

**SALISBURY UNIVERSITY
DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Financial Statements, Supplemental Schedule and Independent Auditor's Report
as of and for the Years Ended June 30, 2017 and 2016**

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	
Statements of Net Position.....	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows.....	9
Notes to the Financial Statements	10
SUPPLEMENTAL INFORMATION	
Schedule of Non-Federal Financial Support.....	16

MONBO GROUP INTERNATIONAL

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To The Board of Regents
Salisbury University
Salisbury, Maryland

Report on the Financial Statements

We have audited the accompanying statements of net position of Delmarva Public Radio – WSCL-FM and WSDL-FM (“the Stations”) as of June 30, 2017, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

The Stations’ 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 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 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 Stations’ 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 Stations’ 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 the Stations as of June 30, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Stations (WSCL-FM and WSDL-FM) are intended to present the financial position, changes in financial position and cash flows of only that portion of the activities of Salisbury University that is attributable to the transactions of the Stations. They do not purport to, and do not, present fairly the financial position of Salisbury University as of June 30, 2017, the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting 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 assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental Schedule of Non-Federal Financial Support is presented for purposes of additional analysis and is 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 Schedule of Non-Federal Financial Support is fairly stated in all material respects in relation to the financial statements as a whole.

Baltimore, Maryland
November 13, 2017

Monbo Group International
CERTIFIED PUBLIC ACCOUNTANTS

DELMARVA PUBLIC RADIO WSCL-FM AND WSDL-FM

Management's Discussion and Analysis Years Ended June 30, 2017 and 2016

Introduction

This section of the report provides a discussion and analysis of Delmarva Public Radio – WSCL-FM and WSDL-FM (the “Station”) financial performance for the year ended June 30, 2017. This analysis should be read in conjunction with the Stations’ basic financial statements and the notes to the basic financial statements.

Overview of the Financial Statements

The three primary financial statements of the Stations presented are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements are prepared in conformity with accounting principles generally accepted in the United States and as prescribe by Government Accounting Standards Board (GASB).

The notes to the financial statements provide required disclosures and other information that are essential to full understanding of the material data provided in the statements. The notes present information about the Stations’ accounting policies, significant account balances and activities, obligations and subsequent events, if any and can be found beginning on page 10 of this report.

The information contained in the basic financial statements of the Stations is incorporated within Salisbury University’s Annual Financial Statements.

Statements of Net Position

The Statements of Net Position present the financial position of the Stations at the end of the fiscal year and includes all assets and liabilities of the Stations. Assets and liabilities are presented as either current or noncurrent to provide an indication of their anticipated liquidation. The difference between total assets and total liabilities equals net position. The net position is an indicator of the current financial condition of the Stations. A summary of assets, liabilities, and net position at June 30, 2017 and 2016, is as follows:

<i>For The Years Ended June 30,</i>	2017	2016
Assets		
Current assets	\$ 79,434	\$ 86,915
Capital assets, net of accumulated depreciation	530,322	410,616
Total Assets	609,756	497,531
Liabilities		
Current liabilities	46,167	56,427
Noncurrent liabilities	29,538	25,525
Total Liabilities	75,705	81,952
Net Position		
Net investment in capital assets	530,322	410,616
Unrestricted	3,729	4,963
Total Net Position	534,051	415,579
Total Liabilities and Net Position	\$ 609,756	\$ 497,531

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016**

Fiscal Year 2017 compared to Fiscal Year 2016

- Current Assets in fiscal year 2017 decreased by \$7,481 or 9% over fiscal year 2016 mainly due to a decrease in accounts receivable compared to fiscal year 2016.
- Current Liabilities in fiscal year 2017 increased by \$10,260 or 18% over fiscal year 2016. This decrease is due primarily to a decrease in accounts payable and other accrued expenses.
- Total Net Position in fiscal year 2017 increased by \$118,472 compared to fiscal year 2016.

Statements of Revenues, Expenses and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the Stations' results of operations. The statements distinguish revenues and expenses between operating and non-operating categories and provide a view of the Stations' operating margin. A summary of revenues, expenses, and changes in net position for the years ended June 30, 2017 and 2016, is as follows:

<i>For The Years Ended June 30,</i>	2017	2016
Operating Revenues	\$ 553,059	\$ 635,367
Operating Expenses	976,724	1,010,112
Operating income (loss) before non-operating revenues	(423,665)	(374,745)
Non-operating Revenues	542,137	343,666
Total Changes in Net Position	118,472	(31,079)
Net Position		
Net position at June 30, 2016	415,579	446,658
Net position at June 30, 2017	\$ 534,051	\$ 415,579

Fiscal Year 2017 compared to Fiscal Year 2016

- Total Operating Revenues for fiscal year 2017 decreased by \$82,308 or 13% from fiscal year 2016. This fluctuation is mainly due to a decrease in grants from the Corporation for Public Broadcasting, corporate donations and underwriting income.
- Total Operating Expenses in fiscal year 2017 decreased by \$33,388 or 3% compared to fiscal year 2016, due to decrease in support services.
- Non-operating Revenues in fiscal year 2017 increased by \$198,471 or 58% from fiscal year 2016 mainly due to a increase in bond proceeds from the State of Maryland.

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Management’s Discussion and Analysis
Years Ended June 30, 2017 and 2016**

Statements of Cash Flows

The Statements of Cash Flows provide information about the Stations’ receipts and disbursements of cash during the year. These statements also assist users in assessing the Stations’ ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. A summary of cash flows for the years ended June 30, 2017 and 2016, is as follows:

<i>For The Years Ended June 30,</i>	2017	2016
Net cash provided (used) by operating activities	\$ (281,297)	\$ (223,147)
Net cash provided (used) by non-capital financing activities	250,000	195,090
Net cash provided (used) by capital and related financing activities	22,030	27,114
Increase (decrease) in cash and cash equivalents, during the year	(9,267)	(943)
Cash and cash equivalents, balance at the beginning of the year	11,319	12,262
Cash and Cash Equivalents, Balance at the End of the Year	\$ 2,052	\$ 11,319

Economic Factors That Will Affect The Future

- Salisbury, Maryland is somewhat representative of the “rediscovery” and both economic and cultural revitalization of the entire Delmarva Peninsula. While Delmarva Public Radio (DPR) service area is the vast majority of the peninsula, Salisbury – our “hometown” – has as a result of new leadership at both the city and county (Wicomico County) level seen a noticeable uptick in economic activity, growth, and job creation...all of which offers DPR the opportunity to generate more financial support from this specific area. Historically, resort centers such as Rehoboth Beach (DE), Ocean City (MD), and the peninsula’s “Mid-Shore” region (Easton, Oxford, St. Michaels, Maryland) have set the economic tone. This broadening of the region’s economic forces is being incorporated into DPR’s development strategies and actions.
- Adding to the above revitalization of the regional economies is the recent announcement that Salisbury will host the National Folk Festival from 2018 - 2020. DPR is already deeply involved in the project and considers the three-year residency as a significant opportunity for showcasing DPR programming and leveraging visibility into support.
- DPR has undertaken personnel/staffing initiatives to increase its collective professional skillset and more adequately address (and take advantage of) the changing nature of the programming and outreach/social media platforms available to it. Within the last year, DPR has made the following changes to its team:
 - Replaced its Senior Underwriting/Marketing Coordinator
 - Filled its Membership Coordinator vacancy
 - Created and filled the position of Development Director
- It is believed that these changes in both personnel and strategies – in conjunction with DPR’s continuing efforts to provide new, regionally-produced, regionally-significant programming – will result in significant gains toward recovering the “ground” lost since 2012 - 2013.

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Management's Discussion and Analysis
Years Ended June 30, 2017 and 2016**

Economic Factors That Will Affect The Future (continued)

- DPR continues to compete with other public radio stations in this relatively small radio market. With the aforementioned opportunities and changes, DPR is in a good position to distinguish itself from the competition and improve its revenue picture.

DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM

Statements of Net Position
Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,052	\$ 11,319
Accounts receivable, net	34,778	36,540
Prepaid expenses	42,604	39,056
Total Current Assets	79,434	86,915
Noncurrent assets:		
Capital assets (net of accumulated depreciation of \$222,674 and \$144,261 at June 30, 2017 and 2016, respectively)	530,322	410,616
Total Noncurrent Assets	530,322	410,616
Total Assets	\$ 609,756	\$ 497,531
 Liabilities and Net Position:		
Current liabilities:		
Accounts payable and Other accrued expenses	\$ 5,991	\$ 9,476
Accrued vacation, current portion	19,592	24,644
Accrued payroll	15,364	19,632
Deferred revenue	5,220	2,675
Total Current Liabilities	46,167	56,427
Noncurrent liabilities:		
Accrued vacation	29,538	25,525
Total Noncurrent Liabilities	29,538	25,525
Total Liabilities	75,705	81,952
Net position:		
Net investment in capital assets	530,322	410,616
Unrestricted	3,729	4,963
Total Net Position	534,051	415,579
Total Liabilities and Net Position	\$ 609,756	\$ 497,531

See accompanying notes to financial statements

DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM

Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenues:		
Corporate and Public Donations	\$ 155,473	\$ 182,954
Underwriting income	229,514	241,635
Grants from the Corporation for Public Broadcasting	104,210	147,834
Other grants	39,775	39,214
Rental income	17,918	14,082
Miscellaneous income	6,169	9,648
Total Operating Revenues	553,059	635,367
Operating Expenses:		
Program services:		
Programming and production	401,722	385,713
Broadcasting	262,682	246,918
Program information	13,979	15,067
Total program services	678,383	647,698
Support services:		
Management and general	158,791	182,555
Fundraising & membership development	139,550	179,859
Total support services	298,341	362,414
Total Operating Expenses	\$ 976,724	\$ 1,010,112
Operating income (loss) before non-operating revenues	(423,665)	(374,745)
Non-operating Revenues		
Appropriation from Salisbury University	250,000	195,090
Donated facilities and administrative support from Salisbury University	71,988	74,242
Bond proceeds from the State of Maryland	220,149	74,334
Total Non-operating Revenues	542,137	343,666
Total Changes in Net Position	118,472	(31,079)
Net Position		
Net position at June 30, 2016	415,579	446,658
Net position at June 30, 2017	\$ 534,051	\$ 415,579

See accompanying notes to financial statements

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Statements of Cash Flows
For The Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities		
Corporate and Public Donations	\$ 155,473	\$ 182,954
Underwriting income	233,821	216,397
Grants from the Corporation for Public Broadcasting	104,210	184,830
Other grants	39,775	39,214
Rental income	17,918	14,082
Miscellaneous income	6,169	9,648
Payments to employees	(375,572)	(438,760)
Payments to suppliers and contractors	(463,091)	(431,512)
Net cash provided (used) by operating activities	(281,297)	(223,147)
Cash Flows from Noncapital Financing Activities		
Appropriations from Salisbury University	250,000	195,090
Net cash provided (used) by noncapital financing activities	250,000	195,090
Cash Flows from Capital-Related Financing Activities		
Bond proceeds from the State of Maryland	220,149	74,334
Purchase of capital assets	(198,119)	(47,220)
Net cash provided (used) by capital-related financing activities	22,030	27,114
Increase (decrease) in cash and cash equivalents during the year	(9,267)	(943)
Cash and cash equivalents balance at the beginning of the year	11,319	12,262
Cash and Cash Equivalents Balance at the End of the Year	\$ 2,052	\$ 11,319
Reconciliation of Operating (Loss) Income to Net Cash Used in Operating Activities		
Operating income (loss)	(423,665)	(374,745)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities		
Depreciation expense	78,414	58,352
Donated facilities and administrative support from Salisbury University	71,988	74,242
Changes in Assets and Liabilities		
Accounts Receivable	1,761	9,538
Prepaid expenses	(3,548)	2,228
Accounts payable and accrued liabilities	(3,485)	3,298
Accrued payroll	(4,268)	(4,302)
Accrued vacation	(1,039)	8,173
Deferred revenue	2,545	69
Net cash used by operating activities	\$ (281,297)	\$ (223,147)

See accompanying notes to financial statements

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Notes to Financial Statements
Years Ended June 30, 2017 and 2016**

Note 1 - Reporting Entity

Delmarva Public Radio – WSCL-FM and WSDL-FM (“the Stations”) is a non-profit, National Public Radio Station licensed and owned by Salisbury University (the “University”). The Stations which broadcast in stereo on a frequency of 89.5 MHz and 90.7 MHz began operating in 1987 and serves the Salisbury/Ocean City Metropolitan area. Both the University and the Stations are governed by a Board of Regents appointed by the Governor of Maryland.

The financial activity of the Stations is included in the financial statements of the University. These accompanying financial statements of the Stations present only that portion of the business-type activities of the University that is attributable to the transactions of the Stations. They do not present the financial position, changes in financial position, or cash flows of the University. The Stations are dependent upon support from the Corporation for Public Broadcasting, the University and the public.

Note 2 - Summary of Significant Accounting Policies

(a) Basis of Accounting

The Stations’ financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when an obligation is incurred.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles general accepted in the United States requires management to make estimates and assumptions that affect the reported amounts 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. Actual results could differ from those estimates.

(c) Cash Equivalents

The Stations participate in the University’s pooled investment accounts. For financial statements purposes, all highly liquid investments with an original maturity of three months or less that are held by the University for the benefit of the Stations are considered cash equivalents.

(d) Accounts Receivable

Accounts receivable consists of amounts due to the Stations for underwriting contracts and other miscellaneous revenue sources. Accounts receivable are presented at their net realizable amount. The allowance for doubtful accounts as of June 30, 2017 and 2016 were \$996 and \$1,811, respectively.

(e) Music Collections

The Stations have adopted a policy of not capitalizing its music collections in its financial statements. Accordingly, no music collection items are recognized as assets. The music collections

The accompanying notes are an integral part of the financial statements

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Notes to Financial Statements
Years Ended June 30, 2017 and 2016**

Note 2 - Summary of Significant Accounting Policies (continued)

Music Collections (continued)

are made up of rare and out-of-print music recordings of musical significance that are held for educational, research, and public broadcasting purposes. Each of the music recordings is cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

(f) Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation. The University's capitalization policy includes all equipment with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Depreciation is computed using a straight-line basis over the estimated useful lives of the assets. Capital assets purchased during the fiscal year is treated as though was placed in service on the first day of the fiscal year and a full-year's depreciation is taken. The useful lives of the following categories of capital assets are as follows:

Building and improvements	20 - 40 years
Studio and Other equipment	3 - 15 years

(g) Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expenses incurred are recorded at year-end as accrued vacation in the statement of net position, and as a component of the appropriate functional category of expenses in the statement of revenues, expenses, and changes in net position.

(h) Net Position

The Stations' net position is classified for financial reporting in the following net position categories:

- ***Net Investment in Capital Assets***: This represents the Stations' total investment in capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction or improvement of those assets.
- ***Unrestricted***: Unrestricted net position represents resources derived from donations, underwriting income, and other miscellaneous income.

(i) Revenue Recognition

Underwriting income represents income generated from advertising spots purchased by corporate sponsors. Deposits and monies received for advertising spots in advance of airing a spot are not recognized as underwriting income until completion of the airing of the advertising spot.

The accompanying notes are an integral part of the financial statements

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Notes to Financial Statements
Years Ended June 30, 2017 and 2016**

Note 2 - Summary of Significant Accounting Policies (continued)

(j) Classification of Revenues and Expenses

The Stations have classified its revenues as either operating or non-operating according to the following criteria:

Operating: Operating revenues include activities that have the characteristics of exchange transactions such as donations, grants income, underwriting income and other miscellaneous income.

Non-operating: Non-operating revenues include activities that have the characteristics of nonexchange transactions such as appropriations from Salisbury University and donated facilities and administrative support from Salisbury University.

(k) Donated Facilities and Administrative Support

The University provides certain facilities and administrative support to the Stations. Donated facilities and administrative support represent the Stations allocated amounts of institutional support and donated facilities and is recorded as revenues and expenses in the Statement of Revenues, Expenses, and Changes in Net Position. Institutional support is based on the Stations pro-rata share of the University's total salaries, wages, and administrative expenses. Donated facilities are the Stations pro-rata share of the University's total plant expenses along with calculated occupancy costs permitted by the Corporation for Public Broadcasting. For the year ended June 30, 2017, the Stations allocated amounts of donated facilities and administrative support are calculated based on amounts stated in the University's audited financial statements.

(l) Appropriation From Salisbury University

The appropriation from Salisbury University represents support from the University for salaries and operating expenses not provided through other sources.

(m) Income Taxes

The Stations are a component of Salisbury University (a political subdivision of the State of Maryland) and are exempt from federal income taxes under the provisions of Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been reflected in the Stations' financial statements.

(n) Risk Management

The Stations are part of the University's overall risk management program. The Stations are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The Stations, through the University, participate in the State's various self-insurance programs. The State is self-insured

The accompanying notes are an integral part of the financial statements

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Notes to Financial Statements
Years Ended June 30, 2017 and 2016**

Note 2 - Summary of Significant Accounting Policies (continued)

Risk Management (Continued)

for general liability, property and casualty, workers' compensation, environmental and antitrust liabilities, and certain employee health benefits.

The State allocates the cost of providing claims servicing and claims payment by charging a "premium" to the University based on a percentage of the University's estimated current-year payroll or based on the average loss experienced by the University. This charge considers recent trends in actual claims experience of the State as a whole and makes provisions for catastrophic losses.

Note 3 - Cash and Cash Equivalents

The Stations participated in the University's pooled cash accounts for fiscal years 2017 and 2016 and pooled investment accounts for fiscal years 2017 and 2016. For fiscal years 2017 and 2016, cash and cash equivalents are held as cash by the University on behalf of the Stations. For purposes of basic financial statements for fiscal year 2017, cash and cash equivalents consist of the University's bank deposits, and other investments with original maturities of three months or less.

Note 4 - Noncurrent Liabilities

Changes in noncurrent liabilities consisted of the following for the year ended June 30, 2017:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amount Due Within One Year</u>
Accrued Vacation	\$50,169	\$49,130	\$50,169	\$49,130	\$19,592
Total Noncurrent Liabilities	<u>\$50,169</u>	<u>\$49,130</u>	<u>\$50,169</u>	<u>\$49,130</u>	<u>\$19,592</u>

Changes in noncurrent liabilities consisted of the following for the year ended June 30, 2016:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>	<u>Amount Due Within One Year</u>
Accrued Vacation	\$41,996	\$22,460	\$14,287	\$50,169	\$24,644
Total Noncurrent Liabilities	<u>\$41,996</u>	<u>\$22,460</u>	<u>\$14,287</u>	<u>\$50,169</u>	<u>\$24,644</u>

The accompanying notes are an integral part of the financial statements

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Notes to Financial Statements
Years Ended June 30, 2017 and 2016**

Note 5 - Endowment

The WSCL Radio endowment is owned by Salisbury University Foundation. The asset related to the WSCL Radio endowment is recorded on the balance sheet of Salisbury University Foundation. The WSCL Radio endowment is permanently restricted to support the programs and equipment needs of the Stations. The fair market value of the WSCL Radio endowment at June 30, 2017 and 2016 were \$44,182 and \$42,758, respectively.

Note 6 - Capital Assets

The Stations' capitalization policy recognizes one year depreciation expense in the year of acquisition of an asset. Capital asset activity for the year ended June 30, 2017 is summarized as follows:

Capital Assets	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
Depreciated assets				
Buildings and Improvements	\$ 228,403	\$ -	\$ -	\$ 228,403
Studio and Other Equipment	<u>326,474</u>	<u>198,119</u>	<u>-</u>	<u>524,593</u>
Total Capital Assets, Depreciable	<u>\$ 554,877</u>	<u>\$198,119</u>	<u>\$ -</u>	<u>\$ 752,996</u>
Less: Accumulated depreciation				
Buildings and Improvements	35,529	15,227	-	50,756
Studio and Other Equipment	<u>108,732</u>	<u>63,186</u>	<u>-</u>	<u>171,918</u>
Total Accumulated Depreciation	<u>144,261</u>	<u>78,413</u>	<u>-</u>	<u>222,674</u>
Total Capital Assets, Net	<u>\$ 410,616</u>	<u>\$119,706</u>	<u>\$ -</u>	<u>\$ 530,322</u>

Capital asset activity for the year ended June 30, 2016 is summarized as follows:

Capital Assets	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016
Depreciated assets				
Buildings and Improvements	\$ 228,403	\$ -	\$ -	\$ 228,403
Studio and Other Equipment	<u>279,254</u>	<u>47,220</u>	<u>-</u>	<u>326,474</u>
Total Capital Assets, Depreciable	<u>\$ 507,657</u>	<u>\$ 47,220</u>	<u>\$ -</u>	<u>\$ 554,877</u>
Less: Accumulated depreciation				
Buildings and Improvements	20,302	15,227	-	35,529
Studio and Other Equipment	<u>65,607</u>	<u>43,125</u>	<u>-</u>	<u>108,732</u>
Total Accumulated Depreciation	<u>85,909</u>	<u>58,352</u>	<u>-</u>	<u>144,261</u>
Total Capital Assets, Net	<u>\$ 421,748</u>	<u>\$ 11,132</u>	<u>\$ -</u>	<u>\$ 410,616</u>

Depreciation expense for June 30, 2017 and 2016 were \$78,414, and \$58,352, respectively.

The accompanying notes are an integral part of the financial statements

**DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Notes to Financial Statements
Years Ended June 30, 2017 and 2016**

Note 7 - Related Party Transactions

The Stations receive non-monetary contributions from the University for certain facilities and administrative support which are reported as operating revenues and expenses in accordance with valuation guidelines prescribe by the Corporation for Public Broadcasting. During 2017 and 2016, these non-monetary contributions for facilities and administrative support totaled \$71,988 and 74,242 respectively.

Note 8 - Subsequent Events

The Stations have evaluated subsequent events through November 13, 2017, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2017, but prior to November 13, 2017 that provided additional evidence about conditions that existed at June 30, 2017 have been recognized in the financial statements for the year ended June 30, 2017. Events or transactions that provided evidence about conditions that did not exist at June 30, 2017 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2017.

Note 9 - Retirement Plans

Eligible employees of the Stations, as employees of the University, are covered under the Pension and Retirement Plans of the State Retirement and Pension System of Maryland and are also entitled to certain health care benefits upon retirement.

The Stations' only liability for retirement and post-employment benefits is its required annual contribution made by the University, which was fully funded during the years ended June 30, 2017 and 2016. The Stations' share of these contributions amounted to \$13,048 and \$10,881 for the years ended June 30, 2017 and 2016, respectively.

The cost of the Stations retirees' health care benefits is expensed when paid and totaled \$8,010 and \$7,262 for the years ended June 30, 2017 and 2016, respectively.

The State Retirement and Pension System of Maryland is considered part of the State of Maryland's financial reporting entity and is not considered a part of the University's reporting entity. The State Retirement and Pension System of Maryland prepares a separate Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension System of Maryland at 120 East Baltimore Street, Baltimore, Maryland 21202.

The accompanying notes are an integral part of the financial statements

**SALISBURY UNIVERSITY
DELMARVA PUBLIC RADIO
WSCL-FM AND WSDL-FM**

**Schedule of Non-Federal Financial Support
Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Direct Revenue	\$ 894,911	\$ 742,875
Indirect Administrative Support	<u>71,988</u>	<u>74,242</u>
Total Non-Federal Financial Support	<u><u>\$ 966,899</u></u>	<u><u>\$ 817,117</u></u>