

**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, 2018 and 2017**

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

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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, 2018, 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, 2018 and 2017, 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, 2018, 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
October 24, 2018

Monbo Group International
CERTIFIED PUBLIC ACCOUNTANTS

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

**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

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, 2018. 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, 2018 and 2017, is as follows:

<i>For The Years Ended June 30,</i>	2018	2017
Assets		
Current assets	\$ 58,821	\$ 79,434
Capital assets, net of accumulated depreciation	451,909	530,322
Total Assets	510,730	609,756
Liabilities		
Current liabilities	116,494	46,167
Noncurrent liabilities	39,128	29,538
Total Liabilities	155,622	75,705
Net Position		
Net investment in capital assets	451,909	530,322
Unrestricted	(96,801)	3,729
Total Net Position	355,108	534,051
Total Liabilities and Net Position	\$ 510,730	\$ 609,756

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**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Fiscal Year 2018 compared to Fiscal Year 2017

- Current Assets in fiscal year 2018 decreased by \$20,612 or 26% over fiscal year 2017 mainly due to a decrease in accounts receivable compared to fiscal year 2017.
- Current Liabilities in fiscal year 2018 increased by \$70,327 or 152% over fiscal year 2017. This increase is due primarily to an increase in deferred revenues and due to Salisbury University.
- Total Net Position in fiscal year 2018 decreased by \$178,942 compared to fiscal year 2017.

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, 2018 and 2017, is as follows:

<i>For The Years Ended June 30,</i>	2018	2017
Operating Revenues	\$ 531,562	\$ 553,059
Operating Expenses	1,038,603	976,724
Operating income (loss) before non-operating revenues	(507,041)	(423,665)
Non-operating Revenues	328,098	542,137
Total Changes in Net Position	(178,943)	118,472
Net Position		
Net position at June 30, 2017	534,051	415,579
Net position at June 30, 2018	\$ 355,108	\$ 534,051

Fiscal Year 2018 compared to Fiscal Year 2017

- Total Operating Revenues for fiscal year 2018 decreased by \$21,496 or 4% from fiscal year 2017. This fluctuation is mainly due to a decrease in grants from the underwriting income and rental income.
- Total Operating Expenses in fiscal year 2018 increased by \$61,880 or 6% compared to fiscal year 2017, due to increase in support services.
- Non-operating Revenues in fiscal year 2018 decreased by \$214,039 or 39% from fiscal year 2017 mainly due to an decrease in bond proceeds from the State of Maryland.

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**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

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, 2018 and 2017, is as follows:

<i>For The Years Ended June 30,</i>	2018	2017
Net cash provided (used) by operating activities	\$ (252,052)	\$ (281,297)
Net cash provided (used) by non-capital financing activities	250,000	250,000
Net cash provided (used) by capital and related financing activities	-	22,030
Increase (decrease) in cash and cash equivalents, during the year	(2,052)	(9,267)
Cash and cash equivalents, balance at the beginning of the year	2,052	11,319
Cash and Cash Equivalents, Balance at the End of the Year	\$ 0	\$ 2,052

Economic Factors That Will Affect The Future

- DPR continues to operate in a very competitive environment. While the local economy has seen good growth, DPR's financial picture has declined the last two years. DPR also had a leadership change on July 30, 2018 and has named two employees as co-interim general managers and changes have begun to create a greater focus on financial sustainability.
- DPR's recently hired Membership Coordinator has increased donations, improved donor relations, increased the efficiency of donation processing, and coordinated strategic membership generation efforts. DPR is in the process of hiring a full-time temporary Administrative Assistant to better support the Business and Traffic operations at the stations, which will increase efficiency.
- DPR's underwriting revenue has declined in recent years. To address this, DPR has produced professional quality underwriting materials, developed a section of their website devoted to underwriting, and developed a standard contract to enhance efficiency in the underwriting sales process. The development director manages an underwriting email newsletter sent to prospects and clients, and she is actively testing "Specials" to increase underwriting sales and new clients.
- DPR has cut programming costs on WSDL by removing more expensive programming for annual savings of at least \$30,000. DPR is aiming to steer WSDL programming toward the Adult Album Alternative format, which is not available elsewhere on the Eastern Shore. By endeavoring toward this unique and growing format, DPR hopes WSDL will stand out in the market and be enticing to donors and underwriters.
- DPR is actively engaging in conversations with other local public radio stations to find ways to share resources, reduce or share costs, and collaborate on revenue generation. These talks are in a preliminary stage, but general sentiment has been positive, which is a major change from the status under previous leadership.

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**Management's Discussion and Analysis
Years Ended June 30, 2018 and 2017**

Economic Factors That Will Affect The Future (continued)

- DPR is reducing its staff investment in recording locally produced music programming. DPR aims to engage volunteers or an intern toward this effort, or develop programming using local recordings that are done by other entities, such as Salisbury University's Event Technical Services. DPR has no intention to eliminate local music programming, but believes this approach will provide a greater return on investment.
- DPR is evaluating trade partnerships to focus on optimum marketing or exposure and strategic value, and establishing policies and best practices around trades.
- DPR continues to compete with other public radio stations in a relatively small radio market. From an underwriting perspective, DPR is also striving to compete with commercial radio entities and digital and social media marketing platforms, both of which can provide more data on investment and short-term commitments. DPR aims to combat these challenges by exploring digital underwriting and nimble, short-term sales options for underwriting clients.

DELMARVA PUBLIC RADIO
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Statements of Net Position
Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ -	\$ 2,052
Accounts receivable, net	17,519	34,778
Prepaid expenses	41,302	42,604
Total Current Assets	58,821	79,434
Noncurrent assets:		
Capital assets (net of accumulated depreciation of \$301,086 and \$222,674 at June 30, 2018 and 2017, respectively)	451,909	530,322
Total Noncurrent Assets	451,909	530,322
Total Assets	\$ 510,730	\$ 609,756
 Liabilities and Net Position:		
Current liabilities:		
Accounts payable and Other accrued expenses	\$ 4,139	\$ 5,991
Accrued vacation, current portion	20,424	19,592
Accrued payroll	22,177	15,364
Deferred revenue	28,113	5,220
Due to Salisbury University	41,641	-
Total Current Liabilities	116,494	46,167
Noncurrent liabilities:		
Accrued vacation	39,128	29,538
Total Noncurrent Liabilities	39,128	29,538
Total Liabilities	155,622	75,705
Net position:		
Net investment in capital assets	451,909	530,322
Unrestricted	(96,801)	3,729
Total Net Position	355,108	534,051
Total Liabilities and Net Position	\$ 510,730	\$ 609,756

See accompanying notes to financial statements

DELMARVA PUBLIC RADIO
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Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Revenues:		
Corporate and Public Donations	\$ 224,113	\$ 155,473
Underwriting income	158,159	229,514
Grants from the Corporation for Public Broadcasting	98,904	104,210
Other grants	45,186	39,775
Rental income	5,200	17,918
Miscellaneous income	-	6,169
Total Operating Revenues	531,562	553,059
Operating Expenses:		
Program services:		
Programming and production	389,909	401,722
Broadcasting	224,149	262,682
Program information	13,673	13,979
Total program services	627,731	678,383
Support services:		
Management and general	184,630	158,791
Fundraising & membership development	226,242	139,550
Total support services	410,872	298,341
Total Operating Expenses	\$ 1,038,603	\$ 976,724
Operating income (loss) before non-operating revenues	(507,041)	(423,665)
Non-operating Revenues		
Appropriation from Salisbury University	250,000	250,000
Donated facilities and administrative support from Salisbury University	78,098	71,988
Bond proceeds from the State of Maryland	-	220,149
Total Non-operating Revenues	328,098	542,137
Total Changes in Net Position	(178,943)	118,472
Net Position		
Net position at June 30, 2017	534,051	415,579
Net position at June 30, 2018	\$ 355,108	\$ 534,051

See accompanying notes to financial statements

**DELMARVA PUBLIC RADIO
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**Statements of Cash Flows
For The Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities		
Corporate and Public Donations	\$ 224,113	\$ 155,473
Underwriting income	198,311	233,821
Grants from the Corporation for Public Broadcasting	98,904	104,210
Other grants	45,186	39,775
Rental income	5,200	17,918
Miscellaneous income	-	6,169
Payments to employees	(434,170)	(375,572)
Payments to suppliers and contractors	(389,596)	(463,091)
Net cash provided (used) by operating activities	(252,052)	(281,297)
Cash Flows from Noncapital Financing Activities		
Appropriations from Salisbury University	250,000	250,000
Net cash provided (used) by noncapital financing activities	250,000	250,000
Cash Flows from Capital-Related Financing Activities		
Bond proceeds from the State of Maryland	-	220,149
Purchase of capital assets	-	(198,119)
Net cash provided (used) by capital-related financing activities	-	22,030
Increase (decrease) in cash and cash equivalents during the year	(2,052)	(9,267)
Cash and cash equivalents balance at the beginning of the year	2,052	11,319
Cash and Cash Equivalents Balance at the End of the Year	\$ -	\$ 2,052
Reconciliation of Operating (Loss) Income to Net Cash Used in Operating Activities		
Operating income (loss)	(507,041)	(423,665)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities		
Depreciation expense	78,413	78,413
Donated facilities and administrative support from Salisbury University	78,098	71,988
Changes in Assets and Liabilities		
Accounts Receivable	17,259	1,761
Prepaid expenses	1,302	(3,548)
Accounts payable and accrued liabilities	(1,852)	(3,485)
Accrued payroll	6,813	(4,268)
Accrued vacation	10,422	(1,038)
Deferred revenue	22,893	2,545
Due to Salisbury University	41,641	-
Net cash used by operating activities	\$ (252,052)	\$ (281,297)

See accompanying notes to financial statements

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

**Notes to Financial Statements
Years Ended June 30, 2018 and 2017**

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, 2018 and 2017 were \$860 and \$996, 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, 2018 and 2017**

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
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**Notes to Financial Statements
Years Ended June 30, 2018 and 2017**

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, 2018, 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
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**Notes to Financial Statements
Years Ended June 30, 2018 and 2017**

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 2018 and 2017 and pooled investment accounts for fiscal years 2018 and 2017. For fiscal years 2018 and 2017, 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 2018, 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, 2018:

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2018</u>	<u>Amount Due Within One Year</u>
Accrued Vacation	\$49,130	\$59,552	\$49,130	\$59,552	\$20,424
Total Noncurrent Liabilities	<u>\$49,130</u>	<u>\$59,552</u>	<u>\$49,130</u>	<u>\$59,552</u>	<u>\$20,424</u>

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>

The accompanying notes are an integral part of the financial statements

**DELMARVA PUBLIC RADIO
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**Notes to Financial Statements
Years Ended June 30, 2018 and 2017**

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, 2018 and 2017 were \$49,642 and \$44,182, 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, 2018 is summarized as follows:

Capital Assets	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018
Depreciated assets				
Buildings and Improvements	\$ 228,403	\$ -	\$ -	\$ 228,403
Studio and Other Equipment	<u>524,593</u>	<u>-</u>	<u>-</u>	<u>524,593</u>
Total Capital Assets, Depreciable	<u>\$ 752,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 752,996</u>
Less: Accumulated depreciation				
Buildings and Improvements	50,756	15,227	-	65,983
Studio and Other Equipment	<u>171,918</u>	<u>63,186</u>	<u>-</u>	<u>235,103</u>
Total Accumulated Depreciation	<u>222,674</u>	<u>78,413</u>	<u>-</u>	<u>301,087</u>
Total Capital Assets, Net	<u>\$ 530,322</u>	<u>\$ (78,413)</u>	<u>\$ -</u>	<u>\$ 451,909</u>

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>

Depreciation expense for June 30, 2018 and 2017 were \$78,413, and \$78,413, respectively.

The accompanying notes are an integral part of the financial statements

**DELMARVA PUBLIC RADIO
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**Notes to Financial Statements
Years Ended June 30, 2018 and 2017**

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 2018 and 2017, these non-monetary contributions for facilities and administrative support totaled \$78,098 and \$71,988, respectively.

Due to Salisbury University represents payments made to DPR by Salisbury University to cover the costs incurred by DPR in the production of the CPB grant project prior to DPR being reimbursed by CPB for work performed and/or costs incurred.

Note 8 - Subsequent Events

The Stations have evaluated subsequent events through October 24, 2018, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2018, but prior to October 24, 2018 that provided additional evidence about conditions that existed at June 30, 2018 have been recognized in the financial statements for the year ended June 30, 2018. Events or transactions that provided evidence about conditions that did not exist at June 30, 2018 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, 2018.

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, 2018 and 2017. The Stations' share of these contributions amounted to \$18,884 and \$13,048 for the years ended June 30, 2018 and 2017, respectively.

The cost of the Stations retirees' health care benefits is expensed when paid and totaled \$7,854 and \$8,010 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Direct Revenue	\$ 677,458	\$ 894,911
Indirect Administrative Support	<u>78,098</u>	<u>71,988</u>
Total Non-Federal Financial Support	<u>\$ 755,556</u>	<u>\$ 966,899</u>