Special-Purpose Financial Statements

Public Telecommunications Entities Operated by Emerson College (also known as WERS)

June 30, 2019 and 2018

WERS

Special-Purpose Financial Statements

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Independent Auditors' Report

The Board of Trustees of Emerson College
Boston, Massachusetts

Report on the Special-Purpose Financial Statements

We have audited the accompanying special-purpose financial statements of the Public Telecommunications Entities Operated by Emerson College (also known as "WERS"), which comprise the special-purpose statements of assets, liabilities, and net assets (deficit) as of June 30, 2019 and 2018, and the related special-purpose statements of revenue, expenses, and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the special-purpose financial statements.

Management's Responsibility for the Special-Purpose Financial Statements

Management is responsible for the preparation and fair presentation of these special-purpose financial statements in accordance with the Principles of Accounting and Financial Reporting to Public Telecommunications Entities as promulgated by the Corporation for Public Broadcasting. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these special-purpose 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 special-purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special-purpose financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the special-purpose 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 special-purpose 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 special-purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the special-purpose financial statements referred to above present fairly, in all material respects, the financial position of WERS as of June 30, 2019 and 2018, and the results of its changes in net assets (deficit) and its cash flows for the years then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the special-purpose financial statements, which describes the basis of accounting. As described in Note 1 to the special-purpose financial statements, the special-purpose financial statements are prepared by WERS for the purpose of complying with the Principles of Accounting and Financial Reporting to Public Telecommunications Entities as promulgated by the Corporation for Public Broadcasting. Furthermore, WERS is a department of Emerson College, and therefore, these special-purpose financial statements have been prepared on a basis of accounting other than accounting principles generally accepted in the United States of America to meet the requirements of the Corporation for Public Broadcasting. Due to the nature and significance of the transactions between WERS and Emerson College, the financial position, changes in net assets and cash flows may not be indicative of the results which would have been attained if WERS had operated independently of Emerson College. Our opinion is not modified with respect to these matters.

Emphasis of Matters

As discussed in Note 1 to the financial statements, in 2019, the College adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, ASU No. 2014-09, *Revenue from Contracts with Customers*, and ASU No. 2018-08, *Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Purpose of Report - Restriction on Use

Our report is intended solely for the information and use of the Board of Trustees of Emerson College, management of WERS and Emerson College and the Corporation for Public Broadcasting and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

February 4, 2020
Boston, Massachusetts

WERS

Special-Purpose Statements of Assets, Liabilities, and Net Assets (Deficit)

	June 30,	
Assets	***2019***	***2018***
Underwriting and trade receivables, net	$ 15,129	$ 47,998
Prepaid expenses	9,807	12,133
Property and equipment, net	112,288	105,512
Total assets	**$ 137,224**	**$ 165,643**
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$ 78,099	$ 51,769
Deferred rent	176,241	170,533
Total liabilities	**254,340**	**222,302**
Net assets (deficit):		
Without donor restrictions	(187,320)	(136,304)
With donor restrictions	70,204	79,645
Total net assets (deficit)	**(117,116)**	**(56,659)**
Total liabilities and net assets	**$ 137,224**	**$ 165,643**

See accompanying notes to special-purpose financial statements.

WERS

Special-Purpose Statements of Revenue, Expenses, and Changes in Net Assets (Deficit)

	Years Ended June 30, 2019			*2018*
	Without Donor Restrictions	***With Donor Restrictions***	***Totals***	***Totals***
Operating activities:				
Revenues:				
Gift revenue	$ 789,380	$ 29,500	$ 818,880	$ 684,143
Grant revenue	-	133,878	133,878	132,236
Underwriting revenue	153,871	-	153,871	165,961
Donated support from Emerson College	758,839	-	758,839	825,277
Other income	8,151	-	8,151	9,820
Release from restrictions	172,819	(172,819)	-	-
Total revenue	**1,883,060**	**(9,441)**	**1,873,619**	**1,817,437**
Expenses:				
Programming and production	346,181	-	346,181	339,288
Broadcasting and engineering	201,296	-	201,296	178,673
Program information and promotion	117,141	-	117,141	266,131
Management and general	624,195	-	624,195	585,587
Fundraising and membership development	645,263	-	645,263	416,470
Total operating expenses	**1,934,076**	**-**	**1,934,076**	**1,786,149**
Change in net assets from operations	**(51,016)**	**(9,441)**	**(60,457)**	**31,288**
Net assets (deficit), beginning	(136,304)	79,645	(56,659)	(87,947)
Net assets (deficit), ending	**$ (187,320)**	**$ 70,204**	**$ (117,116)**	**$ (56,659)**

See accompanying notes to special-purpose financial statements.

WERS

Special-Purpose Statement of Revenue, Expenses, and Changes in Net Assets (Deficit)

	Year Ended June 30, 2018		
	Without Donor Restrictions	***With Donor Restrictions***	***Totals***
Operating activities:			
Revenues:			
Gift revenue	$ 649,143	$ 35,000	$ 684,143
Grant revenue	-	132,236	132,236
Underwriting revenue	165,961	-	165,961
Donated support from Emerson College	825,277	-	825,277
Other income	9,820	-	9,820
Release from restrictions	134,470	(134,470)	-
Total revenue	**1,784,671**	**32,766**	**1,817,437**
Expenses:			
Programming and production	339,288	-	339,288
Broadcasting and engineering	178,673	-	178,673
Program information and promotion	266,131	-	266,131
Management and general	585,587	-	585,587
Fundraising and membership development	416,470	-	416,470
Total operating expenses	**1,786,149**	**-**	**1,786,149**
Change in net assets from operations	**(1,478)**	**32,766**	**31,288**
Net assets (deficit), beginning	(134,826)	46,879	(87,947)
Net assets (deficit), ending	**$ (136,304)**	**$ 79,645**	**$ (56,659)**

See accompanying notes to special-purpose financial statements.

WERS

Special-Purpose Statements of Cash Flows

	Years Ended June 30, 2019	2018
Cash flows from operating activities:		
Change in net assets (deficit)	$ (60,457)	$ 31,288
Adjustments to reconcile change in net assets (deficit) to net cash provided by operating activities:		
Depreciation	37,055	36,795
Changes in:		
Underwriting receivables	32,869	(29,506)
Prepaid expenses	2,326	(1,758)
Accounts payable and accrued expenses	26,330	(20,434)
Deferred revenue	-	(712)
Deferred rent	5,708	8,545
Net cash provided by operating activities	**43,831**	**24,218**
Cash flows from investing activities:		
Purchase of property and equipment	(43,831)	(24,218)
Net cash used in investing activities	**(43,831)**	**(24,218)**
Change in cash and cash equivalents	**-**	**-**
Cash, beginning	-	-
Cash, ending	**$ -**	**$ -**

See accompanying notes to special-purpose financial statements.

Notes to Special-Purpose Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the Public Telecommunications Entities Operated by Emerson College (also known as "WERS").

Student run and professionally managed, WERS 88.9 FM (which includes W243BG and W268AM in New Bedford and Gloucester, MA, respectively) is the oldest educational non-commercial radio station in New England dating to 1949, and became eligible for funding from the Corporation for Public Broadcasting ("CPB") during October of 2015. The Board of Trustees of Emerson College (the "College") is the licensee for WERS, which is a department of the College. The College is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and provides support to WERS.

The majority of on-air and support staff has always been comprised of Emerson College students and training of these students remains an important component of the WERS mission.

A summary of significant accounting policies applied consistently to the special-purpose financial statements is as follows:

Basis of Presentation

The accompanying special-purpose financial statements have been prepared on the accrual basis of accounting in accordance with the reporting principles of not-for-profit accounting, and were prepared for the purpose of complying with the Principles of Accounting and Financial Reporting to Public Telecommunications Entities as promulgated by the CPB. In addition, these special-purpose financial statements are presented in accordance with accounting principles generally accepted in the United States of America with the exception that WERS is a department of the College and does not represent a separate legal entity for financial reporting purposes. As such, WERS shares in certain costs incurred by the College, including fringe benefits, operations and maintenance expense, and College debt service, all allocated to WERS by the College. Additionally, costs exceeding revenue recognized by WERS are absorbed by the College with no expectation of repayment to the College; as such, these amounts are recognized as contributions of WERS. The financial position and financial results may not be indicative of results that would have been achieved if WERS had been operating as an unaffiliated organization.

Financial Statement Presentation

The special-purpose financial statements are presented on the accrual basis of accounting and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of WERS and changes therein are classified and reported as follows:

Net assets without donor restrictions are not subject to donor stipulations restricting their use, but may be designated for a specific purpose by WERS or may be limited by contractual agreements with outside parties.

Net assets with donor restrictions are subject to donor stipulations that expire by the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Cash

The financial policies of the College, under which WERS operates, require that all cash be held centrally by the College. Accordingly, cash available for use by WERS is provided by the College as needed though WERS holds no cash of its own.

Fair Value Measurements

WERS reports certain assets and liabilities on a recurring and non-recurring basis depending on the underlying accounting policy for the particular item in accordance with fair value standards. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Recurring fair value measurements include contributed property and services and trade transactions.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level of input that is significant to the fair value measurement in its entirety.

Revenue Recognition and Accounts Receivable

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the promised goods or services is transferred in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services (i.e., the transaction price). Revenue from underwriting and trade transactions is recognized when the underwriting is broadcast. Payments or trade received in advance of the underwriting or program broadcast are reported as deferred revenue.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition and Accounts Receivable (Continued)

Gift Revenue

Gifts, including unconditional promises to give and non-cash contributions, are recognized as revenues as either without or with donor restrictions in the period verifiably committed by the donor. Contributions of assets other than cash are recorded at their estimated fair value and per the fair value policies described elsewhere in these policies using Level 2 inputs to valuation. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows using a risk adjusted discount rate depending on the time period involved. Amortization of the discount is included in contribution revenue in accordance with the donor-imposed restrictions, if any, on the contributions. Contributions with donor-imposed restrictions that can be met through the passage of time or upon the incurring of expenses consistent with the purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions when such time or purposes restriction has been satisfied. Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like meeting a matching provision, incurring specified allowable expenses in accordance with a framework of allowable costs or other barriers. WERS had no conditional or unconditional promises to give at June 30, 2019 and 2018.

Corporation for Public Broadcasting (“CPB”) Grants

The Corporation for Public Broadcasting is a private, nonprofit grant making organizations responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) 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, 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, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

The CSGs are reported on the accompanying financial statements as increases in net assets with donor restrictions until satisfaction of the time and purpose restrictions, after which they are reported as a release from net assets with donor restrictions and an increase in net assets without donor restrictions. WERS recognized community service grant revenue of $133,878 and $132,236 during the years ended June 30, 2019 and 2018, respectively.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Revenue Recognition and Accounts Receivable (Continued)

Donated Facilities and Administrative Support

WERS is dependent on the College for a variety of administrative and financial needs. WERS is a department of the College and does not represent a separate legal entity for financial reporting purposes. As such, WERS shares in certain costs incurred by the College, including fringe benefits, operations and maintenance expense, and College debt service. Additionally, any costs exceeding revenue recognized by WERS are absorbed by the College with no expectation of repayment to the College and are recorded as donated support on the special-purpose statements of revenue, expenses, and changes in net assets (deficit) (see Note 4).

Underwriting

WERS enters into contracts with various third parties for underwriting of programs broadcast on WERS's stations. All revenue is recorded at the time the underwriting is broadcast. At June 30, 2019 and 2018, net underwriting receivables of $15,129 and $47,498, respectively, are included in underwriting and trade receivables, net on the special-purpose statements of assets, liabilities, and net assets (deficit). Amounts received in advance of broadcasting are recorded as deferred revenue. At June 30, 2019 and 2018, there was no deferred revenue related to underwriting.

Trade

WERS enters into trade transactions for products or services in exchange for program underwriting. Trade transactions are recorded at the estimated fair value of the product or service received using Level 2 inputs to valuation. Trade revenue is recorded when the program underwriting is broadcast. Trade expense is recorded when merchandise or services are received.

If the program underwriting occurs prior to receipt or use of merchandise or services, a receivable is recorded. At June 30, 2019, WERS had no net trade receivables. At June 30, 2019, WERS had $500 in net trade receivables. If merchandise or services are received prior to program underwriting, deferred revenue is recorded. At June 30, 2019 and 2018, no deferred revenue related to trade was recorded.

Allowance for Doubtful Account, Underwriting

On a regular basis, WERS reviews the adequacy of its allowance for doubtful accounts based on historical collection results and current economic conditions using factors based on the aging of its accounts. In addition, WERS estimates specific additional allowances based on indications that a specific underwriter may be experiencing financial difficulties. At June 30, 2019, there was no allowance for doubtful accounts. At June 30, 2018, the allowance for doubtful accounts was $10,671.

Other

WERS enters into contracts and agreements with various third parties for studio rentals. All revenue is recorded as other income on the special-purpose statements of revenue, expenses, and changes in net assets (deficit). There were no other receivables at June 30, 2019.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Property and Equipment

Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at fair value at the date of contribution using Level 2 inputs to valuation. When assets are retired or disposed of, the cost and accumulated depreciation thereon are removed from the accounts, and any gains and/or losses are reflected in the special-purpose statements of revenue, expenses, and changes in net assets (deficit).

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets.

Income Taxes

WERS is a department of the College. The College is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal and state income taxes on related income. Given the limited taxable activities of the Company, management has concluded that disclosures relative to tax provisions are not necessary.

Uncertain Tax Positions

WERS is a department of the College. The College accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. WERS has identified its tax status as a department of a tax-exempt entity as its only significant tax position; however, WERS has determined that such tax position does not result in an uncertainty requiring recognition. The College is not currently under examination by any taxing jurisdictions and the last three tax years are open for review.

Functional Allocation of Expenses

The costs of providing the various programs and activities and supporting services have been summarized on a functional basis in the special-purpose statements of revenue, expenses, and changes in net assets (deficit). Note 7 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Depreciation of property and equipment and the related operation and maintenance expenses have been allocated to functional classifications based on square footage of facilities.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Use of Estimates

In preparing special-purpose financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures 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. Significant management estimates included in the special-purpose financial statements relate to the allowance for doubtful accounts, accrual of expenses and donated support.

Recent Accounting Pronouncements

Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), was issued by the Financial Accounting Standards Board ("FASB") in May 2014 and is intended to improve the financial reporting requirements for revenue from contracts with customers. The ASU establishes a five-step model and application guidance for determining the timing and amount of revenue recognition. The related application guidance in the ASU replaces most existing revenue recognition guidance in GAAP. The ASU became effective for WERS for the year ended June 30, 2019. WERS's adoption of the ASU using the full retrospective method did not materially change the timing or amount of revenue recognized by WERS.

ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, was issued by the FASB in June 2018. The new ASU is intended to assist entities in (1) evaluating whether transactions should be accounted for as contributions (non-exchange transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange transactions subject to other guidance, and (2) determining whether a contribution is conditional. The ASU clarifies that a contribution is conditional if the agreement includes both a barrier or barriers that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. The ASU became effective for WERS for the year ended June 30, 2019. WERS's adoption of the ASU on a modified prospective basis did not have a material effect on its special-purpose financial statements.

WERS also adopted ASU No. 2016-14, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities.* This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses, evolving to two net asset classes from what had previously been three and investment return. The standard was applied to all periods presented with the new categories as prescribed by the standard with no impact to total reported amounts as with donor restrictions and without.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This update is intended to improve financial reporting of leasing transactions. The update requires entities to recognize assets and liabilities for leases with lease terms of more than 12 months. The ASU also requires qualitative and quantitative disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases and is effective for the June 30, 2020 special-purpose financial statements. WERS is evaluating the effect this update will have on its special-purpose financial statements and related disclosures.

Note 1 - Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

WERS has evaluated subsequent events through February 4, 2020, the date the special-purpose financial statements were authorized to be issued. WERS concluded that no material subsequent events have occurred.

Reclassifications

Certain amounts from the prior year's special-purpose financial statements were reclassified in order to conform to the current year's special-purpose financial statements.

Note 2 - Financial Assets and Liquidity Resources

WERS's cash flows have seasonal variations attributable primarily to the timing of underwriting billing. WERS is a department of the College and is dependent on the College for a variety of financial needs. Any costs exceeding revenue recognized by WERS are absorbed by the College with no expectation of repayment to the College and are recorded as donated support on the special-purpose statements of revenue, expenses, and changes in net assets (deficit) (see Note 4).

As of June 30, 2019 and 2018, financial assets and liquidity resources available within one year for general expenditures are as follows:

	2019	*2018*
Financial assets available to meet general expenditures over the next 12 months:		
Underwriting and trade receivables, net	$ 15,129	$ 47,998
Total financial assets available to meet general expenditures over the next 12 months	**$ 15,129**	**$ 47,998**

Note 3 - Property and Equipment

A June 30, property and equipment consisted of the following:

	Estimated Useful Lives	*2019*	*2018*
Automobiles, furniture and equipment	5 years	$ 553,444	$ 509,613
Computers and software	3 years	81,891	81,892
		635,335	591,505
Less accumulated depreciation		(523,047)	(485,993)
Property and equipment, net		**$ 112,288**	**$ 105,512**

Depreciation expense was $37,055 and $36,795 for the years ended June 30, 2019 and 2018, respectively.

Note 4 - Emerson College

WERS is a department of the College. Due to the nature and significance of the transactions between WERS and the College, the financial position, changes in net assets and cash flows may not be indicative of the results which would have been attained if WERS was not a department of the College. Total donated facilities and administrative support provided to WERS from the College for the years ended June 30, 2019 and 2018 of $366,603 and $306,016, respectively, is included in the special-purpose statements of revenue, expenses, and changes in net assets (deficit) in the related expense category. Donated facilities and administrative support are determined based on the square footage occupied by WERS and the station's employee headcount. The College contributed cash to WERS to purchase new property and equipment of $43,831 and $24,218 for the years ended December 31, 2019 and 2018, respectively. Additionally, the College absorbed $348,405 and $495,043 of expenses in excess of total revenue for the years ended June 30, 2019 and 2018, respectively. These amounts are included in donated support in the special-purposes statements of revenue, expenses, and changes in net assets (deficit).

Note 5 - Commitments and Contingencies

WERS has entered into a number of operating leases primarily for transmitter space. Annual lease payments range from $10,331 to $59,535 and the leases expire at various dates through fiscal 2032. WERS's future minimum lease payments as of June 30, 2019 are as follows:

Fiscal year:	
2020	$ 95,774
2021	98,794
2022	101,911
2023	105,127
2024	108,446
Thereafter	805,212
Total	**$ 1,315,264**

Note 5 - Commitments and Contingencies (Continued)

WERS recognizes rent expense on a straight-line basis over the lease term. The difference between rental payments made under the leases and rent expense calculated on the straight-line basis is recorded on the special-purpose statements of assets, liabilities, and net assets (deficit) as deferred rent. For the years ended June 30, 2019 and 2018, rent expense was $98,556.

Note 6 - Net Assets with Donor Restrictions

At June 30, 2019, WERS had net assets with donor restrictions of $70,204, which were restricted funds associated with the CSG grant. During the year ended June 30, 2019, WERS released $172,819 of net assets with donor restrictions, $104,039 related to the CSG grant for which the intended purpose of the grant was met, the remaining $68,780 related to the annual event for which the intended purpose was met.

At June 30, 2018, WERS had net assets with donor restrictions of $79,645, which consisted of $40,365 of restricted funds associated with the CSG grant and $39,280 of contributions restricted for an event to be held in the summer of 2018. During the year ended June 30, 2018, WERS released $134,470 of net assets with donor restrictions, $123,750 related to the CSG grant for which the intended purpose of the grant had been met, the remaining $10,720 related to the annual event for which the intended purpose had been met.

Note 7 - Natural Classification of Expenses

Expenses presented by natural classification and function are as follows for the years ended June 30, 2019 and 2018:

	2019					
	Programming and Production	Broadcasting and Engineering	Program Information and Production	Management and General	Fundraising and Membership Development	Total
Payroll and benefits	$ 196,759	$ -	$ 72,656	$ 376,471	$ 362,576	$ 1,008,462
Office, travel, supplies and fees	23,844	100	2,940	88,838	70,989	186,711
Professional fees and outside services	112,699	73,914	41,545	36,757	211,698	476,613
Occupancy and depreciation	12,879	127,282	-	122,129	-	262,290
Total	**$ 346,181**	**$ 201,296**	**$ 117,141**	**$ 624,195**	**$ 645,263**	**$ 1,934,076**

	2018					
	Programming and Production	Broadcasting and Engineering	Program Information and Production	Management and General	Fundraising and Membership Development	Total
Payroll and benefits	$ 163,529	$ -	$ 36,155	$ 329,323	$ 320,364	$ 849,371
Office, travel, supplies and fees	22,707	3,957	196,740	118,905	51,150	393,459
Professional fees and outside services	138,012	69,425	33,236	53,822	44,956	339,451
Occupancy and depreciation	15,040	105,291	-	83,537	-	203,868
Total	**$ 339,288**	**$ 178,673**	**$ 266,131**	**$ 585,587**	**$ 416,470**	**$ 1,786,149**