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**PUBLIC RADIO, INC.**

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**FINANCIAL STATEMENTS**

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**DECEMBER 31, 1998**

Under provisions of state law, this report is a public document. A copy of this report has been submitted to, examined, or reviewed, and approved or disapproved, by the appropriate public officials. The report is available for public inspection at the Public Information Office of the Legislative Council, where appropriate, or the office of the public clerk of court.

Release Date **SEP 22 1999**

Affidavit and Revenue Certification

PUBLIC RADIO, INC

ENTITY NAME

EAST BATON ROUGE Parish  
BATON ROUGE (City), Louisiana

SECRET

ANNUAL SWORN FINANCIAL STATEMENTS AND  
CERTIFICATION OF REVENUES \$50,000 OR LESS (if applicable)

The annual sworn financial statements are required by Louisiana Revised Statute 24:514 to be filed with the Legislative Auditor within 90 days after the close of the fiscal year. The certification of revenues \$50,000 or less, if applicable, is required by Louisiana Revised Statute 24:513(I)(1)(c)(i).

\*\*\*\*\*

Personally came and appeared before the undersigned authority, ERIC DeWEESE (name), who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of PUBLIC RADIO, INC. (entity name) as of December 31, 1998, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.

(Complete if applicable)

In addition, ERIC DeWEESE (name), who, duly sworn, deposes and says that PUBLIC RADIO, INC. (entity name) received \$50,000 or less in revenues and other sources for the year ended December 31, 1998, and accordingly, is not required to have an audit for the previously mentioned year.

Eric DeWeese  
Signature

Sworn to and subscribed before me this 16<sup>th</sup> day of September, 1999

Leslie M. Bell  
NOTARY PUBLIC

\*\*\*\*\*

Officer Name ERIC DeWeese  
Title PRESIDENT  
Address 3050 Valley Creek DR  
BATON ROUGE LA 70808  
Telephone No. (225) 926-3050

**PUBLIC RADIO, INC.**  
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**ROY HEBERT**  
CERTIFIED PUBLIC ACCOUNTANT

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MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Public Radio, Inc.  
3050 Valley Creek Drive  
Baton Rouge, Louisiana 70808

I have audited the accompanying statement of financial position of Public Radio, Inc.(a nonprofit organization) as of December 31, 1998, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Radio, Inc. as of December 31, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.



Baton Rouge, Louisiana  
February 25, 1999

**PUBLIC RADIO, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 1998**

ASSETS

Current Assets		\$ 147,578
Cash		61,511
Grants receivable		1,380
Lease income receivable		11,422
Unconditional promises to give		37,326
Underwriting receivable		38,851
Prepaid expenses		130,471
Marketable securities, at market		<u>428,539</u>
Total current assets		
Property, Plant and Equipment		404,843
Broadcast equipment		168,648
Buildings		39,280
Office furniture and fixtures		14,135
Vehicle		<u>(380,184)</u>
Accumulated depreciation		
Land		<u>129,470</u>
Total property, plant, and equipment		<u>376,192</u>
Other Assets		
Deferred compensation plan		<u>8,611</u>
Total other assets		<u>8,611</u>
 TOTAL ASSETS		 <u>\$ 813,342</u>

**PUBLIC RADIO, INC.**  
**STATEMENT OF FINANCIAL POSITION(continued)**  
**DECEMBER 31, 1998**

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 7,387
Payroll taxes withheld and payable	1,963
Total current liabilities	<u>9,350</u>
 Long-Term Liabilities	
Deferred compensation plan	8,611
Total long-term liabilities	<u>8,611</u>
Total liabilities	<u>17,961</u>
 NET ASSETS	
Unrestricted	788,550
Temporarily restricted	6,831
Total net assets	<u>795,381</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 813,342</u>

See accompanying notes to the financial statements.

**PUBLIC RADIO, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 1998**

	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUE</u>			
Membership income	\$ 288,388	\$ -	\$ 288,388
Underwriting	170,360	-	170,360
Grants	2,000	148,020	150,020
Lease income	25,826	-	25,826
Donations	26,750	-	26,750
Interest income	12,832	73	12,905
Miscellaneous income	3,658	-	3,658
Program sales	3,000	-	3,000
Scholarship donations	-	1,601	1,601
Net assets released from restrictions:			
Restriction satisfied by payments	2,007	(2,007)	-
Expiration of time restrictions	144,851	(144,851)	-
Total support, revenue, and reclassifications	679,672	2,836	682,508
 <u>EXPENSES AND LOSSES</u>			
Program services			
Programming and production	144,534	-	144,534
Broadcasting	201,967	-	201,967
Program information	5,950	-	5,950
	352,451	-	352,451
Supporting services			
Membership development	108,835	-	108,835
Underwriting solicitation	28,466	-	28,466
Management and general	141,497	-	141,497
	278,798	-	278,798
Total expenses	631,249	-	631,249
Change in net assets	48,423	2,836	51,259
Net assets, beginning of year	740,127	3,995	744,122
Net assets, end of year	\$ 788,550	\$ 6,831	\$ 795,381

See accompanying notes to the financial statements.

**PUBLIC RADIO, INC.**  
**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 1998**

Cash flows from operating activities	
Increase net assets	\$ 51,259
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	30,428
(Increase) decrease in lease income receivable	810
(Increase) decrease in underwriting receivable	(21,367)
(Increase) decrease in grants receivable	(970)
(Increase) decrease in unconditional promises to give	96
(Increase) decrease in prepaid expenses	(2,977)
(Increase) decrease in deferred compensation plan assets	(1,855)
Increase (decrease) in accounts payable	(9,501)
Increase (decrease) in payroll taxes withheld	49
Increase (decrease) in deferred compensation withheld	600
Increase (decrease) in deferred compensation plan liabilities	1,855
Total adjustments	(2,832)
Net cash provided (used) by operating activities	48,427
Cash flow from investing activities:	
Cash payments for the purchase of property	(30,945)
Purchase of marketable securities	(128,233)
Proceeds from sale of marketable securities	226,496
Net cash provided (used) by investing activities	67,318
Cash flow from non-cash transfer activities:	
Unrealized gain on marketable securities	(2,797)
Net cash provided (used) by non-cash transfer activities	(2,797)
Net increase (decrease) in cash and cash equivalents	112,948
Cash and cash equivalents, beginning of the year	34,630
Cash and cash equivalents, end of the year	\$ 147,578

**PUBLIC RADIO, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 1998**

	Programming and Production	Broadcasting	Program Information	Total Program Services
Advertising and promotion	\$ -	\$ -	\$ -	\$ -
Bank charges	-	-	-	-
Contract services	-	3,746	-	3,746
Copying and printing	-	-	-	-
Depreciation	-	27,385	-	27,385
Dues and subscriptions	-	-	-	-
Engineering services	-	12,031	-	12,031
Insurance	-	7,372	-	7,372
Lease expense	-	1,939	-	1,939
Miscellaneous	-	-	-	-
Office and broadcasting supplies	-	4,660	-	4,660
Payroll taxes	-	8,004	-	8,004
Postage	-	-	5,581	5,581
Professional services	-	-	-	-
Programming and production costs	144,534	-	-	144,534
Repair and maintenance of equipment	-	14,314	-	14,314
Salaries	-	109,971	-	109,971
Scholarship awards	-	-	-	-
Telephone	-	4,215	124	4,339
Travel	-	-	-	-
Utilities	-	8,330	245	8,575
<b>Total expenses</b>	<b>\$ 144,534</b>	<b>\$ 201,967</b>	<b>\$ 5,950</b>	<b>\$ 352,451</b>

See accompanying notes to the financial statements.

Membership Development	Underwriting Solicitation	Management and General	Total
\$ 27,282	\$ -	\$ -	\$ 27,282
-	-	4,954	4,954
3,746	26,698	7,491	41,681
-	-	4,425	4,425
-	-	3,043	30,428
-	-	11,453	11,453
-	-	-	12,031
1,602	-	5,062	14,036
-	-	-	1,939
-	-	370	370
4,660	-	4,660	13,980
4,017	-	4,549	16,570
5,581	-	2,790	13,952
-	-	7,214	7,214
-	-	-	144,534
-	-	-	14,314
55,188	-	62,505	227,664
-	-	2,000	2,000
2,271	594	2,953	10,157
-	-	12,192	12,192
4,488	1,174	5,836	20,073
<u>\$ 108,835</u>	<u>\$ 28,466</u>	<u>\$ 141,497</u>	<u>\$ 631,249</u>

See accompanying notes to the financial statements.

**PUBLIC RADIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization-Public Radio, Inc.**(the "Corporation") is a nonprofit Louisiana corporation which operates a noncommercial public radio station under the call letters WRKF.

**Basis of Accounting-**The financial statements of the Corporation have been prepared on the accrual basis and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation-**Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Accounting Principles and Reporting Practices for Certain Nonprofit Organizations. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and Cash Equivalents-**For purposes of the Statement of Cash Flows, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Revenue recognition-**Unrestricted contributions, pledges, and grants are recognized as revenue in the statement of financial activity upon receipt. Other unrestricted revenues are recognized as earned either upon receipt or accrual. Expenditures of unrestricted funds are recognized as expenses when expended or upon incurrence of the related liability.

**Marketable securities-**Marketable securities consist of common stock and corporate bond mutual funds of publicly traded corporations of \$130,471. Marketable securities are carried at the quoted market value of the securities. At December 31, 1998, the cost of the investments was \$119,227, and the gross unrealized losses were \$11,244.

**Unconditional Promises to Give-**The Corporation engages in annual fund-raising campaigns manifested by offering some special radio programs and on-air and mail fund-raising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Corporation for enhancement of program offerings and other operating expenses. Financial contributions are frequently evidenced by unconditional promises to give received from responding listeners. Contributions and collected unconditional promises to give are components of the unrestricted operating fund inasmuch as their usage is not limited to specific activities of the Corporation. This usage is consistent with appeals for contributions and unconditional promises to give. Uncollected unconditional promises to give that are not enforceable against contributors are not shown as assets on the statement of financial position.

**Restricted and Unrestricted Revenue and Support-**Support that is restricted by the donor is reported as an increase in unrestricted assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Donated Services-**No amounts have been reflected in the financial statements for donated services. The

**PUBLIC RADIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

Corporation pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Corporation with specific programs, campaign solicitations, and various board and committee assignments. The Corporation receives more than 2,000 volunteer hours per year.

Property, plant and equipment-Broadcast equipment, buildings, office furniture and fixtures, and vehicles are recorded at cost and depreciated using straight-line and accelerated methods over the useful lives of the assets of five to thirty years. Donated property is recorded at its estimated fair value at the date of receipt.

Income taxes-The Corporation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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

#### NOTE 2: FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Corporation in estimating fair value disclosure for financial instruments:

Cash and cash equivalents, and unconditional promises to give:

The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Investments: The fair values of investments are based on quoted market prices for those investments.

The estimated fair values of the Corporation's financial instruments, none of which are held for trading purposes, are as follows:

	Carrying Value -----	Fair Value -----
Financial assets:		
Cash and cash equivalents	\$147,578	\$ 147,578
Unconditional promises to give	11,422	11,422
Investments	130,471	130,471

#### NOTE 3: FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

#### NOTE 4: RENTAL INCOME UNDER OPERATING LEASES

**PUBLIC RADIO, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998**

The Corporation has entered into lease agreements providing access to the lessees for subchannels of the station. The subchannels are used to deliver music and the transmission of data to the subscribers of the lessees. Minimum future rental income is as follows:

Year ending December 31:	
1999	25,866
2000	25,866
2001	20,175

**NOTE 5: DEFERRED COMPENSATION PLAN**

In October, 1987, the Corporation initiated an Internal Revenue Code Section 457 Deferred Compensation Plan. Those employees eligible to participate are bonafide employees of Public Radio, Inc. who are managerial employees with a substantial and continuing role in establishing policies of the Corporation. As a prior condition for participation, an employee must earn gross compensation of \$30,000 per year. As of December 31, 1995, the Corporation had ceased making contributions to this plan.

**NOTE 6: TAX-DEFERRED ANNUITY PLAN**

During the year ended December 31, 1995, the Corporation entered into a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Corporation. The Corporation does not make contributions to the plan. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish.

**NOTE 7: CONCENTRATION OF CREDIT RISK**

The Corporation's investment policy objectives are to provide sufficient liquidity to meet its cash needs, to maximize the return on available capital, and to assure the safety of the funds by investing only in high quality instruments with a diversification of issues.

The Corporation maintains cash balances at several financial institutions located in south Louisiana. The account at one of the institutions is insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 1998, the Corporation's uninsured cash balance totalled \$146,850.

The Corporation's largest receivables are for grants due from corporations, foundations, and quasi-governmental agencies. At December 31, 1998, a total of approximately \$61,511 is due from the Corporation for Public Broadcasting and the Community Fund for the Arts.

Unconditional promises to give, underwriting receivable, and lease income receivable are due from entities and individuals located in the geographic area served by the Corporation's broadcast signal. At December 31, 1998, unconditional promises to give, underwriting receivable, and lease income receivable approximated \$50,128.