

WRVO-FM90 RADIO
FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
AND FOR THE YEARS THEN ENDED

WRVO-FM90 RADIO
JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

WRVO-FM90 RADIO
State University of New York at Oswego
Oswego, New York 13126

We have audited the accompanying statement of financial position of WRVO-FM90 RADIO (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from WRVO-FM90 RADIO's financial statements for the year ended June 30, 2010 and, in our report dated January 5, 2011, we expressed an unqualified opinion on those financial statements.

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 WRVO-FM90 RADIO, as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Davidson, Fox & Company, LLP

Binghamton, New York
January 11, 2012

WRVO-FM90 RADIO

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 324,141	\$ 148,906
Cash - WDS Endowment (internally designated)	63,392	52,485
Underwriting receivables	96,749	58,870
Pledges receivables, net	<u>37,041</u>	<u>31,614</u>
TOTAL CURRENT ASSETS	<u>521,323</u>	<u>291,875</u>
PROPERTY AND EQUIPMENT		
Transmission equipment	728,376	724,476
Studio equipment	667,309	665,139
Non-broadcast equipment and furniture	<u>81,993</u>	<u>24,391</u>
	1,477,678	1,414,006
Less: accumulated depreciation	<u>(961,713)</u>	<u>(883,030)</u>
TOTAL PROPERTY AND EQUIPMENT, net	<u>515,965</u>	<u>530,976</u>
	\$ <u>1,037,288</u>	\$ <u>822,851</u>

See accompanying notes to financial statements

LIABILITIES AND NET ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 26,000	\$ -
Accounts payable and accrued expenses	23,564	28,743
Deferred grant revenue	2,586	16,330
Deferred underwriting revenue	<u>49,374</u>	<u>33,318</u>
TOTAL CURRENT LIABILITIES	<u>101,524</u>	<u>78,391</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	<u>27,367</u>	<u>-</u>
NET ASSETS		
Unrestricted		
Board designated	63,392	52,485
Undesignated	<u>845,005</u>	<u>691,975</u>
TOTAL NET ASSETS	<u>908,397</u>	<u>744,460</u>
	\$ <u>1,037,288</u>	\$ <u>822,851</u>

WRVO-FM90 RADIO

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010**

	Unrestricted	
	2011	2010
REVENUES AND OTHER SUPPORT		
Government grants		
Community Service Grants	\$ 253,345	\$ 220,208
NYS Education Department Grant	62,387	62,387
NSNC and related grants	-	56,540
SUNY Oswego Direct Support	276,109	239,492
Underwriting revenue		
Foundations and other nonprofits	210,684	207,585
Business and industry	327,659	295,149
Membership and contributions		
Corporate matching	9,754	13,308
Listener contributions	728,036	616,400
Other fundraising	104,027	123,266
In-kind revenues		
ORSP fees waived	45,311	63,967
SUNY Oswego	523,442	753,542
Investment income - WDS Endowment	11,964	5,440
Total revenues and other support	2,552,718	2,657,284
EXPENSES		
Program services		
Engineering	260,716	291,692
Programming	816,583	801,528
Public information	140,295	102,434
Total program services	1,217,594	1,195,654
Support services		
Management and general	804,048	1,001,227
Listener support	184,886	186,905
Corporate support	182,253	192,963
Total support services	1,171,187	1,381,095
Total expenses	2,388,781	2,576,749
INCREASE IN NET ASSETS	163,937	80,535
NET ASSETS AT BEGINNING OF YEAR	744,460	663,925
NET ASSETS AT END OF YEAR	\$ 908,397	\$ 744,460

See accompanying notes to financial statements

WRVO-FM90 RADIO

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 163,937	\$ 80,535
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	78,683	82,051
(Increase) decrease in		
Underwriting receivables	(37,879)	(10,821)
Membership receivables	(5,427)	(191)
Increase (decrease) in		
Accounts payable and accrued expenses	(5,179)	(1,610)
Deferred revenues	<u>2,312</u>	<u>(18,880)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	196,447	131,084
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(63,672)	(83,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new borrowings	<u>53,367</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	186,142	47,836
CASH AND CASH EQUIVALENTS - beginning of year	<u>201,391</u>	<u>153,555</u>
CASH AND CASH EQUIVALENTS - end of year	\$ <u><u>387,533</u></u>	\$ <u><u>201,391</u></u>

See accompanying notes to financial statements

WRVO-FM90 RADIO

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE TOTALS FOR JUNE 30, 2010

	Program Services				Management and General	Support Services		Total Support Services	2011 Totals	2010 Totals
	Engineering	Programming	Public Information	Total Program Services		Listener Support	Corporate Support			
Salaries, wages and benefits	\$ 122,078	\$ 296,607	\$ 16,668	\$ 435,353	\$ 179,832	\$ 98,661	\$ 120,651	\$ 399,144	\$ 834,497	\$ 825,288
Professional services	-	7,680	-	7,680	11,542	3,311	-	14,853	22,533	22,639
Commissions	-	-	-	-	-	14,375	60,460	74,835	74,835	79,408
Office supplies, telephone, postage and printing	22,176	10,656	21,020	53,852	7,943	23,041	440	31,424	85,276	82,846
Conferences and travel	1,368	7,595	-	8,963	4,286	4,372	560	9,218	18,181	14,036
Programing services	-	493,820	-	493,820	-	500	-	500	494,320	449,787
Advertising and promotion	-	-	102,607	102,607	-	16,840	-	16,840	119,447	96,918
Facilities	4,946	-	-	4,946	-	-	-	-	4,946	8,464
Memberships and affiliations	278	225	-	503	1,175	3,500	142	4,817	5,320	6,507
Depreciation	76,201	-	-	76,201	2,482	-	-	2,482	78,683	82,051
Satellite services and other expenses	33,669	-	-	33,669	-	-	-	-	33,669	44,730
Credit card fees	-	-	-	-	512	20,286	-	20,798	20,798	18,348
Grant overhead - ORSP fees	-	-	-	-	27,522	-	-	27,522	27,522	28,218
In-kind expense - ORSP fees waived	-	-	-	-	45,312	-	-	45,312	45,312	63,967
In-kind expense - SUNY Oswego	-	-	-	-	523,442	-	-	523,442	523,442	753,542
TOTAL EXPENSES	\$ 260,716	\$ 816,583	\$ 140,295	\$ 1,217,594	\$ 804,048	\$ 184,886	\$ 182,253	\$ 1,171,187	\$ 2,388,781	\$ 2,576,749

See accompanying notes to financial statements

WRVO-FM90 RADIO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

(See independent auditor's report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

WRVO-FM90 RADIO (WRVO) is an unincorporated public telecommunications entity operated by the State University of New York at Oswego.

Basis of Presentation

Financial statement presentation follows the recommendations of generally accepted accounting principles, which require WRVO to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. The estimates and assumptions affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Income Tax Status

WRVO is a division of the State University of New York at Oswego and is not a separate entity unto itself. As such, it is not a taxable entity.

Cash and Cash Equivalents

WRVO considers cash on hand, deposits, and securities with maturities of three months or less to be cash equivalents. Cash funds are handled by the Research Foundation and the Oswego College Foundation.

Membership Pledges Receivable

Membership pledges receivable are stated at the estimated net realizable amount management expects to collect. Balances that are still outstanding after management has used reasonable collection efforts are written off. Based on management's evaluation of uncollected membership pledges receivable at the end of each year, uncollectible pledges are provided for using the allowance method.

Details of pledges receivable as of June 30, 2011 and 2010 are as follows:

	<u>2011</u>	<u>2010</u>
Membership pledges receivable	\$ 42,041	\$ 36,614
Allowance for uncollectible pledges	<u>(5,000)</u>	<u>(5,000)</u>
Membership pledges receivable, net	\$ <u>37,041</u>	\$ <u>31,614</u>

WRVO-FM90 RADIO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

(See independent auditor's report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period incurred and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation calculations are based on the straight-line method over the useful lives of the assets, which range from three to twenty years. Repairs and maintenance costs are charged to operating expense as incurred.

Depreciation expense amounted to \$78,683 and \$82,051 for the years ended June 30, 2011 and 2010, respectively.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Facilities, Services and Support

Donations of long-lived assets are reported as unrestricted support, unless there are donor-imposed restrictions on the use of these assets.

Donated facilities and administrative support from the State University of New York at Oswego consists of allocated occupancy costs for the office and studio space occupied and/or managed by WRVO, certain personnel salaries and benefits and financial and departmental expenses incurred by the University on behalf of the radio station. Donated facilities and services are recorded at estimated fair value. These in-kind contributions are recorded only if they have a readily ascertainable market value with an objective basis for determining such value. For the years ended June 30, 2011 and 2010 donated facilities and services amounted to \$523,442 and \$753,542, respectively. The Oswego College Foundation and the Office of Research and Sponsored Programs also provide certain administrative services to the radio station. These in-kind contributions amounted to \$45,312 and \$63,967 for the years ended June 30, 2011 and 2010, respectively.

WRVO-FM90 RADIO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

(See independent auditor's report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Expenses by function have been allocated among program and supporting service classifications on the basis of time records and on estimates made by WRVO's management.

Advertising

WRVO has adopted the policy of charging advertising and promotional costs to expense as incurred. Advertising and promotion costs amounted to \$119,447 and \$96,918 for the years ended June 30, 2011 and 2010, respectively.

Subsequent Events

WRVO has evaluated events and transactions that have occurred between July 1, 2011 and January 11, 2012, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 - WILLIAM D. SHIGLEY ENDOWMENT FUND

A fund was established in 2000 in honor of the former Station Manager William D. Shigley. Earnings from this fund are internally designated for the use of technology procurement. The balance of the fund as of June 30, 2011 and 2010 was \$63,392 and \$52,485, respectively.

NOTE 3 - EQUIPMENT LOAN

During the year, an informal agreement was made between the Research Foundation and WRVO allowing WRVO to borrow \$130,000 for the purchase and installation of software and equipment upgrades. WRVO has agreed to make annual principal payments of \$26,000 for 5 years starting during the year ended June 30, 2012 and the loan will bear no interest. Some purchases were made during the year ended June 30, 2011 and monies were advance accordingly. The Organization expects to make the remaining purchases and borrow the remainder of the funds during the year ended June 30, 2012. The balance of the loan at June 30, 2011 amounted to \$53,367.

NOTE 4 - DEFERRED GRANT REVENUE

Grant revenue is recognized as costs are incurred over the respective period of each grant contract. Deferred grant revenues are comprised of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
WXXI Innovation grant	\$ <u>2,586</u>	\$ <u>16,330</u>

WRVO-FM90 RADIO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

(See independent auditor's report)

NOTE 5 - BARTER TRANSACTIONS

WRVO receives advertising services in trade for program underwriting. The value of these goods and services is recognized as expense or capital assets as applicable at their normal fair value, and underwriting revenue is recognized for the same amount. The revenue is recognized when the programs are aired. Advertising services received in trade amounted to \$102,607 and \$69,144 for the years ended June 30, 2011 and 2010, respectively.

NOTE 6 - SUPPLEMENTAL CASH FLOW INFORMATION

	<u>2011</u>	<u>2010</u>
Non-cash transactions:		
In-kind contributions - donated facilities and services	\$ <u>568,753</u>	\$ <u>817,509</u>

No amounts were paid for interest or income taxes during the years ended June 30, 2011 and 2010.

NOTE 7 - DESCRIPTIONS OF PROGRAM AND SUPPORT SERVICES

Radio Programming

Radio programming is the basis of WRVO's function as a public radio station. Radio programming serves by informing the listening public of specific available program services with local and national content.

Programming monitors all program operations activities; makes programming decisions and adjustments, creates a monthly broadcast schedule and coordinates programming information and ideas with promotions and development staff.

Engineering

The engineering department is crucial to the existence of WRVO. It oversees the maintenance of broadcast equipment, establishes procedures for operation and maintenance of transmitter equipment, performance of preventative maintenance activities, operation of equipment during test of Emergency Broadcast System; makes modifications and improvements to existing transmitter equipment, prevents interruptions in transmitting operations and monitors station compliance. Engineering operates in accordance with rules and regulations of Federal Communications Commission. Engineering includes information technology systems and support services.

Public Information

WRVO provides a quarterly newsletter and web service as a supplement to our on-air programming. Both the newsletter and website provides information regarding upcoming programs and specials, station events and highlights, corporate supporters and major donors. The website (www.wrvo.fm) provides additional information on local programs and sources for national programming.

WRVO-FM90 RADIO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2011 AND 2010

(See independent auditor's report)

NOTE 7 - DESCRIPTIONS OF PROGRAM AND SUPPORT SERVICES (Continued)

Management and General

Management supervises and controls the overall, day-to-day operations of WRVO. This includes: business management and accounting, general record keeping, budgeting and related purposes; human resource administration, including recruiting, retention, and benefit programs; maintenance of archives, operations manuals, depreciation of buildings and equipment, furnishings, and supplies or equipment used in management and general functions and National Public Radio (NPR) representation fees.

Listener Support

Listener support consists of inducing listeners to contribute money, securities, time, materials, or facilities. WRVO's fundraising activities target individual gifts, new members and membership renewals and establish fundraising goals according to WRVO financial need. Fundraising personnel also participate in on-air pledge drives; create premiums and incentives for membership or donation; coordinate telemarketing and direct mail campaigns; and work with marketing and development staff to develop on and off-air promotional campaigns and member activities that encourage members to increase their support.

Corporate Support

Corporate support consists of fundraising through soliciting program underwriting funds and general support grants from foundations, corporation, or governments. Grant solicitation involves evaluating and monitoring grant-funded programs.