

## **WYSO-FM**

Financial Statements

June 30, 2017 and 2016

with Independent Auditors' Report



**CLARK SCHAEFER HACKETT**  
CPAS & ADVISORS

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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Antioch College  
For WYSO-FM  
Yellow Springs, Ohio

### **Report on the Financial Statements**

We have audited the accompanying financial statements of WYSO-FM (the "Station"), operated by Antioch College, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Station'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 Station's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WYSO-FM as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
January 11, 2018

WYSO-FM  
Statements of Financial Position  
June 30, 2017 and 2016

|   | <u>2017</u>                | <u>2016</u>             |
|---|----------------------------|-------------------------|
| <b>Assets</b>                           |                            |                         |
| Cash                                    | \$ 54,861                  | 1,500                   |
| Underwriting receivable, net            | 249,887                    | 119,116                 |
| Broadcast license                       | 2,850,637                  | 2,850,637               |
| Prepaid expenses                        | 734                        | 36,553                  |
| Property and equipment, net             | <u>784,333</u>             | <u>936,809</u>          |
| <b>Total assets</b>                     | <b>\$ <u>3,940,452</u></b> | <b><u>3,944,615</u></b> |
| <b>Liabilities</b>                      |                            |                         |
| Accounts payable                        | \$ 35,087                  | 26,870                  |
| Accrued expenses                        | 50,173                     | 65,100                  |
| Deferred revenue                        | <u>96,351</u>              | <u>33,907</u>           |
| <b>Total liabilities</b>                | <b><u>181,611</u></b>      | <b><u>125,877</u></b>   |
| <b>Net assets:</b>                      |                            |                         |
| Unrestricted                            | 3,508,954                  | 3,699,622               |
| Temporarily restricted                  | <u>249,887</u>             | <u>119,116</u>          |
| <b>Total net assets</b>                 | <b><u>3,758,841</u></b>    | <b><u>3,818,738</u></b> |
| <b>Total liabilities and net assets</b> | <b>\$ <u>3,940,452</u></b> | <b><u>3,944,615</u></b> |

See accompanying notes to financial statements.

WYSO-FM  
Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2017

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>     |
|---|---------------------|-----------------------------------|------------------|
| Revenues, Gains and Other Support                                     |                     |                                   |                  |
| Public broadcasting grants  | \$ 187,704          | -                                 | 187,704          |
| State grants  | 32,114              | -                                 | 32,114           |
| Private grants and gifts  | 947,666             | -                                 | 947,666          |
| Underwriting  | 179,541             | 249,887                           | 429,428          |
| In-kind contributions:  |                     |                                   |                  |
| Donated professional service  | 2,280               | -                                 | 2,280            |
| Administrative support  | 426,440             | -                                 | 426,440          |
| Ohio Broadcast Educational Media<br>Commission                        | 88,610              | -                                 | 88,610           |
| Trade   | 202,781             | -                                 | 202,781          |
| Other income  | <u>62,943</u>       | <u>-</u>                          | <u>62,943</u>    |
| Total revenues, gains and other support                               | <u>2,130,079</u>    | <u>249,887</u>                    | <u>2,379,966</u> |
| Net assets released from restrictions                                 | <u>119,116</u>      | <u>(119,116)</u>                  | <u>-</u>         |
| Expenses  |                     |                                   |                  |
| Salaries and benefits   | 701,728             | -                                 | 701,728          |
| Administrative support  | 426,440             | -                                 | 426,440          |
| Operation and maintenance of plant                                    | <u>1,311,695</u>    | <u>-</u>                          | <u>1,311,695</u> |
| Total expenses  | <u>2,439,863</u>    | <u>-</u>                          | <u>2,439,863</u> |
| Change in net assets, before assets<br>transferred to Antioch College | (190,668)           | 130,771                           | (59,897)         |
| Assets transferred to Antioch College                                 | <u>-</u>            | <u>-</u>                          | <u>-</u>         |
| Change in net assets  | (190,668)           | 130,771                           | (59,897)         |
| Net assets, beginning of year   | <u>3,699,622</u>    | <u>119,116</u>                    | <u>3,818,738</u> |
| Net assets, end of year   | \$ <u>3,508,954</u> | <u>249,887</u>                    | <u>3,758,841</u> |

See accompanying notes to financial statements.

WYSO-FM  
Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2016

|   | <u>Unrestricted</u>        | <u>Temporarily<br/>Restricted</u> | <u>Total</u>            |
|---|----------------------------|-----------------------------------|-------------------------|
| Revenues, Gains and Other Support                                     |                            |                                   |                         |
| Public broadcasting grants  | \$ 189,387                 | -                                 | 189,387                 |
| State grants  | 38,952                     | -                                 | 38,952                  |
| Private grants and gifts  | 1,085,490                  | -                                 | 1,085,490               |
| Underwriting  | 188,316                    | 119,116                           | 307,432                 |
| In-kind contributions:  |                            |                                   |                         |
| Donated professional service  | 2,280                      | -                                 | 2,280                   |
| Administrative support  | 465,241                    | -                                 | 465,241                 |
| Ohio Broadcast Educational Media<br>Commission                        | 75,001                     | -                                 | 75,001                  |
| Trade   | 181,502                    | -                                 | 181,502                 |
| Other income  | 67,672                     | -                                 | 67,672                  |
| Total revenues, gains and other support                               | <u>2,293,841</u>           | <u>119,116</u>                    | <u>2,412,957</u>        |
| Net assets released from restrictions                                 | <u>344,815</u>             | <u>(344,815)</u>                  | <u>-</u>                |
| Expenses  |                            |                                   |                         |
| Salaries and benefits   | 673,684                    | -                                 | 673,684                 |
| Administrative support  | 465,241                    | -                                 | 465,241                 |
| Operation and maintenance of plant                                    | 1,171,177                  | -                                 | 1,171,177               |
| Total expenses  | <u>2,310,102</u>           | <u>-</u>                          | <u>2,310,102</u>        |
| Change in net assets, before assets<br>transferred to Antioch College | 328,554                    | (225,699)                         | 102,855                 |
| Assets transferred to Antioch College                                 | <u>(60,062)</u>            | <u>-</u>                          | <u>(60,062)</u>         |
| Change in net assets  | 268,492                    | (225,699)                         | 42,793                  |
| Net assets, beginning of year   | <u>3,431,130</u>           | <u>344,815</u>                    | <u>3,775,945</u>        |
| Net assets, end of year   | \$ <u><u>3,699,622</u></u> | <u><u>119,116</u></u>             | <u><u>3,818,738</u></u> |

See accompanying notes to financial statements.

WYSO-FM  
 Statements of Cash Flows  
 Years Ended June 30, 2017 and 2016

|   | <u>2017</u>      | <u>2016</u>      |
|---|------------------|------------------|
| Cash flows from operating activities:   |                  |                  |
| Change in net assets  | \$ (59,897)      | 42,793           |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                  |                  |
| Depreciation  | 188,300          | 177,495          |
| Assets transferred to Antioch College   | -                | 60,062           |
| Effects of changes in operating assets and liabilities:                                     |                  |                  |
| Underwriting receivable   | (130,771)        | 28,778           |
| Prepaid expenses  | 35,819           | (26,174)         |
| Accounts payable  | 8,217            | 1,136            |
| Accrued expenses  | (14,927)         | 12,231           |
| Deferred revenue  | <u>62,444</u>    | <u>30,637</u>    |
| Net cash provided by operating activities   | <u>89,185</u>    | <u>326,958</u>   |
| Cash flows from investing activities:   |                  |                  |
| Purchase of property and equipment  | <u>(35,824)</u>  | <u>(523,879)</u> |
| Change in cash and cash equivalents   | 53,361           | (196,921)        |
| Cash, beginning of year   | <u>1,500</u>     | <u>198,421</u>   |
| Cash, end of year   | \$ <u>54,861</u> | <u>1,500</u>     |

See accompanying notes to financial statements.



**1. REPORTING ENTITY:**

WYSO-FM (the “Station”) is a public radio station that is operated by Antioch College Corporation (the “College”). It is located in Yellow Springs, Ohio.

**2. ORGANIZATION:**

On July 3, 2013, Antioch College Corporation purchased the assets of WYSO from Antioch University, including the land, building, equipment and broadcast license. The Station’s operating license is now in the name of the College and the College provides office space, accounting and bookkeeping services, and financial support to the Station. In addition, the College facilitates support of the Station by receiving Corporation for Public Broadcasting (CPB) and state grant monies and expending these monies on behalf of the Station.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Presentation**

The financial statements of the Station have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and follow the “Principles of Accounting and Reporting for Telecommunications Entities,” published by CPB.

Resources are reported for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories as follows:

**Permanently restricted**

Permanently restricted net assets are subject to donor-imposed stipulations that the assets be maintained permanently by the Station. Generally, the donors of these assets permit the Station to use all or part of the investment return on these assets. The Station had no permanently restricted net assets as of June 30, 2017 or 2016.

**Temporarily restricted**

Temporarily restricted net assets are those assets whose use by the Station is subject to donor-imposed stipulations that can be fulfilled by actions of the Station pursuant to those stipulations or that expire by the passage of time. Temporarily restricted net assets as of June 30, 2017 and 2016 were \$249,887 and \$119,116, respectively, representing the balance of underwriting receivable.

**Unrestricted**

Unrestricted net assets are assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by the Board of Trustees. In addition, assets may otherwise be limited by contractual agreements with outside parties.

Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations, that simultaneously increase one class of net assets and decrease another, are reported as reclassifications between the applicable classes of net assets.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**Advertising**

Advertising costs are expensed as incurred and exclude fundraising costs. Amounts charged to expense were \$56,310 and \$53,022 for the years ended June 30, 2017 and 2016, respectively.

**Revenue Recognition**

Unrestricted contributions, including annual memberships, are recorded as revenue in the statement of activities and changes in net assets when received. Conditional contributions are recorded as revenue when conditions are met or the likelihood of the conditions not being met is considered remote. Grant monies are recognized as revenue when earned.

The Station has sponsored agreements to air spots which are underwritten by many local businesses. These sponsorship agreements generated receivables for which management has set up an allowance for uncollectible accounts of \$34,682 and \$30,156 as of June 30, 2017 and 2016, respectively. The net amount, \$249,887 and \$119,116 as of June 30, 2017 and 2016, respectively, is reflected as underwriting receivable. Sponsorship agreements are considered to be contributed support and as such, revenue related to the sponsorship agreements is recognized at the time the agreement is finalized.

**Restricted Support**

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that restrict the use of the donated assets to a specific purpose. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

**Broadcast License**

The broadcast license expires October 1, 2020 and is renewable every 10 years if the Station provides at least an average level of service to its customers and complies with the applicable Federal Communications Commission (FCC) rules and policies and the FCC Communications Act of 1934. The license may be renewed indefinitely at little cost and was renewed prior to its recent acquisition. The College intends to renew the license indefinitely, and evidence supports its ability to do so. Therefore, the cash flows from the license are expected to continue indefinitely. The broadcast license is deemed to have an indefinite useful life because cash flows are expected to continue indefinitely. Therefore, the license will not be amortized until its useful life is deemed to be no longer indefinite, in which case the license would be tested for impairment.

**Property and Equipment**

Property and equipment are recorded at cost at the date of acquisition or, if acquired by gift, at fair value at the date of donation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from 3 to 39 years. The cost and related accumulated depreciation of sales and disposals are removed from the accounts, and any gain or loss is reflected in the current year's operations. Expenditures which substantially increase useful lives are capitalized, while maintenance and repairs are expensed as incurred.

**In-Kind Contributions and Donated Professional Services**

In-kind contributions are recorded as revenue and expense in the statement of activities and changes in net assets at the time those contributions and services are received. In-kind contributions consist of donated legal and other professional services. These donations are recorded as the difference between the fair value of the services performed and the amount billed to the Station.

Administrative support from the College consists of allocated financial department's costs and certain other expenses incurred by the College on behalf of the Station. Methods used as the basis for these values were developed by management based on the CPB.

Ohio Broadcast Media Commission in-kind support consists of the Station's pro rata share of the Commission's operating budget for fiscal year 2017 and 2016.

**Income Taxes**

The Station is owned by Antioch College Corporation, which is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the College's tax-exempt purpose is subject to taxation as unrelated business income. The College's reporting returns are subject to audit by federal and state taxing authorities. No income tax provision has been included in the financial statements as the Station has determined it does not have unrelated business income subject to taxation.

**Subsequent Events**

The Station evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through January 11, 2018, the date the financial statements were available to be issued.

**4. PROPERTY AND EQUIPMENT:**

The components of the Station's property and equipment consisted of the following at June 30:

|                                | <u>2017</u>       | <u>2016</u>      |
|--------------------------------|-------------------|------------------|
| Buildings and improvements     | \$ 594,666        | 594,666          |
| Office equipment and computers | 54,855            | 19,074           |
| Furniture and equipment        | 849,363           | 849,363          |
| Less accumulated depreciation  | <u>(714,551)</u>  | <u>(526,294)</u> |
| Net property and equipment     | <u>\$ 784,333</u> | <u>936,809</u>   |

Depreciation expense was \$188,300 and \$177,495 for the years ended June 30, 2017 and 2016, respectively.

**5. FUNCTIONAL EXPENSES:**

The functional classification of expenses is as follows:

|  | <u>2017</u>        | <u>2016</u>      |
|--|--------------------|------------------|
| Programming and production             | \$ 598,891         | 489,178          |
| Broadcasting and engineering           | 572,853            | 467,909          |
| Program information and promotion      | 130,194            | 106,343          |
| Underwriting and grant solicitation    | 464,587            | 433,082          |
| Management and general                 | 447,091            | 362,955          |
| Fundraising and membership development | <u>226,247</u>     | <u>450,635</u>   |
| Total expenses                         | <u>\$2,439,863</u> | <u>2,310,102</u> |

