

WYSO-FM

Financial Statements

June 30, 2015 and 2014

with Independent Auditors' Report

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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, 2015 and 2014, 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.

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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, 2015 and 2014, 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
November 23, 2015

WYSO-FM
Statements of Financial Position
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Cash	\$ 1,500	1,500
Restricted cash	196,921	-
Underwriting receivable, net	147,894	111,724
Broadcast license	2,850,637	2,850,637
Prepaid expenses	10,379	20,429
Property and equipment, net	<u>650,487</u>	<u>2,445,694</u>
Total assets	\$ <u>3,857,818</u>	<u>5,429,984</u>
Liabilities		
Accounts payable	\$ 25,734	58,550
Accrued expenses	52,869	39,936
Deferred revenue	<u>3,270</u>	<u>28,182</u>
Total liabilities	<u>81,873</u>	<u>126,668</u>
Net assets:		
Unrestricted	3,431,130	5,191,592
Temporarily restricted	<u>344,815</u>	<u>111,724</u>
Total net assets	<u>3,775,945</u>	<u>5,303,316</u>
Total liabilities and net assets	\$ <u>3,857,818</u>	<u>5,429,984</u>

See accompanying notes to financial statements.

WYSO-FM
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support			
Public broadcasting grants	\$ 219,944	-	219,944
State grants	20,729	-	20,729
Private grants and gifts	916,184	196,921	1,113,105
Underwriting	189,390	147,894	337,284
In-kind contributions:			
Donated professional service	2,280	-	2,280
Administrative support	542,293	-	542,293
Ohio Broadcast Educational Media Commission	72,194	-	72,194
Trade	164,764	-	164,764
Other income	49,581	-	49,581
Total revenues, gains and other support	<u>2,177,359</u>	<u>344,815</u>	<u>2,522,174</u>
Net assets released from restrictions	<u>111,724</u>	<u>(111,724)</u>	<u>-</u>
Expenses			
Salaries and benefits	656,957	-	656,957
Administrative support	542,293	-	542,293
Operation and maintenance of plant	1,112,190	-	1,112,190
Total expenses	<u>2,311,440</u>	<u>-</u>	<u>2,311,440</u>
Change in net assets, before assets transferred to Antioch College	(22,357)	233,091	210,734
Assets transferred to Antioch College	<u>(1,738,105)</u>	<u>-</u>	<u>(1,738,105)</u>
Change in net assets	(1,760,462)	233,091	(1,527,371)
Net assets, beginning of year	<u>5,191,592</u>	<u>111,724</u>	<u>5,303,316</u>
Net assets, end of year	\$ <u>3,431,130</u>	<u>344,815</u>	<u>3,775,945</u>

See accompanying notes to financial statements.

WYSO-FM
Statement of Activities and Changes in Net Assets
Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support			
Public broadcasting grants	\$ 253,120	-	253,120
State grants	20,729	-	20,729
Private grants and gifts	697,995	-	697,995
Underwriting	304,062	111,724	415,786
In-kind contributions:			
Donated professional service	2,280	-	2,280
Administrative support	714,613	-	714,613
Ohio Broadcast Educational Media Commission	72,418	-	72,418
Trade	216,251	-	216,251
Other income	29,506	-	29,506
Total revenues, gains and other support	<u>2,310,974</u>	<u>111,724</u>	<u>2,422,698</u>
Net assets released from restrictions	<u>271,344</u>	<u>(271,344)</u>	<u>-</u>
Expenses			
Salaries and benefits	635,242	-	635,242
Administrative support	714,613	-	714,613
Operation and maintenance of plant	1,216,900	-	1,216,900
Total expenses	<u>2,566,755</u>	<u>-</u>	<u>2,566,755</u>
Change in net assets, before assets transferred from Antioch College	15,563	(159,620)	(144,057)
Assets transferred from Antioch College	<u>2,619,274</u>	<u>-</u>	<u>2,619,274</u>
Change in net assets	2,634,837	(159,620)	2,475,217
Net assets, beginning of year	<u>2,556,755</u>	<u>271,344</u>	<u>2,828,099</u>
Net assets, end of year	\$ <u>5,191,592</u>	<u>111,724</u>	<u>5,303,316</u>

See accompanying notes to financial statements.

WYSO-FM
Statements of Cash Flows
Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,527,371)	2,475,217
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	176,230	235,158
Assets transferred to Antioch College	1,738,105	-
Effects of changes in operating assets and liabilities:		
Underwriting receivable	(36,170)	174,620
Prepaid expenses	10,050	(10,642)
Accounts payable	(32,816)	28,506
Accrued expenses	12,933	22,158
Deferred revenue	<u>(24,912)</u>	<u>13,182</u>
Net cash provided by operating activities	<u>316,049</u>	<u>2,938,199</u>
Cash flows from investing activities:		
Purchase of property and equipment	(119,128)	(86,062)
Purchase broadcast license	<u>-</u>	<u>(2,850,637)</u>
Net cash used in investing activities	<u>(119,128)</u>	<u>(2,936,699)</u>
Increase in cash and cash equivalents	196,921	1,500
Cash, beginning of year	<u>1,500</u>	<u>-</u>
Cash, end of year	\$ <u><u>198,421</u></u>	<u><u>1,500</u></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 for \$5,500,000, 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, 2015 or 2014.

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, 2015 and 2014 were \$344,815 and \$111,724, respectively, representing the balance of unrestricted cash and underwriting receivable as of June 30, 2015 and 2014.

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 \$53,022 and \$97,426 for the years ended June 30, 2015 and 2014, 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 \$35,455 and \$29,904 as of June 30, 2015 and 2014, respectively. The net amount, \$147,894 and \$111,724 as of June 30, 2015 and 2014, 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

An acquired broadcast license expires in five years. The broadcast license 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 2015 and 2014.

Income Taxes and Uncertain Tax Positions

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. The College's open audit periods are 2012 – 2014. 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 November 23, 2015, 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>2015</u>	<u>2014</u>
Buildings and improvements	\$ -	1,812,415
Office equipment and computers	19,074	19,074
Furniture and equipment	849,363	849,363
Construction in progress	130,843	-
Less accumulated depreciation	<u>(348,793)</u>	<u>(235,158)</u>
Net property and equipment	\$ <u>650,487</u>	<u>2,445,694</u>

Depreciation expense was \$176,231 and \$235,158 for the years ended June 30, 2015 and 2014, respectively.

5. FUNCTIONAL EXPENSES

The functional classification of expenses is as follows:

	<u>2015</u>	<u>2014</u>
Programming and production	\$ 515,300	612,251
Broadcasting and engineering	492,896	585,630
Program information and promotion	112,022	133,097
Underwriting and grant solicitation	360,918	326,333
Management and general	375,273	425,934
Fundraising and membership development	<u>455,031</u>	<u>483,510</u>
Total expenses	<u>\$2,311,440</u>	<u>2,566,755</u>



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