

WAER-FM RADIO
(A Department of Syracuse University)
Financial Statements
June 30, 2019 and 2018
(With Independent Auditors' Report Thereon)

WAER-FM RADIO
(A Department of Syracuse University)

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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, 2019 and 2018, 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.

Emphasis of Matter

As discussed in note 1(k) to the financial statements, during the year ended June 30, 2019, the Station adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities* (ASU 2016-14). Our opinion is not modified with respect to this matter.

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, 2019 and 2018, 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.

[(signed) KPMG LLP]

November 22, 2019

WAER-FM RADIO
 (A Department of Syracuse University)
 Statements of Financial Position
 June 30, 2019 and 2018

| Assets | 2019 | 2018 |
|--|-------------|-------------|
| Current assets: | | |
| Cash | \$ 126,586 | 103,905 |
| Prepaid expenses | 10,907 | 8,913 |
| Accounts receivable | 41,327 | 42,899 |
| Pledges receivable, net | 300 | 147 |
| Total current assets | 179,120 | 155,864 |
| Equipment, net | 64,595 | 51,945 |
| Total assets | \$ 243,715 | 207,809 |
| Liabilities and Net Assets | | |
| Current liabilities: | | |
| Accounts payable | \$ 6,609 | 7,044 |
| Deferred revenues | 18,249 | 16,945 |
| Total current liabilities | 24,858 | 23,989 |
| Net assets, without donor restrictions | 218,857 | 183,820 |
| Total liabilities and net assets | \$ 243,715 | 207,809 |

See accompanying notes to financial statements.

WAER-FM RADIO
 (A Department of Syracuse University)
 Statements of Activities
 Years ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---|-------------|-------------|
| Change in net assets, without donor restrictions: | | |
| Support and revenues: | | |
| General appropriation – Syracuse University | \$ 588,439 | 552,070 |
| Indirect administrative support – Syracuse University | 375,401 | 396,126 |
| Underwriting contracts | 393,263 | 407,686 |
| Corporation for Public Broadcasting grants | 142,329 | 142,763 |
| NYS Public Broadcasting grant | 58,471 | 58,471 |
| In-kind contributions | 39,624 | 36,070 |
| Contributions and miscellaneous income | 288,123 | 289,189 |
| Total support and revenues | 1,885,650 | 1,882,375 |
| Expenditures: | | |
| Program services | 889,923 | 894,572 |
| Fundraising | 362,143 | 365,132 |
| Management and general | 598,547 | 609,891 |
| Total expenditures | 1,850,613 | 1,869,595 |
| Change in net assets, without donor restrictions | 35,037 | 12,780 |
| Net assets, without donor restrictions at beginning of year | 183,820 | 171,040 |
| Net assets, without donor restrictions at end of year | \$ 218,857 | 183,820 |

See accompanying notes to financial statements.

WAER-FM RADIO
 (A Department of Syracuse University)
 Statements of Cash Flows
 Years ended June 30, 2019 and 2018

| | 2019 | 2018 |
|---|-------------|-------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 35,037 | 12,780 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 10,670 | 6,006 |
| Gains from sale of equipment | (3,325) | — |
| Changes in assets and liabilities: | | |
| Prepaid expenses | (1,994) | 20 |
| Pledges and accounts receivable | 1,419 | (16,998) |
| Accounts payable | (435) | 513 |
| Deferred revenues | 1,304 | 6,899 |
| Net cash provided by operating activities | 42,676 | 9,220 |
| Cash flows from investing activities: | | |
| Purchase of fixed assets | (23,320) | (10,270) |
| Proceeds from sale of equipment | 3,325 | — |
| Net cash used in investing activities | (19,995) | (10,270) |
| Net increase (decrease) in cash | 22,681 | (1,050) |
| Cash at beginning of year | 103,905 | 104,955 |
| Cash at end of year | \$ 126,586 | 103,905 |

See accompanying notes to financial statements.

WAER-FM RADIO
(A Department of Syracuse University)
Notes to Financial Statements
June 30, 2019 and 2018

(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 addresses 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:

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 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 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.

(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 \$106,622, net of accumulated depreciation of \$42,027 and \$31,358, at June 30, 2019 and 2018, 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.

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(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 revenue, without donor restrictions, as the funds are provided for general station operations and are not subject to external stipulations restricting their use. These 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.

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(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.

(k) Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The primary changes, which affect the look and feel of most not-for-profit financial statements, include revisions to simplify and enhance the presentation of net assets, a requirement to present functional and natural expenses in a single location, and expanded disclosures regarding liquidity and availability of resources. The ASU is effective for fiscal years beginning after December 15, 2017. In fiscal 2019, the Station retrospectively adopted this standard. A summary of the net asset reclassifications resulting from the adoption of ASU 2016-14 as of July 1, 2017 is as follows (in thousands of dollars):

| | ASU 2016-14 Classifications | | |
|---|---------------------------------------|------------------------------------|-----------------------------|
| | Without donor restrictions | With donor restrictions | Total Net Assets |
| 2018 beginning of year net assets as previously presented: | | | |
| Unrestricted | \$ 171,040 | — | 171,040 |
| Temporarily restricted | — | — | — |
| Permanently restricted | — | — | — |
| | <u>171,040</u> | <u>—</u> | <u>171,040</u> |
| 2018 beginning of year net assets as reclassified | <u>\$ 171,040</u> | <u>—</u> | <u>171,040</u> |
| 2019 beginning of year net assets as previously presented: | | | |
| Unrestricted | \$ 183,820 | — | 183,820 |
| Temporarily restricted | — | — | — |
| Permanently restricted | — | — | — |
| | <u>183,820</u> | <u>—</u> | <u>183,820</u> |
| 2019 beginning of year net assets as reclassified | <u>\$ 183,820</u> | <u>—</u> | <u>183,820</u> |

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(2) Receivables

Unconditional pledges receivable of \$300 and \$147 (net of allowances for estimated uncollectible amounts of \$0 and \$541) at June 30, 2019 and 2018, respectively, do not contain donor restrictions. 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 \$41,327 and \$42,899 at June 30, 2019 and 2018, respectively, and there are no allowances for uncollectible accounts receivable.

(3) Related-Party Transactions and Economic Dependence

During fiscal years 2019 and 2018, the University provided the Station with indirect institutional support of \$89,462 and \$124,492, respectively, and indirect physical plant operations support of \$219,585 and \$207,521, respectively. In addition, support amounting to \$66,354 and \$64,113 in fiscal years 2019 and 2018, 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 \$588,439 and \$552,070 in fiscal years 2019 and 2018, 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 \$29,921 and \$24,890 in fiscal years 2019 and 2018, 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.

(4) Natural Classification of Expenses

| | 2019 | | | |
|--|---------------------|-------------|---------------------------|---------|
| | Program services | Fundraising | Management and general | Total |
| Salaries and employee benefits | \$ 419,143 | 280,646 | 197,225 | 897,014 |
| Indirect administrative support | — | — | 375,401 | 375,401 |
| Outside services | 309,498 | 41,117 | 1,047 | 351,662 |
| Production costs | 24,290 | 9,637 | — | 33,927 |
| Telephone | 6,461 | 3,876 | 2,584 | 12,921 |
| Audio/visual | 1,481 | — | 1,500 | 2,981 |
| Office supplies | 69 | — | 5,002 | 5,071 |
| Advertising and promotion | 8,631 | 5,386 | 316 | 14,333 |
| Advertising and promotion – in-kind contributions | 39,624 | — | — | 39,624 |
| Dues and subscriptions | 22,687 | 4,706 | 2,005 | 29,398 |
| Travel and entertainment | 30,178 | 9,067 | 7,284 | 46,529 |

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Notes to Financial Statements
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| 2019 | | | | | |
|-------------------------|----|-----------------------------|--------------------|-----------------------------------|--------------|
| | | Program services | Fundraising | Management and general | Total |
| Repairs and maintenance | \$ | 3,653 | — | 308 | 3,961 |
| Freight and postage | | 108 | 3,107 | — | 3,215 |
| Equipment and software | | 13,430 | 4,601 | 5,875 | 23,906 |
| Depreciation | | 10,670 | — | — | 10,670 |
| Total expenses | \$ | 889,923 | 362,143 | 598,547 | 1,850,613 |

| 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 | \$ | 894,572 | 365,132 | 609,891 | 1,869,595 |

(5) Subsequent Events

The Station has evaluated subsequent events for potential recognition or disclosure through **November 22, 2019**, the date on which the financial statements were available to be issued.