



WAER-FM RADIO
(A Department of Syracuse University)
Financial Statements and Supplemental Schedules
June 30, 2016 and 2015
(With Independent Auditors' Report Thereon)

WAER-FM RADIO
(A Department of Syracuse University)
Financial Statements and Supplemental Schedules
June 30, 2016 and 2015

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KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Syracuse University:

We have audited the accompanying financial statements of WAER-FM Radio (the Station), a department of Syracuse University, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WAER-FM Radio, a department of Syracuse University, as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Functional Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

November 16, 2016

WAER-FM RADIO
(A Department of Syracuse University)

Statements of Financial Position

June 30, 2016 and 2015

Assets	2016	2015
Current assets:		
Cash	\$ 89,264	91,845
Prepaid expenses	7,745	7,550
Accounts receivable, net	31,441	25,011
Pledges receivable, net	415	894
Total current assets	128,865	125,300
Equipment, net	51,633	55,585
Total assets	\$ 180,498	180,885
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 10,797	8,572
Deferred revenues	10,037	6,924
Total current liabilities	20,834	15,496
Unrestricted net assets	159,664	165,389
Total liabilities and net assets	\$ 180,498	180,885

See accompanying notes to financial statements.

WAER-FM RADIO
(A Department of Syracuse University)
Statement of Activities
Years ended June 30, 2016 and 2015

	2016	2015
Change in unrestricted net assets:		
Support and revenues:		
General appropriation – Syracuse University	\$ 591,583	575,467
Indirect administrative support – Syracuse University	422,238	411,760
Underwriting contracts	363,553	341,360
Corporation for Public Broadcasting grants	143,588	143,253
NYS Public Broadcasting grant	60,560	58,228
In-kind contributions	34,705	39,570
Contributions and miscellaneous income	196,445	180,828
Net assets released from restriction		18,000
Total support and revenues	1,812,672	1,768,466
Expenditures:		
Program services	872,189	805,827
Fundraising	317,709	333,666
Management and general	628,499	607,500
Total expenditures	1,818,397	1,746,993
Change in unrestricted net assets	(5,725)	21,473
Change in temporarily restricted net assets:		
Net assets released from restrictions		(18,000)
Change in net assets	(5,725)	3,473
Net assets at beginning of year	165,389	161,916
Net assets at end of year	\$ 159,664	165,389

See accompanying notes to financial statements.

WAER-FM RADIO
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Statements of Cash Flows
Years ended June 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Change in net assets	\$ (5,725)	3,473
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,952	3,952
Changes in assets and liabilities:		
Prepaid expenses	(195)	(111)
Pledges and accounts receivable	(5,951)	(3,082)
Accounts payable	2,225	(37)
Deferred revenues	3,113	1,587
Net cash (used in) provided by operating activities	(2,581)	5,782
Cash flows from investing activities:		
Purchase of fixed assets		(5,553)
Net cash used in investing activities		(5,553)
Net (decrease) increase in cash	(2,581)	229
Cash at beginning of year	91,845	91,616
Cash at end of year	\$ 89,264	91,845

See accompanying notes to financial statements.

WAER-FM RADIO
(A Department of Syracuse University)

Notes to Financial Statements

June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

WAER-FM Radio (the Station) is a department of Syracuse University (the University) and is included in the University's financial statements. The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Activities*, which address the presentation of financial statements for not-for-profit entities.

(b) Net Assets Classification

The accompanying financial statements present information regarding the Station's financial position and activities according to net asset classes. The classes are differentiated by the presence or absence of donor imposed restrictions. The net assets of the Station are classified as follows:

Unrestricted net assets are not subject to external stipulations restricting their use but they may be designated for specific purposes by the Station or may be limited by contractual agreements with outside parties.

Temporarily restricted net assets are subject to stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support increasing that net asset class. If a restriction is fulfilled in the same time period in which the contribution is received, the Station reports the support as unrestricted revenues.

(c) Cash

The Station's cash is commingled with the University's other cash balances. The balance represents the Station's claim against such University cash balances.

(d) Equipment

Equipment is recorded at cost or, in the case of donated equipment, at estimated fair value at the date of donation. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets (generally five years for equipment). Equipment is comprised of original costs of \$73,033, net of accumulated depreciation of \$21,400 and \$17,448, at June 30, 2016 and 2015, respectively. The Station follows the University's capitalization policy whereby all movable equipment expenditures over \$5,000 and with a useful life of one year or more are capitalized. Expenditures for repairs and maintenance are charged to operating expense as incurred. At the time equipment is replaced, retired, or otherwise disposed of, the cost and associated accumulated depreciation is removed from the respective accounts and any gain or loss resulting from sale or retirement is recorded in the statement of activities of the Station.

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June 30, 2016 and 2015

(e) Federal and State Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations nationwide. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7) (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization.

The grants are reported in the accompanying financial statements as unrestricted revenue because the Station reports temporarily restricted revenues as unrestricted revenues if the restriction is fulfilled in the same time period in which the grant was received. Unrestricted grants include certain guidelines that must be satisfied in connection with the application and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Temporarily restricted grants, whose restrictions were fulfilled in the same time period the grants were received, are provided in connection with the purchase or production of national programming and must be utilized for that specific purpose. These amounts are also subject to the aforementioned guidelines pertaining to recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

(f) Underwriting Contracts

Underwriting contracts consist of financial support from individual businesses. Revenue is recognized when earned, and a written agreement between the Station and the business/organization is executed by both parties. The financial support is based on the number of announcements aired for the business, and terms are net, 30 days.

(g) In-Kind Contributions

In-kind contributions represent goods and services received in exchange for sponsorship. The fair value of in-kind contributions is recognized as revenue and expense in the period in which the sponsorship services are provided. The fair value of in-kind contributions for which sponsorship has not yet been provided is recorded as deferred revenues within the statement of financial position and will be recognized when aired.

(h) Contributions and Other Support

Contributions, including unconditional pledges, are recognized as revenues when the donor's commitment is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at their net present value.

WAER-FM RADIO
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Notes to Financial Statements

June 30, 2016 and 2015

Support from the University consists of general appropriations and indirect support primarily for the Station's salaries and benefits and administrative costs.

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(j) Tax Status

The Station is a department of Syracuse University, which is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Internal Revenue Code. The Station believes there are no significant uncertain tax positions.

(2) Receivables

Unconditional pledges receivable of \$415 (net of allowances for estimated uncollectible amounts of \$600) and \$894 (net of allowances for estimated uncollectible amounts of \$485) at June 30, 2016 and 2015, respectively, are unrestricted by donors. The Station expects these pledges to be used for capital purchases and operating purposes. Pledges are generally due within one year. Accounts receivable, which represents underwriting contracts are \$31,441 and \$25,011 at June 30, 2016 and 2015, respectively, and there are no allowances for uncollectible accounts receivable.

(3) Related-Party and Economic Dependence

During fiscal years 2016 and 2015, the University provided the Station with indirect institutional support of \$144,193 and \$145,161, respectively, and indirect physical plant operations support of \$213,952 and \$202,892, respectively. In addition, support amounting to \$64,093 and \$63,707 in fiscal years 2016 and 2015, respectively, were provided to the Station from the University for buildings and tower facilities, recognized in indirect administrative support on the statement of activities.

The University provided general appropriations of \$591,583 and \$575,467 in fiscal years 2016 and 2015, respectively. Such amounts are recorded as part of support and revenues, as well as an equivalent amount of expenditures.

In addition to economic support provided by the University, the Station also receives revenues on underwriting contracts with the University and its affiliates. These contracts totaled \$37,368 and \$36,742 in fiscal years 2016 and 2015, respectively.

Since the Station is a department of the University, with a majority of its revenue received from the University, it is economically dependent upon the University.

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Notes to Financial Statements
June 30, 2016 and 2015

(4) Subsequent Events

The Station has evaluated subsequent events for potential recognition or disclosure through November 16, 2016, the date on which the financial statements were available to be issued.

WAER-FM RADIO
(A Department of Syracuse University)
Supplemental Schedule of Functional Expenses
Year ended June 30, 2016

	<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Total</u>
Salaries and employee benefits	\$ 427,507	254,473	186,211	868,191
Indirect administrative support			422,238	422,238
Outside services	287,959	23,481	2,540	313,980
Production costs	26,714	13,236		39,950
Telephone	5,567	3,339	2,226	11,132
Audio/visual	2,655			2,655
Office supplies	84	805	2,751	3,640
Advertising and promotion	5,727	7,035		12,762
Advertising and promotion – in-kind contributions	34,705			34,705
Dues and subscriptions	13,696	3,328	1,604	18,628
Travel and entertainment	49,736	3,798	9,452	62,986
Repairs and maintenance	1,232		902	2,134
Freight and postage	426	2,877	38	3,341
Equipment and software	12,589	4,737	537	17,863
Bad debt		600		600
Depreciation	3,592			3,592
Total expenses	\$ <u>872,189</u>	<u>317,709</u>	<u>628,499</u>	<u>1,818,397</u>

See accompanying independent auditors' report.

WAER-FM RADIO
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Supplemental Schedule of Functional Expenses
Year ended June 30, 2015

	Program services	Fundraising	Management and general	Total
Salaries and employee benefits	\$ 402,296	245,511	181,156	828,963
Indirect administrative support			411,760	411,760
Outside services	252,637	29,291	2,235	284,163
Production costs	23,100	371		23,471
Telephone	8,269	3,601	1,200	13,070
Office supplies	1,245	587	2,599	4,431
Advertising and promotion	13,593	16,171	288	30,052
Advertising and promotion – in-kind contributions	39,570			39,570
Dues and subscriptions	12,945	3,018	1,269	17,232
Travel and entertainment	27,812	22,069	4,256	54,137
Repairs and maintenance	1,547		1,240	2,787
Freight and postage	568	6,741	10	7,319
Equipment and software	18,293	5,821	1,487	25,601
Bad debt		485		485
Depreciation	3,952			3,952
Total expenses	\$ <u>805,827</u>	<u>333,666</u>	<u>607,500</u>	<u>1,746,993</u>

See accompanying independent auditors' report.