

WSHU-FM

ANNUAL AUDIT REPORT INDEX

- Audited Statements of Financial Position and Activities as of and for the year ended June 30, 2003, and the Independent Auditor's Report thereon, dated January 5, 2004.
- Statement of Non-Federal Financial Support for the year ended June 30, 2003, and the Independent Auditor's Report thereon, dated January 5, 2004.



Greenhaus Riordan & Co. LLP
Certified Public Accountants

OFFICES:
New Milford, CT
Danbury, CT
Orange, CT

Lawrence S. Greenhaus, CPA
Timothy J. Riordan, CPA
Barbara Combs, CPA

To the Board of Trustees
Sacred Heart University

Independent Auditors' Report

We have audited the accompanying statement of financial position of WSHU-FM Radio ("WSHU"), a Public Telecommunications Entity Owned and Operated by Sacred Heart University as of June 30, 2003 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Sacred Heart University's management. 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WSHU as of June 30, 2003 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Greenhaus, Riordan & Co., CPAs

New Milford, Connecticut
January 5, 2004

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New Milford, Connecticut
January 5, 2004

WSHU-FM Radio
A Public Telecommunications Entity Owned and Operated by Sacred Heart University
Statement of Financial Position
June 30, 2003

Assets

Contributions receivable, net of allowance for doubtful accounts of \$51,887	\$ 257,749
Equipment, furniture and broadcasting rights, net of accumulated depreciation and amortization of \$1,322,825	<u>379,998</u>
Total assets	<u>\$ 637,747</u>

Liabilities and net liabilities

Due to Sacred Heart University	\$ 889,549
Deferred revenue	15,049
Unrestricted net liabilities	<u>(266,851)</u>
Total liabilities and net liabilities	<u>\$ 637,747</u>

See independent auditors' report and notes to financial statements

WSHU-FM Radio
 A Public Telecommunications Entity Owned and Operated by Sacred Heart University
 Statement of Activities
 For the Year Ended June 30, 2003

Unrestricted net liabilities:

Revenues

membership contributions	\$ 1,689,840
business and industry grants	982,301
grants from the Corporation for Public Broadcasting	259,408
donated facilities and administrative support from Sacred Heart University	250,591
foundation grants	141,000
public broadcasting income, non CPB	55,189
donated services	<u>20,380</u>
Total unrestricted revenues	3,398,709

Expenses

Programs

programming and production	1,476,192
broadcasting	332,858
program information	<u>33,174</u>
	1,842,224

Supporting services

management and general	560,665
membership and fundraising	820,810
operations and plant maintenance	<u>299,847</u>
	1,681,322

Total unrestricted expenses 3,523,546

Decrease in unrestricted net assets (124,837)

Change of unrestricted net assets

Beginning of year	(142,014)
Decrease in unrestricted net assets	<u>(124,837)</u>
End of year	<u>\$ (269,851)</u>

See independent auditors' report and notes to financial statements

WSHU-FM Radio
 A Public Telecommunications Entity Owned and Operated by Sacred Heart University
 Statement of Cash Flows
 For the Year Ended June 30, 2003

Cash flows from operating activities:

Change in net liabilities	\$ (124,837)
Depreciation and amortization expense	113,524
Decrease in contributions receivable	18,022
Increase in allowance for doubtful accounts	7,335
Increase in deferred revenues	<u>15,049</u>
Net cash provided by operating activities	29,093

Cash flows from investing activities:

Increase in equipment, furniture and broadcasting rights	<u>(58,451)</u>
Net cash used by investing activities	(58,451)

Cash flows from financing activities:

Increase in amounts due to Sacred Heart University	<u>29,358</u>
Net cash used in financing activities	29,358

Net change in cash and cash equivalents	-
Cash and cash equivalents, June 30, 2002	-
Net change in cash and cash equivalents	<u>-</u>
Cash and cash equivalents, June 30, 2003	<u><u>\$ -</u></u>

See independent auditors' report and notes to financial statements

WSHU-FM Radio
Notes to Financial Statements

ORGANIZATION

WSHU-FM Radio (“WSHU”) is a public telecommunications entity owned and operated by Sacred Heart University (the “University”). WSHU began broadcasting in June 1964. In May 1984, WSHU was accredited by the Corporation for Public Broadcasting and declared eligible for funding under the Community Service Grant Program. In October 1984, WSHU became a member of National Public Radio and American Public Radio. WSHU is also a member of the National Association of Broadcasters and the Connecticut Broadcasters Association. These affiliations and satellite interconnection allowed expanded broadcasting of fine arts and news information programs. WSHU operates WSHU-FM, WSUF, and WSHU-AM with effective radiated power of 20,000, 12,500, and 1,000 watts, respectively.

In April 1991, WSHU and Suffolk Community College (the “College”) became party to a cooperative agreement in which the College allows WSHU to use office and studio space at their Ammerman Campus in Seldon, New York to produce Long Island shows for WSHU. In return, WSHU provides educational internships to College students and professional supervision for their production projects. The fair value of this agreement is not readily determinable and not reflected in the financial statements as revenues or expenses.

The University has the ability and intent to provide financial support of WSHU operations, if necessary, through the 2000 fiscal year. Under Section 501(c)(3) of the Internal Revenue Code, WSHU is exempt from Federal taxes on income other than unrelated business income, as defined by Section 512 of the Internal Revenue Code, as amended.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accompanying financial statements were prepared on the accrual basis. Significant accounting policies are described below.

Net asset classifications:

In accordance with SFAS 117, WSHU reports information about its financial position and activities according to the following classes of net assets:

Unrestricted net assets	These net assets are not restricted by donors, or the donor-imposed restrictions have expired.
Temporarily restricted net assets	These net assets contain donor-imposed restrictions that allow WSHU to use or expend the assets as specified. The restriction are satisfied either by the passage of time or by action of WSHU.

WSHU-FM Radio
Notes to Financial Statements

Contributions and grants:

Contributions and grants received and unconditional promises to donate are recognized as revenue in the period received at their fair values. Unconditional promises to donate that are expected to be collected within one year are recorded at their net realizable value. At June 30, 2002, all contributions and grants receivable are expected to be collected within one year and have not been discounted. Conditional promises to give are recognized when the conditions are substantially met. Provision is made for estimated losses from uncollectible promises to give.

Donated services and facilities:

The University donates certain office, broadcasting, and production facilities to WSHU and provides security, plant maintenance, utilities, and administrative support. The fair value of the donated facilities and services provided by the University for the fiscal year ended June 30, 2003 was \$250,5199 and is included in revenues and expenses in the statement of activities.

Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not donated. The donated services WSHU receives relative to fund raising are not recorded. The value of certain donated programming for fiscal 2003 has not been recorded, because such value is not readily determinable by WSHU.

The University pays all expenditures and collects all revenues earned by WSHU. The net amount due to or from the University as a result of these transactions is reflected on the accompanying statement of financial position.

Equipment, furniture, and broadcasting rights:

Equipment, furniture, and broadcasting rights are recorded on the date of acquisition or at fair value on the donation date. Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the related assets. Equipment costing more than \$500 and estimated to last more than three years is capitalized. Equipment and furniture is depreciated over seven-years; broadcasting rights amortized over ten.

Estimates:

Preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported 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.

WSHU-FM Radio
Notes to Financial Statements

EQUIPMENT, FURNITURE, AND BROADCASTING RIGHTS:

Equipment, furniture, and broadcasting rights at June 30, 2003 were comprised as follows:

Equipment	\$ 1,100,090
Broadcasting rights	555,608
Furniture	32,080
Software	<u>15,045</u>
	1,702,823
Accumulated depreciation and amortization	(1,322,825)
Balance, June 30, 2003	\$ <u>435,071</u>

LEASES:

WSHU leases office space for its underwriting, traffic, and administrative functions under a month-to-month operating lease.

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Independent Auditors' Report

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of WSHU-FM Radio, a Public Telecommunications Entity Owned and Operated by Sacred Heart University for the year ended June 30, 2003 and have issued our report thereon dated January 5, 2004. We have also audited the accompanying Schedule of Nonfederal Financial Support ("Schedule") for the year ended June 30, 2003 pursuant to the Public Telecommunication Financing Act of 1978. This schedule is the responsibility of the management of WSHU-FM Radio. Our responsibility is to express an opinion on this Schedule 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 above Schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and descriptions in the Schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The above Schedule was prepared for the purpose of complying with the criteria for revenue established in the Corporation for Public Broadcasting's Fiscal Year 2003 Annual Financial Report Handbook of Instructions, and is not intended to be a complete presentation of WSHU-FM Radio's revenue and support.

In our opinion, the above Schedule presents fairly, in all material respects, the nonfederal financial support of WSHU-FM Radio, a Public Telecommunications Entity Owned and Operated by Sacred Heart University, for the year ended June 30, 2003, and, as defined by the Communications Act of 1934, as amended; and adheres to the appropriate source, form, purpose, and recipient criteria as described in the Corporation for Public Broadcasting's Fiscal Year 2003 Annual Financial Report Handbook of Instructions; and includes only amounts that are also included in Sacred Heart University's financial statements for the year ended June 30, 2003.

This report is intended solely for the information and use of the management of WSHU-FM Radio, a Public Telecommunications Entity Owned and Operated by Sacred Heart University and for filing with the CPB and should not be used for any other purpose.

New Milford, Connecticut
January 5, 2004



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New Milford, Connecticut
January 5, 2004

WSHU-FM Radio
A Public Telecommunications Entity Owned and Operated by Sacred Heart University
Schedule of Nonfederal Financial Support
For the Year Ended June 30, 2003

Direct revenues	
membership	\$ 1,689,840
business and industry	982,301
foundations	<u>141,000</u>
	2,813,141
donated facilities - Sacred Heart University	250,591
other donated services	<u>20,380</u>
	270,971
Total nonfederal financial support	<u>\$ 3,084,112</u>
Revenues	
membership contributions	\$ 1,689,840
business and industry grants	982,301
grants from the Corporation for Public Broadcasting	259,408
donated facilities and administrative support from Sacred Heart University	250,591
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Total unrestricted revenues	<u>\$ 3,398,709</u>