

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

Columbus, Ohio

Financial Statements
For the Year Ended June 30, 2019

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, 2019, and the related statement of activities and cash flows for the year 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 audit. We conducted our audit 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, 2019 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
January 8, 2020



WCBE-FM
STATEMENT OF FINANCIAL POSITION
As of JUNE 30, 2019

	<u>2019</u>
ASSETS	
Current Assets	
Cash	\$ 164,727
Accounts Receivable - Underwriting	59,190
Accounts Receivable - Pledges	9,881
Accounts Receivable - Other	<u>5,693</u>
Total Current Assets	239,491
Long-Term Assets	
Property & Equipment, Net	
of Accumulated Depreciation	
of \$ 219,718 and \$205,112 (Note 2)	<u>30,285</u>
TOTAL ASSETS	<u><u>\$ 269,776</u></u>
 LIABILITIES AND NET ASSETS	
Accounts Payable	\$ 10,506
Accrued Wages & Benefits	<u>151,400</u>
TOTAL LIABILITIES	161,906
 NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>107,870</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 269,776</u></u>

See notes to the financial statements.

WCBE-FM
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
REVENUE AND SUPPORT			
Corporation for Public Broadcasting Grant	\$ 93,168	\$ 33,643	\$ 126,811
E Tech Ohio Contribution	33,198	-	33,198
Membership Contributions	445,355	-	445,355
Underwriting Income	344,797	-	344,797
Miscellaneous Income	936,922	-	936,922
Net Assets Released From Restrictions	33,643	(33,643)	-
Subtotal	<u>1,887,083</u>	<u>-</u>	<u>1,887,083</u>
In-Kind Support and Revenue			
Trade Values (Note 3)	152,305	-	152,305
In-Kind Contributions (Note 3)	105,250	-	105,250
Donated Facilities and Administrative Support (Note 3)	84,053	-	84,053
Subtotal	<u>341,608</u>	<u>-</u>	<u>341,608</u>
TOTAL REVENUE AND SUPPORT	<u>2,228,691</u>	<u>-</u>	<u>2,228,691</u>
EXPENSES			
Program Services			
Programming and Production	324,090	-	324,090
Broadcasting	1,229,025	-	1,229,025
Public Information	190,195	-	190,195
Total Program Services	<u>1,743,310</u>	<u>-</u>	<u>1,743,310</u>
Supporting Services			
Management and General	275,937	-	275,937
Total Supporting Services	<u>275,937</u>	<u>-</u>	<u>275,937</u>
TOTAL EXPENSES	<u>2,019,247</u>	<u>-</u>	<u>2,019,247</u>
Change in Net Assets	209,444	-	209,444
Prior Period Adjustment	(657,410)	-	(657,410)
Net Assets at Beginning of Year	<u>555,836</u>	<u>-</u>	<u>555,836</u>
Net Assets at End of Year	<u><u>\$ 107,870</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 107,870</u></u>

See notes to the financial statements.

WCBE-FM
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

	<u>2019</u>
Cash Flows from Operating Activities	
Cash Received from Grantors	\$ 160,009
Cash Received from Customers	732,696
Cash Paid to Employees and Suppliers	(1,745,759)
Cash Received from Other	936,922
Prior Period Adjustment	<u>(657,410)</u>
Net Cash(Used in) Operating Activities	<u>(573,542)</u>
 Net (Decrease) in Cash	 (573,542)
 Beginning Cash Balance	 <u>738,269</u>
 Ending Cash Balance	 <u>\$ 164,727</u>

See notes to the financial statements.

WCBE-FM
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	PROGRAMMING AND PRODUCTION	BROADCASTING	PROGRAM PROMOTION	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	2019 TOTAL
Salary and Wages	\$ 93,072	\$ 249,022	\$ 103,185	\$ 445,279	\$ 137,801	\$ 583,080
Fringe Benefits	43,695	127,154	56,019	226,868	58,795	285,663
Purchased Services	12,000	592,240	5,168	609,408	8,950	618,358
Supplies	-	28,579	24,176	52,755	698	53,453
Other	-	123,495	-	123,495	485	123,980
Depreciation	9,174	1,310	655	11,139	1,966	13,105
Indirect Admin Support	13,844	1,975	992	16,811	67,242	84,053
Donated Services	-	105,250	-	105,250	-	105,250
In-Kind Adjustments	152,305	-	-	152,305	-	152,305
Total	<u>\$ 324,090</u>	<u>\$ 1,229,025</u>	<u>\$ 190,195</u>	<u>\$ 1,743,310</u>	<u>\$ 275,937</u>	<u>\$ 2,019,247</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, 2019

Note 1 – Organization and Summary of Significant Accounting Policies

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) Net assets without restrictions represent the portion of expendable funds that is available for support of the operations of the Organization.
- 2) Net assets with donor restrictions are subject to donor-imposed stipulations that will be met either by actions of WCBE and/or the passage of time. No donor restrictions existed as of June 30, 2019.

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, 2019, these funds had a total balance of \$ 164,727.

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.

All contributions are considered to be available for use without restrictions 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 without restrictions.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2019

Note 1 - Summary of Significant Accounting Policies (Continued)
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New Accounting Pronouncements

In 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidances on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. When adopted, the amendments in this AUS must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. This organization is currently evaluation the impact of the provisions of ASU Topic 606.

In 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organization is currently evaluating the impact of the provisions of ASU Topic 842.

On June 21, 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient and for fiscal years beginning after December 15, 2019, for transactions in which the entity services as the resource provider. Early application of the amendments in this mandate is permitted. The organization is evaluation the impact of the provisions of ASU Topic 958.

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 functional expenses. Accordingly, certain costs have been allocated among program and supporting services based on total personnel costs or other systematic bases.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2019

Note 1 –Summary of Significant Accounting Policies (Continued)

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 January 8, 2020, 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.

Prior Period Adjustment

The prior period adjustment represents the amount of a past transactions previously not reported due to fraud. The effect of this adjustment is to reduce prior year net assets by \$657,410.

Note 2 - Property and Equipment
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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 \$5,000 in the year purchased. The estimated lives of such assets range between 5 and 10 years. Depreciation expense for the year ended June 30, 2019 was \$13,105.

WCBE-FM
A Public Telecommunications Entity Operated by the Columbus City School District
Notes to Financial Statements
June 30, 2019

Note 2 - Property and Equipment (Continued)

A summary of property and equipment is as follows:

	2019
Telecommunications Equipment	\$ 177,203
Office Equipment	51,363
Furniture & Fixtures	21,437
Total	250,003
Less Accumulated Depreciation	(219,718)
Net Property & Equipment	\$ 30,285

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 (\$132,927), CD's from music companies (\$17,840) and other (\$1,538). 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 \$ 97,855 for the year ended June 30, 2019. 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, 2019.

Note 5 - Operating Lease

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.

WCBE-FM
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Notes to Financial Statements
June 30, 2019

Note 5 - Operating Lease (Continued)

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, 2019, total future lease payments under this lease are as follows:

Year Ending June 30,	Total Lease Payments
2020	37,666
2021	38,419
2022	39,187
2023	39,971
2024	40,771
Thereafter	149,117
Total	<u>\$345,131</u>

Note 6 – Liquidity Disclosure

Financial assets:

Cash	\$ 164,727
Accounts receivable	74,764

Less those restricted from general expenditure within one year due to:

Accounts Payable	(10,506)
Accrued Wages & Benefits	<u>(151,400)</u>

Financial assets available to meet cash needs for general expenditures	<u>\$ 77,575</u>
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