

DELAWARE FIRST MEDIA CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2019

## CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-15

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Delaware First Media Corporation  
Dover, Delaware

We have audited the accompanying financial statements of Delaware First Media Corporation (a non-profit Organization), which comprise the statements of financial position as of June 30, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Delaware First Media Corporation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited Delaware First Media Corporation's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script, reading "Sparano, Vincelotto & Joiner".

October 25, 2019

DELAWARE FIRST MEDIA CORPORATION  
Statements of Financial Position  
As of June 30,

ASSETS

	<u>2 0 1 9</u>	<u>2 0 1 8</u>
CURRENT ASSETS		
Cash	\$ 43,377	\$ 26,118
Accounts Receivable	6,091	17,268
Prepaid Expenses	<u>3,773</u>	<u>4,041</u>
TOTAL CURRENT ASSETS	<u>53,241</u>	<u>47,427</u>
PROPERTY AND EQUIPMENT		
Equipment and Furniture	79,937	79,937
Radio Tower	<u>50,872</u>	<u>43,214</u>
	130,809	123,151
Accumulated Depreciation	<u>(105,150)</u>	<u>(95,018)</u>
NET PROPERTY AND EQUIPMENT	<u>25,659</u>	<u>28,133</u>
OTHER ASSETS		
Broadcast License	<u>24,000</u>	<u>24,000</u>
TOTAL OTHER ASSETS	<u>24,000</u>	<u>24,000</u>
<u>TOTAL ASSETS</u>	<u>\$ 102,900</u>	<u>\$ 99,560</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 130,156	\$ 87,627
Credit Card Payable	1,433	3,603
Payroll Liabilities	<u>5,799</u>	<u>6,321</u>
TOTAL CURRENT LIABILITIES	<u>137,388</u>	<u>97,551</u>
NET ASSETS		
Without Donor Restrictions	(41,826)	(3,784)
With Donor Restrictions	<u>7,338</u>	<u>5,793</u>
TOTAL NET ASSETS	<u>(34,488)</u>	<u>2,009</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 102,900</u>	<u>\$ 99,560</u>

See accompanying notes to financial statements.

DELAWARE FIRST MEDIA CORPORATION  
 Statements of Activities for the Year Ended June 30, 2019  
 with Summarized Information For the Year Ended June 30, 2018

	<u>2 0 1 9</u>			<u>2 0 1 8</u>
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Summarized</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>Information</u>
SUPPORT AND OTHER REVENUE				
Grants	\$ 172,069	\$ 39,414	\$ 211,483	\$ 211,951
Corporate Sponsorship	133,817	-0-	133,817	70,550
University Sponsorship	189,000	-0-	189,000	266,000
Contributions	142,491	-0-	142,491	121,184
Investment Income	54	-0-	54	114
Miscellaneous Income	3,250	-0-	3,250	760
Realized (Loss) Gain on Investments	-0-	-0-	-0-	(228)
Unrealized Gain				
(Loss) on Investments	-0-	-0-	-0-	67
Net Assets Released from				
Restrictions: Satisfaction of				
Program Restrictions	<u>37,869</u>	<u>(37,869)</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>678,550</u>	<u>1,545</u>	<u>680,095</u>	<u>670,398</u>
EXPENSES				
Program	549,120	-0-	549,120	538,151
Management and General	104,747	-0-	104,747	124,439
Fundraising	<u>62,725</u>	<u>-0-</u>	<u>62,725</u>	<u>10,240</u>
TOTAL EXPENSES	<u>716,592</u>	<u>-0-</u>	<u>716,592</u>	<u>672,830</u>
CHANGE IN NET ASSETS	(38,042)	1,545	(36,497)	(2,432)
NET ASSETS - BEGINNING OF YEAR	<u>(3,784)</u>	<u>5,793</u>	<u>2,009</u>	<u>4,441</u>
NET ASSETS - END OF YEAR	\$ <u>(41,826)</u>	\$ <u>7,338</u>	\$ <u>(34,488)</u>	\$ <u>2,009</u>

See accompanying notes to financial statements.

DELAWARE FIRST MEDIA CORPORATION  
Statements of Functional Expenses For the Year Ended June 30, 2019  
with Summarized Information For the Year Ended June 30, 2018

	<u>2 0 1 9</u>				<u>2 0 1 8</u>
	<u>Program Expense</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Summarized Information</u>
EXPENSE					
Salaries	\$ 262,644	\$ 19,654	\$ 12,251	\$ 294,549	\$ 300,588
Payroll Taxes	20,092	1,504	937	22,533	22,854
Employee Benefits	<u>36,838</u>	<u>2,442</u>	<u>1,522</u>	<u>40,802</u>	<u>31,522</u>
TOTAL SALARIES AND RELATED EXPENSES	319,574	23,600	14,710	357,884	354,964
Audio and Visual Supplies	4,356	-0-	-0-	4,356	13,700
Contract Services	27,359	60,285	9,325	96,969	97,196
Depreciation	10,132	-0-	-0-	10,132	11,879
Human Resources	514	-0-	-0-	514	324
Insurance	16,197	-0-	-0-	16,197	15,257
Marketing and Outreach	3,814	-0-	38,690	42,504	24,151
Network Programming	89,705	-0-	-0-	89,705	66,099
Office Supplies	8,023	-0-	-0-	8,023	4,494
Professional Fees	40,000	20,862	-0-	60,862	62,493
Telephone	-0-	-0-	-0-	-0-	229
Tower Lease	14,520	-0-	-0-	14,520	14,160
Tower Maintenance	11,099	-0-	-0-	11,099	6,739
Travel	3,827	-0-	-0-	3,827	-0-
Website	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,145</u>
<u>TOTAL EXPENSES</u>	<u>\$ 549,120</u>	<u>\$ 104,747</u>	<u>\$ 62,725</u>	<u>\$ 716,592</u>	<u>\$ 672,830</u>

See accompanying notes to financial statements.

DELAWARE FIRST MEDIA CORPORATION  
Statements of Cash Flows  
For the Years Ended June 30,

	<u>2 0 1 9</u>	<u>2 0 1 8</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (36,497)	\$ (2,432)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) By Operating Activities:		
Depreciation	10,132	11,879
Non Cash Contributions	-0-	(1,260)
Realized Loss (Gain) on Investments	-0-	228
Unrealized (Gain) Loss on Investments	-0-	(67)
Decrease (Increase) in:		
Accounts Receivable	11,177	1,057
Prepaid Expenses	268	(3,583)
Increase (Decrease) in:		
Accounts Payable	42,529	14,656
Credit Card Payable	(2,170)	2,633
Deferred Revenue	-0-	(5,100)
Payroll Liabilities	<u>(522)</u>	<u>337</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>24,917</u>	<u>18,348</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments, net	-0-	5,863
Purchase of Equipment	<u>(7,658)</u>	<u>(4,111)</u>
CASH FLOWS (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(7,658)</u>	<u>1,752</u>
NET INCREASE IN CASH	17,259	20,100
CASH BALANCE - BEGINNING OF YEAR	<u>26,118</u>	<u>6,018</u>
CASH BALANCE - END OF YEAR	<u>\$ 43,377</u>	<u>\$ 26,118</u>

SUPPLEMENTAL INFORMATION

Cash paid during the year for interest	\$ <u>-0-</u>	\$ <u>-0-</u>
Cash paid during the year for taxes	\$ <u>-0-</u>	\$ <u>-0-</u>

NON-CASH ACTIVITY

Donated goods and services received during the year	\$ <u>42,000</u>	\$ <u>40,664</u>
--	------------------	------------------

See accompanying notes to financial statements.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Delaware First Media Corporation (the Organization) is a non-profit corporation operating in Delaware. The Organization delivers original, in-depth, Delaware-specific news and commentary from all three Delaware counties. News coverage is provided online and through public-service programming and events. Also, in August of 2012 they began broadcasting via public radio as Delaware's first and only public media news service. The Organization's support comes primarily from grants and corporate and university sponsorships, as well as public support.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this basis of accounting revenues are recognized when earned and expenses are recognized in the period when incurred. Accordingly, all significant receivables, payables and other liabilities are recognized.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - We report contributions restricted by donors as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 2     SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable consists of amounts awarded, but not yet paid, and they are expected to be received within the next year.

Accounts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts. Management estimates the allowance based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay.

The allowance for doubtful accounts was \$-0- at June 30, 2019 and 2018. For the years ended June 30, 2019 and 2018, the Organization's write-offs of bad debts were \$-0- and \$-0-, respectively.

Property and Equipment

Property and equipment are recorded at cost when purchased and fair value when received as a donation. Maintenance and repairs are charged to the expense as incurred. Property and equipment purchased over \$1,000 is capitalized and depreciated on the straight-line basis over the asset's estimated useful life.

Broadcast License

The Organization acquired a broadcast license which gives them the right to broadcast on the FM band from their radio station (WDDE) in Dover, Delaware.

The broadcast license (an intangible asset) is accounted for at cost and has a perpetual life (subject to regulatory approval), so the cost is not amortized. Management evaluates the intangible asset for impairment whenever conditions change which suggest an impairment could exist, but at least annually. Management determined that there were no potential impairments during the years ended June 30, 2019 and 2018.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 2     SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefitted.

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fair Value Measurements

The generally accepted accounting principles followed by the Organization have clarified the definition of fair value, established a framework for measuring fair value and expands the disclosure requirements for fair value measurements. The carrying amounts for cash and current liabilities reported in the statements of financial position approximate fair values. Other assets, including property and equipment, are also subject to periodic impairment assessments under the accounting principles, however these assets have been omitted from the above disclosure.

NOTE 3      INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization's income tax status is a privilege, which may be revoked by the IRS for any one of several reasons. The Organization has considered the nature of their activities and the disclosures made on their tax return, Form 990, and believes their reporting is appropriate based on current facts and circumstances. Accordingly, there are no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements. The tax returns filed for fiscal years ending June 30, 2017 through 2019 are open for review.

NOTE 4      NET ASSETS WITH DONOR RESTRICTIONS

Net assets at June 30, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Equipment Upgrades	\$ <u>7,338</u>	\$ <u>5,793</u>

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 5 CORPORATE AND UNIVERSITY SPONSORSHIP

Corporate and university sponsorships are considered exchange transactions and are recognized as revenue when earned, in accordance with Note 2. Some sponsors receive recognition in the form of an underwriting message on the Organization's website and at public events, and others will receive underwriting announcements per an agreed-upon announcement schedule which is defined in their underwriting agreement.

NOTE 6 SPONSORSHIP COMMITMENTS

During the fiscal year ended June 30, 2012, the Organization entered into a sponsorship agreement with Delaware State University (DSU) and the University of Delaware (UD). The agreement provides a sponsorship from DSU and UD totaling \$266,000 annually to support the operations of WDDE, through June 30, 2018, unless ended earlier by the parties as provided in the agreement.

The agreement was extended in the amount of \$189,000 through June 30, 2020.

NOTE 7 CONTRIBUTED SERVICES

The Organization recognizes contribution revenue for certain services received at the fair value of those services. Those services include the following items:

	<u>2019</u>	<u>2018</u>
Programming:		
Professional fees	\$ <u>34,000</u>	\$ <u>33,500</u>

NOTE 8 SHARED SERVICES AGREEMENT/LEASE

On May 30, 2012, the Organization (DFM) entered into a lease agreement with Delaware State University (DSU). The agreement is for a five-year period ending June 30, 2017, unless ended earlier by the parties in accordance with their agreement. DSU will provide DFM office space on the campus of DSU (the "Space"), including office furniture, utilities, phone and internet service, and certain other services. In lieu of rent, DFM will acknowledge the provision of the space in sponsorship announcements on-air and online. The impact on the financial statements of such agreement is not known and is not readily determinable.

The agreement was extended through June 30, 2020.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 9 TOWER LEASE

The Organization leases tower space in Frederica, DE. The lease started August 4, 2011 and is a 5-year lease. Rental payments are due at an annual rate of \$12,000 to be paid in equal monthly installments of \$1,000 in advance. The annual rent increases 3% at the beginning of the second year and each subsequent year. Rent expense for the years ended June 30, 2019 and 2018 amounted to \$14,520 and \$14,160, respectively.

Future minimum rental payment under the lease as of June 30, are as follows:

2020	\$ <u>14,880</u>
------	------------------

NOTE 10 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions located in Delaware. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019 and 2018, the Organization's uninsured cash balance totaled \$-0-.

During the fiscal years ended June 30, 2019 and 2018, proceeds from two universities (DSU and UD) accounted for 100% of total university sponsorship revenues.

NOTE 11 RETIREMENT PLAN

The Organization established a Simple IRA retirement plan, which covers substantially all employees, on August 1, 2015. The Organization matches employee contributions up to 3% of the employee's compensation. Total matching contributions included in employee benefits amounted to \$4,200 and \$4,006 for the fiscal years ended June 30, 2019 and 2018, respectively.

NOTE 12 COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information, which has been restated in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. The summarized information was derived from the Organization's financial statements for the year ended June 30, 2018.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 13 COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingencies in addition to the normal purchases of goods and services. The Organization does not anticipate losses as a result of these commitments and contingencies.

NOTE 14 NPR NETWORK PROGRAMMING FEES

NPR bases a member station's program fees on the station's audience size. When a new station signs on that does not have audience numbers, NPR estimates the audience size based on comparable markets. When WDDE signed on as an NPR member station in July 2012, NPR determined the cost of WDDE's program fees based on what NPR determined were comparably sized markets. NPR used that estimate for the first three years that WDDE was on air. By May 2015, there were almost three years of real market audience data, so NPR re-calculated WDDE's program fees based on real audience data.

In the new calculation, WDDE's program fees decreased dramatically - from \$72,793 in FY15 to \$22,100 in FY16. Although NPR's stated policy is to not make retroactive adjustments to past invoices, WDDE's account representative agreed that the degree of disparity between market estimates and actual had been so egregious as to justify specific review and discussion. NPR agreed that DFM would hold all payments to NPR until this issue is resolved. An agreement was reached in the current fiscal year to write off past invoices but is contingent on two conditions. Provided the Organization stays current with NPR and pays their FY 19 invoices timely, NPR will write off half the past invoices. The remaining balance will be written off provided the Organization stays current and pays their FY 20 invoices timely. NPR's fiscal year ends September 30 and the agreement is based on NPR's fiscal year end.

NOTE 15 LINE OF CREDIT

The Organization's credit line available from M&T Bank is \$25,000. The amount used as of June 30, 2019 was \$-0-.

NOTE 16 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocations on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 17 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$36,039
Accounts Receivable	<u>6,091</u>
	<u>\$42,130</u>

The Organization does not currently have a liquidity management plan.

NOTE 18 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through October 25, 2019, which is the date the financial statements were available to be issued.

DELAWARE FIRST MEDIA CORPORATION

FINANCIAL STATEMENTS

JUNE 30, 2019

## CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7-14



## SPARANO, VINCELETTE & JOINER

CERTIFIED PUBLIC ACCOUNTANTS

1814 NEWPORT GAP PIKE  
WILMINGTON, DELAWARE 19808

PHONE (302) 999-7300  
FAX (302) 999-7183

CHARLES J. VINCELETTE, CPA  
EVELYN M. JOINER, CPA

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Delaware First Media Corporation  
Dover, Delaware

We have audited the accompanying financial statements of Delaware First Media Corporation (a non-profit Organization), which comprise the statements of financial position as of June 30, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 Delaware First Media Corporation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Report on Summarized Comparative Information*

We have previously audited Delaware First Media Corporation's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sparano, Vincelotto & Joiner*

October 25, 2019

DELAWARE FIRST MEDIA CORPORATION  
Statements of Financial Position  
As of June 30,

ASSETS

	<u>2 0 1 9</u>	<u>2 0 1 8</u>
CURRENT ASSETS		
Cash	\$ 43,377	\$ 26,118
Accounts Receivable	6,091	17,268
Prepaid Expenses	<u>3,773</u>	<u>4,041</u>
TOTAL CURRENT ASSETS	<u>53,241</u>	<u>47,427</u>
PROPERTY AND EQUIPMENT		
Equipment and Furniture	79,937	79,937
Radio Tower	<u>50,872</u>	<u>43,214</u>
	130,809	123,151
Accumulated Depreciation	<u>(105,150)</u>	<u>(95,018)</u>
NET PROPERTY AND EQUIPMENT	<u>25,659</u>	<u>28,133</u>
OTHER ASSETS		
Broadcast License	<u>24,000</u>	<u>24,000</u>
TOTAL OTHER ASSETS	<u>24,000</u>	<u>24,000</u>
<u>TOTAL ASSETS</u>	<u>\$ 102,900</u>	<u>\$ 99,560</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 130,156	\$ 87,627
Credit Card Payable	1,433	3,603
Payroll Liabilities	<u>5,799</u>	<u>6,321</u>
TOTAL CURRENT LIABILITIES	<u>137,388</u>	<u>97,551</u>
NET ASSETS		
Without Donor Restrictions	(41,826)	(3,784)
With Donor Restrictions	<u>7,338</u>	<u>5,793</u>
TOTAL NET ASSETS	<u>(34,488)</u>	<u>2,009</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 102,900</u>	<u>\$ 99,560</u>

See accompanying notes to financial statements.

DELAWARE FIRST MEDIA CORPORATION  
Statements of Activities for the Year Ended June 30, 2019  
with Summarized Information For the Year Ended June 30, 2018

	<u>2 0 1 9</u>			<u>2 0 1 8</u>
	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>	<u>Summarized</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>Information</u>
SUPPORT AND OTHER REVENUE				
Grants	\$ 172,069	\$ 39,414	\$ 211,483	\$ 211,951
Corporate Sponsorship	133,817	-0-	133,817	70,550
University Sponsorship	189,000	-0-	189,000	266,000
Contributions	142,491	-0-	142,491	121,184
Investment Income	54	-0-	54	114
Miscellaneous Income	3,250	-0-	3,250	760
Realized (Loss) Gain on Investments	-0-	-0-	-0-	(228)
Unrealized Gain				
(Loss) on Investments	-0-	-0-	-0-	67
Net Assets Released from				
Restrictions: Satisfaction of				
Program Restrictions	<u>37,869</u>	<u>(37,869)</u>	<u>-0-</u>	<u>-0-</u>
TOTAL SUPPORT AND OTHER REVENUE	<u>678,550</u>	<u>1,545</u>	<u>680,095</u>	<u>670,398</u>
EXPENSES				
Program	549,120	-0-	549,120	538,151
Management and General	104,747	-0-	104,747	124,439
Fundraising	<u>62,725</u>	<u>-0-</u>	<u>62,725</u>	<u>10,240</u>
TOTAL EXPENSES	<u>716,592</u>	<u>-0-</u>	<u>716,592</u>	<u>672,830</u>
CHANGE IN NET ASSETS	(38,042)	1,545	(36,497)	(2,432)
NET ASSETS - BEGINNING OF YEAR	<u>(3,784)</u>	<u>5,793</u>	<u>2,009</u>	<u>4,441</u>
NET ASSETS - END OF YEAR	\$ <u>(41,826)</u>	\$ <u>7,338</u>	\$ <u>(34,488)</u>	\$ <u>2,009</u>

See accompanying notes to financial statements.

DELAWARE FIRST MEDIA CORPORATION  
Statements of Functional Expenses For the Year Ended June 30, 2019  
with Summarized Information For the Year Ended June 30, 2018

	<u>2 0 1 9</u>				<u>2 0 1 8</u>
	<u>Program Expense</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Summarized Information</u>
EXPENSE					
Salaries	\$ 262,644	\$ 19,654	\$ 12,251	\$ 294,549	\$ 300,588
Payroll Taxes	20,092	1,504	937	22,533	22,854
Employee Benefits	<u>36,838</u>	<u>2,442</u>	<u>1,522</u>	<u>40,802</u>	<u>31,522</u>
TOTAL SALARIES AND RELATED EXPENSES	319,574	23,600	14,710	357,884	354,964
Audio and Visual Supplies	4,356	-0-	-0-	4,356	13,700
Contract Services	27,359	60,285	9,325	96,969	97,196
Depreciation	10,132	-0-	-0-	10,132	11,879
Human Resources	514	-0-	-0-	514	324
Insurance	16,197	-0-	-0-	16,197	15,257
Marketing and Outreach	3,814	-0-	38,690	42,504	24,151
Network Programming	89,705	-0-	-0-	89,705	66,099
Office Supplies	8,023	-0-	-0-	8,023	4,494
Professional Fees	40,000	20,862	-0-	60,862	62,493
Telephone	-0-	-0-	-0-	-0-	229
Tower Lease	14,520	-0-	-0-	14,520	14,160
Tower Maintenance	11,099	-0-	-0-	11,099	6,739
Travel	3,827	-0-	-0-	3,827	-0-
Website	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,145</u>
<u>TOTAL EXPENSES</u>	<u>\$ 549,120</u>	<u>\$ 104,747</u>	<u>\$ 62,725</u>	<u>\$ 716,592</u>	<u>\$ 672,830</u>

See accompanying notes to financial statements.

DELAWARE FIRST MEDIA CORPORATION  
Statements of Cash Flows  
For the Years Ended June 30,

	<u>2 0 1 9</u>	<u>2 0 1 8</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (36,497)	\$ (2,432)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used)		
By Operating Activities:		
Depreciation	10,132	11,879
Non Cash Contributions	-0-	(1,260)
Realized Loss (Gain) on Investments	-0-	228
Unrealized (Gain) Loss on Investments	-0-	(67)
Decrease (Increase) in:		
Accounts Receivable	11,177	1,057
Prepaid Expenses	268	(3,583)
Increase (Decrease) in:		
Accounts Payable	42,529	14,656
Credit Card Payable	(2,170)	2,633
Deferred Revenue	-0-	(5,100)
Payroll Liabilities	<u>(522)</u>	<u>337</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>24,917</u>	<u>18,348</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of Investments, net	-0-	5,863
Purchase of Equipment	<u>(7,658)</u>	<u>(4,111)</u>
CASH FLOWS (USED) PROVIDED BY INVESTING ACTIVITIES	<u>(7,658)</u>	<u>1,752</u>
NET INCREASE IN CASH	17,259	20,100
CASH BALANCE - BEGINNING OF YEAR	<u>26,118</u>	<u>6,018</u>
CASH BALANCE - END OF YEAR	\$ <u>43,377</u>	\$ <u>26,118</u>

SUPPLEMENTAL INFORMATION

Cash paid during the year for interest	\$ <u>-0-</u>	\$ <u>-0-</u>
Cash paid during the year for taxes	\$ <u>-0-</u>	\$ <u>-0-</u>

NON-CASH ACTIVITY

Donated goods and services received during the year	\$ <u>42,000</u>	\$ <u>40,664</u>
--	------------------	------------------

See accompanying notes to financial statements.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements  
For the Years Ended June 30, 2019 and 2018

NOTE 1 ORGANIZATION AND NATURE OF ACTIVITIES

Delaware First Media Corporation (the Organization) is a non-profit corporation operating in Delaware. The Organization delivers original, in-depth, Delaware-specific news and commentary from all three Delaware counties. News coverage is provided online and through public-service programming and events. Also, in August of 2012 they began broadcasting via public radio as Delaware's first and only public media news service. The Organization's support comes primarily from grants and corporate and university sponsorships, as well as public support.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this basis of accounting revenues are recognized when earned and expenses are recognized in the period when incurred. Accordingly, all significant receivables, payables and other liabilities are recognized.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - We report contributions restricted by donors as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 2     SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable consists of amounts awarded, but not yet paid, and they are expected to be received within the next year.

Accounts Receivable

Accounts receivable are stated net of an allowance for doubtful accounts. Management estimates the allowance based on an analysis of specific customers, taking into consideration the age of past due accounts and an assessment of the customer's ability to pay.

The allowance for doubtful accounts was \$-0- at June 30, 2019 and 2018. For the years ended June 30, 2019 and 2018, the Organization's write-offs of bad debts were \$-0- and \$-0-, respectively.

Property and Equipment

Property and equipment are recorded at cost when purchased and fair value when received as a donation. Maintenance and repairs are charged to the expense as incurred. Property and equipment purchased over \$1,000 is capitalized and depreciated on the straight-line basis over the asset's estimated useful life.

Broadcast License

The Organization acquired a broadcast license which gives them the right to broadcast on the FM band from their radio station (WDDE) in Dover, Delaware.

The broadcast license (an intangible asset) is accounted for at cost and has a perpetual life (subject to regulatory approval), so the cost is not amortized. Management evaluates the intangible asset for impairment whenever conditions change which suggest an impairment could exist, but at least annually. Management determined that there were no potential impairments during the years ended June 30, 2019 and 2018.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefitted.

Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 2      SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Fair Value Measurements

The generally accepted accounting principles followed by the Organization have clarified the definition of fair value, established a framework for measuring fair value and expands the disclosure requirements for fair value measurements. The carrying amounts for cash and current liabilities reported in the statements of financial position approximate fair values. Other assets, including property and equipment, are also subject to periodic impairment assessments under the accounting principles, however these assets have been omitted from the above disclosure.

NOTE 3      INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Organization's income tax status is a privilege, which may be revoked by the IRS for any one of several reasons. The Organization has considered the nature of their activities and the disclosures made on their tax return, Form 990, and believes their reporting is appropriate based on current facts and circumstances. Accordingly, there are no provisions for income taxes, penalties, or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements. The tax returns filed for fiscal years ending June 30, 2017 through 2019 are open for review.

NOTE 4      NET ASSETS WITH DONOR RESTRICTIONS

Net assets at June 30, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Equipment Upgrades	\$ <u>7,338</u>	\$ <u>5,793</u>

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 5 CORPORATE AND UNIVERSITY SPONSORSHIP

Corporate and university sponsorships are considered exchange transactions and are recognized as revenue when earned, in accordance with Note 2. Some sponsors receive recognition in the form of an underwriting message on the Organization's website and at public events, and others will receive underwriting announcements per an agreed-upon announcement schedule which is defined in their underwriting agreement.

NOTE 6 SPONSORSHIP COMMITMENTS

During the fiscal year ended June 30, 2012, the Organization entered into a sponsorship agreement with Delaware State University (DSU) and the University of Delaware (UD). The agreement provides a sponsorship from DSU and UD totaling \$266,000 annually to support the operations of WDDE, through June 30, 2018, unless ended earlier by the parties as provided in the agreement.

The agreement was extended in the amount of \$189,000 through June 30, 2020.

NOTE 7 CONTRIBUTED SERVICES

The Organization recognizes contribution revenue for certain services received at the fair value of those services. Those services include the following items:

	<u>2019</u>	<u>2018</u>
Programming:		
Professional fees	\$ <u>34,000</u>	\$ <u>33,500</u>

NOTE 8 SHARED SERVICES AGREEMENT/LEASE

On May 30, 2012, the Organization (DFM) entered into a lease agreement with Delaware State University (DSU). The agreement is for a five-year period ending June 30, 2017, unless ended earlier by the parties in accordance with their agreement. DSU will provide DFM office space on the campus of DSU (the "Space"), including office furniture, utilities, phone and internet service, and certain other services. In lieu of rent, DFM will acknowledge the provision of the space in sponsorship announcements on-air and online. The impact on the financial statements of such agreement is not known and is not readily determinable.

The agreement was extended through June 30, 2020.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 9 TOWER LEASE

The Organization leases tower space in Frederica, DE. The lease started August 4, 2011 and is a 5-year lease. Rental payments are due at an annual rate of \$12,000 to be paid in equal monthly installments of \$1,000 in advance. The annual rent increases 3% at the beginning of the second year and each subsequent year. Rent expense for the years ended June 30, 2019 and 2018 amounted to \$14,520 and \$14,160, respectively.

Future minimum rental payment under the lease as of June 30, are as follows:

2020	\$ <u>14,880</u>
------	------------------

NOTE 10 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions located in Delaware. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019 and 2018, the Organization's uninsured cash balance totaled \$-0-.

During the fiscal years ended June 30, 2019 and 2018, proceeds from two universities (DSU and UD) accounted for 100% of total university sponsorship revenues.

NOTE 11 RETIREMENT PLAN

The Organization established a Simple IRA retirement plan, which covers substantially all employees, on August 1, 2015. The Organization matches employee contributions up to 3% of the employee's compensation. Total matching contributions included in employee benefits amounted to \$4,200 and \$4,006 for the fiscal years ended June 30, 2019 and 2018, respectively.

NOTE 12 COMPARATIVE FINANCIAL STATEMENTS

The financial statements include certain prior-year summarized comparative information, which has been restated in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. The summarized information was derived from the Organization's financial statements for the year ended June 30, 2018.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 13 COMMITMENTS AND CONTINGENCIES

In the normal course of business, there are outstanding various commitments and contingencies in addition to the normal purchases of goods and services. The Organization does not anticipate losses as a result of these commitments and contingencies.

NOTE 14 NPR NETWORK PROGRAMMING FEES

NPR bases a member station's program fees on the station's audience size. When a new station signs on that does not have audience numbers, NPR estimates the audience size based on comparable markets. When WDDE signed on as an NPR member station in July 2012, NPR determined the cost of WDDE's program fees based on what NPR determined were comparably sized markets. NPR used that estimate for the first three years that WDDE was on air. By May 2015, there were almost three years of real market audience data, so NPR re-calculated WDDE's program fees based on real audience data.

In the new calculation, WDDE's program fees decreased dramatically - from \$72,793 in FY15 to \$22,100 in FY16. Although NPR's stated policy is to not make retroactive adjustments to past invoices, WDDE's account representative agreed that the degree of disparity between market estimates and actual had been so egregious as to justify specific review and discussion. NPR agreed that DFM would hold all payments to NPR until this issue is resolved. An agreement was reached in the current fiscal year to write off past invoices but is contingent on two conditions. Provided the Organization stays current with NPR and pays their FY 19 invoices timely, NPR will write off half the past invoices. The remaining balance will be written off provided the Organization stays current and pays their FY 20 invoices timely. NPR's fiscal year ends September 30 and the agreement is based on NPR's fiscal year end. Subsequent to the financial statement date, NPR wrote off \$39,662.89 in past due fees. This amount will be recognized in the fiscal year 2020 financial statements.

NOTE 15 LINE OF CREDIT

The Organization's credit line available from M&T Bank is \$25,000. The amount used as of June 30, 2019 was \$-0-.

DELAWARE FIRST MEDIA CORPORATION  
Notes to Financial Statements (Cont'd)  
For the Years Ended June 30, 2019 and 2018

NOTE 16 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocations on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

NOTE 17 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$36,039
Accounts Receivable	<u>6,091</u>
	<u>\$42,130</u>

The Organization does not currently have a liquidity management plan.

NOTE 18 SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through October 25, 2019, which is the date the financial statements were available to be issued.