

**WCBE-FM**  
**A Public Telecommunications Entity Operated**  
**by the Columbus City School District**

**Columbus, Ohio**

**Financial Statements**  
**For the Years Ended June 30, 2018 and 2017**

**WCBE-FM**  
**Columbus, Ohio**

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## INDEPENDENT AUDITOR'S REPORT

WCBE-FM, a Component of  
Columbus City School District  
Columbus, Ohio

We have audited the accompanying financial statements of WCBE-FM (WCBE), a component of the Columbus City Schools, which comprise the statement 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 accounting principles generally accepted in the United States of America; 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.



**INDEPENDENT AUDITOR'S REPORT**  
(Continued)

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 WCBE, a component of Columbus City Schools as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Hemphill Wright & Associates, Inc.*

Westerville, Ohio  
December 26, 2018



**WCBE-FM**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018**  
**(with comparative totals for 2017)**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 738,269	\$ 553,397
Accounts Receivable - Underwriting	2,010	39,401
Accounts Receivable - Pledges	15,298	12,887
Accounts Receivable - Corp. for Public Broadcasting	-	134,809
Accounts Receivable - Other	-	461
Total Current Assets	<u>755,577</u>	<u>740,955</u>
<b>Long-Term Assets</b>		
Property & Equipment, Net of Accumulated Depreciation of \$ 205,112 and \$ 193,506 (Note 2)	<u>43,391</u>	<u>56,497</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 798,968</u></u>	<u><u>\$ 797,452</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
Accounts Payable	\$ 39,937	\$ 36,329
Accrued Wages & Benefits	<u>203,195</u>	<u>184,192</u>
<b>TOTAL LIABILITIES</b>	243,132	220,521
 <b>TOTAL NET ASSETS (UNRESTRICTED)</b>	<u>555,836</u>	<u>576,931</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 798,968</u></u>	<u><u>\$ 797,452</u></u>

See notes to the financial statements.

**WCBE-FM**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for 2017)**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>REVENUE AND SUPPORT</b>		
Corporation for Public Broadcasting Grant	\$ 126,223	\$ 134,809
E Tech Ohio Contribution	33,198	34,225
Membership Contributions	686,356	718,314
Underwriting Income	339,135	407,300
Miscellaneous Income	168,588	396
Subtotal	<u>1,353,500</u>	<u>1,295,044</u>
<b>In-Kind Support and Revenue</b>		
Trade Values (Note 3)	70,759	101,704
In-Kind Contributions (Note 3)	60,840	84,291
Donated Facilities and Administrative Support (Note 3)	83,821	78,462
Subtotal	<u>215,420</u>	<u>264,457</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>1,568,920</u>	<u>1,559,501</u>
 <b>EXPENSES</b>		
<b>Program Services</b>		
Programming and Production	274,030	290,022
Broadcasting	836,641	869,801
Public Information	205,799	171,104
Total Program Services	<u>1,316,470</u>	<u>1,330,927</u>
<b>Supporting Services</b>		
Management and General	273,545	257,349
Total Supporting Services	<u>273,545</u>	<u>257,349</u>
<b>TOTAL EXPENSES</b>	<u>1,590,015</u>	<u>1,588,276</u>
 Change in Net Assets	(21,095)	(28,775)
Net Assets at Beginning of Year	<u>576,931</u>	<u>605,706</u>
<b>Net Assets at End of Year</b>	<u><b>\$ 555,836</b></u>	<u><b>\$ 576,931</b></u>

See notes to the financial statements.

**WCBE-FM**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for 2017)**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Cash Flows from Operating Activities</b>		
Cash Received from Grantors	\$ 159,421	\$ 169,034
Cash Received from Customers	1,195,741	973,842
Cash Paid to Employees and Suppliers	(1,338,878)	(1,451,331)
Cash Received from Other	168,588	396
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>184,872</u>	<u>(308,059)</u>
<b>Cash Flows From Investing Activities</b>		
<b>Net Cash Provided by Investing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows From Financing Activities</b>		
<b>Net Cash Provided by Financing Activities</b>	<u>-</u>	<u>-</u>
Net (Decrease) Increase in Cash	184,872	(308,059)
Beginning Cash Balance	<u>553,397</u>	<u>861,456</u>
<b>Ending Cash Balance</b>	<u><u><b>\$ 738,269</b></u></u>	<u><u><b>\$ 553,397</b></u></u>

See notes to the financial statements.

**WCBE-FM**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2018**  
**(with comparative totals for 2017)**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ (21,095)	\$ (28,775)
<b>Adjustments to Reconcile Change in Net Assets to</b>		
<b>Net Cash Provided by Operating Activities</b>		
Depreciation Expense	13,106	13,106
(Increase) Decrease in Accounts Receivable	170,250	(151,772)
Increase (Decrease) in Accounts Payable	3,608	(104,552)
(Decrease) in Accrued Expenses	19,003	(36,066)
<b>Net Cash Provided by (Used In) Operating Activities</b>	<u><u>\$ 184,872</u></u>	<u><u>\$ (308,059)</u></u>

See notes to the financial statements.



**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

<b>Note 1 – Organization and Summary of Significant Accounting Policies</b>
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**Organization**

WCBE-FM, is a component of Columbus City Schools. WCBE is a non-profit, public radio station and operated by the Columbus (Ohio) City School District (District).

WCBE's mission is to provide the highest quality local, national and international programming featuring news, music and information to its listeners in the central Ohio area.

**Basis of Presentation**

The financial statements have been derived from the trial balance of Columbus City Schools. Columbus City Schools maintains the accounting for WCBE in a manner that allows for the component to be separately reported upon.

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recorded when earned and expenses are recorded when incurred.

WCBE reports net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- 1) Unrestricted net assets represent the portion of expendable funds that is available for support of the operations of the Organization.
- 2) Temporarily restricted net assets are subject to donor-imposed stipulations that will be met either by actions of WCBE and/or the passage of time.
- 3) Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by WCBE. The donors of these assets permit WCBE to use the income earned on related investments for general or specific purposes. No permanently restricted assets existed as of June 30, 2018 and 2017.

**Cash**

WCBE-FM's cash is maintained by the District and accounted for in Funds 19 and 20. The cash is commingled with all other funds in the bank accounts of the District. As of June 30, 2018, and 2017, these funds had a total balance of \$ 738,269 and \$ 553,397, respectively.

**Public Support and Revenue Recognition**

Contributions received from the general public during WCBE's annual fund drive campaign are recognized when pledged. Donations and grants are generally recognized when received by WCBE.

**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

<b>Note 1 - Summary of Significant Accounting Policies (Continued)</b>
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All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. If a restriction is fulfilled in the same time period in which the contribution is received, the WCBE reports that support as unrestricted.

**Income Taxes**

WCBE-FM is a component of the Columbus City School District. The Columbus City Schools is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no tax provisions have been made by WCBE.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of financial activities. Accordingly, certain costs have been allocated among program and supporting services based on total personnel costs or other systematic bases.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Accounts Receivable**

Accounts receivable are stated at unpaid balances. The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. When amounts become uncollectible, they are charged to operations when that determination is made.

**Subsequent Events**

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through December 26, 2018, the date on which the financial statements were available to be issued.

**Fair Value of Financial Instruments**

The Organization's financial instruments consist primarily of cash, accounts receivable, accounts payable, and accrued expenses. The carrying amount of these assets and liabilities approximates fair value due to their short-term nature.

**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**Note 2 - Property and Equipment**

Property and equipment acquired by WCBE-FM are recorded at cost, or in the case of donated property, at their estimated fair value at the date of receipt. Depreciation is recognized over the estimated useful lives of the assets on a straight-line basis. WCBE's policy is to expense property additions less than \$1,000 in the year purchased. The estimated lives of such assets range between 5 and 10 years. Depreciation expense for the periods ended June 30, 2018 and 2017 was \$13,106 and \$13,106, respectively.

A summary of property and equipment is as follows:

	<b>2018</b>	<b>2017</b>
Telecommunications Equipment	\$ 177,203	\$ 177,203
Office Equipment	49,863	51,363
Furniture & Fixtures	21,437	21,437
Total	248,503	250,003
Less Accumulated Depreciation	(205,112)	(193,506)
Net Property & Equipment	<u>\$ 43,391</u>	<u>\$ 56,497</u>

**Note 3 - Donated Facilities and Administrative Support from the Columbus City School District and In-Kind Contributions**

Donated facilities from the District consist of a building, to which the District holds title, with office and studio space. The related donated costs are recorded in revenue and expense at the annual calculated depreciation of the building. Indirect administrative support from the District consists of allocated costs based on a formula developed by the Corporation for Public Broadcasting (CPB).

In-kind contributions consist of Internet service. These in-kind contributions have been recorded as both a revenue and expense.

Trade values consist of live music performances (\$50,283), CD's from music companies (\$18,186) and other (\$2,290). These in-kind contributions have been recorded as both a revenue and expense.

**Note 4 - Retirement Plan**

Substantially all WCBE-FM employees are participating members of the School Employees Retirement System of Ohio (SERS). WCBE-FM's share of the retirement expenses was approximately \$ 89,414 and \$ 91,386 for the years ended June 30, 2018 and 2017, respectively. The non-funded actuarial liability for SERS is not determined by the State on a separate entity basis. The liability for WCBE-FM employees is included in the liability of Columbus City Schools as of June 30, 2018 and 2017.

**WCBE-FM**  
**A Public Telecommunications Entity Operated by the Columbus City School District**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

<b>Note 5 - Operating Lease</b>
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WCBE-FM leases space on the 45th floor of an office building for the location of a transmitter and an antenna. The term of this lease was ten (10) years commencing January 1, 2018, and terminating on December 31, 2027. This lease contained a clause allowing its continuation for an additional ten (10) year period; that continuation clause was activated, resulting in a new termination date of December 31, 2037.

Monthly lease payments for the first year will be \$3,047 under the new lease agreement effective January 1, 2018. Each year thereafter the lease, consistent with a Cost of Living Escalation provision of the lease, and shall be increased so that it equals 75 percent of the rise in the Consumer Price index. In addition, WCBE-FM may receive an allocated electricity charge for this space in conjunction with the billing for the monthly lease payments.

At June 30, 2018, total future lease payments under this lease are as follows:

<b>Year Ending June 30,</b>	<b>Total Lease Payments</b>
2019	36,927
2020	37,666
2021	38,419
2022	39,187
2023	39,971
Thereafter	189,888
Total	<u><u>\$382,058</u></u>