

WMPG-FM

Independent Auditors' Report
and
Financial Statements

For the years ended June 30, 2015 and 2014

M^cLeod | Ascanio

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Student Communications Board at the University of Southern Maine

We have audited the accompanying financial statements of WMPG-FM (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and changes in net assets 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.

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 WMPG-FM as of June 30, 2015 and 2014, 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.



February 11, 2016
Portland, ME

WMPG-FM
STATEMENTS OF FINANCIAL POSITION
as of June 30, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets		
Cash and cash equivalents	\$ 290,294	\$ 243,649
Accounts receivable, net of allowance for doubtful accounts of \$1,217 in 2015 and 2014	1,797	2,089
Prepaid expenses	<u>8,318</u>	<u>5,990</u>
Total current assets	300,409	251,728
Property and equipment		
Computers and software	27,570	32,132
Furniture and fixtures	6,906	6,906
Digital communications equipment	80,443	118,032
Other equipment	<u>64,470</u>	<u>64,470</u>
	179,389	221,540
Less: Accumulated depreciation	<u>(145,307)</u>	<u>(181,481)</u>
Website, net of amortization	<u>11,656</u>	<u>-</u>
Property and equipment, net	<u>45,738</u>	<u>40,059</u>
Total assets	<u><u>\$ 346,147</u></u>	<u><u>\$ 291,787</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	<u>\$ 200</u>	<u>\$ 1,287</u>
Total liabilities	200	1,287
Unrestricted net assets	319,504	270,120
Temporarily restricted net assets	<u>26,443</u>	<u>20,380</u>
Total net assets	<u>345,947</u>	<u>290,500</u>
Total liabilities and net assets	<u><u>\$ 346,147</u></u>	<u><u>\$ 291,787</u></u>

The accompanying notes are an integral part of these financial statements.

WMPG-FM**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

for the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Changes in unrestricted net assets		
Support		
University allocation of student fee	\$ 68,852	\$ 71,557
Grants	72,313	71,514
	<u>141,165</u>	<u>143,071</u>
Revenues		
Underwriting	41,616	44,891
Fundraising	117,830	140,880
Interest income	311	348
In-kind donations	27,146	10,487
Insurance settlement	24,735	-
Miscellaneous	1,390	1,572
	<u>213,028</u>	<u>198,178</u>
Net assets released from restriction	<u>5,000</u>	<u>1,050</u>
Total support and revenues	359,193	342,299
Direct program expenses		
Salaries, wages and benefits	177,363	179,140
Professional fees	19,125	25,779
Rental fees	33,697	28,143
Licenses, fees and subscriptions	17,100	11,612
Production, promotions and special events	15,804	12,103
Advertising	13,823	10,660
Telephone and internet	9,517	9,097
Depreciation expense	7,321	7,441
Office supplies and expenses	6,526	7,407
Conference and travel expenses	-	3,605
Utilities	5,369	4,587
Insurance	2,328	2,080
Small equipment	1,836	679
	<u>309,809</u>	<u>302,333</u>
Increase in unrestricted net assets	49,384	39,966
Changes in temporarily restricted net assets		
Grants	11,063	6,675
Net assets released from restrictions	<u>(5,000)</u>	<u>(1,050)</u>
Increase in temporarily restricted net assets	<u>6,063</u>	<u>5,625</u>
Increase in net assets	55,447	45,591
Net assets, beginning of year	<u>290,500</u>	<u>244,909</u>
Net assets, end of year	<u>\$ 345,947</u>	<u>\$ 290,500</u>

The accompanying notes are an integral part of these financial statements.

WMPG-FM
STATEMENTS OF CASH FLOWS
for the year ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Net increase in net assets	\$ 55,447	\$ 45,591
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation expense	7,321	7,441
(Increase) decrease in:		
Accounts receivable	292	(446)
Prepaid expenses	(2,328)	620
Increase (decrease) in:		
Accounts payable	(1,087)	1,287
	<u>47,989</u>	<u>54,493</u>
Total cash flows provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(1,344)	-
	<u>(1,344)</u>	<u>-</u>
Total cash flows utilized in investing activities		
Increase in cash during the year	46,645	54,493
Cash, beginning of period	<u>243,649</u>	<u>189,156</u>
Cash, end of period	<u><u>\$ 290,294</u></u>	<u><u>\$ 243,649</u></u>

The accompanying notes are an integral part of these financial statements.

WMPG-FM
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

WMPG-FM's purpose is to provide a high quality, community-oriented broadcast service to the people of Southern Maine. WMPG-FM is governed by the Board of Trustees of the University of Southern Maine (the "University"), a public university chartered under the laws of Maine.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, support, revenues, gains and losses are classified 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:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed restrictions that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

Cash and Cash Equivalents

WMPG-FM considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable is recorded at the amount that WMPG-FM expects to collect on balances outstanding at the end of the period. Management closely monitors outstanding balances and writes off or reserves against any accounts deemed to have collection risks.

Property and Equipment

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations in the year they are incurred. Renewals and betterments that materially extend the life of the assets are capitalized. Donated property and equipment is recorded as support at the fair value at the date of donation.

Depreciation is computed for financial statement purposes on a straight-line basis over the estimated useful lives of the related assets. The estimated useful lives of depreciable assets are:

	<u>Estimated Useful Lives</u>
Computers and software	3 years
Furniture and fixtures	5 – 7 years
Digital communications equipment	15 years
Other equipment	5 – 7 years

WMPG-FM
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenue recognition

Contributions and support received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of the donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted assets 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 temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted assets are reclassified to unrestricted assets.

Support and Revenue

The University collects student fees on behalf of the University of Southern Maine Student Senate ("USM SS"). These fees are remitted to the USM SS which is responsible for allocating the total revenue based on budget requests from the various student groups of which WMPG-FM is one. Certain funds are transferred between the student groups through formal proposals based on the needs and the activities of each group. If any group has unexpended money at the end of the year, such monies are not carried over to the subsequent period unless approved by the USM SS.

Pledges and Contributions

WMPG-FM engages in periodic fundraising campaigns manifested by offering special radio programs as well as mail and on-air fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to WMPG-FM for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors. No allowance for uncollectible contributions receivable is provided as WMPG-FM management has elected to write off all unpaid pledges as of the end of the fiscal year. Contributions and collected pledges are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of WMPG-FM. This usage is consistent with appeals for contributions and pledges.

In-kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. WMPG-FM reports gifts of equipment, professional services, materials and other nonmonetary contributions as unrestricted revenue in the accompanying statement of activities.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.

Grants

Certain grants are restricted for the purchase of equipment and for the payment of certain operational expenses. When WMPG-FM is notified as a recipient of these grants, the amounts are included as temporarily restricted grant revenue in the accompanying statement of activities until satisfaction of the time and purpose restrictions, after which they are reported as a release from temporarily restricted net assets and an increase in unrestricted net assets.

WMPG-FM
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes

The USM SS, which governs WMPG-FM, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the USM SS has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a)(2) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes. Changes in such estimates may affect the amounts reported in future periods.

2. CASH:

The USM SS maintains cash balances in three financial institutions, one of which is a credit union. All cash accounts are insured by either the Federal Deposit Insurance Corporation or the National Credit Union Administration up to \$250,000 per account holder. The USM SS has not experienced any losses in this or any other account during the reporting cycles.

3. TEMPORARILY RESTRICTED ASSETS:

As of June 30, 2015 and 2014, all temporarily restricted assets related to grant funding for various programming activities which were still ongoing as of the fiscal year ends.

4. RELATED PARTY TRANSACTIONS:

WMPG-FM is governed by the WMPG Board of Directors as well as the Student Communications Board of the USM SS. Through the USM SS, WMPG-FM receives contributions from the University related to the student activity fees which are collected by the University.

The University also provides WMPG-FM with rent-free office space located at 92 Bedford Street in Portland, ME as well as other free-of-charge services including janitorial, security, and utilities. The University has determined the estimated fair value of these facilities and services to be \$152,878 and \$157,763 during the fiscal years 2015 and 2014, respectively. These amounts have not been recorded in the statements of activities for either year.

The employees of WMPG-FM are actually employees of the University which are leased by WMPG-FM through the USM SS. The University charges the USM SS the actual cost of employment and benefits for the employees.

5. PROPERTY AND EQUIPMENT:

During 2015, WMPG received donated services from a local web company to develop a new website. The value of this donation and the website has been shown net on the accompanying cash flow statement.

Depreciation expense for the year ended June 30, 2015 and 2014 was \$7,321 and \$7,441, respectively.

WMPG-FM
NOTES TO THE FINANCIAL STATEMENTS

6. FUNDRAISING COSTS:

WMPG-FM engages in various fundraising activities to help support its programming. Costs associated with these activities are expensed as incurred. These expenditures totaled \$15,959 and \$11,930 in fiscal years 2015 and 2014, respectively.

7. SUBSEQUENT EVENTS:

WMPG-FM has evaluated subsequent events through February 11, 2016, the date which the financial statements were available to be issued.