

**Miami Valley Public Media  
dba WYSO-FM**

Financial Statements

June 30, 2019

with Independent Auditors' Report



**CLARK SCHAEFER HACKETT**  
CPAs & ADVISORS

## TABLE OF CONTENTS

|   |        |
|---|--------|
| Independent Auditors' Report.....   | 1 – 2  |
| Financial Statements:   |        |
| Statement of Financial Position .....   | 3      |
| Statement of Activities and Changes in Net Assets.....  | 4      |
| Statement of Functional Expenses .....  | 5      |
| Statement of Cash Flows.....  | 6      |
| Notes to Financial Statements .....   | 7 – 10 |
| Supplementary Information:  |        |
| Combining Schedules of Activities and Functional Expenses -<br>Corporation for Public Broadcasting..... | 11     |

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Miami Valley Public Media, Inc.  
dba WYSO-FM  
Yellow Springs, Ohio

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

We have audited the accompanying financial statements of Miami Valley Public Media, Inc. dba WYSO-FM (a not-for-profit organization) (MVPM), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the period of inception of operations (March 27, 2019) through June 30, 2019, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 MVPM'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 MVPM'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 Miami Valley Public Media, Inc. dba WYSO-FM as of June 30, 2019, and the changes in its net assets and its cash flows for the period of inception through June 30, 2019 in accordance with accounting principles generally accepted in the United States of America.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Combining Schedules of Activities and Functional Expenses - Corporation for Public Broadcasting (the Schedules) on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management.

The Miami Valley Public Media, Inc. column of the Schedules was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The MVPM column 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 MVPM column is fairly stated in all material respects in relation to the financial statements as a whole.

The Antioch College column of the Schedules has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on the information in the Antioch College column of the Schedules.

*Clark, Schaefer, Hackett & Co.*

Springfield, Ohio  
September 24, 2020

Miami Valley Public Media, Inc. dba WYSO-FM  
Statement of Financial Position  
June 30, 2019

|                                       |                   |
|---------------------------------------|-------------------|
| Assets                                |                   |
| Cash                                  | \$ 267,060        |
| Unconditional promises to give, net   | 102,225           |
| Prepaid expenses                      | <u>4,070</u>      |
| Total assets                          | \$ <u>373,355</u> |
| Liabilities                           |                   |
| Accounts payable                      | \$ 3,593          |
| Accrued expenses                      | <u>76,787</u>     |
| Total liabilities                     | <u>80,380</u>     |
| Net assets:                           |                   |
| Net assets without donor restrictions | 178,250           |
| Net assets with donor restrictions    | <u>114,725</u>    |
| Total net assets                      | <u>292,975</u>    |
| Total liabilities and net assets      | \$ <u>373,355</u> |

See accompanying notes to financial statements.

Miami Valley Public Media, Inc. dba WYSO-FM  
Statement of Activities and Changes in Net Assets  
Period of Inception (March 27, 2019) Through June 30, 2019

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>       |
|---|---------------------------------------|------------------------------------|--------------------|
| Revenues, gains and other support       |                                       |                                    |                    |
| Private grants and gifts                | \$ 646,864                            | 12,500                             | 659,364            |
| Underwriting                            | 69,024                                | 102,225                            | 171,249            |
| In-kind contributions:                  |                                       |                                    |                    |
| Donated professional service            | 500                                   | -                                  | 500                |
| Ohio Broadcast Educational Media        |                                       |                                    |                    |
| Commission                              | 26,300                                | -                                  | 26,300             |
| Trade                                   | 10,000                                | -                                  | 10,000             |
| Other income                            | <u>6,745</u>                          | <u>-</u>                           | <u>6,745</u>       |
| Total revenues, gains and other support | <u>759,433</u>                        | <u>114,725</u>                     | <u>874,158</u>     |
| <br>Expenses                            |                                       |                                    |                    |
| Program services                        | 435,571                               | -                                  | 435,571            |
| Management and general                  | 74,324                                | -                                  | 74,324             |
| Fundraising                             | <u>71,288</u>                         | <u>-</u>                           | <u>71,288</u>      |
| Total expenses                          | <u>581,183</u>                        | <u>-</u>                           | <u>581,183</u>     |
| <br>Change in net assets                | <br>178,250                           | <br>114,725                        | <br>292,975        |
| <br>Net assets, beginning of year       | <br><u>-</u>                          | <br><u>-</u>                       | <br><u>-</u>       |
| <br>Net assets, end of year             | <br>\$ <u>178,250</u>                 | <br><u>114,725</u>                 | <br><u>292,975</u> |

See accompanying notes to financial statements.

Miami Valley Public Media, Inc. dba WYSO-FM  
Statement of Functional Expenses  
Period of Inception (March 27, 2019) Through June 30, 2019

|                               | <u>Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fundraising</u> | <u>Total</u>   |
|-------------------------------|-----------------------------|-----------------------------------|--------------------|----------------|
| Salaries and related benefits | \$ 149,682                  | 31,675                            | 63,349             | 244,706        |
| Programming                   | 89,199                      | -                                 | -                  | 89,199         |
| Occupancy                     | 43,554                      | 5,248                             | 3,937              | 52,739         |
| In-kind trade and other       | 35,800                      | 500                               | -                  | 36,300         |
| Purchased services            | 32,844                      | -                                 | -                  | 32,844         |
| Information technology        | 20,302                      | 3,494                             | 2,621              | 26,417         |
| Professional and other fees   | -                           | 24,796                            | -                  | 24,796         |
| Advertising and promotion     | 14,551                      | -                                 | -                  | 14,551         |
| Station events                | 14,214                      | -                                 | -                  | 14,214         |
| Office expense                | 11,197                      | 1,279                             | 1,381              | 13,857         |
| Travel and meals              | 13,780                      | -                                 | -                  | 13,780         |
| Membership and dues           | 10,448                      | -                                 | -                  | 10,448         |
| Bad debt expense              | <u>-</u>                    | <u>7,332</u>                      | <u>-</u>           | <u>7,332</u>   |
|                               | <u>\$ 435,571</u>           | <u>74,324</u>                     | <u>71,288</u>      | <u>581,183</u> |

See accompanying notes to financial statements.

Miami Valley Public Media, Inc. dba WYSO-FM  
Statement of Cash Flows  
Period of Inception (March 27, 2019) Through June 30, 2019

|   |                          |
|---|--------------------------|
| Cash flows from operating activities:   |                          |
| Change in net assets  | \$ 292,975               |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                          |
| Bad debt expense  | 7,332                    |
| Effects of changes in operating assets and liabilities:                                     |                          |
| Unconditional promises to give, net   | (109,557)                |
| Prepaid expenses  | (4,070)                  |
| Accounts payable  | 3,593                    |
| Accrued expenses  | <u>76,787</u>            |
| Net cash provided by operating activities   | <u>267,060</u>           |
| Change in cash and cash equivalents   | 267,060                  |
| Cash, beginning of year   | <u>-</u>                 |
| Cash, end of year   | \$ <u><u>267,060</u></u> |

See accompanying notes to financial statements.

## 1. ORGANIZATION:

Miami Valley Public Media, Inc. (MVPM) is an independent not-for-profit organization formed in 2018 to own and operate WYSO 91.3 FM radio station (WYSO). Financial operations began on March 27, 2019, the date of first deposit into its financial institution. Operations of WYSO independent of Antioch College (the College), the previous operator of WYSO, began on April 1, 2019 as described below.

### **Agreement Regarding Transfer and Assignment of WYSO**

The College acquired the assets of WYSO on July 3, 2013, which operated as a program of the College until the management and operations were transferred to a new not-for-profit organization, MVPM, on April 1, 2019 in accordance with an executed Agreement Regarding Transfer and Assignment of WYSO (the Agreement). In July 2019 the Federal Communications Commission (FCC) approved the assignment of the broadcast license from the College to MVPM and this license and broadcasting equipment were contributed to MVPM on August 30, 2019. The Agreement terms stated that MVPM shall cause the College to receive \$3,500,000 as part of this transaction for the independence of WYSO. These funds were raised by the joint efforts of the College's advancement department and WYSO staff prior to transition and the funds are being deposited by donors in the *Campaign for WYSO's Future* fund at the Dayton Foundation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

### **Basis of Presentation**

The financial statements of MVPM 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 the major grantor, the Corporation for Public Broadcasting (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:

#### *Net Assets without Donor Restrictions:*

Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of MVPM. Net assets without donor restrictions have been designated for specific purposes by the Board of Directors. In addition, assets may otherwise be limited by contractual agreements with outside parties.

#### *Net Assets with Donor Restrictions:*

Net assets subject to donor-imposed stipulations which may be temporary or perpetual in nature. Donor restrictions that are temporary in nature may be met either by actions of MVPM and/or by the passage of time. Donor restrictions that are perpetual in nature, are required to be maintained in perpetuity by MVPM. There were no perpetual donor restrictions as of June 30, 2019. Net assets with purpose restrictions consisted of \$12,500 for Dayton Youth Radio and net assets with time restrictions consisted of unconditional promises to give, net of \$102,225.

Expenses are generally reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations, that simultaneously increase one class of net assets and decrease another, are reported as net assets released from restrictions.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash deposits with a local financial institution, which are insured up to the Federal Deposit Insurance Corporation limit of \$250,000. MVPM has not experienced any losses of amounts greater than this limit. MVPM does not have any cash equivalents.

### **Use of Estimates**

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

### **Revenue Recognition and Receivables**

Contributions without donor restrictions, including annual memberships and underwriting sponsorships, are recorded as revenue in the statement of activities and changes in net assets when received or promised. Conditional contributions are recorded as revenue when conditions are met. The FCC allows public broadcasting stations to broadcast underwriting credits but prohibits them from broadcasting advertisements. Underwriting revenues are contributions to MVPM primarily to support its programming or activities in exchange for underwriting credit.

WYSO 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 \$7,332 as of June 30, 2019. The net amount, \$71,468 as of June 30, 2019, 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 (unconditional promise to give). MVPM also received notice in June 2019 that it would be the recipient of the net proceeds of a donor's special event. This portion of unconditional promises to give, net is \$30,757 as of June 30, 2019. All unconditional promises to give are expected to be received within one year.

### **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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

### **Broadcast License**

The broadcast license, which was not received from the College until August 30, 2019 (see Notes 1 and 6), expires October 1, 2020 and is renewable every 10 years if WYSO provides at least an average level of service to its customers and complies with the applicable 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. WYSO 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, once recognized in fiscal 2020, 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, and exceed \$2,500 are capitalized, while maintenance and repairs are expensed as incurred. There were no individual expenditures over this threshold for the period of inception through June 30, 2019 and furniture and equipment were not received from the College until August 30, 2019 (see Note 1).

**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 MVPM.

Ohio Broadcast Media Commission's (the Commission) in-kind support consists of WYSO's pro rata share of the Commission's operating budget for the period ended June 30, 2019.

**Functional Expenses**

The financial statements report certain categories of expenses that are attributable to programming or supporting functions of MVPM. Expenses are directly applied when applicable and are allocated to program or support services using reasonable allocation bases. Such allocations are determined by management on an equitable basis. Payroll, taxes and benefits are allocated based upon time and effort. Utilities, maintenance and repairs are allocated based upon square footage.

**Advertising**

Advertising costs are expensed as incurred and exclude fundraising costs.

**Income Taxes**

MVPM 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 MVPM's tax-exempt purpose is subject to taxation as unrelated business income. MVPM'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 MVPM has determined it does not have unrelated business income subject to taxation.

**3. AVAILABILITY OF FUNDS:**

MVPM is substantially supported by member contributions and underwriting sponsorships. As part of MVPM's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The following table presents the financial assets available to meet cash needs for general expenditures within one year at June 30, 2019:

|   |    |                       |
|---|----|-----------------------|
| Cash  | \$ | 267,060               |
| Unconditional promises to give, net   |    | <u>102,225</u>        |
|   |    | 369,285               |
| Less net assets with purpose restrictions   |    | <u>(12,500)</u>       |
| Financial assets available to meet cash needs<br>for general expenditures within one year | \$ | <u><u>356,785</u></u> |

#### **4. LEASE COMMITMENTS:**

In conjunction with the Agreement described in Note 1, MVPPM executed building and personal property leases with Antioch College. The building lease commitment is \$4,000 per month beginning April 1, 2019, renewable annually. The personal property lease, also began on April 1, 2019, for \$100 per month through the second closing on August 31, 2019. Rent expense was \$13,059 for the period ended June 30, 2019.

#### **5. UPCOMING ACCOUNTING PRONOUNCEMENT:**

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard will assist entities in determining whether transactions should be recorded as a contribution (nonreciprocal) transaction or as an exchange (reciprocal) transaction. The standard also provides expanded guidance on determining whether or not a contribution is conditional. This standard will be effective for MVPPM's financial statements for the year ended June 30, 2020.

#### **6. SUBSEQUENT EVENTS:**

MVPM 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 September 24, 2020 the date the financial statements were available to be issued.

As described in Note 1, the transaction with Antioch College's second closing occurred on August 30, 2019, which resulted in the transfer of the broadcast license and furniture and fixtures to MVPPM, as well as the assumption of liabilities related to various WYSO contracts. Although the net book value for the College of the assets transferred was \$3,414,745, MVPPM will record these assets at fair value during fiscal 2020. In addition, a promissory note for \$1,893,031 was executed on August 30, 2019, payable to the College at 2.5%, payable on April 20, 2022. Payments made with respect to this note shall be paid by transfer from the *Campaign for WYSO's Future* fund described in Note 1.

The 2020 COVID-19 outbreak in the United States has caused MVPPM business disruption through instability of significant funding sources related to local sponsors (underwriting). The extent of the impact of COVID-19 on MVPPM's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak. Therefore, the impact on MVPPM's employees, members, sponsors and vendors cannot be reasonably estimated and the extent to which COVID-19 may impact MVPPM's financial condition or results of operations is uncertain at this time. However, management believes that MVPPM currently has sufficient financial resources to meet its operating needs and obligations.

Combining Schedules of Activities and Functional Expenses - Corporation for Public Broadcasting  
For the Fiscal Year Beginning July 1, 2019 and Ended June 30, 2019

| Combining Schedule of Activities                     | Antioch<br>College  | Miami Valley<br>Public Media, Inc. | Total            |
|--|---------------------|------------------------------------|------------------|
| Revenues, Gains and Other Support                    |                     |                                    |                  |
| State grants   | \$ 6,000            | -                                  | 6,000            |
| Private grants and gifts                             | 772,930             | 659,364                            | 1,432,294        |
| Underwriting   | 253,540             | 171,249                            | 424,789          |
| In-kind contributions:                               |                     |                                    |                  |
| Donated professional service                         | -                   | 500                                | 500              |
| Ohio Broadcast Educational Media<br>Commission       | -                   | 26,300                             | 26,300           |
| Trade  | 175,926             | 10,000                             | 185,926          |
| Other income   | 12,245              | 6,745                              | 18,990           |
| Total revenues, gains and other support              | 1,220,641           | 874,158                            | 2,094,799        |
| Expenses   |                     |                                    |                  |
| Salaries and related benefits                        | 541,310             | 244,706                            | 786,016          |
| Programming  | 306,905             | 89,199                             | 396,104          |
| Occupancy  | 153,950             | 52,739                             | 206,689          |
| In-kind trade and other                              | -                   | 36,300                             | 36,300           |
| Purchased services                                   | 94,174              | 32,844                             | 127,018          |
| Information technology                               | 40,222              | 26,417                             | 66,639           |
| Professional and other fees                          | 34,853              | 24,796                             | 59,649           |
| Advertising and promotion                            | 93,514              | 14,551                             | 108,065          |
| Station events                                       | 55,470              | 14,214                             | 69,684           |
| Office expense                                       | 32,518              | 13,857                             | 46,375           |
| Travel and meals                                     | 18,341              | 13,780                             | 32,121           |
| Membership and dues                                  | 32,963              | 10,448                             | 43,411           |
| Bad debt expense                                     | -                   | 7,332                              | 7,332            |
| Depreciation expense                                 | 24,910              | -                                  | 24,910           |
| Total expenses                                       | 1,429,130           | 581,183                            | 2,010,313        |
| Change in net assets                                 | \$ <u>(208,489)</u> | <u>292,975</u>                     | <u>84,486</u>    |
| <br><u>Combining Schedule of Functional Expenses</u> |                     |                                    |                  |
| Programming and production                           | \$ 334,933          | 147,987                            | 482,920          |
| Broadcasting and Engineering                         | 320,372             | 141,552                            | 461,924          |
| Program information and promotion                    | 72,811              | 32,171                             | 104,982          |
| Management and general                               | 138,149             | 74,324                             | 212,473          |
| Fundraising  | 167,527             | 71,288                             | 238,815          |
| Underwriting and grant solicitation                  | 395,338             | 113,861                            | 509,199          |
|  | \$ <u>1,429,130</u> | <u>581,183</u>                     | <u>2,010,313</u> |

Note: This schedule is prepared for the sole purpose of providing a summary of WYSO-FM's activities for the entire fiscal year 2019 that includes operations while part of Antioch College and Miami Valley Public Media, Inc. for reporting in the Corporation for Public Broadcasting's Integrated Station Information System.

