

**WEOS-FM RADIO
(A DEPARTMENT OF HOBART AND
WILLIAM SMITH COLLEGES)**

**Financial Statements as of
June 30, 2022
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

**WEOS-FM RADIO
(A DEPARTMENT OF HOBART AND WILLIAM SMITH COLLEGES)**

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JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

January 13, 2023

The Board of Trustees of
Hobart and William Smith Colleges:

Opinion

We have audited the accompanying financial statements of WEOS-FM Radio (the Station), a department of Hobart and William Smith Colleges, which comprise the statement of financial position as of June 30, 2022, the related statements of activities and cash flows for the 13-month period then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Station as of June 30, 2022, and the changes in its net assets and its cash flows for the 13-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Station and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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INDEPENDENT AUDITOR'S REPORT

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Station's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Prior Period Adjustment

As described in Note 3 to the financial statements, the amount due from Colleges was recorded incorrectly. Accordingly, an adjustment has been made to net assets as of June 1, 2021. Our opinion is not modified with respect to this matter.

Related Party Transactions

As explained in Notes 1 and 6 to the financial statements, WEOS-FM Radio is dependent upon support received from Hobart and William Smith Colleges. Our opinion is not modified with respect to this matter.

**WEOS-FM RADIO
(A DEPARTMENT OF HOBART AND WILLIAM SMITH COLLEGES)**

**STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Due from Colleges	\$	11,002
Equipment, net of accumulated depreciation of \$171,934		18,296
Right-of-use asset		<u>14,487</u>
Total assets	\$	<u><u>43,785</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$	11,700
Right-of-use liability		<u>13,789</u>
Total liabilities		<u>25,489</u>

NET ASSETS:

Without donor restrictions		<u>18,296</u>
Total net assets		<u>18,296</u>
Total liabilities and net assets	\$	<u><u>43,785</u></u>

The accompanying notes are an integral part of these statements.

WEOS-FM RADIO
(A DEPARTMENT OF HOBART AND WILLIAM SMITH COLLEGES)

STATEMENT OF ACTIVITIES
FOR THE 13-MONTH PERIOD ENDED JUNE 30, 2022

Changes in net assets without donor restrictions:

Support and revenues:

General appropriations and administrative support from Colleges	\$ 196,075
Corporation for Public Broadcasting Grant	83,098
American Rescue Plan Act Grant	184,988
Underwriting contracts	37,576
Membership and contributions income	<u>216,448</u>

Total support and revenues	<u>718,185</u>
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Expenses:

Program services	370,791
Fundraising	31,760
Management and general	<u>310,145</u>

Total expenses	<u>712,696</u>
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CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	5,489
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NET ASSETS - beginning of period, as previously stated	<u>325,373</u>
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PRIOR PERIOD ADJUSTMENT	<u>(312,566)</u>
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NET ASSETS - beginning of period, as restated	<u>12,807</u>
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NET ASSETS WITHOUT DONOR RESTRICTIONS - end of period	<u><u>\$ 18,296</u></u>
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WEOS-FM RADIO
(A DEPARTMENT OF HOBART AND WILLIAM SMITH COLLEGES)

STATEMENT OF CASH FLOWS
FOR THE 13-MONTH PERIOD ENDED JUNE 30, 2022

CASH FLOW FROM OPERATING ACTIVITIES:	
Changes in net assets without donor restrictions	\$ (307,077)
Adjustments to reconcile change in net assets, without donor restrictions to net cash flow from operating activities:	
Depreciation	3,325
Changes in:	
Due from Colleges	295,663
Accounts payable	(9,473)
Accounts receivable	26,418
Right-of-use asset	14,959
Right-of-use liability	<u>(15,001)</u>
Net cash flow from operating activities	<u>8,814</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchases of equipment	<u>(8,814)</u>
Net cash flow from investing activities	<u>(8,814)</u>
CHANGE IN CASH	-
CASH - beginning of period	<u>-</u>
CASH - end of period	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

WEOS-FM RADIO (A DEPARTMENT OF HOBART AND WILLIAM SMITH COLLEGES)

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

1. THE ORGANIZATION

WEOS-FM Radio (the Station) is a department of Hobart and William Smith Colleges (the Colleges) and is included in the Colleges' financial statements. The Station is funded mainly by federal grants, appropriations from the Colleges, community fundraising, and underwriting contributions.

The Station and the Colleges resolved to change their fiscal year end from May 31 to June 30, effective June 1, 2021. As such, the accompanying financial statements include information for the 13-month period from June 1, 2021 through June 30, 2022.

As a department of the Colleges and as a result of the related common ownership and management control, the accompanying change in net assets and financial position may have been significantly different from those presented if the Station were operated as an autonomous entity.

The Colleges have a Management and Program Services Agreement (the Agreement) with WXXI Public Broadcasting Council (WXXI) to manage and provide programming for the Station that continues through May 21, 2025. The Station is required to remain in compliance with all laws and regulations necessary to maintain its Federal Communications Commission (FCC) license. The Colleges continue to be responsible for the Station's compliance with, and satisfaction of, the Corporation for Public Broadcasting's (CPB's) Community Service Grant (CSG) general provisions and eligibility criteria. CPB will continue to consider the Colleges as the entity entitled to receive the CSG for the Station and will accord the Colleges the rights and privileges associated with being the CPB CSG grantee for the Station, for as long as the Agreement remains in effect and all parties remain in full compliance with the provisions of the Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States of America generally accepted accounting principles (U.S. GAAP).

Change in Accounting Principle

ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The Station adopted ASU 2020-07 in fiscal 2022, which changed the presentation of and disclosures regarding contributed nonfinancial assets. The adoption had no effect on the Station's total net assets or change in net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classification

Under U.S. GAAP, the accompanying financial statements must present information regarding the Station's financial position and activities according to the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions are not subject to external stipulations restricting their use, but they may be designated for specific purposes by the Station or may be limited by contractual agreements with outside parties.

Net assets with donor restrictions are subject to stipulations that expire by the passage of time, can be fulfilled or removed by actions pursuant to the stipulations, or which may be perpetual. Currently, the Station has no net assets with donor restrictions.

All contributions are considered to be available for use without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as having donor restrictions increasing that net asset class. If a restriction is fulfilled in the same time period in which the contribution is received, the Station reports the support as without donor restrictions.

Due from Colleges

The Station's cash is commingled with the Colleges' other cash balances. The balance due from Colleges represents the Station's claim against such cash balances.

Equipment

Equipment is recorded at cost. The cost of equipment purchased in excess of \$5,000 is capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from 3-10 years. Expenditures for repairs and maintenance are charged to expense as incurred.

Corporation for Public Broadcasting Grant

CPB is a private, not-for-profit grantmaking organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Services Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of CPB stations, to enhance the quality of programming, and to expand the scope of CPB services. Each CSG may be expended over one or two federal fiscal years, as described in the Communications Act, 47 United States Code Annotated Section 396(k)(7), (1983) Supplement. In any event, each grant must be expended within two years of the initial grant authorization. Under the Communications Act, grant funds may be used at the discretion of recipients, and accordingly, are reported in the accompanying Statements of Activities as revenue without donor restrictions.

General Appropriations and Other Support

Support from the Colleges consists of general appropriations and indirect support, primarily for Station administrative costs, reduced by those other forms of support and revenues the Station received during the 13-month period. The fair value of these services, which is estimated based on the Colleges' actual costs, is reported as revenue and expense in the accompanying Statements of Activities. Additionally, see Note 6, Related Party and Economic Dependence.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Underwriting Contracts

Underwriting contracts consist of financial support from external businesses. Revenue is recognized when a written agreement between the Station and the business/organization is executed by both parties and when the announcement is aired. The financial support is based on the number of announcements aired for the business. Deferred revenue is recorded in the event that cash is received by the Station in advance of the announcements.

Allocation of Expenses

The Station presents expenses by both functional and natural classification. Management fee expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional classification based on an estimation of time and effort utilized. Other direct expenses are charged directly to the appropriate functional classification.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the dates of the financial statements.

Estimates also affect the reported amount of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

3. PRIOR PERIOD ADJUSTMENT

In fiscal 2022, the Station determined that the amount due from Colleges was recorded incorrectly. As a result, net assets without donor restrictions were overstated by \$312,566. This item has been recorded as an adjustment to net assets as of June 1, 2021, in the accompanying statement of activities.

4. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2022, financial assets and liquidity resources available within one year for general expenditure, including operating expenses and program services, was \$11,002. The Station's expenditures are paid by the Colleges, who maintain sufficient cash to meet working capital needs, as discussed in Note 6.

5. LEASE COMMITMENT

The station has entered into an operating lease contract for antenna tower space. The Station's lease has a remaining term of one year. All renewal options have been exercised.

Operating lease

Operating lease costs associated with amortization of the right of use asset and payment of the lease liability were approximately \$14,959 and \$15,001, respectively for the 13-month period ended June 30, 2022.

5. LEASE COMMITMENT (CONTINUED)

Operating lease (Continued)

As of June 30, 2022, assets and liabilities recorded under operating leases were \$14,487 and \$13,789 respectively. Right-of-use assets related to the operating lease are recorded as a right-of-use asset and the operating lease liability is recorded as a right-of-use liability in the accompanying statements of financial position.

Weighted average remaining lease term	1 year
Weighted average discount rate	4.52%

The maturity of the operating lease liability as of June 30, 2022 was as follows:

2023	\$ 14,103
Less: net present value adjustments	<u>(314)</u>
Total operating lease liability	<u>\$ 13,789</u>

Supplemental cash flow information related to leases for the 13-month period ended June 30, 2022 is as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	<u>\$ 16,075</u>
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6. RELATED PARTY AND ECONOMIC DEPENDENCE

During the 13-month period ended June 30, 2022, the Colleges provided the Station with general appropriations and administrative support of \$196,075. This support was in the form of in-kind contributions to the Station.

The Station's ability to operate is dependent upon continued support from the Colleges.

7. NATURAL CLASSIFICATION OF EXPENSES

The Station's primary program activity is broadcasting services. Expenses reported as fundraising and management and general are incurred in support of this primary program activity.

Expenses presented by natural classification and function were as follows for the 13-month period ended June 30, 2022:

	Salaries and <u>Benefits</u>	Supplies and <u>Services</u>	Occupancy and Related <u>Expenses</u>	<u>Depreciation and Interest</u>	<u>Other Expenses</u>	<u>Total</u>
Program services	\$ 117,203	\$ 186,700	\$ 45,467	\$ 11,980	\$ 9,441	\$ 370,791
Fundraising	5,358	15,827	-	-	10,576	31,761
Management and general	<u>100,245</u>	<u>199,544</u>	<u>-</u>	<u>-</u>	<u>355</u>	<u>310,144</u>
	<u>\$ 232,806</u>	<u>\$ 402,071</u>	<u>\$ 45,467</u>	<u>\$ 11,980</u>	<u>\$ 20,372</u>	<u>\$ 712,696</u>

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 13, 2023, which is the date the financial statements were available to be issued.