



WAER-FM RADIO
(A Department of Syracuse University)
Financial Statements and Supplemental Schedules
June 30, 2017 and 2016
(With Independent Auditors' Report Thereon)

WAER-FM RADIO
(A Department of Syracuse University)
Financial Statements and Supplemental Schedules
June 30, 2017 and 2016

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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, 2017 and 2016, 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, 2017 and 2016, 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 17, 2017

WAER-FM RADIO
(A Department of Syracuse University)

Statements of Financial Position

June 30, 2017 and 2016

Assets	<u>2017</u>	<u>2016</u>
Current assets:		
Cash	\$ 104,955	89,264
Prepaid expenses	8,933	7,745
Accounts receivable, net	24,438	31,441
Pledges receivable, net	<u>1,610</u>	<u>415</u>
Total current assets	139,936	128,865
Equipment, net	<u>47,681</u>	<u>51,633</u>
Total assets	<u><u>\$ 187,617</u></u>	<u><u>180,498</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 6,531	10,797
Deferred revenues	<u>10,046</u>	<u>10,037</u>
Total current liabilities	16,577	20,834
Unrestricted net assets	<u>171,040</u>	<u>159,664</u>
Total liabilities and net assets	<u><u>\$ 187,617</u></u>	<u><u>180,498</u></u>

See accompanying notes to financial statements.

WAER-FM RADIO
(A Department of Syracuse University)

Statement of Activities

Years ended June 30, 2017 and 2016

	2017	2016
Change in unrestricted net assets:		
Support and revenues:		
General appropriation – Syracuse University	\$ 583,529	591,583
Indirect administrative support – Syracuse University	375,102	422,238
Underwriting contracts	372,599	363,553
Corporation for Public Broadcasting grants	146,100	143,588
NYS Public Broadcasting grant	60,560	60,560
In-kind contributions	34,740	34,705
Contributions and miscellaneous income	250,929	196,445
Total support and revenues	1,823,559	1,812,672
Expenditures:		
Program services	872,866	872,189
Fundraising	358,838	317,709
Management and general	580,479	628,499
Total expenditures	1,812,183	1,818,397
Change in unrestricted net assets	11,376	(5,725)
Net assets at beginning of year	159,664	165,389
Net assets at end of year	\$ 171,040	159,664

See accompanying notes to financial statements.

WAER-FM RADIO
(A Department of Syracuse University)
Statements of Cash Flows
Years ended June 30, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 11,376	(5,725)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,952	3,952
Changes in assets and liabilities:		
Prepaid expenses	(1,188)	(195)
Pledges and accounts receivable	5,808	(5,951)
Accounts payable	(4,266)	2,225
Deferred revenues	9	3,113
Net cash provided by (used in) operating activities	15,691	(2,581)
Net increase (decrease) in cash	15,691	(2,581)
Cash at beginning of year	89,264	91,845
Cash at end of year	\$ 104,955	89,264

See accompanying notes to financial statements.

WAER-FM RADIO
(A Department of Syracuse University)
Notes to Financial Statements
June 30, 2017 and 2016

(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 \$25,352 and \$21,400, at June 30, 2017 and 2016, 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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(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.

CPB grants 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.

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

WAER-FM RADIO
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Notes to Financial Statements
June 30, 2017 and 2016

(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 \$1,610 and \$415 (net of allowances for estimated uncollectible amounts of \$600) at June 30, 2017 and 2016, 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 \$24,438 and \$31,441 at June 30, 2017 and 2016, respectively, and there are no allowances for uncollectible accounts receivable.

(3) Related-Party and Economic Dependence

During fiscal years 2017 and 2016, the University provided the Station with indirect institutional support of \$146,473 and \$144,193, respectively, and indirect physical plant operations support of \$164,540 and \$213,952, respectively. In addition, support amounting to \$64,089 and \$64,093 in fiscal years 2017 and 2016, respectively, was provided to the Station by the University for buildings and tower facilities, and recognized in indirect administrative support on the statements of activities.

The University provided general appropriations of \$583,529 and \$591,583 in fiscal years 2017 and 2016, 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 \$40,837 and \$37,368 in fiscal years 2017 and 2016, 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.

(4) Subsequent Events

The Station has evaluated subsequent events for potential recognition or disclosure through November 17, 2017, 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, 2017

	<u>Program services</u>	<u>Fundraising</u>	<u>Management and general</u>	<u>Total</u>
Salaries and employee benefits	\$ 395,552	273,061	189,552	858,165
Indirect administrative support	—	—	375,102	375,102
Outside services	289,957	38,568	2,204	330,729
Production costs	25,409	—	—	25,409
Telephone	5,575	3,345	2,230	11,150
Audio/visual	1,047	—	—	1,047
Office supplies	—	—	2,185	2,185
Advertising and promotion	25,887	12,364	—	38,251
Advertising and promotion – in-kind contributions	34,740	—	—	34,740
Dues and subscriptions	16,430	4,361	1,420	22,211
Travel and entertainment	33,372	15,721	6,850	55,943
Repairs and maintenance	19,584	—	936	20,520
Freight and postage	886	4,110	—	4,996
Equipment and software	20,475	7,308	—	27,783
Depreciation	3,952	—	—	3,952
Total expenses	<u>\$ 872,866</u>	<u>358,838</u>	<u>580,479</u>	<u>1,812,183</u>

See accompanying independent auditors' report.

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	12,229	4,737	537	17,503
Bad debt	—	600	—	600
Depreciation	3,952	—	—	3,952
Total expenses	<u>\$ 872,189</u>	<u>317,709</u>	<u>628,499</u>	<u>1,818,397</u>

See accompanying independent auditors' report.