,528	80,378
-	16,281	16,281	345,586	307,883
-	-	-	188,426	308,390
<u>127,646</u>	<u>15,757</u>	<u>143,403</u>	<u>176,156</u>	<u>113,266</u>
537,936	136,562	674,498	3,211,570	3,401,402
<u>-</u>	<u>23,915</u>	<u>23,915</u>	<u>23,915</u>	<u>34,136</u>
<u>\$ 537,936</u>	<u>\$ 160,477</u>	<u>\$ 698,413</u>	<u>\$ 3,235,485</u>	<u>\$ 3,435,538</u>

See Independent Auditor's Report on the Supplementary Information

State of West Virginia VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable.

1. **Application is made for 2.5% resident vendor preference for the reason checked:**
 _____ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**
 _____ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or** 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or,**
 _____ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or,**
2. **Application is made for 2.5% resident vendor preference for the reason checked:**
 _____ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**
3. **Application is made for 2.5% resident vendor preference for the reason checked:**
 _____ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or,**
4. **Application is made for 5% resident vendor preference for the reason checked:**
 _____ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; **or,**
5. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
 _____ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or,**
6. **Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:**
 _____ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.
7. **Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with *West Virginia Code* §5A-3-59 and *West Virginia Code of State Rules*.**
 _____ Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (*West Virginia Code*, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: _____ Signed: _____
 Date: _____ Title: _____

RFQ No. EBA438

STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (*W. Va. Code §61-5-3*) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: _____

Authorized Signature: _____ Date: _____

State of _____

County of _____, to-wit:

Taken, subscribed, and sworn to before me this ___ day of _____, 20__.

My Commission expires _____, 20__.

AFFIX SEAL HERE

NOTARY PUBLIC _____

CERTIFICATION AND SIGNATURE PAGE

By signing below, I certify that I have reviewed this Solicitation in its entirety; understand the requirements, terms and conditions, and other information contained herein; that I am submitting this bid or proposal for review and consideration; that I am authorized by the bidder to execute this bid or any documents related thereto on bidder's behalf; that I am authorized to bind the bidder in a contractual relationship; and that to the best of my knowledge, the bidder has properly registered with any State agency that may require registration.

(Company)

(Authorized Signature)

(Representative Name, Title)

(Phone Number) (Fax Number)

(Date)

ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.: EBA438

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

(Check the box next to each addendum received)

- | | |
|---|--|
| <input type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Company

Authorized Signature

Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.