

Dayton Public Radio, Inc.

Financial Statements

June 30, 2019 and 2018



FLAGEL HUBER FLAGEL
Certified Public Accountants | Business Advisors

Dayton Public Radio, Inc.

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June 30, 2019 and 2018

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Independent Auditor's Report

To the Board of Trustees
Dayton Public Radio, Inc.

We have audited the accompanying financial statements of Dayton Public Radio, Inc. (a not-for-profit Organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, 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 audits 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 Organization'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 Organization'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 Dayton Public Radio, Inc. 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 accounting principles generally accepted in the United States of America.

Certified Public Accountants
Dayton, Ohio
October 9, 2019

Dayton Public Radio, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 218,420	\$ 316,308
Pledges receivable, net	129,471	124,889
Investments	388,590	274,262
Total Current Assets	<u>736,481</u>	<u>715,459</u>
Property and Equipment, net	<u>37,740</u>	<u>56,190</u>
Other Assets		
Collections of recordings	55,594	55,594
Other assets	8,850	919
Total Other Assets	<u>64,444</u>	<u>56,513</u>
Total Assets	<u>\$ 838,665</u>	<u>\$ 828,162</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 20,594	\$ 19,705
Accrued expenses	2,448	1,955
Total Current Liabilities	<u>23,042</u>	<u>21,660</u>
Net Assets		
Net assets without donor restrictions	786,622	777,501
Net assets with donor restrictions	29,001	29,001
Total Net Assets	<u>815,623</u>	<u>806,502</u>
Total Liabilities and Net Assets	<u>\$ 838,665</u>	<u>\$ 828,162</u>

Dayton Public Radio, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 481,030	\$ 0	\$ 481,030
Underwriting contributions	112,148	0	112,148
Special events	51,406	0	51,406
Grant from Corporation for Public Broadcasting	99,103	0	99,103
Grant from BEMC	43,777	0	43,777
Grant from Montgomery County Arts and Cultural District	9,829	0	9,829
Donated goods	48,129	0	48,129
Donated services	159,414	0	159,414
Interest and dividend income	9,091	0	9,091
Realized and unrealized gains on investments	5,680	0	5,680
Net assets released from restriction	0	0	0
Total Support and Revenue	<u>1,019,607</u>	<u>0</u>	<u>1,019,607</u>
Expenses:			
Program services	713,783	0	713,783
Management and general	107,590	0	107,590
Fundraising	189,113	0	189,113
Total Expenses	<u>1,010,486</u>	<u>0</u>	<u>1,010,486</u>
Change in Net Assets	<u>9,121</u>	<u>0</u>	<u>9,121</u>
Net Assets - beginning of year	<u>777,501</u>	<u>29,001</u>	<u>806,502</u>
Net Assets - end of year	<u><u>\$ 786,622</u></u>	<u><u>\$ 29,001</u></u>	<u><u>\$ 815,623</u></u>

Dayton Public Radio, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	\$ 480,595	\$ 0	\$ 480,595
Underwriting contributions	106,095	0	106,095
Special events	56,088	0	56,088
Grant from Corporation for Public Broadcasting	99,506	0	99,506
Grant from BEMC	41,195	0	41,195
Grant from Montgomery County Arts and Cultural District	9,829	0	9,829
Donated goods	46,719	0	46,719
Donated services	133,806	0	133,806
Interest and dividend income	3,536	0	3,536
Realized and unrealized gains on investments	13,142	0	13,142
Gain on sale of equipment	1,448	0	1,448
Net assets released from restriction	0	0	0
Total Support and Revenue	<u>991,959</u>	<u>0</u>	<u>991,959</u>
Expenses:			
Program services	664,191	0	664,191
Management and general	104,324	0	104,324
Fundraising	162,797	0	162,797
Total Expenses	<u>931,312</u>	<u>0</u>	<u>931,312</u>
Change in Net Assets	<u>60,647</u>	<u>0</u>	<u>60,647</u>
Net Assets - beginning of year	<u>716,854</u>	<u>29,001</u>	<u>745,855</u>
Net Assets - end of year	<u>\$ 777,501</u>	<u>\$ 29,001</u>	<u>\$ 806,502</u>

Dayton Public Radio, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and payroll taxes	\$ 223,272	\$ 39,839	\$ 153,482	\$ 416,593
Donated goods	48,129	0	0	48,129
Donated services	159,414	0	0	159,414
Rent, utilities, and insurance	109,174	24,203	17,418	150,795
Programming and fees	31,095	0	0	31,095
Advertising, promotion, and postage	8,482	2,142	3,724	14,348
Special events	0	0	6,427	6,427
Fundraising - other	0	0	5,239	5,239
Equipment, engineering, and other	78,395	0	0	78,395
Professional and consulting fees	18,334	23,548	0	41,882
Audience research	7,800	0	0	7,800
Miscellaneous expenses	8,604	17,858	2,823	29,285
Depreciation	21,084	0	0	21,084
	<u>\$ 713,783</u>	<u>\$ 107,590</u>	<u>\$ 189,113</u>	<u>\$ 1,010,486</u>

Dayton Public Radio, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation and payroll taxes	\$ 208,311	\$ 32,379	\$ 123,735	\$ 364,425
Donated goods	46,719	0	0	46,719
Donated services	133,806	0	0	133,806
Rent, utilities, and insurance	105,609	23,948	17,290	146,847
Programming and fees	30,020	0	0	30,020
Advertising, promotion, and postage	8,171	3,614	4,991	16,776
Special events	0	0	5,505	5,505
Fundraising - other	0	0	8,313	8,313
Equipment, engineering, and other	61,993	0	0	61,993
Professional and consulting fees	21,579	27,608	0	49,187
Audience research	7,510	0	0	7,510
Miscellaneous expenses	9,793	16,775	2,963	29,531
Depreciation	30,680	0	0	30,680
	<u>\$ 664,191</u>	<u>\$ 104,324</u>	<u>\$ 162,797</u>	<u>\$ 931,312</u>

Dayton Public Radio, Inc.**Statements of Cash Flows****For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 9,121	\$ 60,647
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,084	30,680
Gain on sale of property and equipment	0	(1,448)
Realized gains on investments	(4,723)	(34,403)
Unrealized (gains) losses on investments	(957)	21,261
Changes in assets and liabilities:		
Pledges receivable	(4,582)	(9,002)
Other assets	(7,931)	(369)
Accounts payable	889	3,780
Accrued expenses	493	(6,591)
Net Cash Provided by Operating Activities	<u>13,394</u>	<u>64,555</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(2,634)	(3,607)
Proceeds from sale of property and equipment	0	1,500
Net purchases of investments	(108,648)	(3,536)
Net Cash Used in Investing Activities	<u>(111,282)</u>	<u>(5,643)</u>
Change in Cash	(97,888)	58,912
Cash - beginning of year	<u>316,308</u>	<u>257,396</u>
Cash - end of year	<u>\$ 218,420</u>	<u>\$ 316,308</u>

Dayton Public Radio, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

1. Nature of Activities

Dayton Public Radio, Inc. is a not-for-profit organization incorporated in the State of Ohio. The Organization is organized for the purpose of owning, maintaining and operating non-commercial radio broadcasting facilities for broadcasting classic music and educational programs to the general public on WDPR 88.1 FM and WDPG 89.9 FM. The Organization receives support primarily from the listening public and private and government grants. The Organization is economically dependent on support from the Corporation for Public Broadcasting (CPB) and other governmental entities.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. A description of each class as it pertains to the Organization is as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

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

Cash

For purposes of the statements of cash flows, cash is defined as demand deposit accounts and short-term investments with an original maturity of three months or less when purchased.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Pledges Receivable

Pledges receivable represent unconditional promises from donors to contribute cash or other assets to the Organization. All pledges are expected to be collected within one year and are recorded at their net realizable value.

Dayton Public Radio, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Pledges Receivable (continued)

The carrying amount of these receivables are reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management reviews all pledge balances and estimates the portion that, if any, will not be collected. At June 30, 2019 and 2018, the allowance for doubtful accounts was \$2,030.

Investments

Investments are stated at fair value in the statements of financial position. Investment return includes interest, dividends, and realized and unrealized gains and losses.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation computed on a straight-line method over the useful lives of the assets. Donated property is recorded at fair market value at the time of donation. Gains and losses on disposal of property and equipment are reflected on the statements of activities. Major expenditures over \$2,500 for property and equipment, and those which substantially increase useful lives, are capitalized. Maintenance and repairs are charged to expense at the time the expenditure is incurred.

Collection of Recordings

Donated and purchased recordings are recognized at fair value (if determinable) at the date of donation or at cost if purchased. These assets are not subject to depreciation expense because they are deemed to be inexhaustible assets. Gains or losses on deaccession of collection items are recognized on the statements of activities. There was no deaccession of collection recorded for the years ended June 30, 2019 and 2018.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value. No impairment loss was recognized during the years ended June 30, 2019 and 2018.

Support and Revenue

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

The CPB grant is reported on the accompanying financial statements as operating funds without donor restrictions; however, certain guidelines must be satisfied in connection with application for and use of the grant to maintain eligibility and compliance requirements. These guidelines pertain to the use of grant funds, record keeping, audits, financial reporting, and licensee status with the Federal Communications Commission.

Dayton Public Radio, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Donated Materials and Services

Donated materials are recorded as contributions at their estimated fair values at the date of donation. The amount of donated materials received was \$48,129 and \$46,719 for the years ended June 30, 2019 and 2018, respectively.

Donated services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The donated professional services are for services received from the Broadcast Educational Media Commission (BEMC). The amount of donated services received was \$159,414 and \$133,806 for the years ended June 30, 2019 and 2018, respectively.

The Organization receives donated services from unpaid volunteers who assist in special projects. A substantial number of volunteers have made significant contributions of time to the Organization's policy making, program and support functions. The value of this contributed time does not meet the criteria for recognition of donated services existing in accounting standards and, accordingly, is not reflected in the accompanying financial statements.

Advertising Costs

Advertising costs are expensed when incurred. Advertising expense was \$14,348 and \$16,776 for the years ended June 30, 2019 and 2018, respectively

Functional Expenses

The costs of providing various program services and supporting activities have been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefitted, on a reasonable basis that is consistently applied. Expenses that are not directly related to a single program or activity but are indispensable to the conduct of the Organization's programs or existence are charged to management and general. Expenses relating to activities undertaken to induce contributions are charged to fundraising. Certain administrative costs including salaries and wages, payroll taxes, and employee benefits are allocated on the basis of estimates of personnel time related to each activity. Costs related to occupancy and maintenance of the building are allocated based upon a space utilization schedule.

Tax Status

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization determines the recognition of uncertain tax positions, if applicable, that may subject the entity to unrelated business income tax necessary by applying a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with tax authorities. The Organization does not have any materially uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy at June 30, 2019. The Organization believes it is no longer subject to income tax examinations for tax years prior to June 30, 2016.

Dayton Public Radio, Inc.**Notes to Financial Statements****June 30, 2019 and 2018**

3. Liquidity and Availability

The following reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year.

Financial assets at June 30, 2019	\$	736,481
Less those unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions:		
Restricted by donor with purpose restrictions		(29,001)
Financial assets available to meet cash needs for general expenditures within one year:	\$	<u>707,480</u>

The Organization is substantially supported by contributions, which may contain donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities. Consequently, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. It is the policy of the Organization to regularly review and assess the need for funds to meet operating obligations and to ensure the availability of cash or collateral to fulfill those requirements. In addition, the Organization has a \$200,000 line of credit that may be drawn upon in the event of financial distress. See Note 7.

4. Investments

Investments are stated at fair value and consist of the following at June 30, 2019:

	Fair Value	Cost	Unrealized Change
Cash equivalents	\$ 22,797	\$ 20,249	\$ 2,548
Equity	244,760	222,850	21,910
Fixed-income securities	77,293	73,016	4,277
Other	43,740	43,301	439
	<u>\$ 388,590</u>	<u>\$ 359,416</u>	<u>\$ 29,174</u>

Investments are stated at fair value and consist of the following at June 30, 2018:

	Fair Value	Cost	Unrealized Change
Cash equivalents	\$ 17,279	\$ 15,501	\$ 1,778
Equity	191,161	171,493	19,668
Fixed-income securities	61,983	55,606	6,377
Other	3,839	3,445	394
	<u>\$ 274,262</u>	<u>\$ 246,045</u>	<u>\$ 28,217</u>

Dayton Public Radio, Inc.**Notes to Financial Statements****June 30, 2019 and 2018**

5. Investment Return

Investment return consists of the following for the years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 9,091	\$ 3,536
Realized gains	4,723	34,403
Unrealized gains (losses)	<u>957</u>	<u>(21,261)</u>
	<u>\$ 14,771</u>	<u>\$ 16,678</u>

6. Property and Equipment

Property and equipment consists of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Estimated Life in Years</u>
Production equipment	\$ 1,450,714	\$ 1,448,080	3 - 7
Office furniture and equipment	109,648	109,648	5
Leasehold improvements	<u>26,996</u>	<u>26,996</u>	15
	1,587,358	1,584,724	
Less: Accumulated depreciation	<u>(1,549,618)</u>	<u>(1,528,534)</u>	
Net book value	<u>\$ 37,740</u>	<u>\$ 56,190</u>	

Depreciation expense for the years ended June 30, 2019 and 2018 was \$21,084 and \$30,680, respectively.

7. Line of Credit

At June 30, 2019 and 2018, the Organization had a \$200,000 unused line of credit with its bank with interest at the prime rate. This line of credit is collateralized by the Organization's accounts receivable and equipment.

8. Net Assets

At June 30, 2019, and 2018, net assets with donor restrictions consisted of cash of \$3,000 and pledges receivable of \$26,001 to be used for a studio build-out. There were no releases of net assets with donor restrictions during the years ended June 30, 2019 and 2018.

9. Retirement Plan

The Organization sponsors a Savings Incentive Match Plan for Employees (SIMPLE) IRA Plan covering substantially all employees. Employees are eligible to participate after meeting certain eligibility requirements based on age and time of service. Employees can contribute to the plan with certain limitations in accordance with IRS guidelines. The Organization contributed \$8,747 to the plan for the year ended June 30, 2019. There were no contributions to the plan for the year ended June 30, 2018.

Dayton Public Radio, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

10. Operating Leases

The Organization leases its studio, office and towers under various operating lease agreements that contain monthly lease payments ranging from approximately \$200 to \$3,500 per month and expire through 2024.

Future minimum lease payments under these agreements are as follows:

Fiscal Year	Studios and Office	Towers	Total
2020	\$ 44,919	\$ 48,134	\$ 93,053
2021	2,388	35,841	38,229
2022	2,388	37,633	40,021
2023	1,990	39,515	41,505
2024	0	41,491	41,491
Total	<u>\$ 51,685</u>	<u>\$ 202,614</u>	<u>\$ 254,299</u>

Rent expense for the years ended June 30, 2019 and 2018 was \$90,886 and \$91,414, respectively.

11. Fair Value Measurements

The Organization applies accounting principles generally accepted in the United States of America (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis.

Fair value is defined as the price that would be received for an asset or paid to transfer a liability, in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value as follows:

- Level 1 - Observable inputs such as quoted prices in active markets;
- Level 2 - Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The Organization has determined that the only material financial assets or liabilities that are measured at fair value on a recurring basis and categorized using the fair value hierarchy are investments. Investments are made up of equity securities, fixed income securities and real estate. These investments are valued using quoted market prices for similar assets. All investments at June 30, 2019 and 2018 are measured at Level 1 inputs. Significant transfers between fair value levels are determined at the end of the reporting period. There were no significant transfers in 2019.

Dayton Public Radio, Inc.

Notes to Financial Statements

June 30, 2019 and 2018

12. Change in Accounting Policy

The Organization reclassified its opening net asset balances of July 1, 2018 to properly comply with accounting standards related to net asset classifications. The adoption of the new standard changes the presentation of net assets and has no net effect on the financial results of the Organization. Under the new policy the Organization's three net asset classifications (permanently restricted, temporarily restricted, and unrestricted) were replaced with two net asset classes: net assets with donor restrictions and net assets without donor restrictions.

13. Subsequent Events

Management evaluated the activity of the Organization through October 9, 2019 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



In this ever-changing business environment, Flagel Huber Flagel goes beyond numbers and deadlines, returning the trust and confidence our clients place in us, with a caring partner relationship. We are committed to a collaborative search for ideas and solutions that help business organizations thrive and families build and preserve wealth. Our commitment is simple; financial and operational *insight*, service *integrity*, and problem solving *innovation*.

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