

**WRVO-FM90 RADIO**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2007 AND 2006**  
**AND FOR THE YEARS THEN ENDED**

**WRVO-FM90 RADIO**  
**JUNE 30, 2007 AND 2006**

**C O N T E N T S**

	<b><u>P A G E</u></b>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statement of Activities for the Year Ended June 30, 2007 With Comparative Totals for June 30, 2006	3
Statements of Cash Flows	4
Statement of Functional Expenses for the Year Ended June 30, 2007 With Comparative Totals for 2006	5
Notes to Financial Statements	6 - 10

## INDEPENDENT AUDITOR'S REPORT

WRVO-FM90 RADIO  
State University of New York at Oswego  
Oswego, New York 13126

We have audited the accompanying statement of financial position of WRVO-FM90 RADIO (a nonprofit organization) as of June 30, 2007, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from WRVO-FM90 RADIO's June 30, 2006 financial statements and, in our report dated February 20, 2007, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WRVO-FM90 RADIO, as of June 30, 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the financial statements, an error resulting in overstatement of previously reported depreciation expense and accumulated depreciation was discovered by management of WRVO-FM90 RADIO during the year ended June 30, 2007. Accordingly, an adjustment has been made to Net Assets as of July 1, 2005 to correct the error.

*Davidson Fox & Company, LLP*

Syracuse, New York  
February 28, 2008

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**WRVO-FM90 RADIO**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2007 AND 2006**

**ASSETS**

	<u>2007</u>	(Restated) <u>2006</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 215,677	\$ 302,875
Cash - WDS Endowment (internally designated)	57,035	49,033
Receivables		
Grants	-	2,000
Underwriting	15,302	-
Prepaid NPR dues	<u>45,158</u>	<u>-</u>
<b>TOTAL CURRENT ASSETS</b>	<u>333,172</u>	<u>353,908</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Transmission equipment	542,519	582,904
Studio equipment	637,898	614,060
Non-broadcast equipment and furniture	<u>18,078</u>	<u>90,158</u>
	1,198,495	1,287,122
Less: accumulated depreciation	<u>(660,762)</u>	<u>(713,772)</u>
<b>TOTAL PROPERTY AND EQUIPMENT, net</b>	<u>537,733</u>	<u>573,350</u>
	<u>\$ 870,905</u>	<u>\$ 927,258</u>

See accompanying notes to financial statements

## LIABILITIES AND NET ASSETS

	<u>2007</u>	(Restated) <u>2006</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 866	\$ 79,159
Deferred grant revenue	192,591	227,024
Deferred underwriting revenue	<u>20,958</u>	<u>138,719</u>
<b>TOTAL CURRENT LIABILITIES</b>	214,415	444,902
<b>DEFERRED GRANT REVENUE, less current portion</b>	<u>46,912</u>	<u>27,559</u>
<b>TOTAL LIABILITIES</b>	<u>261,327</u>	<u>472,461</u>
<b>NET ASSETS</b>		
Unrestricted	609,578	207,346
Temporarily restricted	<u>-</u>	<u>247,451</u>
<b>TOTAL NET ASSETS</b>	<u>609,578</u>	<u>454,797</u>
	\$ <u>870,905</u>	\$ <u>927,258</u>

**WRVO-FM90 RADIO**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR JUNE 30, 2006**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	2007 <u>Totals</u>	(Restated) 2006 <u>Totals</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Government grants				
Community Service Grants	\$ 212,974	\$ -	\$ 212,974	\$ 199,996
NYS Education Department Grant	69,989	-	69,989	119,913
NSNC and related grants	144,767	7,276	152,043	119,289
SUNY Oswego Direct Support	185,758	-	185,758	242,519
Underwriting revenue				
Foundations and other nonprofits	191,685	-	191,685	145,815
Business and industry	297,753	-	297,753	332,410
Membership and contributions				
Corporate matching	10,522	-	10,522	9,100
Listener contributions	569,577	-	569,577	526,639
Other fundraising	90,234	-	90,234	31,517
In-kind revenues				
ORSP fees waived	82,828	-	82,828	32,532
SUNY Oswego	643,582	-	643,582	615,999
Investment income - WDS Endowment	11,265	-	11,265	4,858
Net assets released from restrictions				
Satisfaction of program restrictions	<u>254,727</u>	<u>(254,727)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>2,765,661</u>	<u>(247,451)</u>	<u>2,518,210</u>	<u>2,380,587</u>
<b>EXPENSES</b>				
Program services				
Engineering	255,947	-	255,947	230,530
Programming	761,255	-	761,255	809,614
Public information	104,899	-	104,899	105,885
Total program services	<u>1,122,101</u>	<u>-</u>	<u>1,122,101</u>	<u>1,146,029</u>
Support services				
Management and general	908,797	-	908,797	791,501
Listener support	179,824	-	179,824	156,845
Corporate support	152,707	-	152,707	147,036
Total support services	<u>1,241,328</u>	<u>-</u>	<u>1,241,328</u>	<u>1,095,382</u>
Total expenses	<u>2,363,429</u>	<u>-</u>	<u>2,363,429</u>	<u>2,241,411</u>
CHANGE IN NET ASSETS	402,232	(247,451)	154,781	139,176
NET ASSETS AT BEGINNING OF YEAR	<u>207,346</u>	<u>247,451</u>	<u>454,797</u>	<u>315,621</u>
NET ASSETS AT END OF YEAR	\$ <u>609,578</u>	\$ <u>-</u>	\$ <u>609,578</u>	\$ <u>454,797</u>

See accompanying notes to financial statements

## WRVO-FM90 RADIO

### STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	(Restated) <u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 154,781	\$ 139,176
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	69,375	62,075
(Increase) decrease in		
Underwriting receivables	(15,302)	9,807
Grants receivable	2,000	108,744
Prepaid expenses	(45,158)	-
Increase (decrease) in		
Accounts payable and accrued liabilities	(78,293)	(17,881)
Deferred revenues	<u>(132,841)</u>	<u>118,544</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(45,438)	420,465
<b>CASH FLOWS USED BY INVESTING ACTIVITIES</b>		
Purchases of equipment	<u>(33,758)</u>	<u>(404,551)</u>
NET INCREASE (DECREASE) IN CASH	(79,196)	15,914
CASH AT BEGINNING OF YEAR	<u>351,908</u>	<u>335,994</u>
CASH AT END OF YEAR	\$ <u><u>272,712</u></u>	\$ <u><u>351,908</u></u>

See accompanying notes to financial statements

**WRVO-FM90 RADIO**

**STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR JUNE 30, 2006**

	Program Services				Management and General	Support Services			2007 Totals	(Restated) 2006 Totals
	Engineering	Programming	Public Information	Total Program Services		Fundraising Listener Support	Corporate Support	Total Support Services		
Salaries, wages and benefits	\$ 91,361	\$ 304,279	\$ 13,821	\$ 409,461	\$ 132,395	\$ 103,415	\$ 74,133	\$ 309,943	\$ 719,404	\$ 720,873
Professional services	150	6,548	-	6,698	6,443	3,529	-	9,972	16,670	16,330
Commissions	-	-	-	-	-	21,425	71,253	92,678	92,678	78,636
Office supplies, telephone, postage and printing	27,594	1,881	16,507	45,982	10,404	32,977	1,934	45,315	91,297	84,363
Conferences and travel	1,379	3,532	-	4,911	88	39	1,165	1,292	6,203	2,519
Programing services	-	442,832	-	442,832	-	-	-	-	442,832	381,134
Advertising and promotion	-	1,999	74,571	76,570	32	16,518	4,122	20,672	97,242	111,180
Facilities	29,447	-	-	29,447	670	-	-	670	30,117	91,093
Memberships and affiliations	123	25	-	148	1,255	150	100	1,505	1,653	1,290
Depreciation	68,347	-	-	68,347	1,028	-	-	1,028	69,375	62,075
Satellite services and other expenses	33,495	-	-	33,495	-	-	-	-	33,495	35,410
Credit card fees	-	-	-	-	82	1,617	-	1,699	1,699	11,182
Grant overhead - OSRP fees	4,051	159	-	4,210	29,989	154	-	30,143	34,353	29,327
In-kind expense - ORSP fees waived	-	-	-	-	82,829	-	-	82,829	82,829	-
In-kind expense - SUNY Oswego	-	-	-	-	643,582	-	-	643,582	643,582	615,999
<b>TOTAL EXPENSES</b>	<b>\$ 255,947</b>	<b>\$ 761,255</b>	<b>\$ 104,899</b>	<b>\$ 1,122,101</b>	<b>\$ 908,797</b>	<b>\$ 179,824</b>	<b>\$ 152,707</b>	<b>\$ 1,241,328</b>	<b>\$ 2,363,429</b>	<b>\$ 2,241,411</b>

See accompanying notes to financial statements

**WRVO-FM90 RADIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007 AND 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

WRVO-FM90 RADIO is an unincorporated public telecommunications entity operated by the State University of New York at Oswego.

Basis of Presentation

The financial statements of WRVO-FM90 RADIO have been prepared on the accrual basis of accounting and reflect all significant receivables, payables and other liabilities.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

Use of Estimates

Management uses estimates and assumptions in preparing the financial statements. The estimates and assumptions affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation calculations are based on the straight-line method over the useful lives of the assets, which range from three to twenty years. Repairs and maintenance costs are charged to operating expense as incurred.

Depreciation expense amounted to \$69,375 and \$62,075 for the years ended June 30, 2007 and 2006, respectively.

Revenue Recognition

Membership fees are recognized when received. Grant income is recognized as support in the year in which it is received by the Organization, unless the grantor specifies that these monies are to be used in another year. In this case, the radio station record deferred revenue and does not recognize income until the time or purpose restrictions are met. All other revenue is recognized utilizing the accrual method of accounting.

**WRVO-FM90 RADIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007 AND 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Facilities, Services and Support

Donations of long-lived assets are reported as unrestricted support, unless there are donor-imposed restrictions on the use of these assets.

Donated facilities and administrative support from the State University of New York at Oswego consists of allocated occupancy costs for the office and studio space occupied and/or managed by the radio station, certain personnel salaries and benefits and financial and departmental expenses incurred by the University on behalf of the radio station. Donated facilities and services are recorded at estimated fair value. These in-kind contributions are recorded only if they have a readily ascertainable market value with an objective basis for determining such value. For the years ended June 30, 2007 and 2006 donated facilities and services amounted to \$643,582 and \$615,999, respectively. The Oswego College Foundation and the Office of Research and Sponsored Programs also provide certain administrative services to the radio station. These in-kind contributions amounted to \$82,828 and \$32,532 for the years ended June 30, 2007 and 2006, respectively.

Income Tax Status

The radio station is a division of the State University of New York at Oswego and is not a separate entity unto itself. As such, it is not a taxable entity.

Expense Allocation

Expenses by function have been allocated among program and supporting service classifications on the basis of time records and on estimates made by the radio station's management.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

## **WRVO-FM90 RADIO**

### **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2007 AND 2006**

#### **NOTE 2 - PRIOR PERIOD ADJUSTMENT**

Net assets at the beginning of June 30, 2006 has been adjusted to correct an error in previously reported depreciation expense and accumulated depreciation made in a prior year whereby depreciation expense in excess of historical cost was recorded for certain assets. The adjustment resulted in an increase in beginning net assets of \$19,696. The error had no effect on net income for the year ended June 30, 2006.

#### **NOTE 3 - WILLIAM D. SHIGLEY ENDOWMENT FUND**

A fund was established in 2000 in honor of the former Station Manager William D. Shigley. Earnings from this fund are internally designated for the use of technology procurement. The balance of the fund as of June 30, 2007 and 2006 was \$57,035 and \$49,033, respectively.

#### **NOTE 4 - DEFERRED GRANT REVENUE**

The Corporation for Public Broadcasting awards Community Service Grants annually for Public Broadcasting and the New York State Education Department. Community Service Grants amounted to \$212,974 for 2007. The awards typically represent a two-year grant period. Grant revenue is recognized ratably over this period and, accordingly, \$239,503 and \$249,680 of the grant revenue is deferred at June 30, 2007 and 2006, respectively.

#### **NOTE 5 - NEW SOUND NEW CENTURY CAMPAIGN**

In November of 2003, the station began fundraising for a major capital improvement campaign. The funds have been solicited from individuals, business and foundations and are used to meet matching requirement of federal and other governmental grants.

The funds, which are unrestricted, are currently being used to construct new studios, expand the transmission power and generally improve the quality of the station.

The amounts received for the years ended June 30, 2007 and 2006 were \$152,043 and \$117,289, respectively.

#### **NOTE 6 - ADVERTISING AND PROMOTION**

The Organization has adopted the policy of charging advertising and promotional costs to expense as incurred. Advertising and promotion costs amounted to \$97,240 and \$111,180 for the years ended June 30, 2007 and 2006, respectively.

The radio station received advertising services in trade for program underwriting. The value of these goods and services have been recognized as expense or capital assets as applicable at their normal fair value, and underwriting revenue is recognized for the same amount. The revenue is recognized when the programs are aired. Advertising services received in trade amounted to \$64,902 and \$85,632 for the years ended June 30, 2007 and 2006, respectively.

**WRVO-FM90 RADIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007 AND 2006**

NOTE 7 - SUPPLEMENTAL CASH FLOW INFORMATION

Non-cash investing and financing activities

During the year ended June 30, 2007, \$5,088 in equipment was acquired in trade.

NOTE 8 - DESCRIPTIONS OF PROGRAM AND SUPPORT SERVICES

Radio Programming

Radio programming is the basis of WRVO's function as a public radio station. Radio programming serves by informing the listening public of specific available program services with local and national content. Programming monitors all program operations activities; makes programming decisions and adjustments, creates a monthly broadcast schedule and coordinates programming information and ideas with promotions and development staff.

Engineering

The engineering department is crucial to the existence of WRVO. It oversees the maintenance of broadcast equipment, establishes procedures for operation and maintenance of transmitter equipment, performance of preventative maintenance activities, operation of equipment during test of Emergency Broadcast System; makes modifications and improvements to existing transmitter equipment, prevents interruptions in transmitting operations and monitors station compliance. Engineering operates in accordance with rules and regulations of Federal Communications Commission. Engineering includes information technology systems and support services.

Public Information

WRVO provides a quarterly newsletter and web service as a supplement to our on-air programming. Both the newsletter and website provides information regarding upcoming programs and specials, station events and highlights, corporate supporters and major donors. The website ([www.wrvo.fm](http://www.wrvo.fm)) provides additional information on local programs and sources for national programming.

Management and General

Management supervises and controls the overall, day-to-day operations of WRVO. This includes: business management and accounting, general record keeping, budgeting and related purposes; human resource administration, including recruiting, retention, and benefit programs; maintenance of archives, operations manuals, depreciation of buildings and equipment, furnishings, and supplies or equipment used in management and general functions and National Public Radio (NPR) representation fees.

**WRVO-FM90 RADIO**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007 AND 2006**

NOTE 8 - DESCRIPTIONS OF PROGRAM AND SUPPORT SERVICES (Continued)

Listener Support

Listener support consists of inducing listeners to contribute money, securities, time, materials, or facilities. WRVO's fundraising activities target individual gifts, new members and membership renewals and establish fundraising goals according to WRVO financial need. Fundraising personnel also participate in on-air pledge drives; create premiums and incentives for membership or donation; coordinate telemarketing and direct mail campaigns; and work with marketing and development staff to develop on and off-air promotional campaigns and member activities that encourage members to increase their support.

Corporate Support

Corporate support consists of fundraising through soliciting program underwriting funds and general support grants from foundations, corporation, or governments. Grant solicitation involves evaluating and monitoring grant-funded programs.