



WAER-FM RADIO
(A Department of Syracuse University)
Financial Statements and Supplemental Schedules
June 30, 2018 and 2017
(With Independent Auditors' Report Thereon)

WAER-FM RADIO
(A Department of Syracuse University)

Table of Contents

	Page(s)
Independent Auditors' Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
Schedule 1 – Supplemental Schedules of Functional Expenses	10-11



KPMG LLP
515 Broadway
Albany, NY 12207-2974

Independent Auditors' Report

The Board of Trustees
Syracuse University:

We have audited the accompanying financial statements of WAER-FM Radio (the Station), a department of Syracuse University, which comprise the statements of financial position as of June 30, 2018 and 2017, and 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 U.S. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WAER-FM Radio, a department of Syracuse University, as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedules of Functional Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

November 26, 2018

WAER-FM RADIO
(A Department of Syracuse University)
Statements of Financial Position
June 30, 2018 and 2017

Assets	2018	2017
	<u> </u>	<u> </u>
Current assets:		
Cash	\$ 103,905	104,955
Prepaid expenses	8,913	8,933
Accounts receivable, net	42,899	24,438
Pledges receivable, net	<u>147</u>	<u>1,610</u>
Total current assets	155,864	139,936
Equipment, net	<u>51,945</u>	<u>47,681</u>
Total assets	<u><u>\$ 207,809</u></u>	<u><u>187,617</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 7,044	6,531
Deferred revenues	<u>16,945</u>	<u>10,046</u>
Total current liabilities	23,989	16,577
Unrestricted net assets	<u>183,820</u>	<u>171,040</u>
Total liabilities and net assets	<u><u>\$ 207,809</u></u>	<u><u>187,617</u></u>

See accompanying notes to financial statements.

WAER-FM RADIO
(A Department of Syracuse University)
Statements of Activities
Years ended June 30, 2018 and 2017

	2018	2017
Change in unrestricted net assets:		
Support and revenues:		
General appropriation – Syracuse University	\$ 552,070	583,529
Indirect administrative support – Syracuse University	396,126	375,102
Underwriting contracts	407,686	372,599
Corporation for Public Broadcasting grants	142,763	146,100
NYS Public Broadcasting grant	58,471	60,560
In-kind contributions	36,070	34,740
Contributions and miscellaneous income	289,189	250,929
Total support and revenues	1,882,375	1,823,559
Expenditures:		
Program services	894,572	872,866
Fundraising	365,132	358,838
Management and general	609,891	580,479
Total expenditures	1,869,595	1,812,183
Change in unrestricted net assets	12,780	11,376
Net assets at beginning of year	171,040	159,664
Net assets at end of year	\$ 183,820	171,040

See accompanying notes to financial statements.

WAER-FM RADIO
(A Department of Syracuse University)
Statements of Cash Flows
Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 12,780	11,376
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,006	3,952
Changes in assets and liabilities:		
Prepaid expenses	20	(1,188)
Pledges and accounts receivable	(16,998)	5,808
Accounts payable	513	(4,266)
Deferred revenues	6,899	9
Net cash provided by operating activities	9,220	15,691
Cash flows from investing activities:		
Purchase of fixed assets	(10,270)	—
Net cash used in investing activities	(10,270)	—
Net (decrease) increase in cash	(1,050)	15,691
Cash at beginning of year	104,955	89,264
Cash at end of year	\$ 103,905	104,955

See accompanying notes to financial statements.

WAER-FM RADIO
(A Department of Syracuse University)
Notes to Financial Statements
June 30, 2018 and 2017

(1) Summary of Significant Accounting Policies

(a) Nature of Operations

WAER-FM Radio (the Station) is a department of Syracuse University (the University) and is included in the University's financial statements. The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Activities*, which address the presentation of financial statements for not-for-profit entities.

(b) Net Assets Classification

The accompanying financial statements present information regarding the Station's financial position and activities according to net asset classes. The classes are differentiated by the presence or absence of donor imposed restrictions. The net assets of the Station are classified as follows:

Unrestricted net assets 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.

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

All contributions are considered to be available for unrestricted use 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 temporarily restricted support 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 unrestricted revenues.

(c) Cash

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

(d) Equipment

Equipment is recorded at cost or, in the case of donated equipment, at estimated fair value at the date of donation. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets (generally five years for equipment). Equipment is comprised of original costs of \$83,303, net of accumulated depreciation of \$31,358 and \$25,352, at June 30, 2018 and 2017, respectively. The Station follows the University's capitalization policy whereby all movable equipment expenditures over \$5,000 and with a useful life of one year or more are capitalized. Expenditures for repairs and maintenance are charged to operating expense as incurred. At the time equipment is replaced, retired, or otherwise disposed of, the cost and associated accumulated depreciation is removed from the respective accounts and any gain or loss resulting from sale or retirement is recorded in the statement of activities of the Station.

WAER-FM RADIO
(A Department of Syracuse University)
Notes to Financial Statements
June 30, 2018 and 2017

(e) Federal and State Grants

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant making organization responsible for funding more than 1,000 television and radio stations nationwide. CPB distributes annual Community Service Grants (CSGs) to qualifying public telecommunications entities. CSGs are used to augment the financial resources of public broadcasting stations and thereby enhance the quality of programming and expand the scope of public broadcasting 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.

The grants are reported in the accompanying financial statements as unrestricted revenue as the funds are provided for general station operations and are not subject to external stipulations restricting their use. Unrestricted grants include certain guidelines that must be satisfied in connection with the application and use of the grants to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

CPB grants are provided in connection with the purchase or production of national programming and must be utilized for that specific purpose. These amounts are also subject to the aforementioned guidelines pertaining to recordkeeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

(f) Underwriting Contracts

Underwriting contracts consist of financial support from individual businesses. Revenue is recognized when earned, and a written agreement between the Station and the business/organization is executed by both parties. The financial support is based on the number of announcements aired for the business, and terms are net, 30 days.

(g) In-Kind Contributions

In-kind contributions represent goods and services received in exchange for sponsorship. The fair value of in-kind contributions is recognized as revenue and expense in the period in which the sponsorship services are provided. The fair value of in-kind contributions for which sponsorship has not yet been provided is recorded as deferred revenues within the statement of financial position and will be recognized when aired.

(h) Contributions and Other Support

Contributions, including unconditional pledges, are recognized as revenues when the donor's commitment is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at their net present value.

Support from the University consists of general appropriations and indirect support primarily for the Station's salaries and benefits and administrative costs.

WAER-FM RADIO
(A Department of Syracuse University)
Notes to Financial Statements
June 30, 2018 and 2017

(i) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

(j) Tax Status

The Station is a department of Syracuse University, which is a tax-exempt corporation as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes pursuant to Section 501(a) of the Internal Revenue Code. The Station believes there are no significant uncertain tax positions. On December 22, 2017, the President signed into law H.R. 1, originally known as the Tax Cuts and Jobs Act. The new law includes several provisions that result in substantial changes to the tax treatment of tax-exempt organizations and their donors. The University has reviewed these provisions and the potential impact and concluded the enactment of H.R. 1 will not have a material effect on the operations of the Station.

(2) Receivables

Unconditional pledges receivable of \$147 and \$1,610 (net of allowances for estimated uncollectible amounts of \$541 and \$600) at June 30, 2018 and 2017, respectively, are unrestricted by donors. The Station expects these pledges to be used for capital purchases and operating purposes. Pledges are generally due within one year. Accounts receivable, which represents underwriting contracts are \$42,899 and \$24,438 at June 30, 2018 and 2017, respectively, and there are no allowances for uncollectible accounts receivable.

(3) Related-Party Transactions and Economic Dependence

During fiscal years 2018 and 2017, the University provided the Station with indirect institutional support of \$124,492 and \$146,473, respectively, and indirect physical plant operations support of \$207,521 and \$164,540, respectively. In addition, support amounting to \$64,113 and \$64,089 in fiscal years 2018 and 2017, respectively, was provided to the Station by the University for buildings and tower facilities, and recognized in indirect administrative support on the statements of activities.

The University provided general appropriations of \$552,070 and \$583,529 in fiscal years 2018 and 2017, respectively. Such amounts are recorded as part of support and revenues, as well as an equivalent amount of expenditures.

In addition to economic support provided by the University, the Station also receives revenues on underwriting contracts with the University and its affiliates. These contracts totaled \$24,890 and \$40,837 in fiscal years 2018 and 2017, respectively.

Since the Station is a department of the University, with a majority of its revenue received from the University, it is economically dependent upon the University.

WAER-FM RADIO
(A Department of Syracuse University)
Notes to Financial Statements
June 30, 2018 and 2017

(4) Subsequent Events

The Station has evaluated subsequent events for potential recognition or disclosure through November 26, 2018, the date on which the financial statements were available to be issued.

WAER-FM RADIO
(A Department of Syracuse University)
Supplemental Schedule of Functional Expenses
Year ended June 30, 2018

	Program services	Fundraising	Management and general	Total
Salaries and employee benefits	\$ 400,058	282,102	195,172	877,332
Indirect administrative support	—	—	396,126	396,126
Outside services	328,300	39,491	870	368,661
Production costs	25,321	1,980	—	27,301
Telephone	6,354	3,812	2,542	12,708
Audio/visual	1,728	530	—	2,258
Office supplies	160	49	1,986	2,195
Advertising and promotion	22,840	7,656	—	30,496
Advertising and promotion – in-kind contributions	36,070	—	—	36,070
Dues and subscriptions	15,643	3,461	1,595	20,699
Travel and entertainment	35,351	15,855	8,042	59,248
Repairs and maintenance	7,940	1,931	—	9,871
Freight and postage	257	3,127	—	3,384
Equipment and software	8,544	5,138	3,558	17,240
Depreciation	6,006	—	—	6,006
Total expenses	\$ <u>894,572</u>	<u>365,132</u>	<u>609,891</u>	<u>1,869,595</u>

See accompanying independent auditors' report.

WAER-FM RADIO
(A Department of Syracuse University)
Supplemental Schedule of Functional Expenses
Year ended June 30, 2017

	Program services	Fundraising	Management and general	Total
Salaries and employee benefits	\$ 395,552	273,061	189,552	858,165
Indirect administrative support	—	—	375,102	375,102
Outside services	289,957	38,568	2,204	330,729
Production costs	25,409	—	—	25,409
Telephone	5,575	3,345	2,230	11,150
Audio/visual	1,047	—	—	1,047
Office supplies	—	—	2,185	2,185
Advertising and promotion	25,887	12,364	—	38,251
Advertising and promotion – in-kind contributions	34,740	—	—	34,740
Dues and subscriptions	16,430	4,361	1,420	22,211
Travel and entertainment	33,372	15,721	6,850	55,943
Repairs and maintenance	19,584	—	936	20,520
Freight and postage	886	4,110	—	4,996
Equipment and software	20,475	7,308	—	27,783
Depreciation	3,952	—	—	3,952
Total expenses	\$ <u>872,866</u>	<u>358,838</u>	<u>580,479</u>	<u>1,812,183</u>

See accompanying independent auditors' report.