

DRAFT 12/10/2019

Wyoming Public Media

Independent Auditor's Report and Financial Statements

June 30, 2019 and 2018

Wyoming Public Media
June 30, 2019 and 2018

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Independent Auditor's Report

Board of Trustees
University of Wyoming
Wyoming Public Media
Laramie, Wyoming

We have audited the accompanying financial statements of Wyoming Public Media (the Network), a public media entity licensed to the Trustees of the University of Wyoming, reported as part of the University of Wyoming, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Network's basic financial statements as listed in the table of contents.

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.

Board of Trustees
University of Wyoming
Wyoming Public Media

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Network, as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements of the Network are intended to present the financial position, the changes in financial position and cash flows of only that portion of the University of Wyoming that is attributable to the transactions of the Network. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 11 to the financial statements, the 2018 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Denver, Colorado
December 11, 2019

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Introduction and Reporting Entity

The following discussion and analysis summarizes the financial position and activities of Wyoming Public Media (WPM or the Network) for the years ended June 30, 2019 and 2018. WPM Management prepared the following discussion, and it should be read with the financial statements and related footnotes prepared by the University of Wyoming (UW) and which follow this section.

WPM is licensed to the Trustees of the University of Wyoming appointed by the Governor of Wyoming. Institutional oversight rests with the President through the office of the Vice President of Research and Economic Development. Direction and operation of the Network is delegated to the WPM General Manager who leads the operation with the mandate of providing a nationally recognized public broadcasting service to the public of Wyoming and ensuring Federal Communications Commission (FCC) and Corporation for Public Broadcasting (CPB) compliance at the broadcast and Institutional levels. WPM operates under the CPB General Provision and Eligibility Criteria based on the Communications Act and applicable to Community Service Grant recipients. It maintains a Public Advisory Council. WPM is the third largest state network in the United States by geographic reach, and the only Wyoming-based public radio entity serving the citizens of Wyoming.

WPM provides high quality information and cultural content via four broadcast services and one digital platform: Wyoming Public Radio, Classical Wyoming, Jazz Wyoming, Wyoming Sounds, and wyomingpublicmedia.org. In addition, the Network produces and distributes two podcast programs: HumaNature.org and TheModernWest.org. WPM is a multi-platform content producer.

WPM is a charter member of National Public Radio (NPR), an affiliate of Public Radio International (PRI) and American Public Media (APM). Its primary service, Wyoming Public Radio (WPR), broadcasts a varied schedule of news and information, Americana/Classical/Jazz music formats, and entertainment programming. Information programming is generated by NPR, BBC, APM, and local production. WPM employs 22 full-time professionals in engineering, technology, programming/production, fundraising, and administration. Of these, nine are professional journalists, supplemented by part-time/work study employees and stringers around the state and in Washington, D.C. Two full-time journalists cover cultural affairs and podcasting production under the auspices of the cultural department. WPM professionals consistently win state and national media awards and are multi-year Edward R. Murrow awardees. Content is produced for both local and global distribution. Stories, features, and podcasts often air on NPR, reaching an audience of close to four million individuals per airing.

The Wyoming Public Radio service originates from the UW campus and is distributed via satellite to transmitters around the state. In addition, several communities are able to receive the 24-hour Classical Wyoming, Jazz Wyoming, and Wyoming Sounds signals on either analog or HD radio. All four services are available globally via internet streaming and generate a global audience. Currently the combined signals reach approximately 95% of the state's 570,000 citizens. According to the most recent audience statistics, over 66,000 people aged 12 and above listen to WPM each week, and over 8,000 households and businesses contribute financially.

Wyoming Public Media Management's Discussion and Analysis (Unaudited) Years Ended June 30, 2019 and 2018

WPM operates under a strategic plan created in 2011 by the incoming General Manager and the UW Administration that addresses four key initiatives: 1) connect Wyoming via terrestrial and digital multi-platform delivery systems, 2) increase Wyoming-centric programming for local national/global distribution, 3) establish fiscal stability for current and future operations, and 4) build involvement with Wyoming communities and institutions. The plan worked well under several UW administrations and with the current "Breaking Through: 2017-2022" strategic plan.

Addressing WPM strategic Initiative No. 1 to connect all Wyoming via terrestrial radio, WPM continued establishing sites along major Interstates: I-80 (Nebraska to Utah) and I-25/I 90 (Cheyenne to Ranchester/Buffalo to Sundance). Secondary roads connected Rawlins to Cody/Lowell, Lander/Rock Springs to Jackson, and Torrington to Newcastle. Off-highway locations were improved with Classical Wyoming and Wyoming Sounds services implemented. At this time, the Douglas upgrade from 450 watts to 30,000 is about to be completed, delayed by one year due to UW financial systems changes. Improvements in Sheridan were delayed by almost nine months due to a change in UW Regulation 3-1, which extended the UW Trustee approval process and impacted winter accessibility to the site. This information was shared with listeners inquiring about delays. Today people driving through Wyoming are able to adjust their tuners and find the Wyoming Public Radio signal with few interruptions, and the Classical Wyoming and Wyoming Sounds signals are present in more locations.

Due to budget cuts in 2017 and 2018, WPM temporarily suspended continuation of its original \$5 million 5-year request to the state to upgrade and digitize the statewide technology, pending further articulation of UW's legislative directions. WPM proposes reinstating these requests in coming years, as high-cost equipment and technology reaches its expected lifetime, and replacement/upgrade costs that reach beyond the operating budget of the Network.

WPM continued to upgrade satellite network connectivity in new uplink facilities and downlink receivers. This new technology strengthens program distribution throughout the state and access to digital data for listeners with text capable receivers.

In tandem with analog radio, digital HD Radio technology upgrades continue to serve Buffalo, Gillette, and Sundance. Sites in Cody/Powell, Saratoga and Mountain View were completed in 2019, WPM radio now serves over 55% of the listening audience with an HD radio signal. This also provides Classical Wyoming and Wyoming Sounds to audiences that would not be able to ordinarily receive an analog signal in the same region of the state. Expansion of HD to Douglas and Evanston is planned as part of the upgrades

Connecting Wyoming digitally, WPM responded to a global transition from analog to multi-platform digital technology as a means of accessing radio content. In addition, WPM continues to develop content for new digital platforms and keeps up with evolving national directions. Wyomingpublicmedia.org provides a content-rich experience for individuals, students, and teachers. It is connected to the national public radio/NPR digital backbone, thus capturing national traffic. Content delves into areas such as Wind River Reservation, UW Highlights, Wyoming Stories, Wyoming History, Wyoming Destinations, Health, Education, Energy, Natural Resources, etc. Two podcasts, HumaNature and The Modern West, were created to target audiences beyond Wyoming's borders and continue to grow in numbers and in peer recognition. The public affairs program, Open Spaces, is now a radio, online, and podcast program.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Mobile use of technology was introduced for smartphone access to national and local content and continues to grow.

Total website views for the year ended June 30, 2018 to the year ended June 30, 2019 (wyomingpublicmedia.org, TheModernWest.org, HumaNaturePodcast.org, and WyomingSounds.org) grew from 2,660,522 to 3,611,795. Total unique podcast downloads (HumaNature, Open Spaces, The Modern West, and Spoken Words) grew from 173,733 to 477,000.

Addressing WPM strategic initiative No. 2 to increase Wyoming-centric programming and content, WPM created a number of radio and multi-platform modules and programs which can be found on wyomingpublicmedia.org under a variety of tabs. In 2019, WPM added two museum-related modules to the mix. Statewide coverage was expanded with addition of Wyoming regional on-site reporters, and 2019 saw the addition of a Northeast Wyoming Reporter, a Wind River Reservation/Central Wyoming reporter, as well as a multi-state Mountain West Bureau Reporter -- a CPB-funded initiative that began in 2018. All expansion funding came from non-university sources. A number of production projects are created in conjunction with UW MFA students. As part of its strategic outreach initiative, WPM brings national public broadcasting programs and initiatives to Wyoming, including the Story Corps project, entertainers Ira Glass and David Sedaris, journalists Scott Simon, Lakshmi Singh, Lynn Neary, David Greene, Susan Stamberg, Don Gonyea, NPR Presidents/CEO's Kevin Klose, Gary Knell, and Jarl Mohn, among others.

Addressing WPM Strategic Initiative No. 3 to establish fiscal stability to current and future operations, WPM reorganized the fundraising department and upgraded procedures to match public broadcasting industry Best Practices and regulations. In 2018/2019, administrative fundraising costs were well under the 20% benchmark used by the philanthropic industry. WPM works with the UW Foundation, and in 2019, added NPR as a national collaborator in a system-wide beta test. Activity supported through WPM fundraising is considered as "service to community," and assessed and evaluated annually by the CPB as per FCC guidelines. A strong service activity report card also affects WPM's ability to maintain federal funding.

Addressing Strategic Initiative No. 4 to build involvement with communities, WPM sponsors activities in towns and cities throughout Wyoming, holds meet-and-greet opportunities with management, and funds a robust statewide public service announcement program online. Complying with federal requirements, WPM provides a detailed annual report evidencing its public service commitment in areas of programming, education, addressing diverse audiences, health and welfare, promoting a strong electorate, and increasing community involvement in civic life. As required by federal law, reports are available on the WPM website and are part of the Congressional record. WPM maintains a public file as per FCC regulations.

Building involvement with institutions includes activities with Wyoming's education entities, governmental departments, and UW students, staff, and faculty. WPM's UW content can be found on the wyomingpublicmedia.org website under UW Highlights. WPM administers an Intern program for UW students, and in 2018/2019, celebrated the acceptance of its 40th Intern since 2013.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Audience for WPM has increased significantly over approximately 50 years of broadcasting. Finances have steadily strengthened due to outstanding audience and business support. The 2018 and 2019 cash basis operating budget is over \$3 million, of which 65% is funded from sources outside the University. An endowment was added after the turn of the century as per Best Practices recommendations for public broadcasting. CPB had in previous years designated WPM as a “soaring” station in its Financial Health and Audience Service analysis of all CPB radio grantees, and this position still holds. The University of Wyoming surveyed state residents about their perceptions of the University, finding that WPM and UW Athletics were the most recognized entities of the University. The findings are evidence that WPM continues to serve the people of Wyoming with a strong and well received broadcast and media service that fulfills outreach missions of the University.

The 2015 and 2016 UW position freeze adversely affected WPM in budgetary and compliance areas. As of June 2016, UW's reversal on positions based on federal compliance requirements reinstated compliance status. Nonetheless, WPM continues to absorb funding of one compliance position with donor restricted funding as state funding was cut. The setback costs WPM \$100,000 annually and is reflected in the statement in net position nonoperating revenues. This obligation has continued into the 2017/2018/2019 operation.

WPM addressed one regulatory infraction in 2017 and 2018 as precipitated by UW Trustee directive and subsequently reversed by UW Trustee directive. Management engaged appropriate FCC legal assistance, notified UW Administration and the CBP as per federal requirements. No fines or restrictions were imposed; WPM absorbed the legal costs.

In November 2019, WPM negotiated the forgiveness of the total \$166,694 outstanding balance on the loan with the former UW Outreach School, as the funding WPM received to repay it was discontinued. The loan payable balances will be removed from WPM's financial statements in FY 2020.

WPM's trajectory as a leading Wyoming statewide media with national prominence continued as per UW's charge to the General Manager. The network transitioned into digital media operations and platforms with global reach. Directional changes were made in the network's engineering of digital operations, news content and coverage scope, national content submissions, cultural reporting, community outreach, and a restructured fundraising model. WPM's General Manager assumes leadership roles in numerous national organizations as per position requirements and serves on regional and national broadcasting boards dealing with public broadcasting directions, technologies, and delivery systems. WPM employees are assigned to serve on national boards in areas of programming, engineering, technology, and emerging distribution platforms. Leading staff members participate in national training initiatives, and industry professional consultants and leaders are engaged in areas requiring national visioning. Though the smallest state network in the U.S. with a population of 577,000, WPM retains a position of prominence in the national public radio area as evidenced by its national and regional grants and its high number of state and federal legislator endorsements.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Overview of the Financial Statements

WPM's financial statements consist of the statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows (direct method). These statements are prepared in conformity with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Government Accounting Standards Board Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. Statement 34 requires the classification of net position into three categories – net investment in capital assets; restricted; and unrestricted. Statement 35 applies Statement 34 to colleges and universities.

The statement of net position includes assets, liabilities, and net position of WPM as of June 30, 2019 and 2018. This statement is classified into current and noncurrent assets and liabilities, with net position classified in the categories noted above. The statement of revenues, expenses and changes in Net Position depicts the operating revenues and expenses resulting in net operating income or loss, which is then combined with nonoperating revenues and expenses to provide the total change in net position. Significant recurring sources of WPM's revenues (including general revenue from the University of Wyoming, indirect administrative support from the University of Wyoming, and investment income (loss)) expended for operations are considered nonoperating revenues according to definitions prescribed by the Governmental Accounting Standards Board.

These diversified revenue streams are critically important sources of funds used to supplement operating revenue in the delivery of WPM programs and services. Under this required reporting format, operating expenses will always exceed operating revenues and the statement of revenues, expenses and changes in net position will reflect a loss from operations every year. The statement of cash flows shows the sources and uses of cash from operations, noncapital financing activities, capital and related financing activities, and investing activities. The financial statements also include notes that explain important information in the financial statements and provide more detailed data.

Financial Highlights

The financial position of WPM at June 30, 2019 remains strong. Net position totaled \$3,379,094 as of June 30, 2019, \$3,703,612 as of June 30, 2018 and \$3,731,756 as of June 30, 2017 (note 2018 and 2017 amounts include the impact of the restatement item noted on page 9). WPM's net position decreased by 8.8% or \$324,518 in FY 2019 as compared with a decrease in FY 2018 of 0.8% or \$28,144 (includes the impact of the restatement noted above). The decrease in both years was primarily due to losses incurred in FY 2019 and FY 2018.

Revenues and expenses are categorized as either operating or nonoperating and an operating income or loss is displayed. Significant recurring sources of the University's revenues, including WPM's share of state appropriations received as general revenues from UW, indirect administrative support, gifts, and investment income (loss) expended for operations are considered nonoperating revenues according to definitions prescribed by GASB.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

WPM's operating revenue and support increased from \$2,174,701 in FY 2018 to \$2,394,428 in FY 2019. The 10.1% or \$219,727 increase in FY 2019 operating revenue is primarily due to \$181,743 of increased membership contributions. WPM's operating revenue and support increased 2.0% or \$42,121 from \$2,132,580 in FY 2017 to \$2,174,701 in FY 2018.

Operating expenses increased \$378,099 from \$4,003,413 in FY 2018 to \$4,381,512 in FY 2019. The \$378,099 increase in FY 2019 operating expenses is primarily due to indirect administrative support from the University of Wyoming (UW). WPM's operating expenses increased 0.4% or \$16,487 from \$3,986,926 in FY 2017 to \$4,003,413 in FY 2018.

The net operating loss for FY 2019 was \$1,987,084 which included noncash depreciation expense of \$162,661, while the net operating loss for FY 2018 was \$1,828,712 which included noncash depreciation of \$198,197. The net operating loss for FY 2017 was \$1,854,346 which included noncash depreciation of \$117,847.

Net nonoperating revenues were \$1,653,004 in FY 2019, compared to \$1,530,373 in FY 2018. Included in nonoperating revenues are general revenue and indirect administrative support from the University of Wyoming (UW), and investment income. The higher net nonoperating revenues in FY 2019 compared to FY 2018 were primarily due to increased indirect administrative support from UW. Net nonoperating revenues were \$1,530,373 in FY 2018, compared to \$2,011,439 in FY 2017. The lower net nonoperating revenues in FY 2018 was primarily due to a reduction in general revenue from UW, as UW did not continue the multi-year infrastructure request to the legislature.

WPM's land, equipment and buildings, net of accumulated depreciation, totaled \$904,223, \$913,054 and \$956,463 at June 30, 2019, 2018 and 2017 respectively.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Financial Analysis of the Statements

WPM's condensed financial statements are presented below for FY 2019, FY 2018 and FY 2017.

Condensed Statements of Net Position

	2019	2018 (As Restated)	2017*
Assets			
Current assets	\$ 1,909,808	\$ 2,021,679	\$ 2,656,547
Noncurrent assets	2,061,877	2,219,948	2,014,001
Total assets	<u>3,971,685</u>	<u>4,241,627</u>	<u>4,670,548</u>
Liabilities			
Current liabilities	545,897	461,321	697,000
Noncurrent liabilities	46,694	76,694	241,792
Total liabilities	<u>592,591</u>	<u>538,015</u>	<u>938,792</u>
Net Position			
Net investment in capital assets	737,529	746,360	789,769
Restricted for			
Nonexpendable endowment	129,700	120,138	120,138
Expendable, donor purpose	247,238	624,894	569,394
Expendable, capital projects	-	192,320	-
Unrestricted	<u>2,264,627</u>	<u>2,019,900</u>	<u>2,252,455</u>
Total net position	<u>\$ 3,379,094</u>	<u>\$ 3,703,612</u>	<u>\$ 3,731,756</u>

* Amounts have not been restated

Current assets consist primarily of cash and cash equivalents, accounts receivable and contributions receivable, and prepaid assets such as prepaid lease rentals. Noncurrent assets consist primarily of cash held for the acquisition of capital items, investments and property and equipment. Current liabilities consist of accounts payable and accrued expenses and unearned revenues. Noncurrent liabilities consist of accrued expenses and a loan payable.

Restatements of Prior Year Financial Statements

In FY 2017, the University of Wyoming created a fringe pool, a portion of which, is used to absorb the costs associated with leave payouts. In prior years, certain leave related liabilities were also allocated to WPM, when they should not have been after the creation of the fringe pool. The impact of removing the leave liabilities that should not have been allocated in prior years resulted in a restatement to net position as of June 30, 2017 was \$270,195. The additional impact on FY 2018 net position was \$49,939.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2019	2018 (As Restated)	2017*
Total operating revenue and support	\$ 2,394,428	\$ 2,174,701	\$ 2,132,580
Operating expenses	<u>4,381,512</u>	<u>4,003,413</u>	<u>3,986,926</u>
Operating loss	<u>(1,987,084)</u>	<u>(1,828,712)</u>	<u>(1,854,346)</u>
State appropriations - general revenue	762,480	794,397	1,229,163
Other nonoperating revenues	<u>890,524</u>	<u>735,976</u>	<u>782,276</u>
Nonoperating revenue	<u>1,653,004</u>	<u>1,530,373</u>	<u>2,011,439</u>
Additions to permanent endowments	9,562	-	-
Increase (decrease) in net position	<u>(324,518)</u>	<u>(298,339)</u>	<u>157,093</u>
Net position, beginning of year, as previously reported	3,703,612	3,731,756	3,574,663
Adjustment applicable to the year ended June 30, 2017	<u>-</u>	<u>270,195</u>	<u>-</u>
Net position, beginning of year, as restated	<u>3,703,612</u>	<u>4,001,951</u>	<u>3,574,663</u>
Net position, end of year	<u>\$ 3,379,094</u>	<u>\$ 3,703,612</u>	<u>\$ 3,731,756</u>

* Amounts have not been restated

Operating revenues consist primarily of membership contributions, underwriting contributions, and community service grants. In FY 2018, WPM changed its accounting policies with respect to classification of member contributions. These are now reported as operating revenues rather than nonoperating revenues.

Operating expenses consist primarily of broadcasting; programming and production; management and general; and fundraising, underwriting, and grant solicitation expense.

Nonoperating revenues consist primarily of state appropriations, investment income, and indirect administrative support from the University of Wyoming.

Wyoming Public Media
Management's Discussion and Analysis (Unaudited)
Years Ended June 30, 2019 and 2018

Condensed Statement of Cash Flows

	2019	2018 (As Restated)	2017*
Net cash used in operating activities	\$ (931,182)	\$ (1,236,473)	\$ (904,273)
Net cash provided by noncapital financing activities	762,480	794,397	1,229,163
Net cash used in capital financing activities	(165,981)	(141,678)	(50,174)
Net cash provided by investing activities	5,690	18,866	20,272
	<u>(328,993)</u>	<u>(564,888)</u>	<u>294,988</u>
Net increase (decrease) in cash			
Cash, beginning of year	<u>1,869,525</u>	<u>2,434,413</u>	<u>2,139,425</u>
Cash, end of year	<u>\$ 1,540,532</u>	<u>\$ 1,869,525</u>	<u>\$ 2,434,413</u>

* Amounts have not been restated

The net cash flows from operating activities were used primarily for payments to suppliers and employees, and for employee benefits.

Request for Information

This financial report is designed to provide donors, members, investment managers, foundations, and taxpayers with a general overview of WPM's finances and to account for the funding it receives. Additional details can be requested by mail at the following address:

Wyoming Public Media
 Department 3984
 1000 East University Avenue
 Laramie, Wyoming 82071

Wyoming Public Media
Statements of Net Position
June 30, 2019 and 2018

Assets

	2019	2018 (Restated - Note 11)
Current Assets		
Cash and cash equivalents	\$ 973,392	\$ 1,147,504
Restricted cash and cash equivalents	567,140	529,701
Accounts receivable, net of \$0 and \$400 allowance for uncollectible accounts for 2019 and 2018, respectively	30,440	19,390
Grants receivable	5,445	-
Contributions receivable, net of \$63,215 and \$32,423 allowance for uncollectible accounts for 2019 and 2018, respectively	214,226	208,722
Inventory	6,300	6,635
Prepaid expenses	112,865	109,727
	<u>1,909,808</u>	<u>2,021,679</u>
Noncurrent Assets		
Restricted cash and cash equivalents	-	192,320
Investments restricted for endowments	1,157,654	1,114,574
Capital assets, net	904,223	913,054
	<u>2,061,877</u>	<u>2,219,948</u>
Total noncurrent assets	<u>2,061,877</u>	<u>2,219,948</u>
Total assets	<u>3,971,685</u>	<u>4,241,627</u>

Wyoming Public Media
Statements of Net Position (continued)
June 30, 2019 and 2018

Liabilities and Net Position

	2019	2018 (Restated - Note 11)
Current Liabilities		
Accounts payable	45,435	12,884
Other accrued liabilities	4,088	4,341
Current portion of loan payable	120,000	90,000
Underwriting and grants received in advance	376,374	354,096
Total current liabilities	545,897	461,321
Noncurrent Liabilities		
Loan payable, less current portion	46,694	76,694
Total noncurrent liabilities	46,694	76,694
Total liabilities	592,591	538,015
Net Position		
Net investment in capital assets	737,529	746,360
Restricted for		
Nonexpendable - endowment	129,700	120,138
Expendable		
Donor purpose	247,238	624,894
Capital projects	-	192,320
Unrestricted	2,264,627	2,019,900
Total net position	\$ 3,379,094	\$ 3,703,612

Wyoming Public Media
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018

	2019	2018 (Restated - Note 11)
Operating Revenues		
Membership contributions	\$ 1,606,504	\$ 1,424,761
Program underwriting	445,626	383,868
Corporation for Public Broadcasting Community Service Programs Acquisition, Rural Expansion, and Other Grants	317,319	353,012
Grants - other	24,979	13,060
Total operating revenues	2,394,428	2,174,701
Operating Expenses		
Broadcasting	668,931	778,395
Programming and production	1,388,954	1,254,002
Management and general	1,663,504	1,333,784
Fundraising, underwriting, and grant solicitation	497,462	439,035
Depreciation	162,661	198,197
Total operating expenses	4,381,512	4,003,413
Operating Loss	(1,987,084)	(1,828,712)
Nonoperating Revenues		
General revenue from the University of Wyoming	762,480	794,397
Indirect administrative support from the University of Wyoming	851,316	635,170
Investment income	39,208	60,067
Miscellaneous income	-	40,739
Total nonoperating revenues	1,653,004	1,530,373
Loss Before Other Revenues, Expenses, Gains and Losses	(334,080)	(298,339)
Additions to permanent endowments	9,562	-
Decrease in Net Position	(324,518)	(298,339)
Net Position, Beginning of Year, as Previously Reported	3,703,612	3,731,756
Adjustment applicable to the year ended June 30, 2017		270,195
Net Position, Beginning of Year, as Restated		4,001,951
Net Position, End of Year	\$ 3,379,094	\$ 3,703,612

Wyoming Public Media
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018 (Restated - Note 11)
Cash Flows from Operating Activities		
Membership contributions	\$ 1,601,000	\$ 1,393,299
Program underwriting	454,271	264,940
Community service grants	339,436	366,072
Payments to vendors	(1,458,582)	(1,438,937)
Payments to employees	(1,269,376)	(1,222,097)
Payments for benefits	(597,931)	(624,654)
Miscellaneous cash receipts	-	24,904
	(931,182)	(1,236,473)
Cash Flows from Noncapital Financing Activities		
General revenue from the University of Wyoming	762,480	794,397
	762,480	794,397
Cash Flows from Capital Financing Activities		
Property and equipment acquisitions	(169,381)	(141,678)
Proceeds from sale of assets	3,400	-
	(165,981)	(141,678)
Cash Flows from Investing Activities		
Interest received	39,649	18,866
Additions to permanent endowment from interest earnings	2,052	-
Purchase of investments including reinvestment of earnings	(36,011)	-
	5,690	18,866
Net Decrease in Cash	(328,993)	(564,888)
Cash and Cash Equivalents, Beginning of Year	1,869,525	2,434,413
Cash and Cash Equivalents, End of Year		
(Including current restricted cash balances of \$567,140 and \$529,701 and noncurrent restricted cash balance of \$0 and \$192,320 for 2019 and 2018, respectively)	\$ 1,540,532	\$ 1,869,525

Wyoming Public Media
Statements of Cash Flows (continued)
Years Ended June 30, 2019 and 2018

	2019	2018 (Restated - Note 11)
Reconciliation of Operating Loss to Net		
Cash Used in Operating Activities		
Operating loss	\$ (1,987,084)	\$ (1,828,712)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	162,661	198,197
Miscellaneous revenue	-	24,904
Noncash expenses		
Indirect administrative support from the University of Wyoming	851,316	635,170
Change in assets and liabilities		
Accounts receivable	(11,050)	(4,325)
Grants receivable	(5,445)	-
Contributions receivable	(5,504)	(31,462)
Inventory	335	(2,511)
Prepaid expenses	(4,097)	(84,042)
Accounts payable	45,661	(28,627)
Other accrued liabilities	(253)	(462)
Underwriting and grants received in advance	22,278	(114,603)
	<u>\$ (931,182)</u>	<u>\$ (1,236,473)</u>
Net cash used in operating activities		
Noncash Investing, Capital and Noncapital Financing Activities		
Property and equipment acquisitions in accounts payable	\$ -	\$ (13,110)
Change in fair value of investments	31,709	323,157

Wyoming Public Media

Notes to Financial Statements

June 30, 2019 and 2018

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Wyoming Public Media (the Network) is a public media entity licensed to the Trustees of the University of Wyoming (the University) and is reported as part of the University of Wyoming. These financial statements are intended to present the financial position, the changes in financial position and cash flows of only that portion of the University that is attributable to the transactions of the Network. They do not purport to, and do not, present fairly the financial position of the University as of June 30, 2019 and 2018, the changes in its financial position or cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Financial results for the University are presented in separate financial statements prepared by the University.

The Network is comprised of 24 separate radio stations and associated translators, KBUW-FM – Buffalo, KDUW-FM – Douglas, KEUW-FM – Torrington, KSUW-FM – Sheridan, KUWA-FM – Afton, KUWC-FM – Casper, KUWD-FM – Sundance, KUWE-FM – Evanston, KUWG-FM – Gillette, KUWI-FM – Rawlins, KUWJ-FM – Jackson, KUWK-FM – Kaycee, KUWL-FM Jazz – Laramie, KUWN-FM – Newcastle, KUWP-FM – Powell/Cody, KUWR-FM – Laramie, KUWT-FM – Thermopolis, KUWV-FM – Lingle, KUWW-FM – Fort Washakie, KUWX-FM – Pinedale, KUWY-FM Classical – Laramie, KUWZ-FM – Rock Springs/Green River, KAIW-FM – Saratoga, and KZUW-FM – Reliance.

Basis of Accounting and Presentation

The financial statements of the Network have been prepared on the accrual basis of accounting whereby revenues are recorded when earned and all expenses are recorded when they have been incurred for all exchange transactions, while those from government-mandated nonexchange transactions (*i.e.* grants) are recognized when all applicable eligibility requirements are met.

Reporting Guidelines

The Network is reported as a single purpose business-type activity entity. In addition, the Network's financial statements have been prepared in accordance with the Corporation for Public Broadcasting's (CPB) *Application Principles of Accounting and Financial Reporting to Public Telecommunications Entities*.

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 the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates.

Wyoming Public Media
Notes to Financial Statements
June 30, 2019 and 2018

Cash and Cash Equivalents

The Network considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2019 and 2018, cash and cash equivalents consist of claims on cash with the University and cash and cash equivalents held by the University of Wyoming Foundation (the Foundation).

Investments Restricted for Endowment

Investments restricted for endowment are held in the Foundation's Endowment Fund, which is a pooled investment of individual endowments benefiting the University and its related entities including the Network. In accordance with GASB No. 72, *Fair Value Measurement and Application*, for investments in pooled funds, the fair value is determined as the number of units or shares held in the fund multiplied by the price per unit or shares. Investments are reported at the net asset value (NAV).

Accounts Receivable

Accounts receivable consists of amounts due for underwriting. Accounts receivable is recorded net of estimated uncollectible amounts.

Contributions Receivable

Contributions receivable consists of amounts due for unconditional promises to give to the Network. Contributions receivable is recorded net of estimated uncollectible amounts which is based upon a review of outstanding pledges, historical collections and existing economic conditions.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Prepaid Expenses

Prepaid expenses represent payments for benefits not yet received, such as prepaid rent or membership dues paid in advance. The expenses are amortized and recognized in the period in which the benefit is received.

Capital Assets

Capital assets are recorded at historical cost at the date of purchase, or acquisition value at the date of donation if acquired by gift. For equipment, the Network's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Wyoming Public Media
Notes to Financial Statements
June 30, 2019 and 2018

Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Network:

Buildings and improvements	50 years
Equipment	3 – 7 years

Underwriting and Grants Received in Advance

Underwriting and grants received in advance represents unearned amounts from contract sponsors which have not yet been earned under the terms of the agreement and on grants awards for which the Network has not met all of the applicable eligibility requirements.

Net Position

Net position of the Network is classified in four components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase of those assets. Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Network. Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Network, such as permanent endowments. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted which may be used for the operation of the Network at the discretion of the governing board.

The Network first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Classification of Revenues

The Network has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that are considered to be principal ongoing operations of the Network and include sources that are primarily used to provide services to the Network’s audience, such as (1) membership contributions, (2) program underwriting and (3) grants. Revenue from membership contributions is recognized when an unconditional promise to give exists. Unrestricted grants are recorded as revenues at the time the grant awards are received and when eligibility requirements have been met. Restricted support and revenues are recognized upon incurring the appropriate expenses or meeting the eligibility requirements.

Nonoperating revenues – Nonoperating revenues include all those revenues not considered to be operating revenues as defined above, such as state appropriations received from the University, investment income, and indirect administrative support from the University.

Wyoming Public Media
Notes to Financial Statements
June 30, 2019 and 2018

In-kind Contributions

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. However, if the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated services from volunteers are not included in the accompanying financial statements as there is no measureable and objective basis for determining the fair value of these contributions.

Indirect Administrative Support

Indirect support from the University consists of allocated institutional support and operation and maintenance costs incurred by the University for which the Network receives benefits. The fair value of this support is recognized in the statements of revenues, expenses and changes in net position as indirect administrative support and also as expense in the management and general and fundraising, underwriting and grant solicitation functional expense categories as detailed in Note 7. The University also provides donated facilities consisting of office and studio space which is valued in accordance with the guidelines established by the CPB.

Note 2: Cash and Cash Equivalents

Deposits

Wyoming Statute §9-4-817 authorizes agencies of the state to deposit public funds in financial institutions authorized to do business in the state of Wyoming. These deposits must be fully insured by Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including bonds, debentures, and other securities in which the State Treasurer may by law invest. Alternatively, a depository may pledge conventional real estate mortgages and notes connected with mortgages at a ratio of one and one-half to one (1½:1) of the value of public funds secured by the securities.

Deposits for the Network represents the Network’s prorated share of commingled cash and cash equivalents held and invested by the University acting as the Network’s fiscal agent or held and invested by the Foundation. The Network’s deposits are held as follows:

	2019	2018
Deposits held by the University	\$ 1,463,769	\$ 1,797,840
Deposits held by Foundation	76,763	71,685
Total deposits	\$ 1,540,532	\$ 1,869,525

Additional information on the University’s and Foundation’s cash and cash equivalents can be found in their separately issued financial statements.

Wyoming Public Media
Notes to Financial Statements
June 30, 2019 and 2018

Note 3: Endowment Funds

The University of Wyoming Trustees established a quasi-endowment fund which totals \$954,077 and \$917,578 as of June 30, 2019 and 2018, respectively. The funds cannot be withdrawn without University of Wyoming's Board of Trustees approval. The earnings from the account are available to the Network. The quasi-endowment is included in unrestricted net position on the statements of net position.

The Network has also received gifts as endowments from third parties. As of June 30, 2019 and 2018 total gifts and unspent earnings are \$203,577 and \$196,996, respectively, of which \$129,700 and \$120,138, respectively, are corpus and are not expendable. The corpus is reported in restricted net position on the statements of net position.

The quasi-endowment and other endowments are held in the Foundation's Endowment Fund which is a pooled investment of individual endowments benefiting the University and its related entities including the Network. The Foundation maintains a separate accounts for each participant in the pool.

Investment income, gains and losses and expenses of the pool are allocated to each participant based on their share of ownership in the pool and are reflected as investment income in the accompanying statements of revenues, expenses and changes in net position.

The investments within the Foundation's Endowment Fund are exposed to risks that have the potential to result in losses. Those risks and their definitions are:

- Credit risk – the risk an insurer or counterparty to an investment will not fulfill its obligation
- Custodial risk – the risk that in the case of default by the counterparty a government will be unable to recover its deposit/investment or collateralizing securities in the possession of an outside party
- Concentration risk – the risk of loss attributable to the size of a government's investment in a single issuer
- Interest rate risk – the risk that changes in interest rates will adversely affect the fair value of investments
- Foreign currency risk – the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment

The investment committee of the Foundation, following the Prudent Expert Rule, carries out the Foundation's investment policy. The Prudent Expert Rule states that a fiduciary shall manage the portfolio "with the care, skill, prudence and diligence, under circumstances then prevailing, and that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and like aims." External managers have been hired to invest in the following asset classes: equities, fixed income, absolute return, private equity/venture capital, hedged equity, and real estate. A long-term target asset allocation strategy has been implemented to achieve required returns while minimizing risk. All investments selected must be in compliance with the laws of the state of Wyoming, Internal Revenue Code prohibitions on self-dealing or vehicles that would jeopardize the carrying out of the exempt purpose of the Foundation, and restrictions on Unrelated Business Taxable Income.

Wyoming Public Media
Notes to Financial Statements
June 30, 2019 and 2018

Further information on the investments held by the Foundation can be found in their separately issued financial statements.

The following summarizes the Network's activity and net asset value per share of the underlying portfolio for the years ended June 30, 2019 and 2018:

Balance, July 1, 2017	\$ 1,057,538
Additions (including income reinvested in pool)	-
Distributions	-
Realized/unrealized gain (loss)	<u>57,036</u>
Balance, July 1, 2018	1,114,574
Additions (including income reinvested in pool)	36,011
Distributions	-
Realized/unrealized gain (loss)	<u>7,069</u>
Balance, June 30, 2019	<u><u>\$ 1,157,654</u></u>

Note 4: Capital Assets

Capital assets activity for the years ended June 30, 2019 and 2018, was:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 50,272	\$ -	\$ -	\$ 50,272
Capital assets, being depreciated				
Equipment	2,705,297	156,271	253,770	2,607,798
Buildings	<u>507,455</u>	<u>-</u>	<u>-</u>	<u>507,455</u>
Total capital assets, being depreciated	3,212,752	156,271	253,770	3,115,253
Less: accumulated depreciation	<u>(2,349,970)</u>	<u>(162,661)</u>	<u>(251,329)</u>	<u>(2,261,302)</u>
Capital assets, net	<u><u>\$ 913,054</u></u>	<u><u>\$ (6,390)</u></u>	<u><u>\$ 2,441</u></u>	<u><u>\$ 904,223</u></u>

Wyoming Public Media
Notes to Financial Statements
June 30, 2019 and 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Capital assets, not being depreciated				
Land	\$ 50,272	\$ -	\$ -	\$ 50,272
Capital assets, being depreciated				
Equipment	2,550,509	154,788	-	2,705,297
Buildings	507,455	-	-	507,455
Total capital assets, being depreciated	3,057,964	154,788	-	3,212,752
Less: accumulated depreciation	(2,151,773)	(198,197)	-	(2,349,970)
Capital assets, net	<u>\$ 956,463</u>	<u>\$ (43,409)</u>	<u>\$ -</u>	<u>\$ 913,054</u>

Note 5: Loan Payable

In November 2010, the Network entered into a loan agreement with the University of Wyoming Outreach School. The loan is to provide the financial resources necessary for the Network to construct a new transmitter in southeast Wyoming. The noninterest bearing loan of \$300,000 is due in annual principal payments of \$30,000 for 10 years beginning December 1, 2012. Due to anticipated additional costs of the transmitter, an additional advance of \$2,962 was made during the construction period and will be paid with the final payment. Unused funds of \$16,268 were returned upon completion of the project in fiscal year 2012 and will reduce the repayment for the period 2021-2022. The outstanding balance on the loan is \$166,694 as of June 30, 2019 and 2018. Maturities of the loan are as follows:

Year Ending June 30	
2020	\$ 120,000
2021	30,000
2022	<u>16,694</u>
	<u>\$ 166,694</u>

See discussion of forgiveness of the loan in the subsequent events footnote (Note 12).

Wyoming Public Media
Notes to Financial Statements
June 30, 2019 and 2018

Note 6: Corporation for Public Broadcasting Grants

CPB is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the *Communications Act*, CSG funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years.

Certain general provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These general provisions pertain to the use of grant funds recordkeeping, audits, financial reporting, mailing lists and licensee status with the Federal Communications Commission.

Note 7: Functional Allocation of Contributed Support

The indirect administrative support has been allocated to the functional expense areas in which the support was used or consumed. For the years ended June 30, 2019 and 2018 the allocations were as follows:

	<u>2019</u>	<u>2018</u>
Management and general	\$ 848,664	\$ 623,427
Fundraising, underwriting and grant solicitation	<u>2,652</u>	<u>11,743</u>
Total	<u>\$ 851,316</u>	<u>\$ 635,170</u>

Wyoming Public Media
Notes to Financial Statements
June 30, 2019 and 2018

Note 8: Operating Leases

The Network has several operating leases for the use of broadcast towers and equipment which expire in various years through 2026. These leases require various minimum monthly payments.

Future minimum lease payments at June 30, 2019, were:

Year Ending June 30	
2020	\$ 114,040
2021	63,484
2022	34,535
2023	28,444
2024	23,074
Thereafter	<u>52,900</u>
	<u>\$ 316,477</u>

Rental expense under the leases for the years ended June 30, 2019 and 2018, totaled \$85,710 and \$94,476, respectively, and is included in local programming and production and broadcasting expense in the accompanying statements of revenues, expenses and changes in net position.

Note 9: Related-party Transactions

The University of Wyoming Foundation (the Foundation) is a not-for-profit corporation formed to promote the welfare, development, growth and well-being of the University. The Foundation operates independently of the University, but supports University activities including those of the Network. The Foundation's financial records are maintained separately from the University's financial accounting system. The Foundation is utilized as an investment vehicle of the Network.

During the years ended June 30, 2019 and 2018, the Network received revenue from other University departments of \$47,914 and \$39,402, respectively, and paid expenses to other University departments of \$144,077 and \$83,299, respectively.

Note 10: Risk Management

The Network is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters, teachers' liability and employee health and accident benefits. The Network is covered through commercial insurance coverage which is purchased by the University for claims arising from such matters other than those related to employee health, long term disability, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The state of Wyoming self-insures employee health and workers' compensation benefits for all state employees, including Network employees, who are considered University employees.

Wyoming Public Media
Notes to Financial Statements
June 30, 2019 and 2018

Note 11: Restatements of Prior Year Financial Statements

Compensated Absences

In prior years, the Network was allocated their share of the compensated absences liability. In 2017, the University of Wyoming implemented a central fringe pool from which this liability is paid and therefore this liability is no longer being allocated to any University departments, including the Network. This change increased the beginning net position as of July 1, 2017 by \$270,195. Additionally, the change in net position for the year ended June 30, 2018 increased by \$49,939.

Reclassification of Cash and Cash Equivalents and Restricted Net Position

In prior years, the Network did not report restricted cash and cash equivalents. Additionally, cash and cash equivalents held for the acquisition of capital related items is to be reported as a noncurrent asset as it is not available for current operations and should also be included in restricted net position as the funds were received via a state appropriation. These changes had no impact on beginning net position or change in net position.

Note 12: Subsequent Event

On November 15, 2019, the remaining balance of the loan with the University of Wyoming Outreach School was forgiven.