

WRVO-FM RADIO

Financial Statements

June 30, 2022 and 2021

INDEPENDENT AUDITOR'S REPORT

To WRVO-FM RADIO:

Opinion

We have audited the accompanying financial statements of WRVO-FM RADIO (WRVO), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 WRVO, as of June 30, 2022 and 2021, and the results of its activities and changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 WRVO and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 WRVO'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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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 WRVO'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 WRVO'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.

Fust Charles Chambers LLP

November 29, 2022

WRVO-FM RADIO

Statements of Financial Position

June 30, 2022 and 2021

<u>Assets</u>	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 484,823	486,241
Underwriting receivables, net	15,109	22,354
Membership receivables, net	136,844	140,343
Other receivable	9,578	41,909
Prepaid expenses	<u>38,836</u>	<u>37,303</u>
Total current assets	685,190	728,150
Property and equipment, net	<u>290,248</u>	<u>289,560</u>
Total assets	<u>\$ 975,438</u>	<u>1,017,710</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	25,509	40,306
Deferred underwriting revenue	<u>39,454</u>	<u>38,260</u>
Total current liabilities	<u>64,963</u>	<u>78,566</u>
Total liabilities	<u>64,963</u>	<u>78,566</u>
Net assets without donor restrictions	<u>910,475</u>	<u>939,144</u>
Total net assets	<u>910,475</u>	<u>939,144</u>
Total liabilities and net assets	<u>\$ 975,438</u>	<u>1,017,710</u>

See the accompanying notes to the financial statements.

WRVO-FM RADIO

Statements of Activities and Changes in Net Assets

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Changes in net assets without donor restrictions:		
Revenues and other support:		
Government grants:		
Community service grants	\$ 160,346	155,391
NYS Education Department grant	58,576	58,471
Other grants	1,000	163,096
Support from the University	285,126	252,566
Underwriting revenue:		
Foundations and other nonprofits	157,365	157,963
Business and industry	188,851	155,888
Membership and contributions:		
Corporate matching	1,892	4,140
Listener contributions	859,112	885,361
Other fundraising	76,371	67,095
In-kind revenues	382,599	383,722
Investment income	-	2,047
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Total revenues and other support	2,171,238	2,285,740
Expenses:		
Program services:		
Engineering	374,739	350,168
Programming	941,223	915,908
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Total program services	1,315,962	1,266,076
Supporting services:		
Management and general	486,319	485,764
Listener support	161,417	174,435
Corporate support	236,209	253,652
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Total supporting services	883,945	913,851
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Total expenses	2,199,907	2,179,927
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Change in net assets without donor restrictions	(28,669)	105,813
Net assets, beginning of year	939,144	833,331
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Net assets, end of year	\$ <u>910,475</u>	<u>939,144</u>

See the accompanying notes to the financial statements.

WRVO-FM RADIO

Statement of Functional Expenses

Year ended June 30, 2022
(with comparative totals for 2021)

	Program services			Management and general	Supporting services		Total supporting services	2022 Totals	2021 Totals
	<u>Engineering</u>	<u>Radio programming</u>	<u>Total program services</u>		<u>Listener support</u>	<u>Corporate support</u>			
Salaries, wages and benefits	\$ 191,699	300,492	492,191	80,737	56,151	98,464	235,352	727,543	759,907
Professional services	7,609	9,485	17,094	10,250	-	-	10,250	27,344	31,356
Commissions	-	-	-	-	9,520	47,202	56,722	56,722	52,215
Office supplies, telephone, postage and printing	41,447	100	41,547	3,440	51,948	612	56,000	97,547	105,619
Conferences and travel	2,850	1,792	4,642	-	-	-	-	4,642	2,053
Programming services	-	616,637	616,637	-	-	-	-	616,637	579,013
Advertising and promotion	-	-	-	675	15,413	78,246	94,334	94,334	86,224
Facilities	7,873	-	7,873	-	-	-	-	7,873	4,541
Membership and affiliations	500	2,437	2,937	1,500	3,865	-	5,365	8,302	6,679
Depreciation	43,930	-	43,930	6,308	-	-	6,308	50,238	53,790
Satellite services and other expenses	75,170	480	75,650	-	-	-	-	75,650	63,894
Credit card fees	-	-	-	-	23,469	7,797	31,266	31,266	29,737
Grant overhead - Office of Research and Sponsored Programs fees	3,661	9,800	13,461	810	1,051	3,888	5,749	19,210	21,177
In-kind expense - waived fees	-	-	-	103,186	-	-	103,186	103,186	103,586
In-kind expense- SUNY Oswego	-	-	-	279,413	-	-	279,413	279,413	280,136
Total expenses	\$ <u>374,739</u>	<u>941,223</u>	<u>1,315,962</u>	<u>486,319</u>	<u>161,417</u>	<u>236,209</u>	<u>883,945</u>	<u>2,199,907</u>	<u>2,179,927</u>

See the accompanying notes to the financial statements.

WRVO-FM RADIO

Statement of Functional Expenses

Year ended June 30, 2021

	Program services				Supporting services			
			Total	Management	Fundraising		Total	2021
	<u>Engineering</u>	<u>Radio programming</u>	<u>program services</u>	<u>and general</u>	<u>Listener support</u>	<u>Corporate support</u>	<u>supporting services</u>	<u>Totals</u>
Salaries, wages and benefits	\$ 179,385	313,042	492,427	77,543	59,447	130,490	267,480	759,907
Professional services	9,866	9,410	19,276	12,080	-	-	12,080	31,356
Commissions	-	-	-	-	11,996	40,219	52,215	52,215
Office supplies, telephone, postage and printing	44,340	212	44,552	930	55,231	4,906	61,067	105,619
Conferences and travel	1,710	343	2,053	-	-	-	-	2,053
Programming services	-	579,013	579,013	-	-	-	-	579,013
Advertising and promotion	-	-	-	-	16,006	70,218	86,224	86,224
Facilities	4,541	-	4,541	-	-	-	-	4,541
Membership and affiliations	320	2,503	2,823	-	3,856	-	3,856	6,679
Depreciation	42,888	-	42,888	10,902	-	-	10,902	53,790
Satellite services and other expenses	63,219	600	63,819	75	-	-	75	63,894
Credit card fees	-	-	-	-	26,962	2,775	29,737	29,737
Grant overhead - Office of Research and Sponsored Programs fees	3,899	10,785	14,684	512	937	5,044	6,493	21,177
In-kind expense - waived fees	-	-	-	103,586	-	-	103,586	103,586
In-kind expense- SUNY Oswego	-	-	-	280,136	-	-	280,136	280,136
Total expenses	\$ <u>350,168</u>	<u>915,908</u>	<u>1,266,076</u>	<u>485,764</u>	<u>174,435</u>	<u>253,652</u>	<u>913,851</u>	<u>2,179,927</u>

See the accompanying notes to the financial statements.

WRVO-FM RADIO

Statements of Cash Flows

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets	\$ (28,669)	105,813
Adjustments to reconcile changes in net assets to net cash flows provided by operating activities:		
Depreciation	50,238	53,790
Unrealized gain on investments	-	(2,047)
Changes in:		
Underwriting receivables	7,245	(7,600)
Membership receivables	3,499	2,014
Other receivable	32,331	(41,909)
Prepaid expenses	(1,533)	4,803
Accounts payable and accrued expenses	(14,797)	14,994
Deferred underwriting revenue	1,194	(24,980)
Net cash provided by operating activities	<u>49,508</u>	<u>104,878</u>
Cash flows from investing activities:		
Proceeds from sales of investments	-	48,986
Purchases of property and equipment	<u>(50,926)</u>	<u>(3,303)</u>
Net cash provided by (used in) investing activities	<u>(50,926)</u>	<u>45,683</u>
Net change in cash and cash equivalents	(1,418)	150,561
Cash and cash equivalents - beginning of year	<u>486,241</u>	<u>335,680</u>
Cash and cash equivalents - end of year	<u>\$ 484,823</u>	<u>486,241</u>

See the accompanying notes to the financial statements.

WRVO-FM RADIO

Notes to Financial Statements

June 30, 2022 and 2021

(1) Organization

WRVO-FM RADIO (WRVO) is an unincorporated public telecommunications entity operated by the State University of New York at Oswego (the University). As such, WRVO is a related party to the Oswego College Foundation, Inc. (the College Foundation) and the Research Foundation for the State University of New York (the Research Foundation).

(a) Radio Programming

Radio programming is the basis of WRVO's function as a public radio station. Radio programming serves by informing the listening public of specific available program services with local and national content.

Programming monitors all program operations activities; makes programming decisions and adjustments, creates a monthly broadcast schedule and coordinates programming information and ideas with promotions and development staff.

(b) Engineering

The engineering department is crucial to the existence of WRVO. It oversees the maintenance of broadcast equipment, establishes procedures for operation and maintenance of transmitter equipment, performance of preventative maintenance activities, operation of equipment during test of Emergency Broadcast System; makes modifications and improvements to existing transmitter equipment, prevents interruptions in transmitting operations and monitors station compliance. Engineering operates in accordance with rules and regulations of the Federal Communications Commission. Engineering includes information technology systems and support services.

(c) Management and General

Management supervises and controls the overall, day-to-day operations of WRVO. This includes business management and accounting, general record keeping, budgeting and related purposes; human resource administration, including recruiting, retention, and benefit programs; maintenance of archives, operations manuals, depreciation of buildings and equipment, furnishings, and supplies or equipment used in management and general functions and National Public Radio (NPR) representation fees. WRVO also provides a periodic newsletter and web service as a supplement to their on-air programming. Both the newsletter and website provides information regarding upcoming programs and specials, station events and highlights, corporate supporters and major donors. The website (www.wrvo.org) provides additional information on local programs and sources for national programming.

WRVO-FM RADIO

Notes to Financial Statements

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

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

(b) New Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosures by *Not-for-Profit Entities for Contributed Nonfinancial Assets*, which amends the presentation and disclosure requirements for contributed nonfinancial assets by modifying and adding certain disclosures. Effective July 1, 2021, WRVO adopted ASU No. 2020-07 and applied the provisions retrospectively to all periods presented in the financial statements. The adoption of ASU No. 2020-07 did not have an impact on WRVO's financial statements.

(c) Use of Estimates

The preparation of financial statements in conformity with 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.

(d) Net Assets

WRVO reports its activities based on the existence or absence of donor-imposed restrictions utilizing the following net asset categories:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for general operating and capital purposes. At times, WRVO management sets aside and internally designates certain funds for technology procurement and capital purposes. These funds may be invested with the Oswego College Foundation, Inc. or maintained as part of WRVO's operating cash (see note 2(e)).

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. There were no net assets with donor restrictions as of June 30, 2022 and 2021.

WRVO-FM RADIO

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(e) Cash and Cash Equivalents

WRVO considers cash on hand, deposits, and securities with initial maturities of three months or less to be cash and cash equivalents. Cash and cash equivalents are maintained and handled by the Research Foundation and the College Foundation on behalf of WRVO.

(f) Investments and Investment Income

Investments are held by the College Foundation and are stated at fair value based on quoted market prices and net asset value. Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized and changes in unrealized gains and losses are included in the determination of the changes in net assets. Realized gains or losses result from the sale of investments and changes in unrealized gains or losses result from market value fluctuations. Realized and unrealized gains and losses are reported with interest and dividends, net of investment management fees, as investment income in the statements of activities and changes in net assets.

During fiscal year 2021, WRVO liquidated its investments held by the College Foundation and transferred the proceeds into its operating account.

(g) Prepaid Expenses

Prepaid expenses consist primarily of costs paid in advance for annual agreements with vendors.

(h) Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property and equipment, at their appraised value as of the date of receipt. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from three to twenty years. Repairs and maintenance costs are charged to operating expense as incurred.

WRVO-FM RADIO

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(i) Government Grants Revenue and Receivables

WRVO receives grants and contracts which are awarded to the Research Foundation and WRVO as joint grantees. Unconditional grants are recognized as revenues in the period received or promised. Conditional grants are not recognized as revenues until the conditions on which they depend are substantially met. WRVO has adopted a policy whereby all government grants will be recorded as without donor restrictions if the restriction expires in the same reporting period as received.

Receivables are stated at the amount management expects to collect from outstanding balances. There are no grant receivables as of June 30, 2022 or 2021.

On an annual basis, WRVO also receives support from the University. WRVO received support of \$285,126 and \$252,566 for the years ended June 30, 2022 and 2021, respectively.

(j) Underwriting Revenue and Receivables

Underwriting revenue consists of sales of advertising services to businesses and organizations in cash or trade for other goods and services. WRVO enters into contracts for underwriting services at established rates. Revenue for underwriting contracts are recognized at the point in time that the performance obligations are met. Unearned revenue relating to the portion of underwriting revenue pertaining to the following fiscal year is reported as deferred underwriting revenue in the statements of financial position.

Underwriting receivables represent amounts due under underwriting contracts to WRVO. Receivables are stated at the amount management expects to collect from outstanding balances. WRVO reviews individual contracts in order to determine estimated uncollectible accounts due from organizations and records these implicit price concessions as a direct reduction to revenue.

(k) Membership and Contributions Revenue and Receivables

WRVO records membership and listener contributions, including unconditional promises to give, as revenue when donors' commitments are received, or conditions have been satisfied. Listener contributions consists of inducing listeners to contribute money, securities, time, materials, or facilities. WRVO's fundraising activities target individual gifts, new members and membership renewals, and to establish fundraising goals according to WRVO financial need. Fundraising personnel also participate in on-air pledge drives; create premiums and incentives for membership donation; coordinate telemarketing and direct mail campaigns; and work with marketing and development staff to develop on and off-air promotional campaigns and member activities that encourage members to increase their support.

WRVO-FM RADIO

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(k) Membership and Contributions Revenue and Receivables, Continued

Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value. Unconditional promises to give are recognized at the estimated net present value, net of an allowance for uncollectible amounts, and are classified as with donor restrictions. Gifts whose restrictions are met in the same fiscal year as their receipt are reported as contributions without donor restrictions.

Membership receivables consist of commitments and amounts due from listeners. WRVO records an allowance for doubtful accounts based on prior collection experience and review of existing receivables. Accounts for which no payments have been received for a period of time, which varies by the nature of the receivable, are considered delinquent and written-off. An allowance for doubtful accounts amounted to \$15,000 for the years ended June 30, 2022 and 2021.

Corporate Matching

Corporate matching consists of fundraising through soliciting program underwriting funds and general support grants from foundations, corporation, or governments. Grant solicitation involves evaluating and monitoring grant-funded programs.

(l) In-Kind Revenues

Donations of long-lived assets are reported as support without donor restrictions, unless there are donor-imposed restrictions on the use of these assets.

Donated facilities and administrative support from the University consists of allocated occupancy costs for the office and studio space occupied and/or managed by WRVO, certain personnel salaries and benefits, and financial and departmental expenses incurred by the University on behalf of the radio station (contributed nonfinancial assets). These in-kind contributions are recorded only if they have a readily ascertainable market value with an objective basis for determining such value. WRVO estimated the fair value of the University support based on an allocation of the actual occupancy costs and support provided. For the years ended June 30, 2022 and 2021, in-kind revenues (contributed nonfinancial assets) amounted to \$279,413 and \$280,136, respectively.

The College Foundation and the Research Foundation also provide certain administrative services to the radio station (contributed nonfinancial assets). WRVO records these services at fair value based on the actual costs for the services provided. These in-kind revenues (contributed nonfinancial assets) amounted to \$103,186 and \$103,586 for the years ended June 30, 2022 and 2021, respectively.

WRVO-FM RADIO

Notes to Financial Statements

(2) Summary of Significant Accounting Policies, Continued

(m) Allocation of Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program and supporting functions. The costs are functionalized on a direct basis, where possible. Indirect costs for salaries, wages and benefits are allocated based on estimated time spent.

(n) Advertising

WRVO has adopted the policy of charging advertising and promotional costs to expense as incurred.

(o) Income Tax Status

WRVO is a division of the University and is not a separate entity unto itself. The State University of New York is a subdivision of the State of New York and is, therefore, generally exempt from federal and state income taxes under applicable federal and state statutes and regulations.

(p) Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation.

(3) Liquidity and Availability

WRVO's financial assets available within one year of the statements of financial position date for general operating and capital expenditures are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 484,823	486,241
Underwriting receivables, net	15,109	22,354
Membership receivables, net	136,844	140,343
Other receivable	<u>9,578</u>	<u>41,909</u>
Total financial assets available to management for general operating and capital expenditures within one year	\$ <u><u>646,354</u></u>	<u><u>690,847</u></u>

Liquidity Management

WRVO maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

WRVO-FM RADIO

Notes to Financial Statements

(4) Property and Equipment

Property and equipment consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Broadcast equipment	\$ 1,817,930	1,813,194
Non-broadcast equipment	<u>292,317</u>	<u>289,817</u>
	2,110,247	2,103,011
Less: accumulated depreciation	<u>(1,863,687)</u>	<u>(1,813,451)</u>
	246,560	289,560
Construction-in-progress	<u>43,688</u>	<u>-</u>
	<u>\$ 290,248</u>	<u>289,560</u>

(5) Subsequent Events

Management has evaluated subsequent events through November 29, 2022, which is the date the financial statements were available to be issued.