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

Financial Statements as of
May 31, 2021 and 2020
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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Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

December 15, 2021

The Board of Trustees of
Hobart and William Smith Colleges:

Report on the Financial Statements
We have audited the accompanying financial statements of WEOS-FM Radio, a department of Hobart and William Smith Colleges, which comprise the statements of financial position as of May 31, 2021 and 2020, the related statements of activities 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 United States of America generally accepted accounting principles; 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.

Auditor's 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 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 auditor's 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 entity'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 entity'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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INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WEOS-FM Radio, a department of Hobart and William Smith Colleges, as of May 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with United States of America generally accepted accounting principles.

Change in Accounting Principle

As described in Note 2 to the financial statements, WEOS-FM Radio implemented Accounting Standards Codification (ASC) 842, *Leases*, and the effects have been included in these financial statements. Our opinion is not modified with respect to this matter.

Emphasis of Matter

As explained in Notes 1 and 5 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.

Bonadio & Co., LLP

WEOS-FM RADIO
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STATEMENTS OF FINANCIAL POSITION
MAY 31, 2021 AND 2020

	2021	2020
ASSETS		
Due from Colleges	$ 306,665	$ 335,679
Accounts receivable	26,418	-
Equipment, net of accumulated depreciation of $197,326 and $194,000 in 2021 and 2020, respectively	12,807	16,120
Right-of-use asset	29,446	-
Total assets	$ 375,336	$ 351,799
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 21,173	$ 16,580
Right-of-use liability	28,790	-
Total liabilities	49,963	16,580
NET ASSETS:		
Without donor restrictions	325,373	335,219
Total net assets	325,373	335,219
Total liabilities and net assets	$ 375,336	$ 351,799

The accompanying notes are an integral part of these statements.

WEOS-FM RADIO
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STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED MAY 31, 2021 AND 2020

	2021	2020
Changes in net assets without donor restrictions:		
Support and revenues:		
General appropriations and administrative support from the Colleges	55,812	9,023
Corporation for Public Broadcasting Grant	88,061	184,449
Underwriting contracts	17,603	25,030
Membership and contributions income	311,320	68,666
Total support and revenues	472,796	287,168
Expenses:		
Program services	223,537	160,144
Fundraising	26,373	16,921
Management and general	232,732	114,648
Total expenses	482,642	291,713
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(9,846)	(4,545)
NET ASSETS WITHOUT DONOR RESTRICTIONS- beginning of year	335,219	339,764
NET ASSETS WITHOUT DONOR RESTRICTIONS - end of year	$ 325,373	$ 335,219

The accompanying notes are an integral part of these statements.

WEOS-FM RADIO
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2021 AND 2020

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Changes in net assets without donor restrictions	$ (9,846)	$ (4,545)
Adjustments to reconcile change in net assets, without donor restrictions to net cash flow from operating activities:		
Depreciation	3,313	3,313
Changes in:		
Due from Colleges	29,014	1,070
Accounts payable	4,593	1,693
Accounts receivable	(26,418)	(1,531)
Right-of-use asset	(29,446)	
Right-of-use liability	28,790	-
Net cash flow from operating activities	-	-
CHANGE IN CASH	-	-
CASH - beginning of year	-	-
CASH - end of year	$ -	$ -

The accompanying notes are an integral part of these statements.

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.

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

In May 2015, the Colleges amended the Management and Program Services Agreement (the Agreement) with WXXI Public Broadcasting Council (WXXI) to manage and provide programming for the Station. The amendment extended the term of the Agreement 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).

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classification (Continued)

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.

Change in Accounting Principle

ASC 842, *Leases*

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Station adopted the standard effective June 1, 2020 and recognized and measured leases existing at, or entered into after, June 1, 2020 (the beginning of the period of adoption) with certain practical expedients available, including no reassessment of lease classification for existing leases. The Station determined that the impact of the transition to the new standard is not significant to the Station's financial statements and accordingly, have not made an adjustment to beginning year net assets for the adoption of FASB ASC 842.

On June 1, 2020, the Station recognized a lease liability of $41,558, which represents the present value of the remaining operating lease payments of $44,402, discounted using an incremental borrowing rate of 4.52%, and a right-of-use asset of $41,558.

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. 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 CSGs to qualifying public telecommunications entities. CSGs are used to augment the financial resources of CPB stations, to enhance the quality of programming, and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 year. 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 5, Related Party and Economic Dependence.

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
Functional expenses present expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional classification. Certain 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. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of May 31, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure, including operating expenses and program services, were $333,083 and $335,679, respectively. The Station's expenditures are paid by the Colleges, who maintain sufficient cash to meet working capital needs, as discussed in Note 5.

4. LEASE COMMITMENT

The station has entered into an operating lease contract for antenna tower space. The Station's lease has a remaining term of two years. 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 $12,112 and $12,768, respectively, for the year ended May 31, 2021.

As of May 31, 2021, assets and liabilities recorded under operating leases were approximately $29,446 and $28,790, 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.

4. LEASE COMMITMENT (Continued)

Weighted average remaining lease term	2 years
Weighted average discount rate	4.52%

The maturity of the operating lease liability as of May 31, 2021 was as follows:

2022	$ 14,793
2023	15,385
Total lease payments	30,178
Less: net present value adjustments	(1,388)
Total operating lease liability	$ 28,790

5. RELATED PARTY AND ECONOMIC DEPENDENCE

During the fiscal years ended May 31, 2021 and 2020, the Colleges provided the Station with general appropriations and administrative support of $55,812 and $9,023, respectively.

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

6. 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 fiscal year ended May 31, 2021:

	Salaries and Benefits	Supplies and Services	Occupancy and Related Expenses	Depreciation and Interest	Other Expenses	Total
Program services	$ 28,500	$ 149,355	$ 38,562	$ 3,313	$ 3,807	$ 223,537
Fundraising	4,071	11,693	-	-	10,609	26,373
Management and general	84,306	141,036	-	-	7,390	232,732
	$ 116,877	$ 302,084	$ 38,562	$ 3,313	$ 21,806	$ 482,642

6. NATURAL CLASSIFICATION OF EXPENSES (Continued)

Expenses presented by natural classification and function were as follows for the fiscal year ended May 31, 2020:

	Salaries and Benefits	Supplies and Services	Occupancy and Related Expenses	Depreciation and Interest	Other Expenses	Total
Program services	$ 33,563	$ 60,773	$ 58,898	$ 3,313	$ 3,597	$ 160,144
Fundraising	4,795	1,041	-	-	11,085	16,921
Management and general	104,125	3,657	-	-	6,866	114,648
	$ 142,483	$ 65,471	$ 58,898	$ 3,313	$ 21,548	$ 291,713

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 15, 2021, which is the date the financial statements were available to be issued.