

WRVO-FM RADIO
FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013
AND FOR THE YEARS THEN ENDED

WRVO-FM RADIO
JUNE 30, 2014 AND 2013

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INDEPENDENT AUDITOR'S REPORT

WRVO-FM RADIO

State University of New York at Oswego
Oswego, New York 13126

We have audited the accompanying financial statements of WRVO-FM RADIO, which comprise the statement of financial position as of June 30, 2014, and the related statement of activities and cash flows for the year 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 accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

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 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 auditor's 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 auditor considers 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WRVO-FM RADIO as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the WRVO-FM RADIO's June 30, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davidson, Fox & Company, LLP

Binghamton, New York
January 28, 2015

WRVO-FM RADIO

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 126,844	\$ 272,947
Cash - WDS Endowment (internally designated)	85,439	73,407
Underwriting receivables	82,329	68,220
Pledges receivables, net	59,696	60,672
Other receivables	<u>13,819</u>	<u>18,097</u>
TOTAL CURRENT ASSETS	<u>368,127</u>	<u>493,343</u>
PROPERTY AND EQUIPMENT		
Broadcast equipment	1,599,983	1,599,983
Non-broadcast equipment and furniture	<u>234,894</u>	<u>230,094</u>
	1,834,877	1,830,077
Less: accumulated depreciation	<u>(1,301,167)</u>	<u>(1,185,271)</u>
TOTAL PROPERTY AND EQUIPMENT, net	<u>533,710</u>	<u>644,806</u>
	<u>\$ 901,837</u>	<u>\$ 1,138,149</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ -	\$ 50,398
Accounts payable and accrued expenses	7,931	18,766
Deferred grant revenue	-	7,155
Deferred underwriting revenue	<u>42,591</u>	<u>37,495</u>
TOTAL CURRENT LIABILITIES	<u>50,522</u>	<u>113,814</u>
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	<u>-</u>	<u>151,342</u>
NET ASSETS - Unrestricted		
Board designated	85,439	73,407
Undesignated	<u>765,876</u>	<u>799,586</u>
TOTAL NET ASSETS	<u>851,315</u>	<u>872,993</u>
	<u>\$ 901,837</u>	<u>\$ 1,138,149</u>

See accompanying notes to financial statements

WRVO-FM RADIO

**STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2014 AND 2013**

	Unrestricted	
	2014	2013
REVENUES AND OTHER SUPPORT		
Government grants		
Community Service Grants	\$ 196,476	\$ 232,844
NYS Education Department Grant	58,228	58,228
Other Grants	20,974	6,609
SUNY Oswego Direct Support	207,800	259,114
Underwriting revenue		
Foundations and other nonprofits	289,466	276,150
Business and industry	343,992	319,512
Membership and contributions		
Corporate matching	11,238	9,427
Listener contributions	692,266	682,472
Other fundraising	76,979	80,946
Other income	151,342	-
In-kind revenues		
ORSP fees waived	61,092	58,540
SUNY Oswego	707,123	798,985
Investment income - WDS Endowment	12,749	9,049
Total revenues and other support	2,829,725	2,791,876
EXPENSES		
Program services		
Engineering	335,224	347,275
Programming	1,031,718	967,988
Public information	-	8,663
Total program services	1,366,942	1,323,926
Support services		
Management and general	925,791	1,028,291
Listener support	207,076	240,287
Corporate support	351,594	363,288
Total support services	1,484,461	1,631,866
Total expenses	2,851,403	2,955,792
CHANGE IN NET ASSETS	(21,678)	(163,916)
NET ASSETS AT BEGINNING OF YEAR	872,993	1,036,909
NET ASSETS AT END OF YEAR	\$ 851,315	\$ 872,993

See accompanying notes to financial statements

WRVO-FM RADIO

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (21,678)	\$ (163,916)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	115,896	119,334
(Increase) decrease in		
Underwriting receivables	(14,109)	(16,722)
Membership receivables	976	(5,653)
Other receivables	4,278	(13,597)
Decrease (increase) in		
Accounts payable and accrued expenses	(10,835)	(62,381)
Deferred revenues	<u>(2,059)</u>	<u>(9,845)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>72,469</u>	<u>(152,780)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(4,800)</u>	<u>(41,546)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from new borrowings	-	11,949
Forgiveness of borrowings	(151,342)	-
Payments on borrowings	<u>(50,398)</u>	<u>(26,000)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(201,740)</u>	<u>(14,051)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(134,071)	(208,377)
CASH AND CASH EQUIVALENTS - beginning of year	<u>346,354</u>	<u>554,731</u>
CASH AND CASH EQUIVALENTS - end of year	\$ <u><u>212,283</u></u>	\$ <u><u>346,354</u></u>

See accompanying notes to financial statements

WRVO-FM RADIO

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014 WITH COMPARATIVE TOTALS FOR JUNE 30, 2013**

	Program Services			Management and General	Support Services		Total Support Services	2014 Totals	2013 Totals
	Engineering	Programming	Total Program Services		Listener Support	Corporate Support			
Salaries, wages and benefits	\$ 121,866	\$ 420,279	\$ 542,145	\$ 72,140	\$ 28,995	\$ 133,442	\$ 234,577	\$ 776,722	\$ 770,640
Professional services	18,204	9,490	27,694	13,500	1,422	-	14,922	42,616	48,542
Commissions	-	-	-	-	11,025	122,390	133,415	133,415	108,853
Office supplies, telephone, postage and printing	38,814	23,214	62,028	3,921	71,287	1,591	76,799	138,827	136,822
Conferences and travel	524	6,025	6,549	4,564	-	746	5,310	11,859	13,688
Programing services	12,300	570,488	582,788	-	-	-	-	582,788	548,698
Advertising and promotion	-	230	230	3,741	73,972	93,040	170,753	170,983	215,703
Facilities	16,971	-	16,971	-	-	-	-	16,971	11,278
Memberships and affiliations	75	1,992	2,067	5,232	-	385	5,617	7,684	8,720
Depreciation	72,796	-	72,796	43,100	-	-	43,100	115,896	119,334
Satellite services and other expenses	53,674	-	53,674	-	-	-	-	53,674	69,752
Credit card fees	-	-	-	2,069	20,375	-	22,444	22,444	20,984
Grant overhead - ORSP fees	-	-	-	9,310	-	-	9,310	9,310	28,757
In-kind expense - ORSP fees waived	-	-	-	61,091	-	-	61,091	61,091	55,036
In-kind expense - SUNY Oswego	-	-	-	707,123	-	-	707,123	707,123	798,985
TOTAL EXPENSES	\$ 335,224	\$ 1,031,718	\$ 1,366,942	\$ 925,791	\$ 207,076	\$ 351,594	\$ 1,484,461	\$ 2,851,403	\$ 2,955,792

See accompanying notes to financial statements

WRVO-FM RADIO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

(See independent auditor's report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

WRVO-FM 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, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Membership pledges receivable	\$ 64,696	\$ 65,672
Allowance for uncollectible pledges	<u>(5,000)</u>	<u>(5,000)</u>
Membership pledges receivable, net	\$ <u>59,696</u>	\$ <u>60,672</u>

WRVO-FM RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(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 \$115,896 and \$119,334 for the years ended June 30, 2014 and 2013, 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, 2014 and 2013 donated facilities and services amounted to \$707,123 and \$798,985, 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 \$61,091 and \$58,540 for the years ended June 30, 2014 and 2013, respectively.

WRVO-FM RADIO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

(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 \$170,983 and \$215,703 for the years ended June 30, 2014 and 2013, respectively.

Subsequent Events

WRVO has evaluated events and transactions that have occurred between July 1, 2014 and January 28, 2015, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Reclassifications

Certain amounts from the June 30, 2013 financial statements have been reclassified to conform to the presentation for June 30, 2014.

NOTE 2 - WILLIAM D. SHIGLEY ENDOWMENT FUND

A fund, consisting solely of cash equivalents, 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, 2014 and 2013 was \$85,439 and \$73,407, respectively.

NOTE 3 - LONG-TERM DEBT

During the year ended June 30, 2011, an informal agreement was made between the Research Foundation and WRVO allowing WRVO to borrow up to \$130,000 for the purchase and installation of software and equipment upgrades. WRVO had agreed to make annual principal payments of \$26,000 for 5 years, beginning during the year ended June 30, 2012, and the loan bears no interest. In January 2015, the Research Foundation agreed to forgive the remaining balance on the loan. The balance as of June 30, 2014 has been adjusted to reflect this. The balance of the loan at June 30, 2014 and 2013 amounted to \$-0- and \$78,000, respectively.

During the year ended June 30, 2012, another informal agreement was made between the Research Foundation and WRVO allowing WRVO to borrow up to \$123,990 for the construction of a Clayton, NY station. WRVO had agreed to make annual principal payments of \$24,798 for 5 years, beginning during the year ended June 30, 2013, and the loan bears no interest. In January 2015, the Research Foundation agreed to forgive the remaining balance on the loan. The balance as of June 30, 2014 has been adjusted to reflect this. The balance of the loan at June 30, 2014 and 2013 amounted to \$-0- and \$123,740, respectively.

WRVO-FM RADIO

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

(See independent auditor's report)

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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
WXXI Innovation grant	\$ <u> -</u>	\$ <u> 7,155</u>

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. Goods and services received in trade amounted to \$143,496 and \$151,810 for the years ended June 30, 2014 and 2013, respectively.

NOTE 6 - SUPPLEMENTAL CASH FLOW INFORMATION

	<u>2014</u>	<u>2013</u>
Non-cash transactions:		
In-kind contributions - donated facilities and services	\$ <u> 768,215</u>	\$ <u> 857,525</u>

No amounts were paid for interest or income taxes during the years ended June 30, 2014 and 2013.

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.

WRVO-FM RADIO

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

(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. WRVO also provides a periodic newsletter and web service as a supplement to their 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.

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.